

**Wednesday
1 July 2020**

**Volume 678
No. 79**



**HOUSE OF COMMONS
OFFICIAL REPORT**

**PARLIAMENTARY
DEBATES**

(HANSARD)

Wednesday 1 July 2020

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The House met at half-past Eleven o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Virtual participation in proceedings commenced (Order, 4 June).

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

Oral Answers to Questions

SCOTLAND

The Secretary of State was asked—

Economic Recovery

Richard Thomson (Gordon) (SNP): What recent discussions he has had with the Chancellor of the Exchequer on the Government's plans to support economic recovery as the covid-19 lockdown restrictions are eased.

[903964]

Drew Hendry (Inverness, Nairn, Badenoch and Strathspey) (SNP): What recent discussions he has had with the Chancellor of the Exchequer on the Government's plans to support economic recovery as the covid-19 lockdown restrictions are eased.

[903966]

Janet Daby (Lewisham East) (Lab): What steps he is taking to support the recovery of the Scottish economy as the covid-19 lockdown restrictions are eased.

[903969]

Margaret Greenwood (Wirral West) (Lab): What assessment he has made of the prospects for the recovery of the Scottish economy as the covid-19 lockdown restrictions are eased.

[903971]

The Secretary of State for Scotland (Mr Alister Jack): I would like to take a few moments to pay tribute to Glasgow's emergency services for the enormous courage they showed in dealing with last week's shocking knife attack. Our thoughts are with all those who were caught up in that terrible incident. In particular, I know that the whole House will join me in wishing Constable David Whyte a speedy recovery from the injuries he sustained in trying to help others.

I have regular discussions with my Cabinet colleagues, including the Chancellor, on all aspects of the impact of the coronavirus pandemic in Scotland. As we emerge from tackling this global crisis, we are determined to get Britain's economy back firing on all cylinders, and as we do, protecting people's health remains our top priority. However, just as we entered lockdown together, the best way to ensure the recovery of our economy is by working together across the United Kingdom.

Richard Thomson: May I associate myself with the Secretary of State's opening remarks?

In his insipid word salad of a speech yesterday, the Prime Minister committed barely more money to rejuvenate the British economy post coronavirus than we have committed to refurbishing the Palace of Westminster.

The Scottish Parliament lacks the powers to properly borrow and invest that other tiers of government take for granted. Will the Secretary of State commit to look again at the fiscal framework and giving Scotland the borrowing and investment powers it needs for the future?

Mr Jack: As the hon. Gentleman will know, the fiscal framework is due to be reviewed in 2021. In the interim, we have given huge support to Scotland from the British Exchequer, with £3.8 billion in business support for the covid crisis, and the furlough scheme, which has supported almost 800,000 jobs. There is a capital budget for Scotland this year of £5.4 billion, and there is no shortage of projects that need to be done, so I ask him to encourage the Scottish Government to get on with them.

Drew Hendry [V]: Some people are facing much more than just a financial meltdown as we emerge from this crisis. A year ago tomorrow, the all-party parliamentary group on terminal illness published a report on heartless Department for Work and Pensions rules that mean terminally ill people can only access fast-track benefits if they can prove that they have six months or less to live. Under pressure from the APPG, Marie Curie, the Motor Neurone Disease Association and others, this Government launched their own review, yet we have had only silence since. In the meantime, thousands of people have died waiting for support. The Scottish Government have already committed to scrap the arbitrary six-month rule when they take over the personal independence payment, but universal credit and employment and support allowance are reserved. Will the Secretary of State urge his colleagues to finally end this pernicious policy?

Mr Jack: As the hon. Gentleman knows, universal credit support has been increased during the covid crisis, but the point he makes about the last six months of life is one that I would like to raise with the Secretary of State for Work and Pensions. If he writes to me on the subject, I would be pleased to push the case for him.

Janet Daby [V]: Mr Speaker, I do not need to tell you that Scotland has some of the most beautiful landscapes across our country. My nephews are Scottish, and like many young people, they rely on the tourism and hospitality industry for work. Those industries are likely to take a lot longer to recover. What discussions has the Secretary of State had with the Chancellor of the Exchequer to ensure that businesses and young people employed in those sectors will continue to receive the Government support they need?

Mr Jack: As the hon. Lady will know, the Chancellor is making a statement a week today. I have had discussions with him about the support. The furlough will continue for another four months, until the end of October, and there is a variable element to it now, so that people can go back to work part time. The tourism and hospitality industry will effectively go through three winters unless we get it up and running this summer. It is deeply regrettable that the First Minister has encouraged reckless talk. This talk of quarantining people from other parts of the United Kingdom is disappointing and divisive, and it is not the language we should be hearing from a First Minister because it undermines the joint efforts we have made in tackling covid-19, and it is bad for business—especially the tourism business.

Margaret Greenwood [V]: Unemployment very often causes misery and can lead to a downward spiral of opportunity. With the unemployment rate in Scotland the highest in the UK, what steps will the Secretary of State take to protect and create jobs in Scotland?

Mr Jack: The unemployment rate is going up faster than anywhere else in the United Kingdom, and we are proving in Scotland to be slower at reopening our economy—something I regret. It is important that we get our economy reopened as quickly as possible, because that is the best way to save jobs. As I say, we are currently supporting almost 800,000 jobs through the self-employment support scheme and through the job retention scheme. It is important that once we get back to near-normal, our economy bounces back as quickly as possible. The best way to achieve that is to keep money in people's pockets, and the 80% furlough has done just that.

Ian Murray (Edinburgh South) (Lab): I echo the Secretary of State's remarks about our heroes in the public services in Glasgow who responded to the stabbings last Friday. I am sure that he, and the whole House, would wish to join me in expressing our deepest sympathy and all our thoughts to the family and friends of the three-year-old boy who was tragically killed yesterday when a car went out of control and mounted the pavement in Morningside Road in my constituency—a very young life taken far too soon.

As lockdown measures are eased, some sectors of the Scottish economy, as we have heard, will take much longer than others to return to some sort of normality, particularly tourism, hospitality and the creative industries. It is vital that both Governments continue to protect jobs and support businesses by extending the current furlough support to those hard-hit sectors. Even now, far too many are falling through the cracks of Government schemes—for example, many freelancers working through pay-as-you-earn contracts. With many taxpayers in this situation going from full income to no income, will the Secretary of State commit to raising in Cabinet the need for Government to support those taxpayers who have received nothing, and for an extended sectoral furlough scheme for Scottish industries?

Mr Jack: Let me start by echoing the hon. Gentleman's remarks about the shocking incident on the pavement in Morningside Road yesterday.

The Chancellor acknowledged right at the beginning that we cannot save every business and we cannot save every job, but there has been a huge rapid response from the United Kingdom Government to covid-19, with unprecedented sums going to Scotland in the form of £3.8 billion for business support and, as I mentioned, the 800,000 jobs that have been supported. I have raised this with the Chancellor and we have talked about how we go through to the next stage. He will be addressing that when he speaks to the House a week today.

Ian Murray: I appreciate that answer from the Secretary of State, but there are still too many people who have gone from full income to no income while paying full taxes.

The former SNP finance spokesperson and author of the First Minister's Growth Commission report has said that Scotland will have the worst performing economy

in the developed world post covid. The response by the SNP Finance Minister was to reignite the demand for full fiscal autonomy, which would have the effect of creating a multi-billion-pound black hole in Scotland's public finances. First, has the Secretary of State undertaken any analysis of the impact that this policy would have on post-covid recovery in Scotland? Secondly, rather than both Governments playing politics, will he work collaboratively with the Scottish Government to seek solutions to the immediate post-covid budget challenges so that we can save as many jobs, businesses and public services as possible?

Mr Jack: The Scottish Finance Minister, Kate Forbes, has questioned the Barnett formula and has raised full fiscal autonomy as a preference. I would say to the people of Scotland that, for £100 of spending per head in England, the Barnett formula guarantees £125 per head of spending in Scotland. The Barnett formula has produced the extra £3.8 billion of covid support. Last year, the Barnett formula plugged a £12.6 billion deficit in Scotland's spending. Along with the furlough scheme, these things would not have been possible under full fiscal autonomy. In fact, had the Scottish Government imposed that on the Scottish people, I would call it full furlough absence.

Mr Speaker: We now go to the SNP spokesperson—*[Interruption.]* Order. Who is clapping? We do not clap. We want to hear the SNP spokesperson, Mhairi Black.

Mhairi Black (Paisley and Renfrewshire South) (SNP) [V]: I would like to echo the remarks of the Secretary of State with regard to the events in Glasgow. Our thoughts are with all those affected.

The Secretary of State says that the Chancellor will be updating the House with regard to the furloughing scheme, so I will note that with interest, but could he tell us specifically what recommendations and requests he has made to the Treasury with regard to Scotland?

Mr Jack: Discussions that we have with the Treasury ahead of a statement are confidential, but I have highlighted the threats around tourism and hospitality, and I say again to the hon. Lady that the First Minister's remarks about the border are irresponsible. If we think back to 26 April and "The Andrew Marr Show", she admitted that it was a border that she had no control over, so let us not undermine the Scottish economy by moving too slowly as we come back—we need to crack on—and let us not undermine Scottish business by talking about keeping people from other parts of the United Kingdom out of Scotland.

Mhairi Black: Let us also not undermine public health when it comes to the decisions that we make. Scotland has sought to trial universal basic income in four separate locations. Given that the Scottish Government would be providing the funding for this, does the Secretary of State know why the UK Government are blocking it, and what assistance will he provide in unblocking it?

Mr Jack: On the hon. Lady's first remark about public health, it is absolutely imperative that we protect lives, but we must also protect livelihoods. On universal basic income, we do not believe it is the best way to deliver social security because it is not targeted at those

who need it most. We believe universal credit is the best thing because it gets people back into work, and getting people back into work gets them out of poverty. Countries such as Finland and Canada have tried universal basic income and walked away from it. The Joseph Rowntree Foundation also found that it can increase poverty and it said that it is not the way forward in the report that it released two years ago, so we will not be moving towards a universal basic income.

Fishing Sector

Andrew Rosindell (Romford) (Con): What steps his Department is taking to support the Scottish fishing sector. [903965]

The Parliamentary Under-Secretary of State for Scotland (David Duguid): At the end of 2020, we automatically take back control of our waters as an independent coastal state. We will be out of the common fisheries policy and we can decide who can fish in our waters and on what terms. This Government will maintain funding throughout this Parliament to support both our seafood industry and the regeneration of coastal communities in Scotland and around the United Kingdom.

Andrew Rosindell: The Minister will be aware that taking back control of our waters and regaining our status as an independent coastal state was one of the reasons why 1 million Scots voted to leave the European Union, so can he confirm that the UK Government will not sign up to anything that will take away those provisions and put that status at risk?

David Duguid: Yes, I can indeed confirm that. For the first time in 40 years, we will be free to decide who can access our waters and on what terms. Any access by non-UK vessels to fish in UK waters will be negotiated annually, as is standard practice in many cases between independent coastal states such as Norway, the Faroes or Iceland. We continue to engage with the EU constructively, but we will be making sure our position is understood. We will always defend our rights under international law, just as any other independent coastal state does.

EU Transition Period

Greg Smith (Buckingham) (Con): What discussions he has had with the Chancellor of the Duchy of Lancaster on the ending of the transition period in relation to Scotland. [903967]

The Secretary of State for Scotland (Mr Alister Jack): I have regular discussions with the Chancellor of the Duchy of Lancaster on EU transition matters, including the end of the transition period and the benefits to Scotland of once again being able to control our own laws, our own trade and our own fishing waters.

Greg Smith: I thank my right hon. Friend for that answer. Does he agree that while it is outrageous that even last month the Scottish Government were wasting resources on fighting the battles of the past with regard to the transition period, the UK Government are focused

on delivering the benefits of free trade not just for Scottish businesses but for all businesses in our United Kingdom?

Mr Jack: Yes, I agree. I think Scottish Ministers need to wake up to the fact that we have left the European Union and we will leave the transition period on 31 December. I know that the Scottish Government do not like the outcomes of referendums when they do not go their way, but this is another one we are delivering on.

Pete Wishart (Perth and North Perthshire) (SNP): An opinion poll recently found that 63% of the Scottish people back a Brexit extension—that is on top of the overwhelming majority who oppose the Brexit disaster in its entirety—and the Secretary of State has probably seen an opinion poll that found that 54% of the Scottish people now want an independent Scotland. What does the Secretary of State believe links those opinion polls, and what does that tell him about where our country is heading?

Mr Jack: I was going to say I was pleased that for once that the hon. Gentleman had not made it all about independence, but he managed to weave it in. I think the whole House would like to congratulate him on giving up his own independence by getting engaged last weekend.

The answer is that we had a general election and we had a resounding majority across the United Kingdom for a manifesto that said we would honour the result of the referendum. We are going to honour that result: we are going to take back control of our laws, borders and money and we are going to leave the hated common fisheries policy and become—here is the independent bit for the hon. Gentleman—an independent coastal state.

Covid-19 Testing: Care Sector

Mr Toby Perkins (Chesterfield) (Lab): If he will publish a comparative assessment of the availability of covid-19 testing for (a) care home residents, (b) home care recipients and (c) care home staff in Scotland and England. [903970]

The Parliamentary Under-Secretary of State for Scotland (David Duguid): The UK Government, assisted by the British Army, have through six fixed testing sites, 13 mobile testing units and the Glasgow Lighthouse mega-lab significantly increased testing capacity in Scotland to respond to covid-19, in addition to NHS Scotland's own capacity. It is for the Scottish Government to determine policy for the use of that capacity, including in respect of testing for care home residents, recipients and staff.

Mr Perkins: Some 1,431 people were discharged from Scottish hospitals into care homes by the Scottish Government. In Scotland, the proportion of care home deaths is much higher than that in England, where it is also too high. Will the Minister assure the House that when the inevitable public inquiry happens, the question of Scottish care home deaths is not lost in the wider questions about the Government's response but is given very serious attention, because thousands of families will demand that those Scottish care home deaths are investigated?

David Duguid: Based on the latest figures that I have seen, although the number of covid-19 deaths in care homes in Scotland has been falling in recent weeks, it still represents around 41% of the total. That is compared with the proportion in England, which is closer to around 32%. Both of those proportions are still far too high, but what any inquiry will say is a matter for that inquiry.

Chris Elmore (Ogmore) (Lab): When the First Minister is questioned about the high rate of care home deaths in Scotland, she merely replies that England does not count in the same way, which is not an answer. The number of care home deaths in Scotland is a national scandal. Despite that, care home staff are still not receiving the level of testing that they have been promised. The Scottish Health Minister said that all care home staff would be tested every week, yet in no week has that happened, and only around a third of staff are receiving tests. Given the fact that the UK Government deliver part of the testing regime in Scotland, will the Minister inform the House of what work is going on across both Governments to ensure that care home staff are receiving the weekly tests they were promised?

David Duguid: I am sure the hon. Gentleman will join me in acknowledging the excellent work done by all our frontline staff, whether in the NHS, care homes or elsewhere. I encourage the Scottish Government to actively promote the fixed testing sites and the mobile testing sites that I mentioned earlier, to ensure that all care homes and care home staff can access the testing that they need.

Scottish Agricultural Sector

Cherilyn Mackrory (Truro and Falmouth) (Con): What steps his Department is taking to support the Scottish agricultural sector. [903973]

Rob Roberts (Delyn) (Con): What steps his Department is taking to support the Scottish agricultural sector. [903981]

The Parliamentary Under-Secretary of State for Scotland (David Duguid): The Government have provided unprecedented levels of support to the sector, and, to the credit of all involved, the UK's food supply chain has remained secure throughout this crisis. Farmers across the UK produce some of the best food in the world, and to the highest environmental, welfare and safety standards. Our farmers have what it takes to compete with the rest of the world, and they can be confident that this UK Government will back them all the way in securing new global markets while protecting those standards.

Cherilyn Mackrory [V]: I thank the Minister for his answer. What assessment has my hon. Friend made of the opportunities that might arise for the agricultural sector in Scotland and the wider United Kingdom—including my local farmers here in Truro and Falmouth—once the EU transition period ends?

David Duguid: There are great opportunities for farmers right across the UK, in Scotland and in my hon. Friend's constituency in Cornwall. Outside the common agricultural

policy, we can provide our food and farming sectors with the opportunity to become more competitive, productive and profitable, while—importantly—taking into account each nation's unique geography and heritage. We can create our own system of farming support, with each part of the UK being able to meet the specific needs of its farmers.

Rob Roberts [V]: I welcome my hon. Friend to the Dispatch Box. I represent a constituency which is 75% agricultural land here in north Wales, so he can understand how important our farmers are across the United Kingdom. Recently I met a load of local farmers who are concerned about support for the industry, so may I ask him what steps he and his team are taking to support the agricultural industry once we leave the economic institutions of the EU?

David Duguid: I thank my hon. Friend for his welcome to the Dispatch Box. This Government have guaranteed the current annual budget for every year of this Parliament, giving significant certainty on funding in the coming years not just for Scottish farmers, but for Welsh farmers and around the UK. As I said in an earlier response, we can agree ambitious new trade deals around the world while protecting our own world-class standards.

Growth Deals

John Stevenson (Carlisle) (Con): What progress his Department has made on delivering growth deals for every region in Scotland. [903974]

The Parliamentary Under-Secretary of State for Scotland (Iain Stewart): We have made a commitment to deliver a deal for every part of Scotland. Five deals are now fully agreed and four are agreed in principle. We are in discussion with the Treasury to agree the parameters of the final two deals and the role that the deal programme as a whole can play more generally in our economic recovery.

John Stevenson: The Minister will be aware that the Borderlands is considered a great success. However, to ensure that such initiatives are truly successful and properly implemented requires timely decisions by all parties involved, and that is something the Prime Minister certainly wants to see happen. Will the Minister commit to doing everything he can at UK level and the Scottish parliamentary level, particularly with regard to the Treasury, to ensure that the Borderlands initiative proceeds quickly and effectively?

Iain Stewart: Yes, absolutely, and I should add that my hon. Friend has been an excellent champion of the Borderlands deal. We are making good progress with it, including the consideration of individual projects such as the dairy innovation centre. We hope to be able to agree the terms of a full deal later this year. I should also mention that I am meeting the Campaign for Borders Rail team later this month to discuss that project, and I would greatly welcome his thoughts on that.

Air Travel Corridors

Christine Jardine (Edinburgh West) (LD): What recent discussions he has had with (a) Cabinet colleagues and (b) Ministers of the Scottish Government on establishing

air travel corridors as covid-19 restrictions are eased (i) within Scotland, (ii) between Scotland and the rest of the UK and (iii) between Scotland and the rest of Europe. [903975]

The Parliamentary Under-Secretary of State for Scotland (Iain Stewart): The Government have been working closely with the devolved Administrations throughout the covid-19 pandemic to ensure a coherent UK-wide approach. The Government will shortly announce further details on regulations, including a full list of countries and territories from which arriving passengers will be exempted from the self-isolation requirements.

Christine Jardine: Edinburgh Airport is not just one of the largest employers in my constituency when taken together with all the cargo handlers and the shops on site, but a linchpin of Edinburgh's economy and Scotland's economy. During this crisis, 80% of its staff have been furloughed, and it has gone from having 40,000 passengers pass through it on an average day to fewer than 200, and on some days none. Although I am deeply concerned about the airport, the airlines and the directly related jobs, they also feed into the tourism industry, which is worth an estimated £10.5 billion a year to Scotland. With the loss of the Edinburgh Festival, the Royal Highland Show, the incomplete Six Nations this year, and now the loss of tourism, potentially every job in Edinburgh is under threat. Will this Government use their—

Mr Speaker: Come on!

Iain Stewart: I am grateful to the hon. Lady for her question. I do know the importance that Edinburgh Airport in her constituency has not just for the airport but for the wider economy. I would be very happy to meet her to discuss her specific points in further detail, but the global airline industry is facing a huge challenge, and it will require considerable efforts to get it back on its feet.

Strengthening the Union

Karl McCartney (Lincoln) (Con): What steps his Department is taking to strengthen the Union. [903976]

Miss Sarah Dines (Derbyshire Dales) (Con): What steps his Department is taking to strengthen the Union. [903979]

Paul Bristow (Peterborough) (Con): What steps his Department is taking to strengthen the Union. [903982]

The Parliamentary Under-Secretary of State for Scotland (Iain Stewart): The Government have always stressed the importance of the Union, and the current crisis demonstrates the value in responding collectively. We have world-leading expertise and the economic strength to support jobs and business with generous financial packages. It is the strength of our Union that will enable us to rebuild our economy quickly and fairly.

Karl McCartney: I thank my good friend the new Minister and congratulate him on being at the Dispatch Box. Devolution in Scotland has given the Scottish people a localised legislative body. It gives Scottish people

greater powers over their own affairs and is replicated in Northern Ireland and Wales. Does my hon. Friend agree that this has caused a democratic deficit for England, and as devolution is now being revisited in my own constituency county of Greater Lincolnshire, what lessons can be learned from Scottish devolution to give the people of Lincolnshire greater powers over their own affairs?

Iain Stewart: My hon. Friend is right to highlight the considerable powers that are being devolved to Scotland, Wales and Northern Ireland, but England has also seen significant devolution and that is a process that continues with further deals in the pipeline and the Government's commitment to a White Paper on devolution in England. I suggest that devolution has given Scotland the best of both worlds: localising decision making, but being able to access the collective resources of a strong United Kingdom.

Miss Dines: More than 60% of Scottish exports go to the rest of the UK. That represents three times more than the rest of the EU. Does my hon. Friend agree that, as we emerge from this pandemic, trade between all four of the home nations is going to be critical not only to Scotland, but to the rest of the UK?

Iain Stewart: My hon. Friend is absolutely right to highlight these figures. We do not need the barriers and division that separation would bring, nor do we need the reckless talk of effectively closing the border when tourism in Scotland needs all the help it can get.

Paul Bristow: I welcome the Scottish Government's decision to put off their preparations for a second Scottish referendum on independence while dealing with the coronavirus. Does the Minister agree that, once this pandemic is over, those plans will still be unnecessary and still be unwanted by the people of Scotland?

Iain Stewart: My hon. Friend is absolutely right: the last thing Scotland needs is the uncertainty and division that another referendum would bring.

PRIME MINISTER

The Prime Minister was asked—

Engagements

[904104] **Richard Graham (Gloucester) (Con):** If he will list his official engagements for Wednesday 1 July.

The Prime Minister (Boris Johnson): May I start by commending the Together initiative for organising this coming Sunday what will hopefully be the nation's biggest ever Thank You Day to mark the birthday of the NHS? It will provide the perfect moment to thank not just our amazing NHS and care workers, but also those key workers who have helped in the national effort throughout our fight against coronavirus and, indeed, all those across the country who have gone the extra mile for their local communities in these challenging times. I am sure we can agree across this House that the NHS represents the very best of us, and that we will always be there to support it.

This morning, I had meetings with ministerial colleagues and others. In addition to my duties in this House, I shall have further such meetings later today.

Richard Graham: As the Prime Minister says, today is the 72nd anniversary of the NHS and a good moment for us all to appreciate the immense role of the NHS in all our constituencies—perhaps especially, the Gloucestershire Royal Hospital, which has put up with me as a summer volunteer for the last 10 years.

The Prime Minister's launch of the UK new deal yesterday paves the way for exciting new projects. May I highlight for his attention the proposed eco park and green energy park in Gloucester, which may need a little of the Chancellor's oil? May I also highlight, should it be approved, the shovel-ready new Gloucester to Cheltenham cycleway, which I hope he might accept an invitation to come and open, with my hon. Friend the Member for Cheltenham (Alex Chalk) and me, when it is ready?

The Prime Minister: I thank my hon. Friend very much for that question. I congratulate him on what he is doing to support the wonderful new eco and green energy park, and I look forward to joining him on the new cycleway in due course.

Keir Starmer (Holborn and St Pancras) (Lab): May I, too, celebrate the birthday of the NHS, as we all will this Sunday, particularly at this time?

At the daily press conference on 18 June, the Health Secretary said, "There's an outbreak of covid-19 right now in parts of Leicester", yet it was only on Monday evening this week that the Government introduced restrictions. That is a delay of 11 days, during which the virus was spreading in Leicester. Why were the Government so slow to act?

The Prime Minister: Well, actually, the Government first took notice and acted on what was going on in Leicester on 8 June, because we could see that there was an issue there. We sent mobile testing units—four more mobile testing units—shortly thereafter. We engaged actively with the authorities in Leicester, with public health in Leicester and with everybody responsible in Leicester in the way that we have done with other areas that have had similar issues. Unfortunately, in Leicester, it did not prove possible to get the results that we have seen elsewhere, so on Monday we took the decision, which I hope the right hon. and learned Gentleman approves of, to go into lockdown in Leicester. I have been absolutely clear with the House and with the country that we are going forward. We have made huge progress, but, where necessary, we will put on the brakes. We acted decisively, and I think it was the right thing to do.

Keir Starmer: I do support the Government's decision of Monday, but I think the 4,000 businesses and 160 schools that are now shut might take some persuading that the Government acted quickly enough. One of the problems in Leicester was that the local authority had only half the data. It had data for pillar 1 covid tests—NHS and care worker tests, and tests in hospitals—but not for pillar 2 tests, which are the wider tests in the community. That may sound technical, but it meant that the local

authority thought there were 80 positive tests in the last fortnight when the real figure was 944. The local authority was given the real figure only last Thursday, so there was a lost week while the virus was spreading. There are now real fears of further local lockdowns across the country. Can the Prime Minister give a cast-iron guarantee today that no other local authority will ever be put in that position again?

The Prime Minister: I am afraid the right hon. and learned Gentleman is mistaken, because both pillar 1 and pillar 2 data have been shared, not just with Leicester, but with all authorities across the country. We did in Leicester exactly what we did, for instance, in Kirklees, Bradford, Weston-super-Mare or other places where very effective whack-a-mole strategies have been put in place. For reasons that I think the House will probably understand, there were particular problems in Leicester in implementing the advice and getting people to understand what was necessary to do. But, let's face it: we have had to act and the Government have acted. He wants to know whether we will act in future to ensure that we protect the health of the entire country, and I can tell him that we will, absolutely.

Keir Starmer: I spoke to the Mayor of Leicester this morning, and I know the Prime Minister spoke to him yesterday, and he was absolutely clear that he did not get that data until last Thursday—I doubt he told the Prime Minister something different yesterday. The Prime Minister cannot just bat away challenge; these are matters of life and death, and people's livelihoods. For example, last week, my hon. Friend the Member for Hove (Peter Kyle) asked the Prime Minister, "How can seaside towns be expected to cope with the likely influx of visitors to beaches and parks during the hot weather?". The Prime Minister replied, "Show some guts". Two days later, Bournemouth beach was closed; there were 500,000 visitors and a major incident was declared. Does the Prime Minister now regret being so flippant?

The Prime Minister: I really think the right hon. and learned Gentleman does not distinguish himself by his question, because I was making it absolutely clear that as we go forward with our cautious plan for opening up the economy, it is very, very important that people who do represent seaside communities, places where UK tourists will want to go, should be as welcoming as they can possibly be. That was the message that I think it is important to set out. But it is also vital that people behave responsibly. That is why the scenes in Bournemouth were completely unacceptable and it is why we stick to the advice that we have given. I made it absolutely clear that if people are going to travel to the seaside and take advantage of the easing of the lockdown, they must observe social distancing, and it is everybody's responsibility to ensure that that is the case.

Keir Starmer: The Prime Minister must understand why this is of such concern. There is a nationwide lifting of restrictions this weekend, without an app, and without clear data for local authorities or the world-beating system we were promised. [Interruption.] I do support it, but I am not blind—[Interruption.] I support the easing of restrictions but, unlike the Prime Minister, I am not blind to the risks, and I do not think anybody else should be. Last week, I pointed out to the Prime

Minister that two thirds of people with covid-19 are not being reached and asked to provide their contact details. The Prime Minister, typically, said it was all a stunning “success”. The updated figures now show that things have got worse; of the 22,000 new cases of covid infections per week in mid-June, just 5,000 were reached and asked to provide details. So now three quarters of people with covid-19 are not being reached. How does the Prime Minister explain that?

The Prime Minister: As the right hon. and learned Gentleman knows very well, the test, track and trace operation is reaching huge numbers of people and causing them to self-isolate in ways that I do not think he conceivably could have expected a month ago when the system was set up. It has now reached 113,000 contacts who have undertaken to self-isolate to stop the disease spreading, and that is why the number of new infections has come down for several days running to below 1,000, and the number of deaths continues to come down. That is a great achievement on the part of the entire population and their willingness to support test and trace.

Keir Starmer: If the Prime Minister cannot see that three quarters of those with covid-19 are not being contacted and asked for their own contacts, that is a real gap in the system. He cannot just brush it away by referencing those that are contacted. It is a real problem and it is growing; it is going to have to be addressed. The Prime Minister did this at phase 1, brushing away serious concerns.

I want to turn to the Prime Minister’s speech yesterday, if I may. Amid the normal bluster, there was a really striking line in that speech. The Prime Minister said:

“We...know the jobs that many people had in January are...not coming back”.

I fear that this is the equivalent of the line in the Prime Minister’s speech of 12 March when he said:

“I must level with you...Many more families are going to lose loved ones before their time.”

We know what happened next. That is why there needs to be a laser-like focus on protecting jobs, so how many jobs does the Prime Minister think yesterday’s announcement will protect?

The Prime Minister: The right hon. and learned Gentleman might first pay tribute to the work of this Government in protecting 11 million jobs throughout this crisis. He might draw attention to the fact that we have supported huge sectors of the UK economy at a cost of £120 billion. I am not going to give a figure for the number of job losses that may or may not take place, but of course the risk is very serious, as he rightly says. That is why we are proceeding with the new deal, the fair deal for the British people, which will be not just massive investment in our national health service—£34 billion in our NHS—and £14 billion more into our schools but an investment in infrastructure going up to £100 billion. We are going to build, build, build and deliver jobs, jobs, jobs for the people of this country.

Keir Starmer: The reality is that the Prime Minister’s announcement yesterday was investment equivalent to less than £100 per person across the United Kingdom—0.2% of GDP. Not much of his announcement was new,

and it certainly was not much of a deal. Meanwhile, as the Prime Minister was speaking, Airbus announced 1,700 job losses, easyJet announced 1,300 job losses and T. M. Lewin and Harveys announced 800 job losses. That was just yesterday. There was nothing in the Prime Minister’s speech for the 3.2 million people in hospitality or the 2.9 million in retail. Next week’s financial statement could be the last chance to save millions of jobs. Will the Prime Minister start now by extending the furlough scheme for those parts of the economy that are still most at risk?

The Prime Minister: Let me repeat and remind the House that, overall, the package represents a £600 billion package of investment in the UK economy. The best single thing we can do is get our economy back to health by getting our people back into work and getting the virus defeated and under control, and the best thing that the Opposition could do is stop equivocating—doing one thing one week and one thing another week—and decide that they emphatically support ending the lockdown and emphatically support kids being back in school rather than being bossed around by the unions. We are the builders; they are the blockers. We are the doers; they are the ditherers. We are going to get on with it and take this country forward.

[904105] **Andrew Bowie** (West Aberdeenshire and Kincardine) (Con): Does my right hon. Friend not share my anger and the frustration of the Scottish tourist sector that, just as it is getting back on its feet, it is having the legs pulled out from under it by deeply irresponsible, damaging and divisive talk of arbitrary border closures and the quarantining of visitors from across the rest of the United Kingdom?

The Prime Minister: I must say I find the suggestion absolutely astonishing and shameful. There have been no discussions with the Scottish Administration about that, but I point out to my hon. Friend what he knows very well: there is no such thing as a border between England and Scotland.

Mr Speaker: Talking of which, we now come to the leader of the Scottish National party.

Ian Blackford (Ross, Skye and Lochaber) (SNP) [V]: I am sure that the thoughts of everyone in the House will, like mine, be with those who were caught up in the terrible incidents in Glasgow last Friday, and in particular with PC David Whyte and those who went to do their duty. We hope that everyone makes a speedy recovery from their injuries.

Yesterday, the Prime Minister delivered his self-proclaimed relaunch speech, but when asked at the daily press briefing what new money will be given to the Scottish Government, the Prime Minister’s official spokesperson laughed—laughed, Mr Speaker. That is what this Government think about funding for the Scottish economy, jobs, families and livelihoods: they think it is a joke. Is the Prime Minister capable of answering a direct question? I do not want the usual waffle. It is a straightforward question: what are the new Barnett consequentials coming to Scotland as a result of yesterday’s speech?

The Prime Minister: To start with, the right hon. Gentleman probably does the spokesman in question a serious injustice, because I do not believe he would have taken this issue anything other than seriously. The right hon. Gentleman should wait till next week to have the full Barnett consequential for what we are outlining from my right hon. Friend the Chancellor. I really do hope that he and all his SNP colleagues go around brandishing the fact that not only has this crisis seen the British Army and the British armed services being absolutely indispensable in Scotland and elsewhere in helping us get through it, but we have seen the UK Treasury step up to the plate and get furlough funding across all four parts of our United Kingdom. It was a massive success. Let me tell him that the Barnett consequential already amount to £3.8 billion for Scotland.

Ian Blackford: The Prime Minister simply could not answer the question, because the question was about the Barnett consequential from yesterday. We know that there was not a single penny for Scotland in the supposed reset speech from the Prime Minister yesterday. It was a speech devoid of action, devoid of ambition and devoid of any support for the most vulnerable in our society. The Prime Minister has set the UK on a two-tier recovery. On the same day he delivered his speech, this Tory Government reintroduced their benefits sanctions regime after a three-month freeze. That is not levelling up; it is heartless, cruel and unnecessary. Will the Prime Minister announce right now that he will keep the freeze on benefits sanctions, or will we have to wait until he is shamed into yet another U-turn?

The Prime Minister: I beseech the right hon. Gentleman just to think that he may be mistaken. The UK Government are absolutely dedicated to supporting people of all incomes across the country. That is why we have actually increased spending on benefits by £7 billion with universal credit, and we stand ready to do more, but I can tell him that there will be plenty of wonderful things that we want to do, working with him and with the Scottish Administration, to improve transport and other infrastructure across the whole of the United Kingdom, including Scotland. I really hope he will co-operate.

[904110] **Nickie Aiken** (Cities of London and Westminster) (Con) [V]: My constituency sits at the heart of our great metropolis. Cities of London and Westminster is the home of the west end, whose theatres and cultural venues, such as the Royal Albert Hall, the London Palladium and the Barbican Centre, attract visitors from across the globe and will help power our economic recovery. Does my right hon. Friend share my aspiration to see these venues open as soon as it is safe to do so, ensuring that the show must go on?

The Prime Minister: Yes, the show must go on. I know the power of the theatres of London's west end and the entire cultural industry in London, not just as a magnet for our country, but for the sheer revenues they deliver. We want that to get going as fast as we possibly can, and we want life for theatres and theatregoers to get back to normal as fast as we possibly can, but to do that we have to defeat the disease, and that is what this Government are engaged in.

Stephen Farry (North Down) (Alliance): Exactly six months from today, the Northern Ireland protocol will sadly come into operation. The Government have already recognised that it will involve checks and infrastructure with regard to regulation, which the Prime Minister knows is different from customs. The business community is desperately seeking answers as to how the processes will work in detail. Will he commit to providing that clarity before the end of the summer?

The Prime Minister: It is very clear from the existing text of the protocol that Northern Ireland is, and remains, a part of the customs territory of the United Kingdom. There should be unfettered access between all parts of the United Kingdom, and that is what we are going to ensure.

[904111] **James Sunderland** (Bracknell) (Con): What message might the Prime Minister have for the people of Hong Kong following the passage this week of China's new national security law?

The Prime Minister: We stand for rules and obligations, and think that they are the soundest basis for our international relations. The enactment and imposition of this national security law constitutes a clear and serious breach of the Sino-British joint declaration. It violates Hong Kong's high degree of autonomy and is in direct conflict with Hong Kong Basic Law. The national security law also threatens the freedoms and rights protected by the joint declaration. We made it clear that if China continued down this path, we would introduce a new route for those with British national overseas status to enter the UK, granting them limited leave to remain with the ability to live and work in the UK, and thereafter to apply for citizenship; and that is precisely what we will do now.

[904106] **Claire Hanna** (Belfast South) (SDLP) [V]: This morning and last week the Northern Ireland Affairs Committee heard from victims and survivors about the Government's troubles legacy proposals. Whether they were injured or bereaved by the IRA, loyalist paramilitaries or security forces, those victims have rejected the proposals, which they say close the door on truth and justice. The proposals depart from those agreed by all parties, including the UK Government, who had embedded the principle that all are equal before the law. The written statement on 18 March said that the proposals sought to put "victims first" and to build a "broad consensus" among victims. It is clear from our evidence sessions that these proposals can do neither. Will the Prime Minister please resile from the March statement and return to the principles embedded in the Stormont House agreement, and, indeed, in January's Stormont deal?

The Prime Minister: The victims have waited too long for these payments, and the way to unblock the progress is through the designation of a department to provide support for the victims' payments board. The Minister of State, Ministry of Justice, my hon. and learned Friend the Member for South East Cambridgeshire (Lucy Frazer), has indicated that she is prepared to take on that role, so the Executive must now move formally to designate and to prevent any further delay for victims.

[904107] **Christine Jardine** (Edinburgh West) (LD): There are 3 million people in this country who get no support at the moment because they are self-employed or on contract. Our black, Asian and ethnic minority communities have an unemployment rate that is twice the national average and women are disproportionately affected by covid-19. The Prime Minister said a few minutes ago that he stands ready to help. Will he look at a universal basic income so that these people can get the help that they need now?

The Prime Minister: The hon. Lady raises a very important point about the self-employed. As she knows, we have provided very considerable support as part of the overall package of £120 billion—I think we have given £22 billion altogether through the furlough scheme for employed and self-employed people. Her further suggestion for a universal basic income is one that we have looked at. The best way forward for our country is to get the disease under control in the way that we are doing; get our people back into work; build, build, build; and take this country forward.

[904117] **Shaun Bailey** (West Bromwich West) (Con): It was great to have my right hon. Friend in the Black Country announcing his new vision yesterday. Perhaps next time he is in the Black Country, he will come five minutes down the road to Tipton, where we can sort him out a pint in the pie factory. I was recently contacted by two students in my constituency, Elliot Wilkes from Sandwell Academy and Will Gill from Q3 Academy Tipton. They want reassurance from the Prime Minister that his announcement yesterday means that, after years of neglect and being overlooked, our communities in Wednesbury, Oldbury and Tipton will finally get the recognition that we deserve.

The Prime Minister: I am trying to stick off the pies at the moment, but my hon. Friend can tell his communities in Tipton that we are investing massively not just in education, with, as I say, £14 billion more into our schools, but in infrastructure that will reach every corner of the country, particularly the west midlands. I am delighted that West Bromwich will receive at least £500,000 from the Stronger Towns Fund this year to support its high street and local community.

James Daly (Bury North) (Con): The Met arts centre in my constituency is rightly proud of the work that it has done during lockdown, responding to the needs of young people and disability theatre groups in Bury, but its income has been decimated due to the fact that it is unable to stage events. Will the Prime Minister continue to do everything possible to support the cultural and creative sectors in Bury, Ramsbottom, Tottington and elsewhere to ensure that important community assets such as The Met have a bright future?

The Prime Minister: Absolutely; I thank my hon. Friend for making those representations. We will do everything we can to get all those sectors going as fast as we can and get life back as close to normal as possible for as many people as possible in this country. But the way to do that, at the risk of repeating myself, is to continue to defeat the virus and take the country forward.

[904108] **Bambos Charalambous** (Enfield, Southgate) (Lab): Enfield, Southgate is home to Chickenshed Theatre, an inclusive youth theatre company that has been open for more than 40 years but is now struggling financially. Despite the arts sector's contributing more than £5.2 billion each year to our economy, the Government have failed to assist it as it hurtles towards the brink of collapse due to the coronavirus pandemic. Will the Prime Minister heed the calls from the Musicians Union, the Broadcasting, Entertainment, Cinematograph and Theatre Union and Equity, and provide the financial support to ensure the survival of the arts sector?

The Prime Minister: This is becoming quite a theme this morning, and quite rightly too. I am a fan of Chickenshed Theatre and I know its work. We will do everything we can to assist; the economic case for doing so is overwhelming. I would just say to people, "Keep supporting your workers with the furloughing scheme. It is much better now to wait for times to get better rather than laying people off." That is my message.

Dr Neil Hudson (Penrith and The Border) (Con) [V]: Newton Rigg College is a land-based further education college in Penrith that has been listed for possible closure next year by its host institution. Will my right hon. Friend ask Government Departments to work with me and local stakeholders to secure a sustainable future for this vital institution, and, if we are successful, may I invite the Prime Minister to come to Penrith to see this fantastic college and the opportunities it provides to upskill, strengthen rural economies and support this Government's levelling-up agenda?

The Prime Minister: I am very grateful to my hon. Friend. I know that this will be a difficult time for the community and all those who care about this Penrith college. May I propose that he and I have a proper conversation about what we can do to help, with my right hon. Friend the Secretary of State for Education, and see whether we can find an appropriate solution? I thank him very much for the work that he is doing.

[904109] **Stephen Doughty** (Cardiff South and Penarth) (Lab/Co-op): The Prime Minister does not want to talk about the numbers of job losses, so let me give him some: British Airways, 12,000 jobs potentially to go, including in the Vale of Glamorgan, in Llantrisant and in Blackwood; GE, 1,400 jobs potentially to go at Nantgarw; Rolls-Royce, nearly 6,000 to go in Derby, Solihull, Glasgow, Rotherham; and, as my right hon. and learned Friend the Leader of the Opposition has pointed out, Airbus, with 1,700 jobs potentially to go in north Wales and in the south-west, affecting my own constituents. Workers at those plants do not want to hear slogans. They do not want to hear bluff and bluster. They want to know from the Prime Minister what he is going to do to save those jobs in the long term. They have had the furlough scheme; what is he going to do to protect them going forward?

The Prime Minister: I do not wish to accuse the hon. Gentleman of failing to listen to what I have been saying over the past few days, but in addition to the £120 billion of support that we have put into the economy, we have to recognise that people now are, as he says, worried about their jobs. That is why we have a plan to build, build, build with a £600 billion programme

of investment and to deliver jobs, jobs, jobs. For sectors across the country where we need to keep young people in particular in employment we have offered, as he knows, an opportunity guarantee so that they will have either an apprenticeship, an in-work placement or the opportunity for training.

Jason McCartney (Colne Valley) (Con): The pubs are reopening, but we still will not be able to go to the Marsden jazz festival, the Slaithwaite Philharmonic, the Holmfirth Picturedrome, the Lawrence Batley theatre or even a Honley male voice choir concert. Will the Prime Minister, in an effort to support the thousands of musicians, actors and dancers across the country who are struggling, look at replenishing the Arts Council funds that have been redirected to the emergency covid response so that we can have vibrant creative industries coming out of this crisis?

The Prime Minister: The House is speaking with pretty much one voice this afternoon. I totally share people's sense of urgency about wanting to get our wonderful creative culture and theatrical sector open as fast as we can, but the House will also remember that what we are trying to do now involves striking a balance. It is very important, as we open up the economy, that we do not go too far and risk a second spike and further outbreaks. People can see what is happening in Leicester, for instance. We need to be very careful that we do this in a prudent way. As we open the theatres, which we will, we want to make sure that we can do it in a covid-compliant and covid-secure way, and I am sure that is what the House would want.

[904112] **Ian Paisley** (North Antrim) (DUP): It was excellent to see the Prime Minister participating in the Christians in Parliament event yesterday. I thank him for the kind remarks he made about our answered prayer for his own health, and I wish him continued good health.

The Prime Minister said yesterday in a major speech that he wants the economy to "build, build, build", and he announced that there will be 4,000 zero-emissions buses for the United Kingdom. Will he ensure that those 4,000 new zero-emissions buses, or hydrogen buses, will produce jobs and deliver a new green economy for the whole of the United Kingdom, and will he invest, invest, invest in hydrogen?

The Prime Minister: We will certainly invest massively in hydrogen. I cannot make any particular undertakings now about where those contracts will go, but as the hon. Gentleman knows well, I am a big fan of buses made in Ballymena.

Duncan Baker (North Norfolk) (Con): Following the publication on 8 June of the Ministry of Housing, Communities and Local Government report on the risks of fraud and corruption in local government procurement, does the Prime Minister agree that procurement fraud betrays the taxpayer? It erodes public trust in our democratic systems, and we should take firm action against those who waste our public money.

The Prime Minister: I certainly do. Fraud is corrosive of public trust and wasteful of public money. It is vital that all councils learn the lessons of that report, and I thank my hon. Friend for drawing it to the attention of the House.

[904113] **Siobhain McDonagh** (Mitcham and Morden) (Lab): At year 6, children on free school meals are nine months behind their better-off classmates. By GCSE year, that has extended to 18 months. Some 700,000 children have had no access to the internet for schoolwork during the lockdown. If the Prime Minister is sincere about wanting to level up and make this country good for everyone, will he give Government time to pass a cross-party Bill giving internet access and devices to all children on free school meals?

The Prime Minister: I passionately support the objective of making sure that there is IT fairness and that all kids have access to the technology that they need. We have rolled out huge numbers of laptops across the country to pupils on free school meals. But the most important thing that I think should happen now is that all pupils in year 6 should now be back in school, and it is still very disappointing that we have not had an unequivocal declaration of support for the safety of schools from the Labour party.

Greg Smith (Buckingham) (Con): Enterprise zone status at Silverstone Park and Westcott in my constituency has been critical in bringing high-tech innovators to Buckinghamshire across 5G, rocketry, automotive and motorsport. Will my right hon. Friend join me in congratulating those wealth creators, innovators and entrepreneurs, and commit to extending their enterprise zone status and business rates relief period from 2021 to 2024 to ensure that they continue to be an engine of economic growth?

The Prime Minister: I will certainly look at the proposal that my hon. Friend makes, and I am sure my right hon. Friend the Chancellor will want to study it, but I also congratulate everybody involved with the Aylesbury Vale enterprise zone on the cutting-edge technology that exemplifies the very best of this country and shows the way to our future.

[904114] **Stephen Timms** (East Ham) (Lab): The Government were right to raise universal credit by £20 a week at the start of the crisis, but other benefits, such as employment and support allowance, claimed by other people in identical circumstances, were not raised. The all-party Select Committee on Work and Pensions recommended unanimously last week that those legacy benefits should be brought back in line with universal credit and raised. That has since been endorsed by the former Secretary of State, the right hon. Member for Preseli Pembrokeshire (Stephen Crabb). Will the Prime Minister endorse it too?

The Prime Minister: We have done a huge amount. The right hon. Gentleman is a tireless campaigner on this matter, but the House will accept that we have done a huge amount to increase support for people on benefits. I remind him of the increase in universal credit and working tax credit of up to £1,040 a year, which is benefiting 4 million families across the country.

Mr William Wragg (Hazel Grove) (Con): Given the state of us, my right hon. Friend the Prime Minister and I will be among the first in the socially distant queues as barbers and hairdressers reopen this weekend. Neither of us is likely to be queuing for an appointment at a

beauty salon, however, much as it may be needed, and sadly, neither will anybody else, because many of those much-loved businesses remain closed. Will the Prime Minister review that decision, so that the likes of Lush Beauty in Romiley in my constituency can reopen safely as soon as possible?

The Prime Minister: I am sure that one day I will go with my hon. Friend to Lush Beauty, but it is a sad reality for many of those excellent businesses that they cannot yet open in the way they want. I certainly share his sense of urgency, which I know people feel across the country. People feel a sense of unfairness when they look at hairdressers opening, but I repeat to the House the need to strike the balance that we have described—I believe that is understood by the Labour party—and the need to open up in a way that is covid-secure. As soon as we are sure that nail bars and beauty salons can open in a way that is covid-secure, we will do that.

[904115] **Allan Dorans** (Ayr, Carrick and Cumnock) (SNP): On 17 April 1984, I was a serving police officer in the Metropolitan police, when WPC Yvonne Fletcher was shot and killed while on duty policing a demonstration outside the Libyan embassy in London. No one has ever been charged in connection with her death. In the light of reports at the weekend about a civil case being brought by her former colleague, PC John Murray, against one of the main suspects, will the Prime Minister pledge to reopen the criminal inquiry into the murder of WPC Yvonne Fletcher?

The Prime Minister: I thank the hon. Gentleman very much for his service in the police, and for raising an important subject that I have followed for many years. The murder of WPC Yvonne Fletcher was sickening and cowardly. The best thing I can say to the hon. Gentleman today is that I would welcome the opportunity to talk to him in person about the issue he has raised, and see what we can do to take the matter forward.

Scott Mann (North Cornwall) (Con): I thank the Prime Minister for confirming that the virus has receded far enough to open tourism in Cornwall next week. Will he join me in politely asking visitors to Cornwall to follow the example set by local people over the past three months, and strictly to respect distancing guidance? We want people to come and have a fantastic holiday in Cornwall, but we want them to be sensible when they are visiting.

The Prime Minister: My hon. Friend brilliantly sums up the approach that we want to take. We want our seaside communities and fantastic national tourist areas to feel confident about welcoming visitors this summer. We want loads of staycations—I think we will get loads of fantastic staycations—but we want people to observe the rules and keep defeating the virus.

[904116] **John Spellar** (Warley) (Lab): The way the disclosure and barring scheme is operating is damaging and discriminatory. When I raised the matter with the Prime Minister last week, I got the usual Home Office guff that the Government were “considering the Supreme Court judgment.” That judgment was in January 2019—18 months ago. The Lammy report highlighted the problem in 2017. Can we have no more dithering? Will the Prime Minister sort out that scandal now?

The Prime Minister: I congratulate the right hon. Gentleman on returning so fast to the fray on that issue. He is absolutely right, and the best thing I can do is write to him immediately, setting out what we propose to do. There are issues with the DBS scheme, and every MP will have received representations from people who feel that they have been unfairly treated by it. The scheme needs looking at, and we shall do so urgently.

Mr Mark Harper (Forest of Dean) (Con): The Education Secretary has confirmed that he will set out this week a comprehensive plan to get every child back to school in September. I know that the Prime Minister strongly supports that, as do I. The Prime Minister is a great fan of buses. Can he confirm that that plan will also include the significant number of children who depend on buses to get to school, so that they can go back to school in September as well?

The Prime Minister: I can certainly confirm that, and I know that my right hon. Friend the Secretary of State for Education has been working with the Department for Transport on that very matter.

Mr Speaker: In order to allow the safe exit of hon. Members participating in this item of business and the safe arrival of those participating in the next, I am suspending the House for three minutes.

12.40 pm

Sitting suspended.

Hong Kong National Security Legislation

12.43 pm

The Secretary of State for Foreign and Commonwealth Affairs and First Secretary of State (Dominic Raab): With permission, Mr Speaker, I would like to make a statement regarding the latest developments on Hong Kong.

As feared when I addressed the House on 2 June, yesterday the Standing Committee of the National People's Congress in Beijing adopted a wide-ranging national security law for Hong Kong. This is a grave and deeply disturbing step.

We have carefully assessed the legislation. In particular, we have considered its impact on the rights, freedoms and, critically, the high degree of autonomy bestowed on Hong Kong under China's Basic Law for Hong Kong and under the joint declaration, which, as the House will know, is the treaty agreed between China and the UK in 1984.

Today I have the depressing but necessary duty to report to the House that the enactment of this legislation, imposed by the authorities in Beijing on the people of Hong Kong, constitutes a clear and serious breach of the joint declaration. Let me explain to the House the grounds for this sobering conclusion.

First, the legislation violates the high degree of autonomy over executive and legislative powers and the independent judicial authority provided for in paragraph 3 of the joint declaration. The imposition of this legislation by the Government in Beijing, rather than it being left to Hong Kong's own institutions to adopt it, is also, it should be noted, in direct conflict with article 23 of China's own Basic Law for Hong Kong, which affirms that Hong Kong should bring forward its own national security legislation. In fact, the Basic Law elaborates on that, and allows Beijing to impose laws directly only in a very limited number of cases, such as for the purposes of defence and foreign affairs, or in the exceptional event of the National People's Congress declaring a state of war or a state of emergency. None of those exceptions applies here, nor has the National People's Congress sought to justify the law on any such ground.

Secondly, the national security legislation contains a slew of measures that directly threaten the freedoms and rights protected by the joint declaration. The House will be particularly concerned by the potentially wide-ranging ability of the mainland authorities to take jurisdiction over certain cases without any independent oversight, and to try those cases in the Chinese courts. That measure violates paragraphs 3(3) and 3(5) of the joint declaration, and directly threatens the rights set out in the United Nations international covenant on civil and political rights, which, under the joint declaration, are to be protected in Hong Kong. That in particular represents a flagrant assault on freedom of speech and the right to peaceful protest for the people of Hong Kong.

Thirdly, the legislation provides that Hong Kong's Chief Executive, rather than its Chief Justice, will appoint judges to hear national security cases—a move that clearly risks undermining the independence of Hong Kong's judiciary, which is, again, protected by the joint declaration in paragraph 3(3). Fourthly, the legislation provides for the establishment in Hong Kong by the Chinese Government of a new office for safeguarding

national security, run by and reporting to the mainland authorities. That is particularly worrying, because that office is given wide-ranging powers, directly intruding on the responsibility of the Hong Kong authorities to maintain public order. Again, that is directly in breach of the joint declaration—this time, paragraph 3(11). The authorities in Hong Kong have already started to enforce the legislation; there are reports of arrests by the police, and official notices warning the people of Hong Kong against waving flags or chanting.

In sum, this legislation has been enacted in clear and serious breach of the joint declaration. China has broken its promise to the people of Hong Kong under its own laws, and has breached its international obligations to the United Kingdom under the joint declaration. Having committed to applying the UN's international covenant on civil and political rights to the people of Hong Kong, China has now written into law wide-ranging exemptions that cannot credibly be reconciled with its international obligations, or its responsibilities as a leading member of the international community.

We want a positive relationship with China. We recognise its growth, its stature, and the powerful role it can play in the world. It is precisely because we respect China as a leading member of the international community that we expect the Chinese Government to meet their international obligations and live up to their international responsibilities. They have failed to do so with respect to Hong Kong by enacting legislation that violates its autonomy and threatens the strangulation of its freedoms. It is a sad day for the people of Hong Kong—one that can only undermine international trust in the Chinese Government's willingness to keep its word and live up to its promises.

For our part, the Prime Minister and the Government are crystal clear: the United Kingdom will keep its word and live up to our responsibilities to the people of Hong Kong. After further detailed discussions with my right hon. Friend the Home Secretary, I can now confirm that we will proceed to honour our commitment to change the arrangements for those holding British national (overseas) status. We have also worked with Ministers across Whitehall and have now developed proposals for a bespoke immigration route for BNOs and their dependants. We will grant BNOs five years' limited leave to remain, with a right to work or study. After these five years, they will be able to apply for settled status, and after a further 12 months with settled status, they will be able to apply for citizenship. This is a special, bespoke set of arrangements developed for the unique circumstances we face and in the light of our historic commitment to the people of Hong Kong.

All those with BNO status will be eligible, as will their family dependants who are usually resident in Hong Kong, and the Home Office will put in place a simple, streamlined application process. I can reassure hon. Members that there will be no quotas on numbers. I pay tribute to the Home Secretary and her excellent team at the Home Office for their work in helping to prepare for a moment that, let's face it, we all dearly hoped would not arrive. She will set out further details of our approach in due course.

In addition to changing the arrangements for BNOs, the UK will continue to work with our international partners to consider what further action we should responsibly take next. I can tell the House that yesterday

in the UN Nations Human Rights Council, the UK made a formal joint statement expressing our deep concern about the human rights situation in both Hong Kong and Xinjiang. Twenty-six other nations joined that statement. It is the first time a formal statement has been made at the Human Rights Council on this issue, and it was delivered through our diplomatic leadership. We will continue to work with our partners in the G7 and the EU and across the region.

I say again: we want a positive relationship with China, but we will not look the other way when it comes to Hong Kong and we will not duck our historical responsibilities to its people. We will continue to bring together our international partners, to stand up for the people of Hong Kong, to call out the violations of their freedoms, and to hold China to its international obligations, freely assumed under international law. I commend this statement to the House.

12.52 pm

Lisa Nandy (Wigan) (Lab): The new security law is deeply shocking, and the arrests overnight have stunned the world. This will have a chilling effect on democracy. It fundamentally undermines the commitments made by the Chinese Government to the United Kingdom and those we made in turn to the people of Hong Kong when we signed the joint declaration. I pressed the Foreign Secretary yesterday not to waver in his commitment to the people of Hong Kong, and I am grateful to him for coming to the House today to make this statement, for advance sight of it, and most of all for honouring the promise he made on 2 June. He is right to do so and has our support.

When will the Home Secretary provide details of the scheme for BNO passport holders and dependants, and has the Foreign Secretary made an assessment of likely take-up? Will salary thresholds apply? We are concerned that this does not become a scheme simply for wealthy Hongkongers to abandon the city and leave others behind. Under the national security law, the Government can extract money from those they believe to be involved in criminality or guilty of offences. In some cases, the people of Hong Kong will not be able to take sums of money out of the city and could have their bank accounts frozen, so what recourse to public funds will apply and will he ensure that dependants will be treated as home students for the purpose of tuition fees?

The Foreign Secretary's commitment to BNO passport holders is welcome, but it does not resolve the problem. I was deeply moved to see the young activists who bravely took to the streets to protest against this law, at considerable personal risk. The majority will not be covered by this scheme and must not be abandoned. The loss of many highly skilled workers will be a blow to Hong Kong and to China. That is why we need additional measures. We in this House have been waiting for Magnitsky legislation for two years now. He must give us a date for when that will be introduced before the summer recess, so that targeted sanctions can be applied to those who breach human rights in Hong Kong.

Overnight, pepper spray and water cannon were used against the pro-democracy protesters. It is now time for Britain to lead on an inquiry into police brutality. I welcome the cross-regional statement that our ambassador

co-ordinated and place on record my thanks to him for his efforts, but will the Foreign Secretary now lead the charge for the appointment of a UN special rapporteur on Hong Kong? The provisions in the national security law that encourage people to confess and disclose others' so-called "criminal behaviour" have raised serious concerns about the prospect of torture. We must not turn away.

What conversations has the Foreign Secretary had with Carrie Lam about the provision for the Chief Executive to hand-pick judges? Given the comments by the former Hong Kong Chief Justice Andrew Li that this would fundamentally undermine the independence of the judiciary, what assessment has he made of the continuing role of British judges in the court system? I wrote to the Foreign Secretary some time ago to ask him to address the direct challenge made by British companies such as HSBC and Standard Chartered to the UK's stance by supporting this law. We cannot allow British businesses to become complicit in undermining the international rules-based order that they themselves rely on. Yesterday the Foreign Secretary spoke up in this place in defence of press freedom. What discussions is he having with UK news agencies to defend their ability to continue to report freely on the situation on the ground, and with non-governmental organisations, which will be deeply concerned that the law applies anywhere in the world?

The Government have taken a step forward today with the announcement of new rights for BNO passport holders and a statement at the United Nations, but this is no substitute for ongoing and sustained international leadership. I urge the Foreign Secretary to bring forward a comprehensive, detailed and serious package of measures with international partners, as I have outlined.

Finally, the Government must now develop a much more strategic approach to their engagement with the Chinese Government. We support the Foreign Secretary's view that a constructive relationship remains essential, but it is also clear that the UK needs far greater strategic independence in order to speak from, and act from, a position of values. Will he provide an updated assessment of the implications for national security of the involvement of Huawei in the 5G network? Will he make a similar assessment in relation to the planned nuclear projects involving CGN, in particular at Bradwell? Although this announcement is to be welcomed, I remain deeply concerned that his counterparts at the Treasury see Chinese investment as a central plank of the UK's recovery and that the Government's approach remains deeply confused. For too long in relation to China, we have had no strategy at home and no strategy abroad. I hope he can give us a commitment today that this marks the start of a very different era.

Dominic Raab: I thank the hon. Lady for her support for the action that we are taking on Hong Kong and the measures that we are introducing in relation to BNOs. She made a number of points and lamented the lack of a comprehensive strategy. I would always welcome any particular suggestions she has. I did not hear any specific suggestions that were not covered in my statement, but I am happy to keep engaging with her.

The hon. Lady asked about the details of the BNO offer. The Home Secretary will come forward in due course, as appropriate, and set out all those details to the House. Obviously, there will be all sorts of regulatory

[Dominic Raab]

arrangements that we need to put in place, but the contours of the offer are very clear. We welcome BNOs to come to this country. We have a specific historical responsibility to them and there will not be any quota.

In answer to the hon. Lady's question about numbers, we constantly assess the likely take-up. I think that, in reality, a large number of those who might be eligible will want to stay in Hong Kong. Others may go to countries in the region, but we have a historical responsibility and therefore we are making our position clear. I have also had a number of conversations with our international partners, particularly those with specific and close relationships with Hong Kong and who have large numbers of that community in their countries. I would expect others to be looking very carefully at what they do.

The hon. Lady asked about the Magnitsky legislation and said that it was promised two years ago. It was in the 2019 election manifesto. I have been clear that we will come to the House before recess, not just with the legislation but with the first designations. She also asked about Carrie Lam and the representations that have been made to her. Andy Heyn, our consul general in Hong Kong, spoke to her in the last 24 hours to express our objections to the new legislation. The Foreign Office's permanent secretary will also summon the Chinese ambassador, to reiterate the points that I have made before the House. I spoke to Foreign Minister Wang Yi for a considerable period on 8 June, to make clear in advance our strong objections to the nature of the legislation, in order to try to avert this outcome.

The hon. Lady was right to note that extraterritoriality is a feature of this legislation. It is not entirely clear how that will be applied in practice, but it is another sobering cause for concern, and I join her in expressing that. Finally, she asked about Huawei. She will know that the National Cyber Security Centre is reviewing the situation in relation to Huawei and 5G, in the light of US sanctions, and will report in due course. I am sure that the House will be updated as soon as that review is concluded.

Above all, this is an important moment when we agree across the House on the strategic point that we all wish to make, which is that there has been a clear and serious violation of the joint declaration, that we must honour our obligations to BNOs and that we must work with our international partners to build the widest caucus and coalition of like-minded countries who say—not just on the issue of Hong Kong but on the wider question of trust—that China must live up to its international responsibilities.

Tom Tugendhat (Tonbridge and Malling) (Con): I welcome the bipartisan nature of this discussion and the fact that both sides of the House so clearly agree that this is a violation of the Sino-British joint declaration. I also welcome the Home Secretary's decision to extend immigration rights to those with BNO status. As the Foreign Secretary will know, that is supported by about two thirds of UK people, according to a China Research Group poll published this morning.

The extraterritorial nature of the legislation has direct implications for our own university sector and freedom of speech in our academic institutions, as Chinese students have already been influenced to silence debate and change outcomes here in the UK. The legislation also raises questions about our legal system because, as the

shadow Foreign Secretary said, British judges sit in judgment in Hong Kong. How can they defend civil and commercial rights if those rights are being violated by the very law they are sent to uphold?

We are watching this spread to other areas. Taiwan is already under increasing pressure, as the former Foreign Secretary and former Health Secretary, my right hon. Friend the Member for South West Surrey (Jeremy Hunt), has pointed out. The removal of the word "peaceful" in reference to the bringing together of China by the time the Communist party is 100 years old is a big change. Will the Foreign Secretary join me and the Chairs of the Select Committees in Australia, Canada and New Zealand in calling for not just a statement at the UN Human Rights Council but that the Council send a special rapporteur to Hong Kong? What happens in Hong Kong matters to the whole world.

Dominic Raab: I thank my hon. Friend, the Chair of the Foreign Affairs Committee, and pay tribute to his assiduous work on this issue. He is right to pay tribute to the Home Office, which has done an excellent job with the Foreign Office on working through this issue. He is right to say that we should be standing up for freedom of expression not just in Hong Kong but within British universities. I have raised that issue across Government, including with the Education Secretary. We need to be acutely aware of that and ensure that we have every safeguard we need in place.

I pay heed to the various points that my hon. Friend made. He is right to say that we need to work with the UN. I note the point he makes about the special envoy. I hope that he will be reassured by the fact that we have delivered this unprecedented statement in the Human Rights Council with 27 international partners, which has not been done before. That is a testament to the leadership of the Foreign Office and our diplomatic network. We must continue to do that, because we increasingly see China trying not just to violate international obligations on occasion but to undermine the rules-based international system. It is incredibly important that we work with our partners around the world, including our Five Eyes and European partners, to avoid that happening and to firm up the international rule of law.

Alyn Smith (Stirling) (SNP) [V]: I thank the Foreign Secretary for advance sight of his statement. As far as it goes, I agree with it also.

The joint declaration was signed by Margaret Thatcher on 19 December 1984. A couple of years before that, the then Foreign Secretary, Lord Carrington, resigned after the unilateral invasion of the Falkland Islands by Argentina, describing the action as a "humiliating affront". The UK is not just a party to this agreement but a guarantor—a guarantor of the rights of Hongkongers and of one country, two systems. Beijing has ripped up this treaty in the Foreign Secretary's face, in full view of the international community. No amount of shiny new planes can disguise the fact that this is a humiliating affront both for global Britain and for the Foreign Secretary personally.

On the substance of the statement, I agree with and support the one point of note about accelerating BNO passport holders' status. I would point out, though, that when the people of west Berlin were threatened by the USSR, the international community did not offer them

safe passage out; the international community worked a bit harder. It is good that the European Parliament, at least, has been active in its defence of international law, passing only last Friday a very strong motion urging that the EU should lodge an action against China in the International Court of Justice to hold it to account for its breach of international law. It is remarkable that the European Parliament and the European Union are rather more active on this than the UK has been. Will the Foreign Secretary commit to join that action in the International Court of Justice?

I welcome the Foreign Secretary's words on the Magnitsky legislation, but it has been a long time coming. Will he now, finally, open active consideration of targeted sanctions against China and Chinese companies active within the UK, because it is quite obvious that only internationally concerted action will bring China to account, and quite clear that it pays global Britain no heed whatsoever?

Dominic Raab: I thank the hon. Gentleman. It is always a pleasure to be lectured by the SNP on Margaret Thatcher. Amidst all the differences that we may have, I think we agree on the fundamental points of principle at stake in relation to our commitment to BNOs and the people of Hong Kong.

The hon. Gentleman said that the EU had been more active than the United Kingdom, which is nonsense. However, we do welcome the fact that the EU, which has different views among member states in relation to China and the specific issue of Hong Kong, is being more active. I was in Berlin recently to meet my French and German opposite numbers. One of the issues that we work together on, including within the G7, is taking as clear a position on Hong Kong as possible. We will continue to work on that. It is incredibly important that it is not just a small minority of western states making this point, because China will seek to ignore that. That is why we have tried to expand it as broadly as we can, as we did in the Human Rights Council only yesterday.

I was not entirely clear what the hon. Gentleman was suggesting beyond proposals that the Government have already indicated they will make, but if he does, in due course, want to come back with something specific, I would be very happy to consider it.

In relation to Magnitsky, these were proposals of the Conservative party in our manifesto back in December. We will be passing the relevant statutory instrument before the summer recess, with the first designations. I will not speculate on or pre-empt who or what will be in those designations.

Mrs Flick Drummond (Meon Valley) (Con): Canada has today updated its Hong Kong travel advice to its citizens, stating:

"You may be at increased risk of arbitrary detention on national security grounds and possible extradition to mainland China."

Will the Foreign Office be changing our advice? Can my right hon. Friend assure me that we, along with our international partners, will continue to speak out against this violation of Hong Kong's autonomy?

Dominic Raab: I thank my hon. Friend and welcome all the work that she has done on human rights. She is right to draw attention to the specific issue of extra-

territoriality. It is not clear, given the opaque way in which this is drafted in the national security legislation, how it was intended to be applied. We will take a very close look at it. We keep our travel advice under constant review. I hope that she has had the positive reassurance, given the statement made by 27 members in the UN Human Rights Council, that we are working actively and energetically with all our international partners to be very clear that China must live up to its international obligations when it comes to the people of Hong Kong.

Mr Alistair Carmichael (Orkney and Shetland) (LD): I thank the Foreign Secretary for advance sight of his statement.

The statement will have been heard not just in this House but in Beijing also. I hope that in hearing it, China understands that the analysis that the Foreign Secretary has laid before the House today is not just the analysis of the Government but of this House as a whole. When we see reports of Hongkongers as young as 15 already being victims of this law, he must surely understand the importance of making sure that no Hongkonger is left behind in relation to the BNO passport arrangements. I very much share his frustration and disappointment that things have reached this point, but surely all countries and all institutions must understand that this is a moment when you have to pick a side: either you can be on the side of, and stand with, Hong Kong and the joint declaration, or you choose to stand with the Chinese Communist party. What will he do to urge the Hongkong and Shanghai Banking Corporation and Standard Chartered bank to reconsider the decision they took in relation to taking sides?

Dominic Raab: I thank the right hon. Gentleman for his judicious remarks, and I certainly welcome the substantive points he made. He talked about the importance of this House, not just the Government, speaking with a united voice. That is exactly what we have had today on the key issue at stake, and I welcome his contribution to that. I also agree that it is heartbreaking to see the scenes in Hong Kong, just hours after the enactment of this national security legislation. We are counselling the Hong Kong authorities and Beijing to step back, but it is clear that, having enacted this legislation, they wish to proceed. We will need to wait to see the precise application and enforcement of this action before deciding some of the measures that we might take next, but these are under active consideration, including with our international partners.

I took the right hon. Gentleman's point about BNOs. The full details will be set before the House by the Home Secretary, but we are very clear with our commitment to provide a path to citizenship for all eligible BNO-status holders and we will do the right thing by all of them. I have been very clear in relation to HSBC and I will say the same thing in relation to all of the banks. The rights and the freedoms of, and our responsibilities in this country to, the people of Hong Kong should not be sacrificed on the altar of bankers' bonuses.

Sir Bernard Jenkin (Harwich and North Essex) (Con): I welcome every word of my right hon. Friend's statement and the bipartisan nature of these exchanges. I invite him to take up the appeal made by the hon. Member for Wigan (Lisa Nandy) for a long-term strategic approach

[Sir Bernard Jenkin]

to China. What can we learn from the disastrous mistake of the Government just a few years ago, who thought we were embarking on some new “golden era” with this dictatorship?

Let me draw attention to the comments made by my right hon. Friend the Chancellor of the Duchy of Lancaster at the weekend, when he said that

“foreign policy-making is often weakened by the lack of deep knowledge of the language, culture and history of the nations with whom we are negotiating or whom we seek to influence.”

Why has that been the case? What can we learn from it? How will the Government now embark upon a big, comprehensive, sustainable strategic review of our relations with China, involving not just people within the Government but people beyond the Government and other nations?

Dominic Raab: I thank my hon. Friend, the Chairman of the Liaison Committee, for that. He makes a range of important points. On Chinese expertise, I do not think the Chancellor of the Duchy of Lancaster was referring to the Foreign Office. In any event, I can provide the reassurance that we have some of the finest Mandarin-speaking diplomats around the world and we are exceptionally well represented in Beijing by Her Majesty’s ambassador, Dame Barbara Woodward. We are increasingly, across Government, looking at all aspects of our relationship with China. Obviously, the House is interested in and will know about Huawei. My hon. Friend the Member for Tonbridge and Malling (Tom Tugendhat), the Chair of the Foreign Affairs Committee, who is no longer in his place, referred to the situation in universities, and rightly raised the question, as, in fairness, did the hon. Member for Wigan, about an integrated strategy. Clearly, as we bring forward the integrated review, China’s role in the world and our relationship with China will be an essential element of that, and that work is already under way.

Dr Philippa Whitford (Central Ayrshire) (SNP) [V]: China’s national security law completely undermines previous agreements on the status of Hong Kong and those who live there. It is a threat to judicial independence and freedom of the press, as well as to political, civil and human rights. Given Huawei’s ties to the Chinese state, instead of a long, tedious review of the 5G contract, will the Government not take a stand now and cancel it?

Dominic Raab: I certainly share the hon. Lady’s views on our responsibilities to the people of Hong Kong and our concern about their treatment. In relation to Huawei, as I have already said to the House, given the US sanctions, it is currently under review by the National Cyber Security Centre. We will come forward with our response in due course.

Tom Randall (Gedling) (Con): This morning I read an English translation of this disgraceful law and saw that article 38 extends the law to any offences committed outside Hong Kong by non-Hong Kong residents. Further to the point made by my hon. Friend the Member for Meon Valley (Mrs Drummond), will my right hon. Friend the Foreign Secretary press the point with China

that UK visitors to Hong Kong and China will not face prosecution for things that they may have said or acts that they may have done while in the UK?

Dominic Raab: My hon. Friend is absolutely right: we are concerned about that provision and it is not entirely clear how it will be applied. It has already been raised with Carrie Lam by the consul general in the past 24 hours. We will be expressing our concern. It is, of course, something that the entire international community, and tourists and visitors from all around the world, will be concerned about, which is why it is so detrimental, not just to Hong Kong and the international community but to China itself.

Sarah Champion (Rotherham) (Lab) [V]: The UK has benefited from Hong Kong for 155 years; we have a legal and moral duty to it. It just cannot be right that a Hongkonger protesting peacefully for rights that we bestowed on them 23 years ago could now end up in jail for life. I really welcome what the Foreign Secretary has said about BNO passport holders, but will he speak a little about what he would do for the human rights of all Hongkongers in Hong Kong, not least because last year his Department funded China with half a million pounds of foreign aid specifically in respect of human rights?

Dominic Raab: I thank the hon. Lady, who chairs the International Development Committee, and share her concern about what is going on in Hong Kong. I also welcome her support for the position that the Government have taken; she joins Members from all parties in doing so. We are obviously deeply concerned about all aspects of the national security legislation and will do everything we can to encourage the Chinese Government to think again. We need to be realistic about it. In relation to BNOs, as the hon. Lady will know, there are close to 3 million eligible BNOs and more than 300,000 passport holders. The offer that we have made is right, given the responsibilities that we have. We are clearly concerned more broadly about the residents of Hong Kong, and that is a conversation we are rightly having with our wider international partners.

Antony Higginbotham (Burnley) (Con): I welcome the Foreign Secretary’s statement and the decisive action that is being taken. Unfortunately, this legislation follows a catalogue of actions by the Chinese Government to undermine international law. Will the Foreign Secretary confirm that when the Chinese ambassador is summoned to the Foreign Office, we will bring up not just this awful legislation but that catalogue of actions, and make it clear to the Chinese Government that it can no longer be business as usual?

Dominic Raab: My hon. Friend is absolutely right: we will raise our concerns in relation to the national security legislation right across the board. The permanent secretary will do that with the ambassador and our consul general has done it with the Chief Executive. I had close to an hour with Wang Yi, the Foreign Minister, on 8 June, as I have said previously to the House. Of course, we talk about the full range of our relationship. We want a positive relationship with China—there are all sorts of opportunities in relation not only to trade but to climate change, with COP26 coming up—but what we cannot

do, whether it is in relation to our national security or our values, is look the other way and, just because of its asymmetric power, think that we have to kowtow, duck or bow. We will not do that—we will not do it on the issue of Hong Kong or wherever else our vital interests are at stake.

Geraint Davies (Swansea West) (Lab/Co-op) [V]: Last week, as the Foreign Secretary knows, the European Parliament decided to call for Magnitsky sanctions to be applied on officials who abuse human rights; for China to be brought before the International Court of Justice; and for a United Nations envoy to Hong Kong. Will the Foreign Secretary now take the lead on these issues and bring with us European and Asian nations and the United States? Or is he content to sit on the sidelines when we have a special interest in championing democracy, human rights and the rule of law in Hong Kong?

Dominic Raab: I think the hon. Gentleman is a bit confused. The EU does not have an autonomous human rights sanctions regime, but the United Kingdom will do by the summer recess with our first designations. We are engaged in a conversation with our European partners—[*Interruption.*] He is shaking his head, but he is just not right about this. None the less, we are engaged with our European colleagues to encourage them to follow suit and take this step. He raised a range of other issues, which we are very happy to look at, but I draw his attention to the statement—an unprecedented statement—that was made at the UN Human Rights Council with 27 states signing up to make our concerns clear in relation to human rights not just in Hong Kong, but in Xinjiang.

Jeremy Hunt (South West Surrey) (Con): I salute the outstanding leadership being shown by my right hon. Friend on this issue, and, indeed, the superb leadership being shown by Dame Barbara Woodward as our ambassador in Beijing. It is one of our most difficult posts and we are truly lucky to be led by a diplomat of such calibre. The basic difference is that we believe that freedom of expression and peaceful protest support social stability, whereas the Chinese Government think that they undermine social stability. When we look at what is happening in the rest of the world, we can see that it has never been more important to stand up for those values, so will he tell the House what other steps the Foreign Office is taking to support freedom of expression and media freedom across the world?

Dominic Raab: I thank my right hon. Friend and pay tribute to his work not only on the issue of media freedoms, but in relation to China and Hong Kong. This has been a long time coming and we have hoped for the best, but we have been prepared for the worst. He is right to pay tribute to Dame Barbara. It is a difficult posting. She has performed exceptionally well. He asked, in particular, about media freedoms. He will know, because it was established under his tenure rather than mine, that we have a media freedom campaign, which we, along with the Canadians, lead. We are swelling the ranks of that. It provides support for countries that want to protect media freedoms, and it also provides support for journalists. We also have a campaign to protect freedom of religious belief and the

third element of this will be the Magnitsky sanctions regime, which I will bring before the House with the first designations before the summer recess.

Margaret Ferrier (Rutherglen and Hamilton West) (SNP) [V]: Can the Foreign Secretary tell the House what discussions the Foreign Office has had with non-governmental organisations operating in Hong Kong who will likely be targeted as a result of this new national security law?

Dominic Raab: We obviously have contacts with civil society on the ground not only through our missions and posts, but through direct contracts here in London. They are deeply concerned and they fear that they will be subject to this law and bear the brunt of this law in the harshest terms conceivable. We are deeply concerned for them, which is why we are taking the action that we are.

Bob Stewart (Beckenham) (Con): I served in Hong Kong as an Army officer. The great thing about Hong Kong is that it has one foot in China and another in the west. When we look at financial services, we can see that that is a huge advantage to the people of Hong Kong. This law could now see many people considering withdrawing their money out of Hong Kong's money markets and financial services, possibly moving it to Tokyo, Singapore, or perhaps Shanghai. I wonder whether this is a little gambit by the Chinese authorities to reduce the money-making influence of Hong Kong in the world.

Dominic Raab: The reality is that my hon. Friend is right: Hong Kong has long been regarded as the jewel in the financial crown. Of course, its relative economic importance has ebbed overtime as China has developed economically, but the reality is that the steps that have been taken are clearly counterproductive to China's own self-interest in economic terms. What we are seeing clearly is China putting the political imperative to control Hong Kong and other so-called restive provinces of China over its economic interests. In any event, regardless of the financial circumstances, there is a point of principle at stake here based on their freedoms, their autonomy and the commitments under international law that China has signed up to. If it wants to be a leading member of the international community, it must live up to the international responsibilities and the international obligations that it undertakes.

Alan Brown (Kilmarnock and Loudoun) (SNP): The action that the Secretary of State has announced for BNO passport holders is welcome, but it does nothing to bring China to book. The reality is that global Britain is so weak with regard to China because it is reliant on CGN for nuclear and on Huawei for 5G. If he wants to prove me wrong, will he rule out any future deals with CGN for nuclear power stations?

Dominic Raab: The open investment culture that we have in this country constantly needs to be kept under review. We have seen it with Huawei and we will look at it in other areas. However, the reality is that it is also a source of this country's strength, so I do not accept for a second the hon. Gentleman's suggestion that Britain being an open and outward-looking country, and

[Dominic Raab]

welcoming investment, is somehow the reason for what has happened in Hong Kong. He should not let China off the hook. It is China's—[*Interruption.*] The hon. Member for Paisley and Renfrewshire North (Gavin Newlands) says “Brexit” from a sedentary position. It is ludicrous to blame what is happening in Hong Kong on Brexit. The hon. Member for Kilmarnock and Loudoun (Alan Brown) should not let China off the hook. It is China's failure to live up to its responsibilities that is at fault and at stake here, and it is important that we have unanimity across the House on this critical point—otherwise, the truth is that we just weaken our message in Beijing.

Jonathan Gullis (Stoke-on-Trent North) (Con): I also welcome the Foreign Secretary's statement and his decisive action, and I fully endorse the idea from the shadow Foreign Secretary, the hon. Member for Wigan (Lisa Nandy), of having a UN special rapporteur as a way forward in tackling Hong Kong. The people of Stoke-on-Trent, Kidsgrove and Talke were shocked by the actions of China upon our friends in Hong Kong. Does my right hon. Friend agree that now is not the time to allow the Chinese Government-funded Huawei to have access to our mobile networks, and that instead, we should be backing local and regional solutions at home, such as a Staffordshire 5G connected growth deal?

Dominic Raab: I take many of the points that my hon. Friend makes and I share the concern of his constituents. I think the issue we have on 5G is, frankly, a longer-term issue, where we have failed to provide the diversification of supply that allows us to rely on high-trust vendors, rather than high-risk vendors. That matter is now, as he knows, in the light of US sanctions, currently under further review by the National Cyber Security Centre and we will come to the House when that has been looked at thoroughly.

Christine Jardine (Edinburgh West) (LD): I saw reports this morning that the prominent young activist Joshua Wong is now removing himself from politics and taking a step back. What assurances can the Secretary of State give us that the Government will be doing everything they can to protect young activists in Hong Kong such as Joshua from being arrested and disappearing?

Dominic Raab: It is very sad to see Joshua Wong's movement be disbanded for fear of the consequences. I share the hon. Lady's her concern about that and I welcome her support. We have taken a step on BNO because that gives us the opportunity to provide sanctuary to those who feel that they cannot stay in Hong Kong. Many will choose to stay and we will work with our international partners to convey our views as effectively as we possibly can to China and consider all the potential actions that we might take next.

Dr Liam Fox (North Somerset) (Con): I thank my right hon. Friend for the content and tone of the statement today, because it is a cause of great sadness that we have just witnessed the death of one country, two systems, with all the implications that that will have internationally—something that will be shared across the Inter-Parliamentary Alliance on China countries.

Hong Kong is still the entry point for much of China's inward investment. Has my right hon. Friend had the chance to assess what implications the disregard for international treaty law that we have seen today will have for the security of international investments in Hong Kong, which are still so necessary for the social stability and prosperity of the Chinese people?

Dominic Raab: I agree entirely with my right hon. Friend's sentiments, as well as his specific points. Of course, as well as the people of Hong Kong, investors and other people who might wish to visit Hong Kong, and who ordinarily would have done so, will be looking very carefully, not least given the extraterritorial elements of this law, at what it will mean. At the very least, above all the points that have been made in the Chamber today, it will risk a further range of uncertainty for businesses and for finance into Hong Kong and, as I said, that must be counterproductive not just for the people of Hong Kong and those investors, but for China.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op) [V]: I recall my first visit to Hong Kong when I was on the parliamentary delegation that, to our shame, went to Hong Kong and assured the Hong Kong people that the Chinese would stick to the agreement. I am very angry about this morning, but may I remind the Secretary of State of what I have learned about China over the years? It is a ruthless communist dictatorship; it despises and hates democracy and—worldwide—it is busy undermining democracies. Like all dictatorships, it cannot be appeased, and if we do not take action in trade and investment, and really hit them where it hurts, we will not be able to stop this tiger growing more and more ferocious.

Dominic Raab: I agree with the hon. Gentleman about the concerns he has expressed. I do not think he should personally feel bad about the commitments he made; we all shared the hope that China would live up to those responsibilities. We are making it clear that, even if China fails to live up to its responsibilities, we as one United Kingdom, including the hon. Gentleman, will live up to our responsibilities to those BNO passport holders. I take his point about the wider threat from China. Of course, given its size and the economic asymmetry, we need to think very carefully with all our international partners about how we proceed. We do not want to have a poor relationship with China; we want a positive relationship with China. However, one thing is clear: we will not duck issues such as human rights, our values or issues that touch on a vital national interests.

Kevin Hollinrake (Thirsk and Malton) (Con): As the Chair of the Foreign Affairs Committee, my hon. Friend the Member for Tonbridge and Malling (Tom Tugendhat), said earlier, a recent poll by the China Research Group expressed strong support for extending the rights of BNO passport holders to come to the UK, and I welcome this statement in that regard. It also expressed very strong support for sanctions: 80% of the people who expressed a preference felt there should be travel bans and asset freezes for the Chinese officials responsible for this legislation. Is that under consideration?

Dominic Raab: I thank my hon. Friend for the points he has made. It is right that the public support this, and the scale of that public support, given the issue, is I think remarkable. It is a tribute to the open-heartedness of the British people and to their sense of history and responsibility. He raised a range of other issues that are clearly trying to tempt me to give him a foretaste of what may be in the Magnitsky legislation, which is coming. He will have to wait a little longer, but it will come before the summer recess.

Martyn Day (Linlithgow and East Falkirk) (SNP) [V]: We have already seen dozens of individuals arrested since the passing of the law—many, if not all, solely for their political opinions. Are the Government aware of any BNO passport holders having been arrested, and if so, how many? Have the Government made specific representations to the Chinese authorities on behalf of those people, given that many of them could face life in prison simply for expressing their opinions?

Dominic Raab: I thank the hon. Gentleman. I do not have a detailed breakdown of how many BNO passport holders or BNO status holders have been arrested at this point in time. Of course, the legislation has only been in place for a day. We have made representations more generally on the national security legislation, and of course, one of the features, even before the changes that we will make for BNO passport holders, is that we can exercise consular protection on their behalf in third countries. I think that the most important thing at this stage is to proceed with the changes that we have made and to be very clear that the United Kingdom will be able to offer sanctuary by means of a route to citizenship in this country.

Mr Andrew Mitchell (Sutton Coldfield) (Con): I very much welcome what my right hon. Friend has said about the Magnitsky proposals, on which he and I have worked together in the past, and I also very much welcome what he said about the new rights for BNOs. In dealing with China, we should always champion our values and never trim on that. Will he make it clear to the Chinese regime and reinforce this with them that, wherever possible, we seek co-operation, not confrontation?

Dominic Raab: I thank my right hon. Friend. He is absolutely right, and he has long-standing experience, from when he was Secretary of State for International Development, of the relationship with China. It is double-edged: there are opportunities as well as risks—not just on trade, but on climate change, as he will know given the strong development angle. I think that he is absolutely right to say that we want a positive relationship. We do not want it to deteriorate or to become a self-fulfilling prophecy. We are very clear in our approach to China on this; but equally, when it comes to issues of values, human rights and international obligations that go to questions of trust and confidence—not just the United Kingdom having trust and confidence in China, but the world and the international community having trust and confidence in China—China must live up to its word and China must keep its international obligations.

Tim Farron (Westmorland and Lonsdale) (LD): The offer to BNO passport holders and to those eligible is the right, decent and thoroughly British thing to do, but

those people and the Chinese Government must be convinced that this offer is not theoretical and that it is absolutely real. Will the Foreign Secretary set out the practical steps he will take to ensure that those who arrive in the UK are welcomed in our society and in our wider communities?

Dominic Raab: I totally agree with the hon. Gentleman's sentiments. It is all very well to put the process in place, and I have set out the framework for it, but we need to be clear that we will embrace any BNOs that come to this country. We understand the ordeal that they have been through. Frankly, the Chinese and Hong Kong residents who live in this country make an incredible contribution already, and I know that any who come as a result of these changes will continue to do so.

Claire Coutinho (East Surrey) (Con): I join with others in strongly welcoming the Foreign Secretary's decisive action today in creating a bespoke route to citizenship for the BNOs and their dependants, but can he reassure me that he will continue to take our unique responsibility to those in Hong Kong deeply seriously and continue to stand on the side of all those who are seeking democracy and freedom?

Dominic Raab: I absolutely agree with the points that my hon. Friend has made. As I have said, we are taking this up not just with the authorities in Hong Kong but with China. I spoke to Wang Yi on 8 June for a considerable period, and we have raised this in the UN Human Rights Council. The three pillars of our approach to freedoms more generally are media freedoms, which we are taking forward in leadership with Canada; the freedom of religious belief, which now has an international caucus that we are actively trying to swell the ranks of; and the Magnitsky legislation, which we will be bringing forward before the summer recess.

Dave Doogan (Angus) (SNP) [V]: We heard yesterday from the Minister for the Middle East and North Africa that the UK Government had made it clear to Israel that the UK opposed annexation and regarded it as contrary to international law, yet the Israeli Government have paid no heed to the UK in this matter. So how do the UK Government intend to be less ineffectual in their protests to the Chinese Government over Hong Kong? Can the Foreign Secretary confirm what steps the UK will take with international partners to co-ordinate an international, collective response to this indisputable and flagrant breach of the Sino-British joint declaration?

Dominic Raab: I did not hear a specific proposal of what the hon. Gentleman would like us to do that we are not doing, but I can tell him that, in addition to all the things we are doing that I have set out before the House, we are actively working with our international partners. If he looks, he will see that in the G7 Foreign Ministers statement that we previously put out, in the Five Eyes statement that we put out when the decision was taken to proceed to enact the law and in the statement made in the UN Human Rights Council by 27 different states, proposed and led by the United Kingdom.

Rob Butler (Aylesbury) (Con): What has happened to the people of Hong Kong is chilling. In one sinister moment, their rights and freedoms have been swept away. These are rights and freedoms that we perhaps take for granted too often here, but we must defend them to the hilt. Will my right hon. Friend reassure the people of Hong Kong that it is not only the British Parliament but the British people who stand alongside them, and will he therefore make it clear that Britain will do whatever it takes to make the Chinese understand that they cannot behave in this way without consequences?

Dominic Raab: My hon. Friend is absolutely right. It feels to me, from the various interventions and points that have been made in relation to the polling that has been done on this, that we are sending out a clear message to the people of Hong Kong: we stand with you as a Government, as a House and as a country.

Owen Thompson (Midlothian) (SNP) [V]: Anyone who cares about freedom of speech must be gravely concerned about the criminalising of dissent that the security law represents. Concerns are also heightened by growing evidence of the appalling atrocities being committed by the Chinese regime against the Uyghur population. Does the Secretary of State agree that now is the time for an independent investigation and for us to support the creation of a UN special envoy or rapporteur for Hong Kong and for the people of Xinjiang, with a special responsibility for monitoring the human rights situation on the ground?

Dominic Raab: I share the hon. Gentleman's sentiments. In the statement, I referred several times to the Human Rights Council and the work over the past 24 hours in relation to Hong Kong and Xinjiang. He needs to be realistic about the likelihood of China ever accepting a rapporteur, or an international investigation being allowed into that area to seek the facts and monitor the situation on the ground as he describes, but that should not deter us for a moment from keeping up the international pressure, and I welcome his statement in that regard.

Fiona Bruce (Congleton) (Con): I thank the Foreign Secretary for his strong leadership and his clear focus on human rights. After expressing concern about this for some years as chair of the Conservative party human rights commission, I can say that is welcome and refreshing. Is he aware that this week more than 50 UN special rapporteurs have called for a special rapporteur or envoy on Hong Kong? Will he respond to the many calls made in this Chamber for the UK to take a lead on that in the Human Rights Council?

Dominic Raab: I pay tribute to my hon. Friend for her work in promoting freedom of religious belief all around the world. We have worked in the United Nations and raised the issue in the UN Security Council, as well as in the Human Rights Council. We will do everything we can, and I am open to the idea of a UN special envoy. I think that we need to be realistic about what that alone can achieve, but as part of a wider approach that uses every available lever of pressure on the Chinese Government to think again, it is an important consideration.

Steve Double (St Austell and Newquay) (Con): I welcome the Foreign Secretary's statement and thank him and the Home Secretary for their action on BNOs. The action by the Chinese Government has been roundly

condemned. Does the Foreign Secretary share my view that this is the time for all countries committed to peace, freedom and democracy to come together and make it clear to the Chinese Government that their action is likely to prove counterproductive in the advancement of their own national interests?

Dominic Raab: My hon. Friend is absolutely right. One of the challenges for us as China exerts all its economic and diplomatic leverage to sway countries either to support it or to stay quiet on these issues is to make sure that people and other countries understand what is at stake. That is why it is important that in framing this issue, we talk not just about the human rights and autonomy of the people of Hong Kong, but about the quintessential issue of trust—trust in China's ability to keep its word, freely given as in the joint declaration.

Gavin Newlands (Paisley and Renfrewshire North) (SNP): Before the handover, John Major said that if there were any suggestion of a breach of the joint declaration, we would have a duty to pursue every legal and other avenue available to us. What avenues are the Government pursuing to respond to the national security law, which dismantles the one country, two systems law. Will the Foreign Secretary consider lodging a case as a signatory to the Sino-British declaration with the International Court of Justice?

Dominic Raab: The hon. Gentleman is not the first person to raise the question of the ICJ, but as hon. Members may know, unless it is under the compulsory jurisdiction of the Court, we cannot submit a case to the Court without the consent of the other side, and it is very clear that China would not accept that. I did raise the question of third-party adjudication with my Chinese opposite number, but it is clear that the Chinese will not accept that. There is no easy adjudicative route, but I hope that I have reassured the hon. Gentleman that we have already looked at that very carefully.

Sir Iain Duncan Smith (Chingford and Woodford Green) (Con): I commend my right hon. Friend for his statement and clear leadership here and in the UN and for the Magnitsky arrangements he intends to bring forward. I remind him and others that China thinks that Hong Kong is collateral damage, which it can happily sweep to one side. The truth is that China sees itself as engaged in an ideological battle about how Governments should be formed, and it dismisses the rules-based order of the west. The Chinese have made that very clear, and they have a strategic view on it. So does my right hon. Friend agree that it is time for us to bring the free world together, not just to complain or to get rapporteurs, but to hit China in the one place it worries about—its economy? We have run to China to buy goods and to invest; it is time we reviewed every single programme here in the UK and around the free world. We learned a lesson 80 years ago about the appeasement of dictators. Maybe it should be applied today.

Dominic Raab: I am grateful to my right hon. Friend for his generous remarks. He is absolutely right to point to the importance of shoring up the values that we hold dear—the values reflected in the United Nations and

the multilateral system. It is right to say that at threat are not just individual obligations in relation to the people of Hong Kong; there is a wider question of China trying to recraft the rules of the international system. It will take concerted effort with our international allies, in Europe and North America but much more broadly than that—that is why the G7 statement in support on Hong Kong was so important—to make sure that we can shore up the multilateral system and the international rule of law.

Jim Shannon (Strangford) (DUP): I thank the Secretary of State for his statement. I fully understand and appreciate his deep concerns. He is well aware of China's systematic suppression of religious beliefs and human rights among communities such as the Christians, the Uyghur Muslims and Falun Gong. Indeed, just this week, China initiated the sterilisation of Uyghur mothers to prevent them from having children. Does he share my concern that the legislation will allow those abuses to take place in Hong Kong? How can we prevent that from happening?

Dominic Raab: I share entirely the hon. Gentleman's outrage, frankly, at the reports that we have seen about what is happening in Xinjiang and, indeed, Hong Kong. The reality, given China's economic size and, indeed, its military size, is that we have to focus, as my right hon. Friend the Member for Chingford and Woodford Green (Sir Iain Duncan Smith) mentioned, on swelling the international caucus of like-minded countries who understand what is at stake here. It is not just the issue of Hong Kong, as important as that is, but the rules-based international system and the values represented within it.

Dr James Davies (Vale of Clwyd) (Con): Does my right hon. Friend agree that if China is to be treated as a leading member of the international community, it must adhere to international law?

Dominic Raab: That is exactly the issue at stake here. We recognise China's economic strength and potential growth, and also the opportunities for China to be a force for good in the world on things such as climate change, but with that status—that role as a P5 member of the Security Council—it must show leadership. That means living up to its international responsibilities and adhering to the international commitments it has made, in particular in relation to the joint declaration.

Vicky Foxcroft (Lewisham, Deptford) (Lab) [V]: I have been contacted by a number of constituents who are worried about the safety of loved ones in Hong Kong. What guidance is the Foreign Office offering to British nationals living overseas in Hong Kong, and when does the Foreign Secretary expect the extension of BNO passport holders' visa rights to be implemented? Now more than ever, the UK must fulfil its commitment to the people of Hong Kong.

Dominic Raab: The full details will be presented by the Home Secretary in due course. We have set out the parameters of the offer—the bespoke offer—that we are making to the BNOs. In relation to any of my hon. Friend's constituents who are in Hong Kong or family members who may be worried, I would urge her to look at the Foreign Office travel advice, which we keep constantly under review.

Sir David Evennett (Bexleyheath and Crayford) (Con) [V]: I strongly support and welcome my right hon. Friend's statement. This really is a sad day for Hong Kong and all its people. Does he agree that the new national security law is of course hugely detrimental to the people of Hong Kong, but will also do great damage to China and its reputation? We must therefore continue to be robust in our responses on behalf of the people of Hong Kong, as he has outlined.

Dominic Raab: I totally agree with my right hon. Friend. It is a deeply sorrowful day, when we look back at the opportunity, the potential and the success of the vibrant community—business and social—in Hong Kong, that we see it come to this. He is right that that should inspire us to redouble our efforts to work with the international community to try to safeguard the rights of the people of Hong Kong and, in any event, to make sure that they can come to the United Kingdom through the new offer that we are making to BNO passport holders.

Peter Grant (Glenrothes) (SNP) [V]: Although it is clearly tempting to look at the potential financial benefits of increased trade and investment with China, this is a regime, as the hon. Member for Strangford (Jim Shannon) reminded us a few minutes ago, that is committing acts of brutal violence against its own people, including credible accusations of genocide against its own citizens. Does the Foreign Secretary accept that the desire to increase the profits of British businesses and the wealth of British citizens cannot be allowed to overcome our revulsion at the evils being committed on our fellow human beings by the Chinese regime right now?

Dominic Raab: I share that sentiment, and that is exactly the policy and the measures that we have set out in the statement I have made today.

Bob Seely (Isle of Wight) (Con) [V]: I thank the Foreign Secretary and the Home Secretary for their very welcome support for BNOs. Does the Foreign Secretary agree that this dreadful law is proof that China has changed? I hope he sees the clear agreement in the House that we need a new strategic approach to this communist dictatorship, not just the naive hope that China will change into what we want it to be. We were slow to prepare for the new authoritarianism in Russia and now in China. Will he take the feelings and sentiments that he has heard today from the House on Huawei and other issues onboard?

Dominic Raab: I certainly always pay very close attention to the remarks that my hon. Friend makes on China, which he follows very closely. He is right that we have special responsibilities to the BNOs. We look at the relationship right across the board—every aspect of it—through the National Security Council, in the Foreign Office and more broadly across Whitehall. I personally do not agree with the cold war analogy he has provided. I think that not only the opportunities but the challenges that China presents in the 21st century are different, partly as a result of technology and such things as cyber and partly just because of the unique nature of China as a country. We want a positive relationship. I and the Government do not want a bad relationship to become a self-fulfilling prophecy, but what is equally clear—I can reassure my hon. Friend of this—is that we will not

[Dominic Raab]

do anything that imperils our vital interests, and we will not lie down and sacrifice our values for the purposes of trade, commerce or anything like that.

Jamie Stone (Caithness, Sutherland and Easter Ross) (LD): I, too, welcome the Foreign Secretary's statement and the thoughtful manner in which he has responded to questions this afternoon. It is a very British characteristic to make the Hongkongers welcome when they come to the UK. Part of the welcome will be adequate housing, adequate health services and all sorts of other issues that are devolved to the devolved Administrations. May I seek reassurance from the Foreign Secretary that Her Majesty's Government will consult and discuss fully with the devolved Administrations how the Hongkongers can be given the best welcome possible?

Dominic Raab: I totally agree with the hon. Gentleman. We obviously need to consult with the DAs on any significant measure such as this that comes into force. We will do that, and I know the Home Secretary will do that. One of the things that will give a fillip to the people of Hong Kong on a very dark day will be the statements of support right across the House from all parties that we stand with them. They will know, if they come here and when they come here, that we support them, we value them and we understand the plight they are fleeing.

Miss Sarah Dines (Derbyshire Dales) (Con): I thank my right hon. Friend for his statement. As we have heard, the first arrests have already been made under

Beijing's sweeping new powers, for offences that all of us here consider to be basic freedoms. Those arrested face life imprisonment, sham trials, no jury and an Executive-appointed illegitimate judiciary. I thank my right hon. Friend for all the work he has done. Will he give his assurance that he will continue to keep us updated about what he is doing at the UN Human Rights Council and about false imprisonments, poor sentences and the numbers of arrests, so that we can lead the way internationally in this field?

Dominic Raab: I will certainly update the House as regularly and as consistently as we can, based on the data that we can reliably glean from what is happening on the ground in Hong Kong. As well as Her Majesty's ambassador in Beijing, our consul general in Hong Kong is doing an exceptional job in difficult circumstances. The No. 1 thing, though, is that we will need to work with our international partners to try to alleviate the situation as best we can, and that is why, come what may, we need to make this direct, clear, unequivocal offer to the BNOs, which is what we are doing today.

Madam Deputy Speaker (Dame Eleanor Laing): In order to allow the safe exit of Members participating in this item of business and the safe arrival of those participating in the next item of business, I will briefly suspend the House.

1.54 pm

Sitting suspended.

Point of Order

1.58 pm

Mr David Davis (Haltemprice and Howden) (Con): On a point of order, Madam Deputy Speaker. Later today, we are considering the remaining stages of the Finance Bill. Historically, before the first proceedings on the Finance Bill, what is known as a general amendment of the law motion is put before the House. It gives Members cover to table amendments dealing with tax administration and relief not otherwise authorised by the Ways and Means resolutions. Former Chancellor Philip Hammond chose not to bring forward such a motion in respect of the November 2017 Finance Bill. Bluntly, that was a pretty grubby trick, and I am afraid that his successors in the Treasury have also failed to provide such a resolution ever since.

By not bringing forward an amendment of the law resolution, the Government have in effect shut down rights that the House has enjoyed for many centuries. Members' voices must be heard on important matters of taxation. The Government cannot continue to abuse their power to curtail the rights of the House; the House must have an opportunity to put this right.

My question to you, Madam Deputy Speaker, is this: can the House authorities look at addressing this issue, to ensure that Members can properly fulfil their role and are free to amend future Finance Bills as they see fit? I shall also raise this matter with the Procedure Committee.

Madam Deputy Speaker (Dame Eleanor Laing): I thank the right hon. Gentleman for his point of order, and for having given notice of it. He is absolutely right in his analysis, but there is nothing disorderly in the lack of an amendment of the law resolution among the Budget resolutions. Had it been disorderly, it would not have been allowed; it was allowed, and is not disorderly. He is correct that the actions that have been taken limit the scope for amending the Finance Bill. He asks me if the House authorities will look into this; I think he has found for himself the correct solution in asking the Procedure Committee to look at it. I am quite sure that the Chair of the Procedure Committee will have been made aware of the right hon. Gentleman's very realistic concerns, and will take the matter forward; I certainly hope so.

Virtual participation in proceedings concluded (Order, 4 June).

Prime Minister (Nomination) and Cabinet (Appointment)

2 pm

Pete Wishart (Perth and North Perthshire) (SNP): I beg to move,

That leave be given to bring in a Bill to make provision for the House of Commons to nominate the Prime Minister and approve appointments to the Cabinet; to establish the office of Acting Prime Minister; and for connected purposes.

This is the third time I have attempted to bring this Bill before the House. The first time it had to be withdrawn because of a general election and the second time because of the covid lockdown. I was trying today to ensure that no other disaster befell me, so that I could be here in my place to deliver this Bill.

One of the most curious things about the whole concept of parliamentary sovereignty is the fact that this House is not the least bit sovereign in the nomination of a Prime Minister. Shrouded in semi-mysticism and quasi-convention, this House plays absolutely no part in the process of deciding or determining the nomination of a Prime Minister, save serving solely as a mere spectator. My Bill puts that right by ensuring that the nomination of a Prime Minister and his or her Cabinet is a matter for the House and that we, as representatives of the people of this country, have a role to play in handing over the keys to the most powerful offices in this land.

First, what this Bill does not do: it does not in the least alter the role of Her Majesty the Queen in the proceedings. The appointment of a Prime Minister will still be exclusively the job of Her Majesty the Queen as part of her prerogative powers. The Bill strengthens the constitutional convention of keeping the monarch out of politics, by ensuring that she appoints a Prime Minister having had that nominee agreed by this House.

Through this Bill, I seek in effect to bring this House into the 21st century and replicate the conditions that we find in most other, properly functioning representative democracies right around the world, and even in properly functioning representative democracies in the rest of the United Kingdom. In the Scottish Parliament, the First Minister and her Cabinet must be approved by the Scottish Parliament and MSPs. The same is true in the Welsh and Northern Irish Assemblies; even the London Assembly works on that basis.

The process allows confirmation from Parliament and even allows alternatives to emerge to see whether he or she might have the confidence of the House. The Bill would end the current situation, where a Prime Minister of this country can be decided by a few thousand members of the Conservative party. It would end the practice of the House's having a Prime Minister foisted upon it without so much as a by-your-leave, where the Conservative Association of, say, Tunbridge Wells has more of a say than a directly elected Member of Parliament in determining who the Prime Minister is. [HON. MEMBERS: "Hear, hear!"] I hear the "Hear, hears" from Conservative Members, who obviously enjoy that particular privilege.

Let us take a cursory look at how we had the good fortune to get our current Prime Minister. He was appointed by Her Majesty as a result of winning the Conservative leadership contest triggered by the resignation of the right hon. Member for Maidenhead (Mrs May),

[Pete Wishart]

who was first appointed Prime Minister on 31 July 2016 as a result of the resignation of David Cameron as Prime Minister in July 2016. Since 2015, the UK has had two Prime Ministers appointed outside of a general election, determined exclusively by the membership of the Conservative party of the United Kingdom. Looking at the current incumbent, we can only surmise the efficacy and good sense inherent in the current arrangements. This House must never again have an unelected Prime Minister forced upon it. A Prime Minister must be able to demonstrate that she or he has the confidence of this House at the inception of his or her premiership. My Bill would ensure that happens.

My Bill would also help to deal with some of the issues that might unexpectedly arise in the course of a parliamentary term—for example, a Prime Minister losing a referendum on the European Union and having to resign. The current Prime Minister actually wiped away his own majority by banishing from the ranks of the Conservative party those who disagreed with his hard Brexit. His Government were left in a minority, yet he was still able to control the Order Paper of the House of Commons, though lacking the ability to pass any meaningful legislation.

Then what did the Prime Minister do? He illegally prorogued Parliament to prevent the Brexit purgatory being effectively scrutinised and unnecessarily drew the Queen into illegal political proceedings—something that my Bill would address and rectify. Quite frankly, there is no way the current Prime Minister would have been approved by the House, as he would not have been able to demonstrate that confidence in the last Session of Parliament, and had this procedure been available to us last year, we could only speculate as to whether the United Kingdom would be in a better place now.

The provisions in the Bill would be triggered by any of the following: any general election under the terms of the Fixed-term Parliaments Act 2011; the Queen accepting the Prime Minister's resignation; the office of Prime Minister becoming vacant for reasons other than resignation—namely death; and the Prime Minister ceasing to be a Member of the House of Commons as a result of a recall or crime, which of course we could never imagine happening with the current incumbent.

Let us look specifically at one of these examples, because it is quite timely and relevant. All of us are rightly relieved to see the Prime Minister back in such rude health, press-upping his way to his disastrous Brexit. Looking at this epitome of a butcher's dog, I find it hard to believe that it was touch and go for him only a few short weeks ago. Thank goodness he pulled through. With the Prime Minister's incapacitation, however, we got the equivalent of government by headless chicken. Without the Prime Minister's customary decisiveness and head for detail, we had no idea who was running the country.

It seemed that the Foreign Secretary was in charge, by dint of his being the First Secretary, but he executed these responsibilities with all the guile of Emu without the assistance of Rod Hull. His only qualification for that role seemed to be that Dominic Cummings could not think of anybody else. He might not have been doing the job had we had a Deputy Prime Minister, but of course we no longer have one—that unpaid, powerless

position whose holder sometimes deputises for the Prime Minister seems to have gone the same way as Nick Clegg. My Bill would create the office of acting Prime Minister to ensure that someone was accountable for the operation of government until the stricken Prime Minister recovered or another was found.

My Bill would do much more than that, however, by seeking to ensure that the whole apparatus of government be a matter for this House and that the activities of wider government and all its advisory functions and capacity come under the responsibility of Parliament. Right now, there seems to be an initiative to reinvent the civil service in the guise of a hard Brexit organisation. A politicisation of the civil servants is being undertaken the likes of which we have never encountered in this country before. A state apparatus is being assembled in the guise of Dominic Cummings, who now effectively runs Whitehall, and we in this House have no right of scrutiny or ability to properly consider all this activity. The extraordinary sight of a Government adviser making a press statement to the country from the Downing Street rose garden could be the metaphor for how the country is now being governed.

My Bill would codify certain aspects of the ministerial code to ensure that the whole of Government was accountable to this House. Ministers would have a duty to Parliament and be held accountable for the policies, decisions and actions of their Departments and agencies. It would uphold the political impartiality of the civil service and ensure that civil servants are not required to act in any way that would conflict with the civil service code as set out the Constitutional Reform and Governance Act 2010.

My little Bill is simple in scope, but it is ambitious in what it wants to achieve. Our unwritten constitution, designed by convention, needs updating and refreshing, and that should start with the appointment of a Prime Minister and his or her Cabinet. We must never again have a Prime Minister nominated without the consent of this House. We must start to exert control and authority. This is a sensible and practical Bill to bring this House into the 21st century, and I commend it to the House.

2.10 pm

Mr Peter Bone (Wellingborough) (Con): The hon. Member for Perth and North Perthshire (Pete Wishart), with his usual skill, introduces a Scottish National party policy that sounds attractive but is completely and utterly useless. It is tradition to find something on which we agree with the previous speaker, and I agreed with him totally when he was gracious enough to say how much the House welcomed the recovery of the Prime Minister after his serious illness.

Before dealing with the issue itself—[*Interruption.*] I do not see a clock running, so am I allowed an unlimited amount of time?

Madam Deputy Speaker (Dame Eleanor Laing): Order. For the avoidance of doubt, no, the hon. Gentleman is allowed 10 minutes. There is a mistake in the clock not running; he now has approximately eight and a half minutes.

Mr Bone: Why is this ten-minute rule Bill being introduced now, and what are we being asked to do today? We are not being asked to approve the content of the Bill; we are being asked to give leave for it to be

introduced as a private Member's Bill. The hon. Gentleman could have done that in February. There are 130 Bills that Members introduced properly, prior to this Bill being introduced. So I thought, "Well, let's ask the Library," and the Library says:

"Ten Minute Rule bills are often an opportunity for Members to voice an opinion on a subject or aspect of existing legislation, rather than a serious attempt to get a bill passed."

As usual, the House of Commons Library is correct.

Later tonight we will consider motion 7 on the Order Paper, which will move our private Members' Bills back again. I agree entirely with the Government that that is the proper thing to do, given the covid crisis, but it means that we will have September, October, November, January, February and March to get through 130 private Members' Bills. This is an opportunity to throw out a Bill now that would only clog up the system later on.

Let me turn to the gist of the Bill. It is an interesting way of pretending that sovereignty does not exist, but sovereignty rests with the Queen. The Queen is sovereign and the sovereign appoints the Prime Minister. The hon. Gentleman has not produced an actual Bill today—what he has in his hand is a dummy Bill—but I looked back to see what his previous Bill said. He was very careful not to go into the detail, and I am not surprised. In normal times, if this Bill became an Act of Parliament, the House of Commons, with a Government majority of 80, would of course nominate the leader of the largest party to be Prime Minister, in the normal way. I had to go back to April 1940 for when we had a Prime Minister who was not the leader of the governing party, and that was only for six months, during the second world war. So why is this clever politician introducing this Bill? Let us think about the detail. He says that the House of Commons would nominate the Prime Minister. I thought, "Well, that's strange—the House of Commons?" And then I looked a bit further, and it is the Speaker of the House of Commons who would nominate the Prime Minister after the House voted.

Then I thought, hang on a minute—what would have happened when my right hon. Friend the Member for Maidenhead (Mrs May) resigned and we had Speaker Bercow in the Chair, if this proposition had been in place? It would not have been impossible to see a situation whereby the Opposition combined to vote for the right hon. Member for Islington North (Jeremy Corbyn), and maybe one or two disenchanted Conservatives joined that vote—and then Mr Speaker would have been proposing to the Queen that the right hon. Member for Islington North be Prime Minister of a Conservative Government that nobody on the Government Benches would support and everyone on the Opposition Benches would. That is a nice try, but it honestly does not work. For that reason, the Bill should not be given leave to proceed.

My Government are a very fair Government, and I doubt that they will interfere with the voting today because they like the House to make decisions on principle, not because the Whips are telling us what to do. But I hope that Back-Bench Members will oppose this ten-minute rule Bill, because it has been brought here to make a point. It needs to be thrown out now and not to be part of the ongoing private Members' Bill process.

The hon. Member for Perth and North Perthshire did move on to two other issues in his Bill that do need more consideration. The first is the question of what happens and who takes over if the Prime Minister is

incapacitated. That is a very fair point; we must always have a Prime Minister. When the current Prime Minister fell ill, the Government—thankfully, just before he was admitted to hospital—came up with a schedule of Members who would be Prime Minister if something happened to the current Prime Minister. In fact, the First Secretary of State effectively did become Prime Minister. And if the First Secretary of State had fallen ill, there was a whole list of people after him.

Now, I already have a Bill before the House—the Prime Minister (Temporary Replacement) Bill—to deal with this situation. It proposes a fixed system, so we would know in advance what would happen if the Prime Minister were incapacitated. I hope that the hon. Gentleman will support that Bill on 30 October. The second part of his own Bill is not necessary and is flawed, because there would be a delay between the Prime Minister being incapacitated and a new one being appointed.

Where I find more interest is in the subject of the appointment of Cabinet Ministers. As I understand it, under the hon. Gentleman's Bill, the approval of the House would be required before a Member could become a Cabinet Minister. I suppose if one goes back a few years to, say, 1707 when this House introduced—*[Interruption.]* What happened then was that a Member had to resign their seat if they became a Cabinet Minister. That is not a bad idea. Of course, most of those Cabinet Ministers stood for election and were not opposed; one or two of them took the opportunity to sneak off to safer seats at that moment. That situation was brought to an end in 1926, by a private Member's Bill.

I do not suggest that we go back to that time, but the hon. Gentleman does have a point when it comes to Select Committees holding confirmation hearings for newly appointed Government Ministers. Departmental Select Committees could hold such hearings and say whether they thought the person was fit and proper. Now, I am sure that that would always be the case as long as there were a Conservative Government, but it might not be if we had a Labour Government in power. I would not necessarily say that that such a process should be mandatory, but it would be a good idea for Select Committees to look at it. If the Select Committees played that role, it would force the Government to form them much earlier in a Parliament than they sometimes do.

There is some merit in the proposals that I have just discussed, but the fundamental issue of allowing Speaker Bercow to nominate to the Queen the right hon. Gentleman for Islington North—what an absurd idea! For that alone, leave to bring in this Bill should not be granted.

Question put (Standing Order No. 23).

The House proceeded to a Division.

Madam Deputy Speaker (Dame Eleanor Laing): For the sake of clarification, we will close the doors 12 minutes after the commencement of the vote, which was two minutes and 30 seconds ago.

The House having divided: Ayes 55, Noes 115.

Division No. 66]

[2.20 pm

AYES

Bardell, Hannah
Black, Mhairi
Blackford, rh lan
Blackman, Kirsty

Bonnar, Steven
Brock, Deidre
Brown, Alan
Cameron, Dr Lisa

Carmichael, rh Mr Alistair
Chamberlain, Wendy
Chapman, Douglas
Cherry, Joanna
Cooper, Daisy
Cowan, Ronnie
Crawley, Angela
Davey, rh Sir Edward
Day, Martyn
Docherty-Hughes, Martin
Doogan, Dave
Dorans, Allan
Farron, Tim
Farry, Stephen
Fellows, Marion
Ferrier, Margaret
Flynn, Stephen
Gibson, Patricia
Grady, Patrick
Grant, Peter
Gray, Neil
Hanna, Claire
Hanvey, Neale
Hendry, Drew
Hosie, Stewart

Jardine, Christine
Lake, Ben
Law, Chris
Mc Nally, John
McDonald, Stuart C.
McLaughlin, Anne
Monaghan, Carol
Moran, Layla
Nicolson, John
O'Hara, Brendan
Oswald, Kirsten
Saville Roberts, rh Liz
Sheppard, Tommy
Smith, Alyn
Stephens, Chris
Stone, Jamie
Thewliss, Alison
Thompson, Owen
Thomson, Richard
Whitford, Dr Philippa
Williams, Hywel
Wishart, Pete

Tellers for the Ayes:
Gavin Newlands and
David Linden

NOES

Aldous, Peter
Amess, Sir David
Anderson, Lee
Anderson, Stuart
Bacon, Gareth
Bacon, Mr Richard
Bailey, Shaun
Baker, Duncan
Baron, Mr John
Baynes, Simon
Beresford, Sir Paul
Blackman, Bob
Blunt, Crispin
Brine, Steve
Bristow, Paul
Bruce, Fiona
Buchan, Felicity
Butler, Rob
Campbell, Mr Gregory
Carter, Andy

Cates, Miriam
Clarke-Smith, Brendan
Clarkson, Chris
Clifton-Brown, Sir Geoffrey
Colburn, Elliot
Daly, James
Davies, Gareth
Davies, Dr James
Davison, Dehenna
Eastwood, Mark
Everitt, Ben
Fabricant, Michael
Fletcher, Katherine
Fletcher, Nick
Fox, rh Dr Liam
Francois, rh Mr Mark
Goodwill, rh Mr Robert
Grayling, rh Chris
Griffith, Andrew

Grundy, James
Gullis, Jonathan
Halfon, rh Robert
Hammond, Stephen
Harper, rh Mr Mark
Hart, Sally-Ann
Henry, Darren
Higginbotham, Antony
Hollobone, Mr Philip
Holmes, Paul
Howell, Paul
Hudson, Dr Neil
Hunt, Tom
Jenkin, Sir Bernard
Johnston, David
Jones, Andrew
Jones, rh Mr David
Jupp, Simon
Kawczynski, Daniel
Kruger, Danny
Largan, Robert
Leadsom, rh Andrea
Leigh, rh Sir Edward
Lewis, rh Dr Julian
Loder, Chris
Longhi, Marco
Lord, Mr Jonathan
Loughton, Tim
Mangnall, Anthony
Marson, Julie
Mayhew, Jerome
McCartney, Jason
Menzies, Mark
Merriman, Huw
Millar, Robin
Mitchell, rh Mr Andrew
Mohindra, Mr Gagan
Moore, Robbie
Mullan, Dr Kieran
Mumby-Croft, Holly
Mundell, rh David

Nici, Lia
Offord, Dr Matthew
Paisley, Ian
Parish, Neil
Pawsey, Mark
Penning, rh Sir Mike
Percy, Andrew
Poulter, Dr Dan
Pritchard, Mark
Randall, Tom
Redwood, rh John
Richards, Nicola
Robertson, Mr Laurence
Robinson, Gavin
Rosindell, Andrew
Russell, Dean
Sambrook, Gary
Saxby, Selaine
Selous, Andrew
Shannon, Jim
Simmonds, David
Smith, Greg
Smith, Henry
Stafford, Alexander
Stevenson, Jane
Sunderland, James
Swayne, rh Sir Desmond
Vickers, Martin
Vickers, Matt
Wakeford, Christian
Watling, Giles
Whittaker, Craig
Wiggin, Bill
Wild, James
Wilson, rh Sammy
Young, Jacob

Tellers for the Noes:
Mr Peter Bone and
Mr William Wragg

Question accordingly negated.

The list of Members currently certified as eligible for a proxy vote, and of the Members nominated as their proxy, is published at the end of today's debates.

National Audit Office

2.35 pm

The Prime Minister (Boris Johnson): I beg to move,

That an Humble Address be presented to Her Majesty, praying that Her Majesty will appoint Dame Fiona Reynolds DBE to the Office of Chair of the National Audit Office from 10 January 2021.

Should Her Majesty choose to do so, Dame Fiona will take over from Lord Bichard, whose two terms in the post have capped a long and distinguished career in public service. His departure will leave some rather large shoes to fill in the NAO boardroom, but I believe Dame Fiona is more than capable of filling them, at least metaphorically. She has spent most of her life working to preserve the best of this country, holding senior roles at the Council for National Parks and the Campaign to Protect Rural England. For more than a decade, she was responsible for great swathes of our heritage as director general of the National Trust. She has worked in central Government, sat on the boards of institutions including the BBC and has, since 2012, served as Master at Emmanuel College, Cambridge. Alongside all that, she somehow found time to write a book, “The Fight for Beauty”, described by one reviewer as “a warning against thoughtless depredation authorised by policy-makers”.

In many ways, that also describes the role of the NAO. So Dame Fiona is perfect for this role, and that is a view shared by the Chair of the Committee of Public Accounts, the hon. Member for Hackney South and Shoreditch (Meg Hillier), who, in accordance with the law, has given her seal of approval to the proposed appointment. I am sure Dame Fiona will do an excellent job, and I commend this motion to the House.

2.36 pm

Meg Hillier (Hackney South and Shoreditch) (Lab/Co-op): It gives me great pleasure to support the motion proposed by the Prime Minister to appoint Dame Fiona Reynolds, who, as he has highlighted, has had a distinguished career, particularly as head of the National Trust and, more recently, as Master of Emmanuel College. She is the first woman to hold this important position, and I also put on record my thanks to Lord Bichard, who will have given six years of service when he hands over the reins to Dame Fiona in January.

The NAO is crucial in holding the Government to account, safeguarding taxpayers’ money, and, increasingly, under the new Comptroller and Auditor General, Gareth Davies, learning to do better. So it is heartening that the Prime Minister and I agree on the importance of the NAO and the suitability of Dame Fiona to take up this role. Her considerable experience will be well played in the NAO. Of course, the Comptroller and Auditor General determines all the audit procedures, but she will have a pivotal role on the board in making sure that the organisation becomes as modern and sophisticated as it needs to be to deal with the challenges of the modern world. So I fully and wholeheartedly endorse her. This was the first virtual appointment and I have not yet met Dame Fiona, so I look forward to doing so when lockdown restrictions lift still further.

2.38 pm

Sir Geoffrey Clifton-Brown (The Cotswolds) (Con): I am delighted to catch your eye, Madam Deputy Speaker, and I warmly welcome the Prime Minister’s motion.

I declare an interest in this subject, because although I was not part of the selection process at all, Dame Fiona is a constituent of mine. I know her and have met her on a number of occasions. She will make an excellent candidate, for the reasons I am about to give—my right hon. Friend will be grateful to know that I will do so briefly. She has had a role in academia, recently being Master at Emmanuel College, having gained a first at Cambridge. For 10 years, she was well known as the director of the National Trust, building its membership from 10 million to 19 million. As the Chair of the Public Accounts Committee has said, she was part of government. In the Cabinet Office, she formed a new unit which brought the ideas of gender equality to a range of government initiatives.

As well as being in academia, government and non-governmental organisations, Dame Fiona has had a range of business appointments, with Wessex Water, the Grosvenor Estate, the BBC and John Lewis. She brings a wealth of experience to this job and she will bring an inquiring mind. She is a highly bright person who will be there to challenge and work with, on an excellent basis, our Comptroller and Auditor General, Gareth Davies. All in all, her appointment will be a benefit to this House, to the Government and to this country.

2.39 pm

Alison Thewliss (Glasgow Central) (SNP): The SNP too welcomes the appointment of Dame Fiona Reynolds to the role of chair of the National Audit Office. We appreciate the involvement of Caroline Gardner, as Auditor General for Scotland, in the appointment panel, which is good. We are sure that, given Dame Fiona’s previous role in the Council for National Parks, she will have a good ability to see the wood for the trees in holding the Government to account. I look forward to her doing so with her great skill and experience.

2.40 pm

Sir Edward Leigh (Gainsborough) (Con): I too welcome this appointment. Clearly, the candidate is very well qualified.

For those not familiar with the structure of the NAO board, it is very different from any other board in any other company, or in the public sector, in that it does not set policy. When we created the current structure, we made it clear that the board would not interfere in the absolute right of the Comptroller and Auditor General himself to determine what he should investigate.

I think that this role is going to become increasingly important, because the chair of the board will have to lead it in its decisions to give the NAO adequate resources to deal with the very difficult position that we find ourselves in with the massive increase in public spending that is going to arise as a result of covid-19. For every £1 the NAO spends it saves £9, but there is going to be a lot of work, and a lot of extra resources need to be given to it.

Politicians tend to be obsessed with policy, of course, but efficiency is all the more important when we are rapidly increasing spending. When we rapidly increased spending on the NHS under the last Labour Government, we found that there was a dramatic decline in productivity. Without getting involved in policy, the chair and the Comptroller and Auditor General will have a crucial role in ensuring efficiency. I can see the Prime Minister

[*Sir Edward Leigh*]

sitting in front of me. I know that he will want to ensure that he appoints somebody in every Department who is a well-qualified finance officer to ensure that as we increase spending, we do not increase waste.

2.41 pm

Andrew Griffith (Arundel and South Downs) (Con): It is an honour to support the Prime Minister on the motion to appoint Dame Fiona Reynolds as chairman of the National Audit Office. It is rare that this House makes such an appointment, and so I wish to add my support as one of the new generation of Members.

In an era where we spend almost £4 in £10 of the national income, it is imperative that we spend it effectively, not to return money to the Treasury coffers but so that we can deliver the healthcare, education, police, armed forces and infrastructure that our country needs. This appointment is a vital part of how we achieve that, because it means that this House, independent of Government, has the ability to draw back the curtain and to see the facts as they are, not as we might wish them to be. That is a cornerstone of the rule of law under a sovereign Parliament. This right dates back centuries, but we owe it in its current form to William Gladstone—a great moderniser and disruptor who, we should note, was not afraid to make changes to the machinery of government in order to deliver for the working people of Britain.

I congratulate the hon. Member for Hackney South and Shoreditch (Meg Hillier) on securing a candidate of great calibre and unimpeachable independence. Having devoted much of her life to the world of conservation, Dame Fiona clearly takes the long view. I wish her many years of effective service in the knowledge that she has our full support.

Question put and agreed to.

Madam Deputy Speaker (Dame Eleanor Laing): I will now suspend the House for three minutes in order to have a safe turnover of personnel and cleanliness at the Dispatch Box.

2.43 pm

Sitting suspended.

2.47 pm

On resuming—

FINANCE BILL (WAYS AND MEANS) (CORONAVIRUS)

Resolved,

That provision (including provision having retrospective effect) may be made—

(a) about the taxation of payments made under the coronavirus job retention scheme, the self-employment income support scheme or other schemes providing support to employers or businesses as a result of coronavirus or coronavirus disease;

(b) about the protected pension age of members of pension schemes who are re-employed as a result of coronavirus;

(c) about the application of the statutory residence test to certain persons present in the United Kingdom for reasons connected with coronavirus;

(d) about tax relief under the enterprise investment scheme and the seed enterprise investment scheme where convertible loan agreements are entered into under the scheme known as the Future Fund;

(e) amending section 135 of the Finance Act 2008 (interest on unpaid tax in case of disaster or emergency of national significance);

(f) about refunds of the higher rate of stamp duty land tax under Schedule 4ZA to the Finance Act 2003 in cases where purchasers have been prevented from disposing of their previous main residence by exceptional circumstances;

(g) providing for HGV road user levy not to be charged for a temporary period;

(h) modifying requirements relating to enterprise management incentives in relation to persons who are not required to work for reasons connected with coronavirus disease.—(*Jesse Norman.*)

FINANCE BILL (PROGRAMME) (NO. 2)

Ordered,

That the Order of 27 April 2020 (Finance Bill (Programme)) be varied as follows:

(1) Paragraph (5) of the Order shall be omitted.

(2) Proceedings on Consideration—

(a) shall be taken on each of the two days in the order shown in the first column of the following Table, and

(b) shall (so far as not previously concluded) be brought to a conclusion at the times specified in the second column of the Table.

Proceedings	Time for conclusion of proceedings
<i>First day</i>	
Amendments to Part 2; new Clauses and new Schedules relating to Part 2	Two hours after the commencement of proceedings on the Motion for this Order
New Clauses and new Schedules relating to the impact of the Bill on the environment; new Clauses and new Schedules relating to the impact of the Bill on the United Kingdom meeting the UN Sustainable Development Goals; new Clauses and new Schedules relating to the impact of the Bill on the United Kingdom meeting its Paris climate change commitments; new Clauses and new Schedules relating to the impact of the Bill on human and ecological wellbeing; amendments to Clauses 8 to 10, 83, 84 and 90 to 94 and 103 and Schedule 12; other new Clauses, new Schedules and amendments relating to the environment	Four hours after the commencement of proceedings on the Motion for this Order
New Clauses and new Schedules relating to the impact of the Bill on job creation; new Clauses, new Schedules and amendments relating to the subject-matter of any of Clauses 7, 11 and 15 to 21 and Schedules 1 and 2; new Clauses and new Schedules relating to the impact of the Bill on parts of the United Kingdom and regions in England, including its impact on employment in those parts and regions	

Proceedings	Time for conclusion of proceedings
<i>Second Day</i>	
New Clauses and new Schedules relating to any review of all tax reliefs contained in the Bill; new Clauses, new Schedules and amendments relating to the subject-matter of any of Clauses 23, 28 to 31 and 36 and Schedules 3 and 5	2pm
New Clauses, new Schedules and amendments relating to the response to coronavirus; new Clauses and new Schedules relating to the impact of the Bill on poverty of all persons in the United Kingdom; new Clauses and new Schedules relating to child poverty; remaining proceedings on Consideration	4pm

—(Jesse Norman.)

Finance Bill

[1ST ALLOCATED DAY]

Consideration of Bill, as amended in the Public Bill Committee

Clause 71

REVIEW OF DST

2.48 pm

Bridget Phillipson (Houghton and Sunderland South) (Lab): I beg to move amendment 18, page 53, line 28, leave out “before the end of 2025” and insert—
“within a year of Royal Assent and annually thereafter”

This amendment would require the Government to report on the DST annually.

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

Amendment 19, page 53, line 29, at end insert—

“(2) Any review made under (1) must include an assessment of the effect of the DST on tax revenues.”

This amendment would require any report on the DST to include an assessment of the effect of the DST on tax revenues.

New clause 5—*Digital Services Tax: review of effect on tax revenues*—

“(1) The Chancellor of the Exchequer must make an assessment of the net effect on tax revenues of the introduction of the Digital Services Tax and lay a report of that assessment before the House of Commons within six months of the passing of this Act.

2) This review must also include an assessment of the revenue effect of the Digital Services Tax on tax payable by the owners and employees of Scottish Limited Partnerships.”

This new clause would require a Government assessment of the effect on tax revenues of the DST, and in particular the change in revenues associated with Scottish Limited Partnerships.

New clause 33—*Requirement on groups to publish a group tax strategy including a country-by-country report*—

“(1) A group which is not required to publish a tax strategy in compliance with Schedule 19 of the Finance Act 2016 shall be deemed to be so required.

(2) Any tax strategy published by a group in compliance with that Schedule must include any relevant country-by-country report.

(3) “Country-by-country report” has the meaning given by the Taxes (Base Erosion and Profit Shifting) (Country-by-Country Reporting) Regulations 2016.

(4) A country-by-country report is relevant if it—

- (a) was filed or required to be filed by the group in compliance with those Regulations on or before the date of publication of the tax strategy, or would have been so required if the head of the group were resident in the United Kingdom for tax purposes, and
- (b) has not already been included in a tax strategy published by the group.”

(5) The Treasury must make regulations to bring this section into operation no later than 1 April 2021.

This new clause would require all groups subject to the DST to publish a group tax strategy, including a country-by-country report. Such a report would include information about the group’s global activities, profits and taxes.

I should draw the attention of the House to the fact that a corrected text of new clause 33 has been published this morning. The version that was initially published inadvertently omitted the concluding subsection.

Bridget Phillipson: Amendments 18 and 19 would require the Treasury to conduct a review of the digital services tax within a year of Royal Assent and to report to Parliament on the tax annually thereafter with a specific consideration of the effect of this measure on taxation revenue.

We welcome the introduction of the digital services tax, although this support is qualified. The Minister will be well aware that we like to be thorough even with proposals that we broadly welcome. It is deeply disappointing that it has not been possible to reach multinational international agreement, hence the need for this unilateral approach. This Government should demonstrate much more leadership in pressing for international efforts to tackle this scourge. Ensuring that companies that operate across national borders pay the tax that they should requires us to co-operate, to lead, to persuade, to negotiate and to set an example.

More troubling is the fact that, in the crisis we are living through today, when ambitious and decisive action is demanded of Government, Ministers have only managed to put forward such a modest measure, when other countries are willing to go further. Many of the companies that will be affected by this tax are the same ones that will have benefited from the impact of covid-19. Before the pandemic struck, they were the beneficiaries of an uneven playing field, while much loved high street businesses struggled.

Local firms and UK chains have faced a real battle competing with companies that base themselves overseas, do not have the same overheads as physical shops and go to great lengths to minimise their tax liabilities. The impact of lockdown has only exacerbated this tension. It has provided an unexpected boon to tech giants, which have managed to rake it in as demand soars and business is directed online. Meanwhile, our high street businesses, which were already struggling, have only seen their worries increase as footfall has understandably plummeted.

Even with the easing of lockdown, there is a real challenge ahead in ensuring the continued success of our bricks-and-mortar retail sector. If shoppers will not venture on to our high streets and the Government fail to provide an effective test, track and isolate system, many businesses that are just starting to open up will soon be forced to close their doors again, perhaps even permanently. These businesses are the bedrock of our communities. They help create a sense of place, and are often a lifeline for older and vulnerable residents and for those in more isolated communities. Government must do more to ensure that there is a level playing field, and that those who have benefited the most from this situation—as I have noted, those that have not exactly paid their fair share in the past—make more of a contribution to the national effort.

Sammy Wilson (East Antrim) (DUP): Does the hon. Member accept that not only is it right that the Government intervene to ensure that taxes are paid on a level playing field, but that, at a time when public finances are under pressure, we should not be allowing large firms to escape paying the tax revenue that is due and should be paid?

Bridget Phillipson: The right hon. Gentleman is absolutely right, and I sincerely hope that the Minister will respond to that point, because we have seen this unfairness built

into our system. We recognise that this measure takes some steps towards levelling the playing field, but we need to see much more from Government in clamping down on the kind of tax avoidance that we have seen far too often in recent years, because it is not right.

Sir Edward Davey (Kingston and Surbiton) (LD): Can I say how much I support the argument the hon. Lady is making? Does she agree with me that the Government's digital services tax measure is actually a mouse of a measure compared with the huge profits made by American big tech? Does she also agree with me that the Government need to co-operate very closely with the European Union, which is devising an international tax with much greater teeth, so that these big tech companies do pay their fair share of tax?

Bridget Phillipson: Yes, I support the point the right hon. Gentleman makes, and I will come on to say more in my contribution both about how those companies need to contribute more and how it is essential that we see international consensus on this issue. The measure the Government have put forward today is necessarily time-limited, and we will need to see a much more sustainable, long-term solution with a broader international base.

It is not right that British bookstores and other businesses face a higher tax rate than Amazon. Unfortunately, this measure does not go far enough to address this fundamental unfairness, nor does it really get to the heart of the tax avoidance strategies some of these tech companies have used in recent years. As the Chartered Institute of Taxation points out, this measure is not aimed at stopping profits arising in the UK being shifted by multinationals out of the UK to tax havens. However, for far too long the companies that make the modern economy work have got away with complex ways of moving and hiding the money we pay them.

Kevin Hollinrake (Thirsk and Malton) (Con): I agree with many of the points the hon. Member makes, and certainly about making sure that we have a fair and level playing field for small businesses. I am certainly a supporter of new clause 33 in principle, which is trying to see these multinationals disclose profits on a country-by-country basis. However, to be fair, does she accept that the Government have gone further than previous Governments, with measures such as the diverted profits tax and now the digital services tax?

Bridget Phillipson: We welcome all measures and will support any proposals to tackle tax avoidance, whether it is in terms of tech giants or more broadly, but we still face a big gap in this country, and we are urging the Government to do much more. I am sure the hon. Member would agree that it is vital that we see greater action, because we have seen this unfairness, particularly during the pandemic. He, like me, will have many wonderful local businesses in his constituency that pay their taxes and are trying to come through this crisis, and they want to ensure that there is a level playing field between the bricks-and-mortar businesses and online businesses. I am sure that we all want to get behind that endeavour.

For too long, companies have moved and hidden the money we pay them. Research by TaxWatch UK estimates that we are losing £1.3 billion in corporation tax from five of the biggest firms each year. In comparison, the Government's own estimate is that the digital services

tax is only set to produce £280 million this financial year. The modest nature of this measure becomes clear when we consider what some of the tech giants might actually have to pay under the tax. I will highlight again for the benefit of the House, as I did in Committee, research by TaxWatch UK which predicts that Facebook would face an increased tax bill of £39 million, despite estimated UK revenues of almost £2.3 billion. Google would pay slightly more—around £168 million—based on estimated UK tax revenues of £9.3 billion. Many businesses, such as Amazon, that blend their activities will be unaffected by the measure.

The Government will be aware of our concerns that streaming services are not included at all, which we discussed in Committee. The Financial Secretary to the Treasury said then that

“it would not be appropriate to implement a temporary tax on a broader basis.”—[*Official Report, Finance Public Bill Committee*, 11 June 2020; c. 126.]

He will doubtless be aware that taxes introduced on a temporary basis have ended up becoming permanent fixtures, including income tax, introduced to fund war with Napoleon. With little evidence that the Government are working to secure international agreement on a replacement for this tax, temporary could end up being for a very long time. Her Majesty’s Revenue and Customs employs many extremely capable people, and I am sure that it is not beyond their wit to develop a way of taxing streaming services too.

New clause 33, which was tabled by my right hon. Friend the Member for Barking (Dame Margaret Hodge) and has many cross-party supporters, would require those liable for the digital services tax to publish a country-by-country tax report. My right hon. Friend has campaigned tirelessly and incredibly effectively on this issue, and I wish it were possible for us to hear from her directly today. Sadly, the way in which we now conduct our proceedings makes it impossible for her to contribute, which is a real shame, given the expertise and insight she brings, but I am aware that the cross-party support of the new clause will allow other speakers to raise the points that she might have sought to make.

For years, the Opposition have urged the Government to commit to country-by-country reporting on a public basis. Their reticence to do so, and the way in which they have held up progress at an international level, has been a source of deep frustration to those of us who want to see far greater transparency around the taxation of multinational companies. This new clause would not only be of practical use, so that we can see whether those liable to the digital services tax are paying an appropriate amount. It would also help to address the concerns I have outlined that the measure as it stands does little to address the tax avoidance practices by digital multinational companies. It would end the secrecy around such practices and pave the way for public country-by-country reporting at a wider level. The Government have been fond in recent months of saying that they wish to be a world leader—well, here is the opportunity to become a world leader in tax transparency, and I urge the Minister to listen to the arguments being made and take urgent action to address them.

The pressure on our public finances and vital frontline services means that we should be doing far more to ensure that those tech companies that have benefited from the lockdown are contributing more. We need a

level playing field between our high streets and the tech giants. We need to build a society where everyone—individuals and businesses alike—pays their fair share. A digital services tax must be part of that, but the Government simply are not going far enough. A bolder approach on a digital services tax would not only help to address this unfairness; it would help to deliver a sustainable recovery from the economic crisis we are facing.

Labour has called for a back-to-work Budget—one that focuses on retaining jobs, sustaining jobs and creating jobs; a full Budget that invests in our young people, who are facing the worst employment prospects for a generation, and helps to secure a future that they can look to with hope. An effective digital services tax would go some way to supporting that goal. As I have indicated, this measure is expected to generate a fairly limited amount when compared with the extent of the tax avoidance practices we have seen from some of these companies in recent years and the profits they have made in recent months. Therein lies the principal reason for our amendments: we need to understand as soon as possible how effectively the measure is working and what more can be done to ensure that such companies are paying an appropriate amount of tax.

The Government’s unwillingness to conduct a review earlier than 2025 means that the opportunity for Parliament to properly scrutinise the measure will be hugely limited. I know that the Minister hopes that a multilateral approach will be in place by then; we on the Opposition Benches hope that that will be the case, too. A comprehensive multilateral agreement, based on a lasting international settlement, is the only long-term solution, but until that happens, the Opposition will continue to push for a more ambitious approach, to which our European neighbours are looking as well. The times that we are living through demand such an approach.

3 pm

We need to ensure that those with the broadest shoulders help to bear the cost of the recovery that the Government need to secure for our country. It is more important than ever to make sure that the big players that have benefited greatly from this crisis are taxed properly, reasonably and fairly and do not simply continue to shift around their sizeable profits. That is why we have tabled our amendments so that we can be sure that this is the right approach to digital taxation in these times of crisis and so that we can continue to consider what more can be done, not just in five years, but next year and every year.

Mr Andrew Mitchell (Sutton Coldfield) (Con): I draw the House’s attention to my interests, which are set out clearly in the Register of Members’ Financial Interests.

I rise to speak to new clause 33, which was tabled by the right hon. Member for Barking (Dame Margaret Hodge) who, alas, for the reasons set out by the hon. Member for Houghton and Sunderland South (Bridget Phillipson) from the Opposition Front Bench, cannot be here today. The House may rest assured that she will be watching every word of this debate from where she is.

The House will notice that not one but three former and current Chairs of the Public Accounts Committee—the hon. Member for Hackney South and Shoreditch (Meg Hillier) and my right hon. Friend the Member for Haltemprice and Howden (Mr Davis), as well as the

[Mr Andrew Mitchell]

right hon. Member for Barking—have signed the new clause. In addition, my hon. Friend the Member for Amber Valley (Nigel Mills), who is unavoidably locked down with his two adorable new children and who has great expertise in this policy area, has also signed it

New clause 33 makes a number of points. The first is that any company that is subject to the new digital services tax, which came into force this April, must publish transparently and publicly a country-by-country report. Although as it stands in the amendment paper the new clause does not include a starting date, that was rectified this morning and the starting date would be April 2021.

The new clause is targeted at international technology giants—that is Google, Facebook and Amazon. These huge businesses are well known for using corporate structures deliberately designed to shield them from the payment of tax. The new clause would allow Parliament, journalists, campaigners and civil society to see clearly whether these businesses are paying their fair share of taxation. If the Government accept the new clause, that would, as the hon. Member for Houghton and Sunderland South suggested, make the UK a world leader in financial transparency. It would give a major boost to country-by-country reporting for all corporations, so that everyone can see that tax is paid on profits in the locations where those profits are earned.

Let me be clear at the outset that it is not our intention to divide the House on the new clause today—subject to the Minister, who is a very clever fellow, showing due respect for advancing this agenda and for the importance of making progress on this issue in due course.

In my submission, there are three reasons why the new clause really matters. The first is that its logic sits four-square behind the priorities of the Conservative-led coalition—I thought the hon. Member for Houghton and Sunderland South could perhaps have given a little more attention and, indeed, support in this respect—who wanted to inject greater transparency and openness into the financial system, in the first instance by championing open registers of beneficial ownership, which were introduced in the UK in 2016.

The open-registers process has been enhanced over the past two years, during which the right hon. Member for Barking and I persuaded the House that open registers should be embraced by the overseas territories and subsequently secured agreement that the Crown dependencies would also implement them. Such progress is a huge advance in tackling money laundering and financial corruption, and it bears down heavily on tax evasion as well. It also makes it more difficult for bent politicians and corrupt businesspeople to steal money from poor countries and their citizens. The new clause builds on that whole approach.

Secondly, at this dreadful time in our country, when our constituents are suffering financially so severely and our Government are rightly seeking to help every family as we combat the economic effects of this crisis, it is frankly obscene and very offensive that some major corporations who rely on UK customers and make huge profits in our country should not pay their fair share of tax. The public and the public finances cry out for fairness and equity, particularly at a time like this,

when some companies have benefited from taxpayer-funded rescue packages organised by the Government while not contributing equitably to the public purse. Public expenditure is now at an all-time high. This borrowing will have to be paid for and it is simply not right or fair that while most taxpayers will have to pay more tax—85% of us pay taxation through PAYE—some multinational companies deliberately create financial structures to avoid paying tax.

I also point out to right hon. and hon. Members that those same multinationals are undermining British business by undercutting them on price. They can do that because they do not pay tax at anything like the same rate. In Sutton Coldfield, we are struggling to make a success of our town centre and high street, to renew it and reinvigorate it, but Amazon undercuts bookshops in our high streets and stores such as John Lewis in our shopping centres because it can avoid paying its fair share of tax.

Thirdly—this is of particular importance to developing countries—credible research shows that developing countries lose three times as much each year from tax avoidance as they gain from development aid. The OECD has been pressing for international reform in tax rules for decades. Those countries with the most to lose have been most resistant, so the OECD compromise was that information should be provided confidentially to the tax authorities. While that is progress of a sort, it does not really help developing countries, for obvious reasons to do with cost and with complexity. Clearly, it would be better, as with open registers, for all the data simply to be placed in the public domain so that there is a level playing field and public accountability for the tax conduct of multinational enterprises worldwide.

Sir Edward Davey: The right hon. Gentleman may remember that during the coalition Government, we put measures through, agreed at European level, for a directive on transparency on payments made by the extractive industries across the developing world because of concerns about corruption with respect to mining in particular. That created greater transparency. The same approach could be taken on the tax issues that he is raising.

Mr Mitchell: Yes, the extractive industry transparency initiative, which has been led by a former Member of this House, Clare Short, for some time, did a huge amount of good as, of course, have open registers, because open registers have continued that agenda of transparency. As I said at the outset, this agenda was championed and driven forward internationally through the British at the G8.

Sammy Wilson: I agree with all the points that the right hon. Gentleman has been making. Does he accept that unless we can dig behind the accounts to see where companies, for example, inflate costs in countries where they can get lower tax rates and deflate costs in countries with higher tax rates, a tax strategy in itself is simply not going to ensure that we get behind how companies avoid paying tax in the countries where they earn the profits?

Mr Mitchell: There is an important principle: while commercial confidentiality should not be compromised, we should move to greater transparency to tackle the problems that lie behind what the right hon. Gentleman is saying. I agree with that and I think that there is

common cause across the House that that is what we want to do. Clearly, getting a multinational standard will be the right result, but these things have to be led.

In summary, the new clause is part of the noble campaign that is supported across the House, to shine a light on the profit shifting, transfer pricing and tax haven abuse that is used to minimise tax liabilities. The House has already voted in favour of public country-by-country reporting through an amendment to the Finance Bill in 2016, which gave the Treasury the power to make the information public. My right hon. Friend the Financial Secretary will no doubt rely on the prayer of St Augustine, “O Lord, make me chaste, but not yet,” and argue that the UK would not want to implement this reform unilaterally, and he has already acknowledged, in a letter to the right hon. Member for Barking dated 27 February this year, that a multinational agreement to do country-by-country reporting would be a good achievement, but I put it to him that that is too timid an approach.

As we contemplate Britain’s role post Brexit and we set out what we mean by global Britain, let my right hon. Friend stand tall, show leadership internationally, and follow the proud, confident example of David Cameron and George Osborne. Let global Britain lead by example, to the huge benefit of our domestic taxpayers and taxes, and for those in the poorest countries, whose mineral wealth is so often developed without their citizens reaping the benefits they should receive and that they deserve. This reform would be in the finest traditions of Britain’s past international development leadership, and I commend the new clause to the House.

Alison Thewliss (Glasgow Central) (SNP): We support a fit-for-purpose digital services tax. Our new clause 5 seeks a review of how effective the Treasury plan is. It would force the Government to assess the digital services tax’s effectiveness and draw conclusions on that information within six months.

It is unfair that multinational online firms pay less tax than small high street shops, and the SNP has long said that we would support a fit-for-purpose tax, but during the lockdown many people have become adept at finding what they need online, from replacement parts for the oven and a tablet and macaroon subscription in my case, to clothes, trampolines, desks, chairs, food and drink, and this period may well have a permanent effect on how people do their messages.

The high street has been facing difficulties for many years now, under fierce competition from digital competitors. Retailers including Intu, Debenhams, Oasis and Warehouse have gone into administration, and job losses were announced today at Harrods, John Lewis and Arcadia Group—all while online retailers are booming. It is not a level playing field, and it seems only fair that the taxation system catches up and seeks to level it out. I agree with the hon. Member for Houghton and Sunderland South (Bridget Phillipson) that streaming services are also a huge money-spinner, and I do not see why the UK Government would not want to get in on that action. Collecting taxes in an area that is growing would be useful to Treasury coffers right now.

As the digital services tax is a new measure, it is vital that we try to capture how effective it is. By their very nature, online companies can be nimbler than their bricks-and-mortar counterparts, and it is always possible

to find loopholes. We will wait to see how successful the policy is, but it is regrettable that the UK failed to implement it alongside international partners, despite countries such as France, Spain and Italy seeking to introduce similar measures. I appreciate the difficulties and limitations of work in the OECD, but co-operation is all the more important in the face of the US attempting to apply pressure to shut down the measure. Steve Mnuchin, the US Treasury Secretary, has stated:

“The United States remains opposed to digital services taxes and similar unilateral measures... As we have repeatedly said, if countries choose to collect or adopt such taxes, the United States will respond with appropriate commensurate measures.”

I wish the UK Government all the best in that fight, but it would surely be wise to enlist other countries for haulers, rather than taking the UK through this alone. I would be grateful if the Financial Secretary to the Treasury updated us on the progress of international co-operation.

On the subject of loopholes, I share the concerns that my hon. Friend the Member for Aberdeen South (Stephen Flynn) made clear in our amendment in Committee on the significance of Scottish limited partnerships. SLPs have been used for a huge and well documented range of nefarious ends, including money laundering, arms running and undermining democracy, yet they are still being advertised as an ideal way to avoid paying tax and hide under a veneer of respectability. It is entirely conceivable that online companies could use SLPs or other such vehicles to avoid their obligations and shift their profits, and we in the SNP want to ensure that the Government are aware of this, and to encourage them to act. The abuse of SLPs has gone on for far too long.

3.15 pm

The SNP supports the cross-party new clause 33, led by the right hon. Member for Barking (Dame Margaret Hodge), whose cross-party group on anti-corruption and responsible tax continues to do excellent work. We miss her insight today. I thank the right hon. Member for Sutton Coldfield (Mr Mitchell) for his thoughtful observations on the role the UK should play. After all, what country would not want to lead in global transparency? Requiring companies subject to the digital services tax to publish a group strategy, including a country-by-country report, would add a great deal to tax transparency, as such a report could include information about the group’s global activities, profits and taxes. Parliament, in the Finance Act 2016, obliged the UK Government to adhere to country-by-country reporting, but that has yet to be implemented. We all have a duty to pay our fair share, and that mechanism would help ensure that that applies to the tech giants, as well as to each one of us.

We support Labour’s amendment 18, which would force the Tories to report annually on the digital services tax. The Bill states that the Government must conduct a review of the digital services tax and prepare a report of the review before the end of 2025. The end of 2025 is a long time away; it is far too long. Governments may come and go in that time, or new technology be developed. Indeed, for our purposes we might also have independence, and be able to do these things for ourselves. This is a new tax and, as with all taxes, we must measure it carefully, assess it properly, and ensure that the intention behind it is reflected in the outcomes from levying it.

Chris Evans (Islwyn) (Lab/Co-op): I rise to support amendment 18 on the digital services tax, and I will focus my comments on the pressures faced by businesses on high streets. The coronavirus crisis has brought into sharp focus the issues that high street businesses have faced over the past decade. Primarily, those include outdated and confusing business rates, sky-rocketing rent costs, and competition from the internet and out-of-town shopping centres.

Last year I visited Tidal's Store, a furniture retailer located on Blackwood high street in my constituency. It told me that shops at the top of the high street are charged business rates at £300 per square metre, those in the middle are charged £310, while further down the rate is £320. Ironically, those charged the highest rate overlook a business park that contains many large chains that are charged only £60 per square metre. The council agrees that is unfair, but it cannot do anything because it only collects the rates. When queried, the Valuation Office Agency hides behind byzantine rules that it says are set by central Government and are completely in order.

Since lockdown, the high street has been on life support. Independent businesses have faced uncertainty, and despite help with the furlough scheme and support grants, they have had to find innovative ways to stay afloat amid the pandemic. Household names such as Cath Kidston, Oasis and Warehouse have announced the permanent closure of their stores, and Debenhams, once a staple of every major town centre, has announced a string of further store closures as it enters administration.

The pandemic has changed the shopping habits of Britain, with supermarkets and in particular online retailers being the biggest beneficiaries of lockdown. However, when the supermarket shelves were empty, and when online retailers sold out of basic essentials and items such as hand sanitisers, the local corner and high street shops came to the rescue. Local restaurants and cafes helped to feed those in need in the community, and provided food and discounts for key workers during the pandemic. Those businesses stepped up to the plate for us, and the Government have a duty to step up for them.

Many of those businesses are family-owned and run, and employ local people. They pay rent, meet their business rates, and play by the rules. All they ask for is a level playing field. The question that must be asked—this goes to the heart of the amendment—is why large multinational companies such as Amazon, which often undercut our independent shops, are allowed to pay lower tax rates than the stores on our high streets.

Online businesses have lower property costs, due to being based out of single warehouses or offices. They are also able to domicile their businesses in tax havens. Meanwhile, our struggling local businesses have to pay extortionate business rates and rents for a spot on the local high street. In many cases that is more than businesses can afford, and thus they find themselves in debt and facing closure. How are small and medium-sized businesses expected to compete with large, multinational retailers or the online behemoths of fast fashion brands, when the financial odds are so stacked against them?

Large multinational conglomerates pay very little corporation tax in the UK. Research conducted by TaxWatch UK suggests that the UK is losing up to £1.3 billion in corporation tax from five of the biggest

US technology firms each year. This is not only an issue for the UK. Across the world, these corporations are exploiting gaps in countries' tax laws to avoid paying more tax. Worst of all, this base erosion and profit shifting has the most detrimental impact on developing countries, which rely on corporate tax more heavily than others to sustain their economies.

Although the digital services tax would go some way to making up for that £1.3 billion loss in corporation tax, it is not anywhere near enough. As my hon. Friend the Member for Houghton and Sunderland South (Bridget Phillipson) said from the Front Bench, it is estimated that the digital services tax will produce only £440 million annually. That is why it needs to be reviewed every year. That is what amendment 18 would do, and I hope that the Government adopt it.

However, like my hon. Friend, my support for the tax is qualified. My concern is that it will be the consumer who ultimately pays it. What measures will be put in place to ensure that companies do not offload the tax on to shoppers in order to avoid paying it from their own profits? Amazon has already been open about this matter and increased its costs for the small online businesses that sell and deliver through its platform. That means that the customer, in turn, pays more, with Amazon seeing no difference in its profits as a result of the tax. It is time that those who operate in this country paid their fair share of tax in this country.

The amendment for a fair taxation system in regard to the digital services tax is welcome. The data could be provided by businesses subject to the tax, and country-by-country reporting would better equip Governments who want to identify and tackle tax avoidance schemes in their country. The OECD worked with the G20 to develop this, and it is high time that the Government implemented this measure right here in the UK.

That said, the belief that imposing this tax is some sort of silver bullet to cure the high street of all its ills is misguided. If we are serious about rejuvenating our high streets, particularly after the coronavirus pandemic, alongside this tax there needs to be a clear, coherent strategy to save our high streets. That must include immediate reform of business rates that is fair, transparent and open to appeal. I also urge the Government to devolve business rates to local government so that it can set rates according to local economic conditions. Equally, we need to address parking, although I think that is a matter for another day.

In essence, the reason I support amendment 18 and urge the House to do the same is that the lockdown and the closure of non-essential shops has allowed online retailers to make hay while British businesses in our town centres and on our high streets face grave uncertainty. There is still no vaccine for covid-19, which means that those businesses that can open will be able to operate only in a limited manner, impacting sales and profits, and many more businesses will have to stay shut indefinitely. Without help, this nation's once proud boast that Britain is a nation of shopkeepers will become, like many of our big-name stores, a thing of the past.

Andrew Jones (Harrogate and Knaresborough) (Con): One of the features of the lockdown economy has been the march of online retail, as evidenced by the prominence of delivery vehicles on all our streets, but the growth of the digital economy is actually deeper.

The Federation of Small Businesses in North Yorkshire tells me that one of the major concerns among its members is the extent of the digital skills that they have in their businesses. I have spent a significant amount of time listening to business—I know that is something we all do as Members of Parliament, but I have also done so as a Minister and as someone with specific responsibility for this for my party—and one of the messages from that engagement was to focus on digital. That means different things for different companies. It could be the new channels to market and the need to ensure that they are able to reach their customers in the most appropriate way. It could simply be the opportunities to enhance productivity by digitising processes. My point, really, is that the digital economy is the future.

From a Treasury perspective, that is quite difficult. It presents it with hard challenges. The international nature of this economy makes it hard to collect tax—a point already made by colleagues in the debate.

Stephen Flynn (Aberdeen South) (SNP): I note that the hon. Member said that digital was the future. Would it not be fair to suggest that digital is not only the future but the present—the here and now—and that that is why the Government's proposals should go further?

Andrew Jones: It has been the past, the present and the future. My point is about scale. I am not suggesting that the economy will be all digital in the future and that it has been all analogue in the past. That is perhaps a misunderstanding of what I have been saying.

Returning to the point that the digital economy presents challenges for the Treasury in raising taxation, I know that the Treasury is making good progress in working with other countries on developing a multinational response, but that could take a significant amount of time. It is therefore right to take appropriate action now. The direction of travel is a positive one, particularly building on the points made by my right hon. Friend the Member for Sutton Coldfield (Mr Mitchell) earlier in the debate. The evolving nature of the economy—how we work and how we consume—means that tax has to evolve too. Traditional routes for collection are becoming more difficult, and the Bill is a response to that.

I am not normally keen on finding new ways to tax people. We are already quite a highly taxed country, but we need to raise revenue to fund our vital public services. In Committee, we discussed the fact that this tax could raise up to £2 billion, but there is also something unusual about it, in that it is a tax on revenues. In this case, I think that that is a positive thing, because we are talking about very large companies. The thresholds mean that we are dealing with the largest players in the online marketplace, such as social media platforms and search engines. Basically, I am pleased to see efforts to make tax fairer between offline and online—or bricks and clicks, as it is sometimes referred to.

Steve Brine (Winchester) (Con): I am listening carefully to what my hon. Friend is saying. The more we debate this, the more time moves on. Does he agree that non-domestic rates—business rates—are looking increasingly dated, and that while we welcome the rates holiday that the Government have given to so many businesses in our constituencies until next year, the cliff edge that they will face next year, having been able to take it out of their cash flow this year, will be a real problem for them?

Does he therefore agree that the manifesto promise of a long-term review of non-domestic rates is becoming more important and pertinent than ever?

Andrew Jones: My hon. Friend makes a valuable point, and I agree with him entirely. It is an analogue tax in an increasingly digital world, and it will need to evolve and be replaced. However, to build on the point made by the hon. Member for Islwyn (Chris Evans) earlier, many companies operate in both spheres. I know that from my own commercial experience prior to coming here. The key thing is to be available through the channels that your customers want; otherwise, they will not buy from you.

Equally, I have been talking to high street retailers, especially some of the smaller independents in my constituency, and they do not see a level playing field. High streets and town centres have been under significant pressure for many years. This is not new, but the trend is being compounded by the coronavirus crisis. Some sectors have been incredibly badly hit over the years. Bookshops are a particular example. High streets have a role beyond the purely economic. They have a social role, in that they bring people together and create hubs for communities, so the work that the Treasury is doing to create a more level playing field is welcome. This is not to deny the digital market; it is about giving high streets and the businesses on our high streets more time to respond to the evolving nature of competition. We must not be in denial about the march of digital. We must embrace it, and the UK has a good record of doing so, but we must recognise that we need more digital connectivity and more emphasis on digital skills.

Kevin Hollinrake: My hon. Friend is raising some important points about the level playing field. Does he accept that, although introducing the digital services tax is the right thing to do, it does nothing to rebalance online versus the high street because the money is not coming off business rates? The £30 billion is still going to be coming from business rates, and if we lose that system, we will have to find another system to replace it that will raise £30 billion. The research we have done in the various Select Committees shows that there is no consensus around what could replace business rates in a fair way.

Andrew Jones: My hon. Friend makes a really interesting point. It is hard to create new taxes and the reform of certain parts of our taxation has been put into the bottom drawer marked “too tricky” by successive Governments over many years. Perhaps business rates are a part of that. It is clearly going to have to evolve, and it is evolving, but it is also hard to create a new and entirely fair system, particularly as the economy is changing so rapidly that we are in danger of creating a system that solves yesterday's problem.

I will conclude by saying that this positive measure creates a more level playing field, but not an absolutely level playing field. The digital economy is critical to us. I am very keen to see more digital start-ups across the country, greater digital connectivity and more emphasis on skills and start-ups. None of that is compromised by the digital services tax. It is about bringing more fairness into the tax system, but it will also give us some valuable insights into how tax may be raised in the future, because one thing we do know is that there will be a new normal after the crisis, and the digital economy will be at its heart.

3.30 pm

Dr Rupa Huq (Ealing Central and Acton) (Lab): I rise to echo some of the points that the right hon. Member for Sutton Coldfield (Mr Mitchell) made about new clause 33. Although it is not being pressed to a vote today, I hope that the Government will bow to the inevitable before long and will heed our calls. A few of us on the Opposition Benches will be talking about that.

I echo the disappointment of my right hon. Friend the Member for Barking (Dame Margaret Hodge) and the hon. Member for Amber Valley (Nigel Mills), with whom I co-chair the all-party parliamentary group on anti-corruption, that they could not be here. We have had the rug pulled from under our feet with the hybrid Parliament, but let us not get into that; that is another debate for another day.

If we are talking build, build, build, the new clause would help towards rebuilding our economy post-coronavirus and rejuvenating our high streets, which have long felt clobbered by online competitors even before all this crisis. The new clause would do that by creating tax transparency for multinational giants, responsible investment and the closure of loopholes that enable financial flows that may not quite be illegal, but many would call pretty immoral.

The principle of country-by-country reporting, whereby multinational monster companies file public reports on their dealings country by country and then pay their dues, getting rid of the secrecy around their affairs and ensuring that tax is paid at the right time and in the right place—where the profits were made—has already been adopted by the OECD as an ambition. If that idea brings on a sense of déjà vu, it was passed by this House back in 2016 as the “show me the money” amendment tabled by Caroline Flint.

The issue is about fundamental fairness. When considering what the state of our public finances will be post-pandemic, we should be careful not to burden ordinary taxpayers with the whole tab, particularly when the tech giants have enjoyed state bail-outs. We have heard about high street decline, and the fact that the measure would rake in billions means it is needed now more than ever.

It cannot be one rule for hard-working UK businesses that play by the rules and pay into our Exchequer, and another for multinationals that can pretty much pick and choose what they do and pay minimal tax by shifting—sorry, “reallocating”—profits around the globe to low-tax dominions, where they might effectively just have a PO box to demonstrate a presence, all to save themselves cash that could be spent on our public services.

New clause 33 would mean that companies would have to publish how many employees they have, how much profit they make and their assets in each dominion. How is it, for example, that we have Amazon employees in warehouses here—some of them are our constituents—but its UK subsidiaries paid just £5 million of tax in the UK last year? We know that Amazon makes billions and billions. My small businesses in Acton, Ealing and Chiswick do not have the option of routing things through the Cayman Islands under the practice of tax haven abuse.

Since 2016, sadly there seems to have been a kind of stalemate. The principle is well-established and agreed, even back to David Cameron’s crusade for anti-corruption

at the G8 in 2013, but there has been complete timidity from Government to act. A series of replies to written questions discuss how multilateral action is needed. The Government are basically saying, “I will move if you do”, but what good is having something on the statute book if it is not enacted? People will remember the Marcus Rashford affair the other day and they will see another U-turn here. I am hoping the Government can prove them wrong.

The new clause would make the principle a reality in relation to the digital services tax applying to the Facebooks, Googles and Amazons of this world. It is wrong that pound-for-pound, relative to what they make, they pay less tax than any of our constituents or we do. No market-sensitive data is included in the reporting format, so tech giants have nothing to fear.

The world has moved on from 2016, which was two Parliaments or three elections ago, although elections take place every other year now—I have had three in my short time here. Although the coronavirus rescue packages were entirely the right thing to do, it looks at the moment like the bill is going to have be footed by our children’s children’s children, who will still be paying it off. If we are serious about levelling up, this new clause would provide a level playing field for honest British businesses with the multinationals that can bypass proper procedures with their tentacles spreading everywhere around the world.

Kevin Hollinrake: The hon. Lady has said that the Government are being timid. Does she accept that it is not timid to introduce a digital services tax in the teeth of opposition from our largest trading partner, the United States? Much as I support new clause 33 in principle, the digital services tax is a very bold move.

Dr Huq: The hon. Gentleman is on the all-party parliamentary group and I know that he secretly agrees. Perhaps he is not saying so because his Whips are listening. The EU is our biggest trading partner. For many years before I came here, I used to teach and would sometimes say, “Could do better.” Yes, we support the measure, but we could do better, and this is a glaring example of an issue that is in need of urgent rectification.

The covid-19 crisis necessitating Government help for industry has, I hope, reversed the trend towards laissez-faire economics. It has been remarked by many people that we are missing a trick. We could bring some of these unscrupulous companies—we can call them companies with clever accountants, if Members prefer—to heel. It seems wrong that the Bank of England has made £1 billion of loans available to the German chemicals giant BASF, which has transferred profits to Malta, the Netherlands and Switzerland in order to avoid tax. There are countless other examples, but because these things are shrouded in secrecy, that is the example I am able to give. The easiest way to do it is by enacting what is already agreed, and we do that via the digital services tax, which the hon. Member for Thirsk and Malton (Kevin Hollinrake) hails. These companies could be given time to make adjustments, and the very fact of transparency, rather than overly punitive measures at the start, could shame them into action and make them see sense.

We face a double whammy of the covid financial crisis and uncertainty outside the EU. The Chancellor said, “Whatever it takes”. Those headquartered in the

UK already submit all this information to HMRC and to other relevant tax authorities. All we are asking is that we can all see it and that there is full and frank disclosure—including for investors and other stakeholders, who increasingly want to know these things—and then we can see where each company has its economic bulk or footprint. Making public what already exists would be low cost and straightforward. I see no downsides to this. The only people who oppose the proposal are those who usually abuse the rules. I understand that the tax havens of Jersey and Luxembourg are not too keen on it.

We keep being told that, post-virus, things cannot go on as before and, “We shouldn’t waste a good crisis, should we?” Ensuring that very large companies publicly reveal revenue and tax information could be something on which we lead the world, and we can still apply pressure on the OECD and G20—the two are not mutually exclusive. We cannot wait forever for action from the EU, because we are no longer a member of that organisation. Time and again, we were told by the leavers that we could be an independent nation and we were reminded of the sovereignty of Parliament. This proposal has wide cross-party support.

Sir Edward Davey: Does the hon. Lady not think it would be right for the Minister to say from the Dispatch Box that the UK Government will work closely with the European Union as it develops its digital services tax, and should not the Opposition parties be calling on the Government to make it very clear that European co-operation on this issue is vital?

Dr Huq: Yes, I think we should be working closely with the EU, but we can even beat them to it. Already on the EU Council there are countries such as France—which was called “cheese-eating surrender monkeys” on “The Simpsons”—that have agreed to it. This could be a bit of a trick for our Government if they pipped them to the post—I think we abstained when it last came up in the European Council. Yes, I completely agree that we should be in harmony with those countries, but this is an opportunity to beat them. By the way, not that I endorse “The Simpsons”, obviously—I do not want to cause a scandal—but, for those who are insistent, this presents opportunities. We have now left, after all.

The measure has cross-party support, and Oxfam, Christian Aid, CAFOD, the Churches and a list of development charities as long as your arm are all for it. They are spurred on by the fact that, as has been said, developing countries lose three times as much as they gain from development aid due to tax avoidance.

Regaining the respect of the aid sector, after the cruel surprise of the DFID merger was sprung on it the other day; delivering progressive taxation to ensure that corporations pay their fair share; rebalancing towards ordinary people; levelling up, so that our high street traders are not undercut by online giants with lax morals; levelling the playing field with multinationals, which is good for British business; bringing in billions and leading the way to be genuinely world-beating, which sadly the track and trace app was not; and beating the EU to it, when we have got Brexit done, and reinforcing the role of our sovereign Parliament—what is not to like?

The Nobel prize-winning economist Professor Joseph Stiglitz has remarked:

“It is time for countries to take both unilateral and multilateral actions to tax multinationals.”

Let the UK not drag its feet any more, but be a leader. It was David Cameron who said that sunlight was “the best disinfectant”, and the Conservative West Midlands Metro Mayor said when he was managing director of John Lewis:

“If you think of two companies making the same profit, one of them pays corporation tax at the UK rate, one does not because it claims to be headquartered somewhere else—that is not fair.”

Anyway, that is enough Conservative quotes in a Rupa speech—this is quite unusual for me. The Government should now set a date.

The Financial Secretary to the Treasury (Jesse Norman):

May I say how much I am enjoying the thoroughly Conservative nature of much of what the hon. Lady is saying?

Dr Huq: I think that is the point. The Minister should recognise that this has cross-party support. I started by praising the right hon. Member for Sutton Coldfield; I am ending with the Metro Mayor, the John Lewis man. These are all reasons why the Minister should adopt this measure forthwith. It is time to act. The time is now.

Miriam Cates (Penistone and Stocksbridge) (Con): I just want to get that image of “The Simpsons” out of my head.

As a new MP, I was very grateful for the opportunity to sit on the Finance Public Bill Committee. It was a fascinating experience, during which I learned a great deal, including how the progress of a Public Bill Committee can be compared so poetically to the stages of “The Pilgrim’s Progress”.

I would like to speak briefly about the amendments tabled to part 2 of the Bill, namely new clauses 5 and 33, and amendments 18 and 19, all of which pertain to the new digital services tax. I very much welcome the introduction of the new tax on some of the world’s largest digital service companies. Economies evolve, and it is right that from time to time we act to address imbalances and unfairnesses that arise as a result of that evolution. Over the last few years, and particularly the last few months, we have become more and more reliant on social media companies and online marketplaces. Many of us now use these services every day of our lives, sometimes against our own better judgment. I have no interest in condemning the success of these companies. The reason why they have been so successful is that they have harnessed technology to provide something that consumers want. Surely that is the aim of every business in a free market economy where there is healthy competition.

However, multinational companies have grown rapidly in recent years and tax systems around the world have not caught up. As has been said, many digital service companies now enjoy unfair advantages when it comes to competing with traditional, offline businesses. They usually face lower property costs and business rates, and their multinational nature means that they can move profits around the world to reduce the burden of taxation. That is unjust. This new tax seeks to address this unfairness.

The introduction of the digital services tax is especially timely as we emerge from the coronavirus pandemic, during which offline businesses have been even more disadvantaged and many consumers have made the switch—perhaps permanently—to online shopping. I note

[*Miriam Cates*]

that the digital services tax generally has cross-party support, as it did in Committee, with Members on both sides of the House welcoming this new measure to address unfairness in our tax system and generate revenues for the Exchequer, which will, of course, be used to strengthen our public services. The amendments therefore do not aim to alter the tax in itself and how it is applied or collected. Rather, they seek to force through a reporting regime that I believe could be counterproductive or futile.

New clause 5 would require the Government to make an assessment of tax revenues following the introduction of the DST and lay it before the House within six months of Royal Assent. Similarly, amendments 18 and 19 seek to press the Government to report on the DST within 12 months and annually thereafter. The amendments do not take into account the fact that there will be little data of any value to report within that short timeframe. Clause 51 states:

“Digital services tax in respect of an accounting period is due and payable on the day following the end of 9 months from the end of the accounting period.”

This means that many companies that become liable for DST following the passage of the Bill may have a significant proportion of their financial year remaining, and then another nine months following that, before DST contributions become payable.

3.45 pm

Chris Evans: The hon. Lady is making a fantastic speech; she is a lot more confident than I was when I entered the House. I have a word of warning for her: she said that she enjoyed the Finance Bill Committee. I was like her once—I said that, and I ended up sitting on six in a row. Even the most enthusiastic Member can get weighed down after a while. The real concern for the digital high street is how we can ensure that the burden of the digital tax bill is not being rested on the shoulders of the millions upon millions of small digital traders. How does she think the Government can guard against that happening?

Miriam Cates: I did not enjoy the Committee that much; I want to put that on record. The hon. Gentleman makes a good point, but I will say two things. First, we are only talking about the very largest businesses here—those with £25 million of UK revenues, though I appreciate that for some companies that may be split. Secondly, we are one of the first countries in the world to introduce a tax such as this, and it will take time to record, report and analyse its exact effects. As a number of Members have said, we are hoping for international co-operation in the long term, and hopefully this is a short-term measure where the UK is acting alone. I think things will become clear over time.

For companies that do become liable for the tax following the passage of the Bill, it may be some time after the 12-month period following Royal Assent before they actually pay the levy, and some businesses will only be paying the amount due during the part of the year that the Bill was enacted. That means that there will be little, if any, meaningful data within six months or even 12 months of the Bill being enacted, so the amendments add little value to the Bill.

New clause 33 would require all groups subject to the DST to publish a group tax strategy with a country-by-country report, including information about the group’s global activities. While I have no doubt that this is a well-intentioned amendment, I fear that it may have some unintended negative consequences. We need to remember that the DST will affect only the very largest companies—those with over £500 million of international revenues and over £25 million of revenues from UK-based activities. Companies like this will think nothing of rearranging their activities to avoid this kind of enforcement, so UK mandation alone could push businesses offshore. We want to encourage voluntary compliance, and I know that my right hon. Friend the Financial Secretary to the Treasury and his colleagues have worked hard to ensure that this new tax will not deter UK trade. At this point, especially given that the UK is one of the first nations in the world to introduce such a tax, and given how mobile these companies are, it is prudent to ensure that the administrative burden is as light-touch as possible.

It has been a great opportunity to serve on the Finance Bill Committee. My hon. Friend the Member for Aberconwy (Robin Millar) said how much fun it was. I am not sure that I would go so far as to say that it was fun, but it has been a privilege, particularly given the opportunity to discuss a groundbreaking new measure that will level up our tax system and help to restore a level playing field in our UK economy.

Kevin Hollinrake: It is a pleasure to follow my hon. Friend the Member for Penistone and Stocksbridge (Miriam Cates), who made some very important points. She made the critical point that the digital services tax is a temporary, short-term measure, and we need something more encompassing to replace it. That is why I want to speak to new clause 33, which proposes a radical reshaping of how tax affairs would be disclosed. If we are going to tackle this fundamental problem, it is essential that we have country-by-country reporting. I therefore do not secretly support this new clause; I openly support it, even though it is not going to be pushed to a vote today. The principle behind the clause is absolutely right, and I pay tribute to my right hon. Friend the Member for Sutton Coldfield (Mr Mitchell) and the right hon. Member for Barking (Dame Margaret Hodge) for their work on it and in many other areas to tackle tax avoidance and corruption.

The other key element of the digital services tax is that it tries to level the playing field in corporation tax, but it does not level the playing field for business rates. That is a completely different discussion and it is one that we definitely need to have.

When I first came to the House, I attended one of those breakfasts; I think it was run by the Industry and Parliament Trust, of which I am a trustee. The subject of that seminar was the values of business—I have been in business for 30 years, and in my view business is a force for good in the vast majority of cases—and it was addressed by a vice-president of Kellogg’s, who talked about the values of business to the economy and the inherent values of some businesses. As examples, he talked about the great values and corporate social responsibility of businesses such as Facebook, Google and Amazon.

While the speaker was addressing us I googled, “Do Kellogg’s pay corporation tax in the UK?” My search came up with a *Daily Mail* article saying that Kellogg’s

turns over £650 million in the UK and does not pay any corporation tax. When he got to the end of his comments, I asked him, “How can you square the circle—saying that you have great corporate social responsibility policies and put money into good causes in the UK, which might cost you a few pence or percentage points in terms of cost and contribution, when you are not paying corporation tax? Your customers are taxpayers. You are trading and turning over a significant amount of money in the UK. And yet you are not contributing back to the bills and the vital public services that your customers rely on. I think it is a cynical approach.”

This Kellogg’s vice-president was clearly quite stunned by my question. I quoted to him that Kellogg’s is one of those companies that does not pay corporation tax. When pressed for an answer, the only one that he could come up with was, “Well, we’ve got a duty to shareholders to minimise our tax burden.” That is an old chestnut. I hear lots of big shareholders of big companies in the US—people such as Warren Buffett—absolutely reject that notion. In my mind it cannot be right that businesses seek to avoid fair taxation rates in this world and, as many hon. Members have said, we have a duty to stand up for small and medium-sized enterprises that cannot benefit from these kinds of devices. The vast majority of us pay tax through pay-as-you-earn anyway, so we pay our fair share of tax—and most people do so willingly.

Jesse Norman: My hon. Friend raises an interesting point. Does he share my view—I think it is also the view of the people who really know the law in this area—that in Britain a corporation exists to maximise the interests of all its members, rather than merely the shareholders, and that the shareholder entitlement is to the residual that is left after satisfying other claims on the company?

Kevin Hollinrake: I absolutely agree. Any businessperson starts off on the premise that they have responsibilities not just to their shareholders, but to their customers and other stakeholders.

Due to the scale of the problem and the lack of country-by-country reporting, it is difficult to establish exactly what some of these companies are making in the UK, but let us look at Google as an example. In 2018, Google turned over \$137 billion and had net revenues—so a profit—of \$31 billion. The whole organisation internationally works on a profit margin of about 22%. The company turned over around \$10 billion in the UK in the same year, and makes about \$2.2 billion of profit from UK activities each year. If we applied 19% corporation tax to that amount, we would come up with a figure of £420 million in corporation tax that Google should have paid. It actually paid £67 million that year. This is happening on a huge scale and is multiplied by many other companies.

Bob Stewart (Beckenham) (Con): I thank my good and hon. Friend for allowing me to speak. This confuses me. I would have thought that very clever tax inspectors could visit these international companies. Surely these companies cannot disguise the money that they are sending out of the country. Surely we have methods of checking that, and, from that, we can devise a way of actually taxing them. It seems to me, from what I can gather from this debate, that these companies seem able to spirit money away with magic dust or something, and I am sure that that cannot be so.

Kevin Hollinrake: My hon. Friend makes a very good point. We have some very good people here in our tax authorities and in our ministerial team. The difficulty is, of course, that those companies have some very good advisers working for them, too. It is a case of “Catch me if you can”. That is why the Government have stepped in with a diverted profits tax and a digital services tax, neither of which existed before 2010. The Government have stepped forward to try to do this, but it is certainly not easy.

From the figures, Google should be contributing £420 million to the Exchequer. Of course, much of that money would have previously gone to the Exchequer through some of our own companies, but they no longer get that revenue. Regional media is a good example of that. As businesses, we used to spend our money in regional newspapers and regional radio. Now we put that money straight into Google and Facebook and other such places, so it is being shifted away from UK jobs and UK businesses and spirited away to different parts of the world.

I know the Minister will say that we are working with the OECD in terms of base erosion profit shifting, which is absolutely right. The difficulty, of course, is the lack of public scrutiny of that. That information is available only to tax authorities. The media play a hugely important role in highlighting the inappropriate shifting of profits internationally by companies, which therefore do not pay their fair share of tax. It is hugely important that we have publicly disclosed country-by-country reporting.

I very much support new clause 33. I hope that the Government will step forward with something similar in the very near future. The digital service tax is a great step forward and a very bold move in the teeth of international opposition, particularly from the USA, but it is a short-term measure. We need something much more important and much more fundamental. At a very minimum, that fundamental thing should be country-by-country reporting and I urge the Government to go further, continue with their great efforts to tackle tax avoidance, and bring in country-by-country reporting for all multinationals.

Alison McGovern (Wirral South) (Lab): It is good to rise to speak in support of new clause 33. In doing so, I want to begin by thanking the right hon. Members for Sutton Coldfield (Mr Mitchell) and for Haltemprice and Howden (Mr Davis) for their leadership on this issue. They have been talking about this and pressing the Government on this for many years. Although this House is not always a model of cross-party decorum and high-mindedness, on this it certainly has been, and I pay tribute to their work. They have made compelling arguments, and I sincerely hope that the Minister will listen.

Other very good arguments have been made in this debate. The hon. Member for Penistone and Stocksbridge (Miriam Cates) caused slight jocularly in the Chamber when she suggested this idea that Finance Bills are not fun. I do not know who she thinks thinks that, but, obviously, they are the best bit of Westminster.

The hon. Member for Harrogate and Knaresborough (Andrew Jones) pointed out how difficult it is to introduce new taxes. He is right, and we are introducing a new tax here, so we should have a think about how the circumstances

[Alison McGovern]

are different. Anybody who thinks that it is easy to introduce new taxes should offer George Osborne a trip to Greggs. He thought that the pasty tax would be a minor and uncontroversial measure—how wrong can you be?

4 pm

Other Members have mentioned business rates. Speaking as a former member of the Treasury Committee, I can say that we investigated business rates extensively. I can see my hon. Friend the Member for Ilford North (Wes Streeting) nodding. It is very complicated to reform them, and no surprise that it has been in the “too difficult” box, but we should not shy away from the things that are too difficult. In response to the Minister’s comments about fiduciary duties and shareholder responsibilities, he makes a good and interesting point, particularly coming from his Conservative perspective. He will understand, however, being of a philosophical persuasion, as I am, that there is a difference between justice *de jure* and justice *de facto*. It may be the case that businesses have a wider duty than is commonly interpreted; it is nevertheless commonly interpreted in that way. If we this House are not here to clarify what companies’ responsibilities are, what are we here for?

I support the arguments on new clause 33 that others have made. In doing so, I want to pay special tribute to my right hon. Friend the Member for Barking (Dame Margaret Hodge), who, as has been mentioned, cannot be here. I do not think she was ever a member of the Whips Office, but she should have been, because the fact that many of us are here, due to her influence and brilliance, is a tribute to her. I asked her if there was anything that she would particularly like said, and she gave me these words:

“This is the moment for the Government to show that it will act firmly on behalf of all hard-working taxpayers to ensure fair taxation. All we are asking for is public disclosure of where the tech giants make their profits and pay their taxes. We will then know once and for all if the Googles, Facebooks, and Amazons of this world are contributing properly to the common pot for the common good.”

It is as simple as that. Who would dare disagree?

In conclusion, I would like to make three points in support of this new clause that I think are unassailable and that the Government should pay attention to. We come to this House in the context of a global pandemic, which makes this issue all the more important. We are all wrestling not just with what Government resources can possibly be expended and what they should be expended on, but how we make sure that that money is also brought into the public coffers so that we can, as much as possible, get the Government on a decent footing for the near future.

Some 85% of us pay our tax without question through the PAYE system. HMRC is very, very tough on SMEs, and we just want to see exactly the same treatment for big corporations. That is only fair. As has been said, there are also tax avoiders who undermine British businesses by undercutting them on price. Other Members have made absolutely compelling points about the high street. That is interconnected with the online world—of course it is—but where businesses are not paying a fair whack, that will do unnecessary damage to our high street.

My next point about country-by-country reporting particularly relates to developing countries. Here I must return to the right hon. Member for Sutton Coldfield. For context, as you know, Madam Deputy Speaker, when I was first elected to this House I served on the International Development Committee, and the right hon. Gentleman was the International Development Secretary. It was a great pleasure and honour to visit some of his officials in some of the poorest parts of the world, where people faced challenges that we in this House can barely imagine. I well remember talking to officials who were advising state and city governments on tax collection. Some of the things this country has done in pursuit of the interests of the poorest people in the world are not the things that we see advertised in the newspapers or that get talked about on “Comic Relief”; some of the things DFID has done over the years that have been truly important to developing countries are the really boring things like tax collection.

In this House, it is not just aid that we should set our mind to if we want to have a more equal world. It is the things that we can do that are not about giving money, but about changing the rules of the game to make sure people in the poorest parts of the world can run their own Governments in pursuit of good public services, meaning that the poorest kids in the world get an education. That is what these taxes should pay for.

Mr Mitchell: The hon. Member is absolutely right. I think two very good examples are Pakistan, where British techniques and expertise have helped the Pakistan authorities to raise more tax from their citizens, and Rwanda, where Britain helped the Rwandan Government set up a fair and equitable system of taxation that has worked and succeeded in helping that country to fund its expenditure. Back in 2007, the Rwandan Government raised only about 20% of their annual expenditure, and today they raise over 80%.

Alison McGovern: I know some people think that tax is boring, but how could we listen to that example, talking about one of the countries that has suffered worst in the world in my lifetime, and not think that this new clause—the issue of getting tax to the place where it belongs—is truly a great mission that we should all subscribe to? Forgive me for being passionate about it, Madam Deputy Speaker, but I think it is much more important than any of us ever properly give it credit for.

The DFID aspect of this is absolutely crucial. If we want to stop giving aid forever and a day—I personally think that that should be our objective in having a more equal world—we absolutely need to pull every other lever that we possibly can in this House to get developing countries and poor countries globally the tax they are due, and this is how we will do it. As has been mentioned, this House has already voted in favour of it. It is quite obvious from the debate today that there is cross-party support, and, given all the other controversies that we have to deal with, why we would not do something supported by all corners of the House, I do not know.

The Minister will forgive me for telling him that while accepting that the Government have gone so far and have made efforts and shown willing, there is an old trade union saying, “When you argue with the manager, never say that they have done nothing; always say that they have not yet done enough.” That is my message to the Minister: you need to go further.

Jim Shannon (Strangford) (DUP): It is a pleasure to be called to speak in this debate and make a few short comments. None of us can accept the argument that tax is boring, because it is not boring. Tax is a necessity: it is necessary for building a recovery and it is necessary for helping others. As for the earlier intervention on the help we can give to other countries through DFID—and through the new Department and the new Minister who will have this responsibility—I am very much in support of helping out countries in other parts of the world where we need to be.

I want to speak to new clauses 5 and 33 and amendments 18 and 19 in relation to the digital services tax. I work with my local high street to attempt to see businesses reopen and not shut their doors, and a large part of my efforts over this last period of time as an elected representative, along with others, has been to help point them towards the dual concept of online sales as well as a high street presence. I suppose many of those shops have a small online presence but some do not, and I am very keen to work with the Government—here at Westminster, but also the Northern Ireland Assembly, including my own colleague and friend the Economy Minister—to ensure that the opportunity of having an online business or increasing online business is there to help.

For many, the ability to make ends meet strictly on the high street has been curtailed owing to lack of footfall and to more people learning to shop online during the crisis, when that was all they could do. Others have referred to us—indeed, I think it was Margaret Thatcher who referred to us—as a nation of shopkeepers. I have to make a confession that my mum and dad were shopkeepers. From a very early age, I can recall that we owned a shop—the post office—in Clady outside Strabane.

Bob Stewart: I thought it was Napoleon who said we were a nation of shopkeepers—or perhaps it was Hitler. It was one of those people. I am not sure it was the hon. Gentleman's mum or dad, or uncle.

Jim Shannon: I think I said it was Margaret Thatcher—as far as I am aware, it was neither of the other two. It was said by our former Prime Minister, who led this country for a long period, and I am pleased to put that on the record.

When my family moved to the east of the Province, to Ballywalter, my mum and dad continued as shopkeepers. We were the first people to have one of the grocery stores in our village of Ballywalter, and this was at the start of the chain stores, the supermarket chains and so on. So, again, I am pleased to be associated with those comments.

As things stand, it is clear that although our online businesses will be paying the appropriate tax, it is not the case that there is regulation of all digital services globally. It is unfair that international firms benefit so vastly from reliefs that our own people are unable to access. As right hon. and hon. Members have said, it is time we made such firms accountable for their tax regimes and ensured that the money they earn in this country stays here, so that we can build our own economy and pay some of the debts that have been accumulated in these past few months.

For too long, we have been trying to reach an international reasoning on this, but that has not been accomplished. The Government have said that they

would disapply the digital services tax if an appropriate global solution was successfully agreed and implemented. That remains their position, and it is a logical one. It is right that if we cannot get our internationally accepted, one-size-fits-all approach, we should cut our cloth to suit. The sheer scale of the possible income underlines the importance of putting measures in place. We must make sure we have accountability in the tax process, including for those who shift their money overseas, for whatever reasons and using whatever methods.

The House of Commons Library briefing outlined the Government's belief that if they implemented the UK's digital services tax, it could raise more than £400 million a year by 2021-22, which is not too far away. If that could be done, it would help balance the books and it would help our Government, who have allocated moneys during the covid-19 crisis, to ensure that we could pay back some of that debt. This is absolutely worthy of work and consideration in this place. Understandably, it is difficult to be accurate about the worth of this tax, but even half of that estimate, £200 million, could change policing in our communities, building relationships and confidence. Those moneys could be used for the purposes for which tax is used; they could make expensive, life-changing drugs, such as Orkambi, readily available at all trusts. Given my role as my party's health spokesperson, and as someone who has been involved in the rare diseases groups here at Westminster and, in a former life, at the Northern Ireland Assembly, I know how just how important it is to have those drugs available for rare diseases, and revenue is the way that that happens. We can and should make the difference. This money can and will make a difference, and, in lieu of international agreement, it is right and proper that we go ahead with this legislation.

4.15 pm

I welcome what the Government are putting in place to begin to ensure that international markets and our markets are paying what is due, and not using loopholes, while others throughout the UK slog their guts out, always paying their taxes and always paying their dues. There needs to be a balance. This Bill sends a message to the joiners, plumbers and carpenters who refuse to do cash-in-hand, tax-free jobs that the big corporations are paying what they should and that no one is exempt from reaping the benefit of this great nation, the United Kingdom of Great Britain and Northern Ireland—better, as always, together. Everyone needs to pay what is fair to build our economy back up to where it should be and where it needs to be.

The Financial Secretary to the Treasury (Jesse Norman): It has been a fascinating and lively debate, and I am grateful to all Members who have taken part. As Members will be aware, this Finance Bill introduces legislation to enact the digital services tax and to set the scope of the tax.

I will talk about the various clauses and amendments in front of us, and then will turn to the contributions Members have made. I start with something that I think I caught the hon. Member for Houghton and Sunderland South (Bridget Phillipson), the shadow Chief Secretary to the Treasury, say: “We support any proposals to combat tax avoidance.” I thought that was an important statement of principle, and I look forward to her exemplifying

[*Jesse Norman*]

that view when we get to the loan charge. It bore out what the hon. Member for Ilford North (Wes Streeting) said in Committee:

“the Labour party takes a dim view of tax avoidance. We believe that tax is the price we pay for a civilised society...and that when people contrive to avoid their tax, they rob and short-change all of us of the revenues needed for the state to do the essential things it needs to do”.—[*Official Report, Finance Public Bill Committee*, 4 June 2020; c. 33.]

Wes Streeting (Ilford North) (Lab): Hear, hear! Well said!

Jesse Norman: The hon. Gentleman is congratulating himself heartily from a sedentary position. I wish I had his self-confidence. I noted those comments because they help to shape this conversation, but it is important to be clear that the digital services tax is not an anti-avoidance measure, although there is a tendency to think of it in those terms. It is a new tax aimed at a new revenue base. It will levy a 2% charge on revenues that groups receive from providing specific digital services to UK users.

The services that are in scope of the charge are search engines, social media and online marketplaces. DST will apply only to groups with annual global revenues from these services of over £500 million, and it will be charged only on those revenues attributable to UK users, and only on amounts above £25 million. Additionally, online financial services marketplaces will be excluded from the definition of an online marketplace.

By seeking to tax UK user contributions, the charge breaks new ground in what a tax is. I very much share the views uttered by many of my colleagues, notably my hon. Friend the Member for Thirsk and Malton (Kevin Hollinrake), who described it as a pioneering tax. The same was rightly said by others, including my hon. Friend the Member for Harrogate and Knaresborough (Andrew Jones).

The digital services tax was announced in Budget 2018 as a response to changes brought about by the rapid development of our digital economy, the many strengths and weaknesses of which have been noted in this debate. That digital economy brings many benefits, some of which we have seen on display during the covid crisis, but it has posed a significant challenge for international corporate tax rules. The hon. Member for Islwyn (Chris Evans) brought this out very well when he spoke about the contrast between the international bodies that we are seeking to tax through DST and what might be called the ordinary shopkeeper in his constituency.

Under current rules, digital businesses can derive significant value from UK users but pay little UK tax. That is because international corporate tax rules do not recognise this user-generated value when allocating the right to tax profits between jurisdictions. That undermines the fairness and sustainability of our tax system, and it is therefore widely accepted, certainly across this House, that the rules need to be updated.

As I have mentioned, the Government remain at the forefront of international efforts to secure a comprehensive, long-term solution to this issue, and we are absolutely serious about continued, detailed engagement with OECD and G20 partners, and of course the EU nations among them, on long-term solutions.

The hon. Member for Glasgow Central (Alison Thewliss) talked about the importance of international co-operation. She is absolutely right about that. As has been mentioned, we have been a leader on base erosion and profit shifting work. The same is true of diverted profits tax, and tax of intangible assets; it is important to recognise that, in the spirit of fairness that Members have shown in this debate. That is the basis for our saying that while we welcome recent progress towards global solutions, there are still a number of difficult and important issues that we need to resolve. That is what we are trying to do on UK user-generated value, but we are trying to do it in a fair and proportionate manner. We are introducing a new tax but we expect it to be only temporary, until appropriate global reform is in place.

Clause 71 already requires the Government to review the DST in 2025 and submit the review to Parliament. It is important to note that the review is intended to be broader than the narrow construction that would be placed on it by the proposed new clause. Should the DST remain in place in 2025, the review will consider whether it continues to meet all its objectives and whether international reform means that it is no longer required. Importantly, it will look not only at the net amount of cash brought in by the tax—although that is of course important—but at whether the tax continues to be necessary to ensure fairness across the UK tax system, in so far as it bears on that. As I have said, it is a Government priority to try to secure a global solution, but we do so not merely for the receipt of revenue but in the spirit of fairness. Once that solution is in place, the DST will be removed.

Amendment 18 would require the Government to produce a review of the DST annually rather than in 2025, and amendment 19 would require the review to include an assessment of the effect of the DST on tax revenues. A review in 2025 will ensure that, if the DST remains in place at that point, its continuing relevance will be given a full and proper consideration against the relevant circumstances at that time. It thereby underlines the fact that it is the Government's strong preference to agree and implement an appropriate global solution—indeed, it places some impetus behind such an agreement—and, once that agreement is secured, to remove the DST as soon as possible, and certainly ideally before 2025.

As regards the need for amendment 19, it is important to note that Her Majesty's Revenue and Customs already reports regularly on the taxes which it is responsible for collecting and the revenue they generate. The DST will be no exception to that. It goes without saying that, as with all taxes, the Government will keep the DST under review through the annual Budget processes and at other times. I suggest that the amendments are therefore not necessary.

New clause 5 would require the Government to report to the House, within six months of the Act's passing, on the effect of the DST on tax revenues, and particularly on the effect on the tax payable by the owners and employees of Scottish limited partnerships. However—I think I am right in saying that my hon. Friend the Member for Penistone and Stocksbridge (Miriam Cates) picked this up very well—the report suggested by the new clause would not provide useful information, for several reasons. The first is that the DST is a tax on groups, not on individuals, whether those are individual employees or individual owners. Secondly, DST payments

will not be required until after the end of the relevant accounting period of each liable group. For that reason, payments will not be required until 2021. Finally, the reporting deadlines in the legislation mean that very few groups will have needed to register, and no groups will have been required to send in their return, within six months, so such a report would not give useful information about DST receipts during the period.

I now come to the clause with which the House has been most preoccupied: new clause 33, tabled by the right hon. Member for Barking (Dame Margaret Hodge) and my right hon. Friend the Member for Sutton Coldfield (Mr Mitchell). It would require all groups subject to the digital services tax to publish an annual group tax strategy and, alongside that, their country-by-country report.

As I have said, the DST is not an anti-avoidance measure; it is intended as a temporary response to concerns that the international corporate tax system has not adequately responded to digitisation. In other ways, as the House will be aware, the Government have already championed tax transparency, both at home and abroad. Some of those ways were highlighted by my right hon. Friend in his speech and have been previously by the right hon. Member for Barking in many other contexts. They are illustrated by the requirement, introduced in 2016, for large businesses to publish their annual tax strategy, containing detail on the business's approach to tax and on how it works with Her Majesty's Revenue and Customs. That requirement applies to UK companies with a turnover of more than £200 million or a balance sheet of more than £2 billion, and it is not limited to automated digital services businesses or to groups with a UK headquarters. UK subsidiaries of foreign headquartered groups can also be required to produce such a report if that group has revenues exceeding €750 million and reports under the OECD country-by-country reporting framework.

The effect is that many large businesses subject to the digital services tax will already be compliant with the UK requirement to publish an annual tax strategy. Therefore, this new requirement would in practice have little or no impact on them, at least. While thresholds may mean that some are not required to publish a strategy, that is an existing easement and it is unaffected by the digital services tax.

Currently, as has been highlighted by many hon. Members across the Chamber, we do not require large businesses to publish their country-by-country report alongside their tax strategy, but of course they can provide additional information, such as country-by-country reports, alongside that strategy on a voluntary basis. Nothing prevents them from doing that, and some have chosen to do so. It is notable that in this country, UK headquartered groups such as Shell and Vodafone have taken an important lead in this area.

I always pay very careful attention to what my right hon. Friend the Member for Sutton Coldfield says and I always pay careful attention to what the right hon. Member for Barking says. I have a great deal of respect for the principles that he and she have outlined through this new clause, but regarding the voluntary strategy, at least, I am actively exploring ways in which the Government can encourage other businesses, over and above Shell, Vodafone and the like, to follow suit.

Kevin Hollinrake: I am surprised that my right hon. Friend says that this is not a method to try to bring companies that are avoiding tax to the tax table. The previous Chancellor, Philip Hammond, said in a speech that these measures would effectively insist that

“global internet giants...contribute fairly to funding our public services.”

Is that not reflective of a position where he felt those companies were avoiding tax?

Jesse Norman: I think one could put it a slightly different way, which is to say, “You do not have to take a position on avoiding tax to come to the view that this is a base of tax revenue that has not been adequately taxed and should be taxed, and if you do follow that approach,”—here I will defer to the hon. Member for Wirral South (Alison McGovern)—“ipso facto you are going to be levelling the playing field to a degree.” Anti-avoidance measures are measures used in separate contexts to level the playing field as well.

Mr Mitchell: The Minister is getting to the meat of the matter in what he is saying now, but while he rightly extols the virtues of some very good companies that he has named, which voluntarily publish whereabouts in the world their activity is taking place, where their profits are declared and where they are paying tax, by definition, if it is voluntary, those who are up to no good probably will not comply. That is one of the reasons why publishing that information in the way I set out in my earlier remarks is so important, because there is greater pressure on them if they do not comply, including the sanction of the law.

Jesse Norman: My right hon. Friend is absolutely right. My point was a slightly different one. I have not yet come to the thrust of what he is suggesting about mandation, but in the first instance Government should be seeking to support, promote, energise and activate more voluntary compliance, precisely in order to increase a public norm of voluntary reporting, which then does a lot of the job and perhaps isolates the groups that decide not to do it. There are plenty of other contexts in which that approach of voluntary, then moving to mandatory, has been quite successful, including in tax.

Bridget Phillipson: The Minister talks about the voluntary nature of compliance, but it is my understanding that EU rules require some element to be reported. Could he clarify? Is that the position, or is reporting entirely voluntary?

Jesse Norman: The answer is that what I am talking about is a voluntary disclosure by those companies. I am not aware of a separate EU requirement for them to do so. Certainly, it is the voluntary disclosure that is the thrust of what I am talking about. Many other companies have the capacity to make voluntary declarations, and I am indicating in response to my right hon. Friend the Member for Sutton Coldfield my support for more of those companies doing that. I am only doing that, however, as a preliminary to coming to his point about mandation. We have taken the view that for the time being this approach should remain voluntary and that further legislation will not be needed until and unless we can get public country-by-country reporting agreed on a multilateral basis.

4.30 pm

There is a specific set of reasons for that. First, we want—I am sure my right hon. Friend feels the same way—the measure to be effective in meeting the objective of improving tax transparency. A measure that had the effect of reducing tax transparency would be counterproductive. The worry is that only multilateral implementation will give the comprehensive information required on both UK-headquartered and foreign-headquartered multinationals required to deliver that. A unilateral approach risks being self-defeating and resulting in the publication of incomplete and potentially misleading information about the activities of multinationals. It might also allow requirements to be avoided through group restructuring. We do not want to promote firms undertaking group restructuring in order to avoid disclosure and increased transparency requirements. Adopting public country-by-country reporting unilaterally carries that risk and could result in groups moving their headquarters out of the UK to locations without a requirement to publish.

Steve Brine: I have sat quietly listening to this whole debate and I understand what the Minister is saying. I actually think he is right. Could he then give us briefly a sense of what work Her Majesty's Treasury is doing to achieve the unilateral position he says he wants?

Jesse Norman: If I have given that impression, I have been misunderstood. We are pushing for a multilateral approach, as I have indicated, through the OECD and the G20, and also in consultation and collaboration with the EU. The purpose is to achieve a sustainable approach that does not run the risk of creating incentives to restructure out of this country and thereby reducing tax transparency and effectiveness. It might also reduce the impetus for tax transparency, because the more countries there are that require it and so have firms relocating or restructuring to avoid it, the less impetus there could be to secure a multilateral solution.

Alison McGovern: Would the Minister be so kind as to give a rough deadline for the multilateral approach?

Jesse Norman: It is in the nature of these beasts that I cannot give a deadline, and I am not sure anyone can. It is a continuing debate. That does not mean, however, that progress cannot be made. As we have seen, for example in some of the work done with the OECD on minimum taxation levels, there has been clear evidence of progress in discussions within the OECD, which is a matter of public record.

Steve Brine: Clearly, I meant to say “multilateral” in my last question. I know from having attended G7 and G20 summits in a health context, when I was in the Health Department, that the agenda for those meetings is decided by who has the chair at the time. Could the Minister give us any sense of optimism that it is even on the agenda of those meetings to make the progress I know he wants to see?

Jesse Norman: My hon. Friend will be aware that the different organisations have different ways of working—the G20 tends to work towards summits, and the OECD often has a more continuous process. The most important work is always done in between, in the official interactions that then set the terms. Often one does not know exactly

what will be on the agenda until the last minute, so it is hard to give a specific undertaking. I am not avoiding that; I simply do not think it is possible to give that undertaking. I can tell him that we are extremely keen to promote voluntary compliance, and we continue to press for a multilateral approach.

Mr Mitchell: I am most grateful to my right hon. Friend for giving way; he is being very generous. This is an ingenious argument that he is putting to the House about restructuring, and it might be helpful to flesh that out in correspondence. The argument about the unilateral and multilateral approach was clear in relation to open registers of beneficial ownership, when the House obliged the Government to accept that there was a case for going through the unilateral approach in order to get a multilateral approach. I understand what he is saying, but I think it would be helpful to flesh out the point about restructuring.

Jesse Norman: If my right hon. Friend wants to raise some specific questions, I would be delighted to respond to them. There is a slight tension in his argument, because it contains the following two claims: first, that these international organisations are shape-shifting amoebas that constantly mutate to avoid tax, and secondly, that that shape-shifting and amoebic quality will stop when it comes to thinking about how to react to a unilateral tax transparency initiative.

Dr Huq: Will the right hon. Gentleman give way?

Jesse Norman: I am sorry, but I have been really generous in giving way. I have to allow the hon. Member for Houghton and Sunderland South (Bridget Phillipson) time to speak, and I have an awful lot of material remaining, including on new clauses and amendments and contributions made by colleagues. I do not know how many minutes she wants, but perhaps she could give me a bit more time.

Bridget Phillipson *indicated assent.*

Jesse Norman: In that case, I will indulge the hon. Lady.

Dr Huq: The information is already collected—this is just about making it transparent, open and public. As I said in my speech, we could give companies time to readjust if they wanted to move things around. What is the incentive for any multinational through the voluntary approach?

Jesse Norman: We know that the incentive exists for all the reasons why we get voluntary compliance in a whole variety of areas—that is to say, groups with particular concerns, press organisations and companies. We know that there has been a revolution in corporate social responsibility, although it has not in many ways been an adequate revolution, because it does not extend in some respects to paying tax, as my hon. Friend the Member for Thirsk and Malton (Kevin Hollinrake) highlighted. There is a role that Government can play, in terms of improving the norms and setting a bar. This is a reasonable, staged approach.

It is important to have a level playing field for the reasons that I have described, and that applies to tax transparency as it does elsewhere. If a multinational group exceeding the country-by-country reporting threshold

operates in the UK, HMRC will, in the vast majority of cases, already receive the report and is already using it for risk assessment purposes. Given that, we do not believe that it is appropriate to introduce these new requirements at this stage, but I understand the principles set out by my right hon. Friend the Member for Sutton Coldfield and the right hon. Member for Barking, and the debate has shown that those are widely shared. The argument we are having is over the nature of the approach and the implementation of a broad set of principles with which Members across the House generally concur.

I will turn to the comments made by Members in the debate. The hon. Member for Houghton and Sunderland South has been very generous with her time, and I have covered most of her remarks. The debate rightly touched on the issue of business rates. My hon. Friend the Member for Harrogate and Knaresborough (Andrew Jones) will know that we are publishing a business rates review, which will specifically include online forms of taxation and invite public discussion on those. That is another part of the same process of trying to engage more widely and not just recruit information and knowledge but set expectations and norms about the way in which firms should be paying tax.

The hon. Member for Ealing Central and Acton (Dr Huq) talked about sunlight being the best disinfectant. She is right, but she was quoting Louis Brandeis from 1914, who was dealing with forms of corporate thuggery that make what we see today modest by comparison.

The hon. Member for Wirral South talked about the distinction between justice in principle and justice in fact. Of course, she is absolutely right. There is a view at the moment of the nature of the corporation, and it is very widespread—more in America than in this country even—that companies are run in the exclusive interest of their shareholders. That is not true in the UK. That is not, as a matter of legal fact, true in this country. The shareholders are entitled to the residual proceeds but companies are run—it is in the Companies Act 2006—in the interest of their members.

Finally, the hon. Member for Strangford (Jim Shannon) made a very good point. I think I am right in saying that “nation of shopkeepers” was coined by Adam Smith—but then I would say that, wouldn’t I?

Bridget Phillipson: Having listened to the debate, we are keen to see greater scrutiny and transparency in this area, so I seek to press the amendment to a Division.

Question put, That the amendment be made.

The House proceeded to a Division.

Madam Deputy Speaker (Dame Rosie Winterton): I ask all hon. Members, other than Front Benchers and Tellers, to leave the Chamber by the doors behind me. Members should join the queues to vote in Westminster Hall. To vote, Members should enter the Lobby and swipe their pass on one of the pass readers. I remind Members that the Lobby doors will be locked after 12 minutes.

The House having divided: Ayes 248, Noes 340.

Division No. 67]

[4.41 pm

AYES

Abbott, rh Ms Diane	Ali, Tahir
Abrahams, Debbie	Allin-Khan, Dr Rosena
Ali, Rushanara	Amesbury, Mike

Anderson, Fleur	Ferrier, Margaret
Antoniazzi, Tonia	Fletcher, Colleen
Ashworth, Jonathan	Flynn, Stephen
Bardell, Hannah	Fovargue, Yvonne
Barker, Paula	Foxcroft, Vicky
Beckett, rh Margaret	Foy, Mary Kelly
Begum, Apsana	Furniss, Gill
Betts, Mr Clive	Gardiner, Barry
Black, Mhairi	Gibson, Patricia
Blackford, rh Ian	Gill, Preet Kaur
Blackman, Kirsty	Glindon, Mary
Blake, Olivia	Grady, Patrick
Blomfield, Paul	Grant, Peter
Bonnar, Steven	Gray, Neil
Bradshaw, rh Mr Ben	Green, Kate
Brennan, Kevin	Greenwood, Lilian
Brock, Deidre	Greenwood, Margaret
Brown, Alan	Griffith, Nia
Brown, Ms Lyn	Gwynne, Andrew
Brown, rh Mr Nicholas	Haigh, Louise
Buck, Ms Karen	Hamilton, Fabian
Burgon, Richard	Hanna, Claire
Byrne, Ian	Hanvey, Neale
Cadbury, Ruth	Harman, rh Ms Harriet
Cameron, Dr Lisa	Harris, Carolyn
Campbell, rh Sir Alan	Hayes, Helen
Campbell, Mr Gregory	Healey, rh John
Carden, Dan	Hendrick, Sir Mark
Carmichael, rh Mr Alistair	Hendry, Drew
Chamberlain, Wendy	Hill, Mike
Champion, Sarah	Hillier, Meg
Chapman, Douglas	Hodge, rh Dame Margaret
Cherry, Joanna	Hodgson, Mrs Sharon
Clark, Feryal	Hollern, Kate
Cooper, Daisy	Hopkins, Rachel
Cooper, Rosie	Hosie, Stewart
Cooper, rh Yvette	Howarth, rh Sir George
Corbyn, rh Jeremy	Huq, Dr Rupa
Cowan, Ronnie	Hussain, Imran
Coyle, Neil	Jardine, Christine
Crawley, Angela	Jarvis, Dan
Creasy, Stella	Johnson, Dame Diana
Cruddas, Jon	Johnson, Kim
Cryer, John	Jones, Darren
Cummins, Judith	Jones, Gerald
Cunningham, Alex	Jones, rh Mr Kevan
Daby, Janet	Jones, Ruth
Davey, rh Sir Edward	Jones, Sarah
David, Wayne	Kane, Mike
Davies-Jones, Alex	Keeley, Barbara
Day, Martyn	Kendall, Liz
De Cordova, Marsha	Khan, Afzal
Debonnaire, Thangam	Kyle, Peter
Dhesi, Mr Tanmanjeet Singh	Lake, Ben
Docherty-Hughes, Martin	Lammy, rh Mr David
Dodds, Anneliese	Lavery, Ian
Doogan, Dave	Law, Chris
Dorans, Allan	Lewell-Buck, Mrs Emma
Doughty, Stephen	Lewis, Clive
Dromey, Jack	Linden, David
Duffield, Rosie	Lloyd, Tony
Eagle, Ms Angela	Long Bailey, Rebecca
Eagle, Maria	Lucas, Caroline
Eastwood, Colum	Lynch, Holly
Efford, Clive	MacAskill, Kenny
Elliott, Julie	Madders, Justin
Elmore, Chris	Mahmood, Shabana
Eshalomi, Florence	Malhotra, Seema
Esterson, Bill	Maskell, Rachael
Farron, Tim	Matheson, Christian
Farry, Stephen	Mc Nally, John
Fellows, Marion	McCabe, Steve

McCarthy, Kerry
 McDonald, Andy
 McDonald, Stuart C.
 McDonnell, rh John
 McFadden, rh Mr Pat
 McGinn, Conor
 McGovern, Alison
 McKinnell, Catherine
 McLaughlin, Anne
 McMahan, Jim
 McMorrin, Anna
 Mearns, Ian
 Mishra, Navendu
 Monaghan, Carol
 Moran, Layla
 Morden, Jessica
 Morgan, Stephen
 Morris, Grahame
 Murray, Ian
 Murray, James
 Newlands, Gavin
 Nichols, Charlotte
 Nicolson, John
 Norris, Alex
 O'Hara, Brendan
 Olney, Sarah
 Onwurah, Chi
 Oppong-Asare, Abena
 Osborne, Kate
 Oswald, Kirsten
 Owatemi, Taiwo
 Owen, Sarah
 Peacock, Stephanie
 Pennycook, Matthew
 Perkins, Mr Toby
 Phillips, Jess
 Phillipson, Bridget
 Pollard, Luke
 Powell, Lucy
 Qureshi, Yasmin
 Rayner, Angela
 Reed, Steve
 Rees, Christina
 Reeves, Ellie
 Reeves, Rachel
 Ribeiro-Addy, Bell
 Rimmer, Ms Marie
 Robinson, Gavin
 Rodda, Matt
 Russell-Moyle, Lloyd

Saville Roberts, rh Liz
 Shah, Naz
 Shannon, Jim
 Sharma, Mr Virendra
 Sheerman, Mr Barry
 Sheppard, Tommy
 Siddiq, Tulip
 Slaughter, Andy
 Smith, Alyn
 Smith, Cat
 Smith, Jeff
 Smith, Nick
 Sobel, Alex
 Spellar, rh John
 Starmar, rh Keir
 Stephens, Chris
 Stevens, Jo
 Stone, Jamie
 Streeting, Wes
 Stringer, Graham
 Sultana, Zarah
 Tami, rh Mark
 Tarry, Sam
 Thewliss, Alison
 Thomas, Gareth
 Thomas-Symonds, Nick
 Thompson, Owen
 Thomson, Richard
 Thornberry, rh Emily
 Timms, rh Stephen
 Trickett, Jon
 Turner, Karl
 Twigg, Derek
 Twist, Liz
 Vaz, rh Valerie
 West, Catherine
 Whitehead, Dr Alan
 Whitford, Dr Philippa
 Whitley, Mick
 Whittome, Nadia
 Williams, Hywel
 Wilson, Munira
 Winter, Beth
 Wishart, Pete
 Yasin, Mohammad
 Zeichner, Daniel

Tellers for the Ayes:
Bambos Charalambous and
Matt Western

NOES

Adams, Nigel
 Afolami, Bim
 Afriyie, Adam
 Ahmad Khan, Imran
 Aiken, Nickie
 Aldous, Peter
 Allan, Lucy
 Amess, Sir David
 Anderson, Lee
 Anderson, Stuart
 Andrew, Stuart
 Ansell, Caroline
 Argar, Edward
 Atherton, Sarah
 Atkins, Victoria
 Bacon, Gareth
 Bacon, Mr Richard
 Badenoch, Kemi
 Bailey, Shaun

Baillie, Siobhan
 Baker, Duncan
 Baker, Mr Steve
 Baldwin, Harriett
 Baron, Mr John
 Baynes, Simon
 Bell, Aaron
 Beresford, Sir Paul
 Berry, rh Jake
 Bhatti, Saqib
 Blackman, Bob
 Blunt, Crispin
 Bone, Mr Peter
 Bowie, Andrew
 Bradley, rh Karen
 Brady, Sir Graham
 Brereton, Jack
 Bridgen, Andrew
 Brine, Steve

Bristow, Paul
 Brokenshire, rh James
 Browne, Anthony
 Bruce, Fiona
 Buchan, Felicity
 Buckland, rh Robert
 Burghart, Alex
 Burns, rh Conor
 Butler, Rob
 Cairns, rh Alun
 Carter, Andy
 Cartledge, James
 Cash, Sir William
 Cates, Miriam
 Caulfield, Maria
 Chalk, Alex
 Chishti, Rehman
 Churchill, Jo
 Clark, rh Greg
 Clarke, Mr Simon
 Clarke, Theo
 Clarke-Smith, Brendan
 Clarkson, Chris
 Cleverly, rh James
 Clifton-Brown, Sir Geoffrey
 Coffey, rh Dr Thérèse
 Colburn, Elliot
 Collins, Damian
 Costa, Alberto
 Courts, Robert
 Coutinho, Claire
 Cox, rh Mr Geoffrey
 Crabb, rh Stephen
 Crosbie, Virginia
 Crouch, Tracey
 Daly, James
 Davies, David T. C.
 Davies, Gareth
 Davies, Dr James
 Davies, Mims
 Davis, rh Mr David
 Davison, Dehenna
 Dinenage, Caroline
 Dines, Miss Sarah
 Djanogly, Mr Jonathan
 Docherty, Leo
 Donelan, Michelle
 Dorries, Ms Nadine
 Double, Steve
 Dowden, rh Oliver
 Doyle-Price, Jackie
 Drummond, Mrs Flick
 Duddridge, James
 Duguid, David
 Duncan Smith, rh Sir Iain
 Dunne, rh Philip
 Eastwood, Mark
 Edwards, Ruth
 Ellis, rh Michael
 Ellwood, rh Mr Tobias
 Elphicke, Mrs Natalie
 Eustice, rh George
 Evans, Dr Luke
 Evennett, rh Sir David
 Everitt, Ben
 Fabricant, Michael
 Farris, Laura
 Fell, Simon
 Fletcher, Katherine
 Fletcher, Mark
 Fletcher, Nick
 Ford, Vicky

Foster, Kevin
 Fox, rh Dr Liam
 Francois, rh Mr Mark
 Frazer, Lucy
 Freeman, George
 Freer, Mike
 Fuller, Richard
 Fysh, Mr Marcus
 Gale, rh Sir Roger
 Garnier, Mark
 Ghani, Ms Nusrat
 Gibb, rh Nick
 Gibson, Peter
 Gideon, Jo
 Gillan, rh Dame Cheryl
 Glen, John
 Goodwill, rh Mr Robert
 Gove, rh Michael
 Graham, Richard
 Grant, Mrs Helen
 Grayling, rh Chris
 Green, Chris
 Green, rh Damian
 Griffith, Andrew
 Griffiths, Kate
 Grundy, James
 Gullis, Jonathan
 Halfon, rh Robert
 Hall, Luke
 Hammond, Stephen
 Hancock, rh Matt
 Hands, rh Greg
 Harper, rh Mr Mark
 Harris, Rebecca
 Harrison, Trudy
 Hart, Sally-Ann
 Hart, rh Simon
 Heald, rh Sir Oliver
 Heapey, James
 Heaton-Harris, Chris
 Henderson, Gordon
 Henry, Darren
 Higginbotham, Antony
 Hinds, rh Damian
 Hoare, Simon
 Holden, Mr Richard
 Hollinrake, Kevin
 Hollobone, Mr Philip
 Holloway, Adam
 Holmes, Paul
 Howell, John
 Huddleston, Nigel
 Hudson, Dr Neil
 Hughes, Eddie
 Hunt, Jane
 Hunt, rh Jeremy
 Hunt, Tom
 Jack, rh Mr Alister
 Jayawardena, Mr Ranil
 Jenkin, Sir Bernard
 Jenkinson, Mark
 Jenkyns, Andrea
 Jenrick, rh Robert
 Johnson, rh Boris
 Johnson, Dr Caroline
 Johnson, Gareth
 Johnston, David
 Jones, Andrew
 Jones, rh Mr David
 Jones, Fay
 Jupp, Simon
 Kawczynski, Daniel

Kearns, Alicia
 Keegan, Gillian
 Knight, rh Sir Greg
 Kruger, Danny
 Kwarteng, rh Kwasi
 Lamont, John
 Langan, Robert
 Latham, Mrs Pauline
 Leadsom, rh Andrea
 Leigh, rh Sir Edward
 Lewer, Andrew
 Lewis, rh Brandon
 Lewis, rh Dr Julian
 Liddell-Grainger, Mr Ian
 Loder, Chris
 Logan, Mark
 Longhi, Marco
 Lopez, Julia
 Lopresti, Jack
 Lord, Mr Jonathan
 Loughton, Tim
 Mackinlay, Craig
 Mackrory, Cheryl
 Maclean, Rachel
 Mak, Alan
 Malthouse, Kit
 Mangnall, Anthony
 Mann, Scott
 Marson, Julie
 May, rh Mrs Theresa
 Mayhew, Jerome
 Maynard, Paul
 McCartney, Jason
 McCartney, Karl
 McPartland, Stephen
 Menzies, Mark
 Mercer, Johnny
 Merriman, Huw
 Metcalfe, Stephen
 Millar, Robin
 Miller, rh Mrs Maria
 Milling, rh Amanda
 Mills, Nigel
 Mitchell, rh Mr Andrew
 Mohindra, Mr Gagan
 Moore, Damien
 Moore, Robbie
 Mordaunt, rh Penny
 Morris, Anne Marie
 Morris, David
 Morris, James
 Morrissey, Joy
 Morton, Wendy
 Mullan, Dr Kieran
 Mumby-Croft, Holly
 Mundell, rh David
 Murray, Mrs Sheryll
 Murrison, rh Dr Andrew
 Nici, Lia
 Nokes, rh Caroline
 Norman, rh Jesse
 O'Brien, Neil
 Offord, Dr Matthew
 Opperman, Guy
 Parish, Neil
 Patel, rh Priti
 Pawsey, Mark
 Penning, rh Sir Mike
 Penrose, John
 Percy, Andrew
 Philp, Chris
 Pincher, rh Christopher

Poulter, Dr Dan
 Pow, Rebecca
 Prentis, Victoria
 Pritchard, Mark
 Pursglove, Tom
 Quin, Jeremy
 Quince, Will
 Raab, rh Dominic
 Randall, Tom
 Redwood, rh John
 Rees-Mogg, rh Mr Jacob
 Richards, Nicola
 Richardson, Angela
 Roberts, Rob
 Robertson, Mr Laurence
 Robinson, Mary
 Ross, Douglas
 Rowley, Lee
 Russell, Dean
 Sambrook, Gary
 Saxby, Selaine
 Scully, Paul
 Seely, Bob
 Selous, Andrew
 Shapps, rh Grant
 Shelbrooke, rh Alec
 Simmonds, David
 Skidmore, rh Chris
 Smith, Chloe
 Smith, Greg
 Smith, Henry
 Smith, rh Julian
 Smith, Royston
 Solloway, Amanda
 Spencer, rh Mark
 Stafford, Alexander
 Stephenson, Andrew
 Stevenson, Jane
 Stevenson, John
 Stewart, Bob
 Stewart, Iain
 Streeter, Sir Gary
 Stride, rh Mel
 Stuart, Graham
 Sturdy, Julian
 Sunak, rh Rishi
 Sunderland, James
 Swayne, rh Sir Desmond
 Syms, Sir Robert
 Thomas, Derek
 Throup, Maggie
 Thompson, Edward
 Tolhurst, Kelly
 Tomlinson, Justin
 Tomlinson, Michael
 Tracey, Craig
 Trevelyan, rh Anne-Marie
 Trott, Laura
 Truss, rh Elizabeth
 Tugendhat, Tom
 Vara, Mr Shailesh
 Vickers, Martin
 Vickers, Matt
 Villiers, rh Theresa
 Wakeford, Christian
 Walker, Sir Charles
 Walker, Mr Robin
 Wallace, rh Mr Ben
 Wallis, Dr Jamie
 Warburton, David
 Warman, Matt
 Watling, Giles

Webb, Suzanne
 Whately, Helen
 Wheeler, Mrs Heather
 Whittaker, Craig
 Whittingdale, rh Mr John
 Wiggin, Bill
 Wild, James
 Williams, Craig
 Williamson, rh Gavin

Wood, Mike
 Wragg, Mr William
 Wright, rh Jeremy
 Young, Jacob
 Zahawi, Nadhim

Tellers for the Noes:
David Rutley and
Mr Marcus Jones

Question accordingly negated.

The list of Members currently certified as eligible for a proxy vote, and of the Members nominated as their proxy, is published at the end of today's debates.

New Clause 28

REVIEW OF IMPACT OF ACT ON THE ENVIRONMENT

“(1) The Chancellor of the Exchequer must conduct an assessment of the impact of this Act on the environment, and lay this before the House of Commons within six months of Royal Assent.

(2) This assessment must consider the impact on—

- (a) the United Kingdom's ability to achieve the 2050 target for net zero carbon emissions,
- (b) the United Kingdom's ability to comply with its third, fourth and fifth carbon budgets,
- (c) air quality standards, and
- (d) biodiversity.”—(*Wes Streeting*.)

This new clause would require the Chancellor of the Exchequer to review the impact of the Bill on the environment.

Brought up, and read the First time.

Wes Streeting (Ilford North) (Lab): I beg to move, That the clause be read a Second time.

Madam Deputy Speaker (Dame Rosie Winterton):

With this it will be convenient to discuss the following:

New clause 13—Review of impact of Act on UK meeting UN Sustainable Development Goals—

The Chancellor of the Exchequer must conduct an assessment of the impact of this Act on the UK meeting the UN Sustainable Development Goals, and lay this before the House of Commons within six months of Royal Assent.”

This new clause would require the Chancellor of the Exchequer to review the impact of the Bill on the UK meeting the UN Sustainable Development Goals.

New clause 14—Review of impact of Act on UK meeting Paris climate change commitments—

The Chancellor of the Exchequer must conduct an assessment of the impact of this Act on the UK meeting its Paris climate change commitments, and lay this before the House of Commons within six months of Royal Assent.”

This new clause would require the Chancellor of the Exchequer to review the impact of the Bill on the UK meeting its Paris climate change commitments.

New clause 34—Impact of Act on human and ecological wellbeing—

The Chancellor of the Exchequer must review the impact of the provisions of this Act on human and ecological wellbeing, including the wellbeing of future generations, and lay a report of that review before both Houses of Parliament within six months of the passing of this Act.”

This new clause would require the Chancellor of the Exchequer to review the impact of the Bill on human and ecological wellbeing, including the wellbeing of future generations.

Wes Streeting: The new clause stands in my name and those of my hon. Friend the shadow Chancellor and other right hon. and hon. Members.

[*Wes Streeting*]

We are living through an emergency, and we have seen a response to that emergency that reflects the scale of the challenge—big changes in public policy agreed at rapid speed and with cross-party co-operation; every Government Department tasked with playing its part in the crisis response; the state, the private sector and civil society pulling together in an attempt to avert needless loss of life. The coronavirus pandemic is a public health emergency, and although mistakes have been made that could have been avoided, we now know what an emergency response looks like. More than a year has passed since this House declared a climate emergency, and I do not believe that, hand on heart, we can tell our country that we have seen a response to that emergency that matches the scale of the challenge of preventing catastrophic climate breakdown.

The planet is burning. The last 22 years have produced 20 of the warmest years on record. Prolonged summer heatwaves are crippling infrastructure and causing public health crises. Last year, the Met Office declared the UK's hottest day on record, with a temperature of 38.7° Celsius. Across Europe, people are needlessly dying of heat-related illnesses. The World Meteorological Organisation is seeking to verify reports of a new record temperature in the Arctic circle. The melting rate of Greenland's ice has risen to three Olympic-sized swimming pools every second. Sea levels are predicted to rise, with serious consequences for our own country. Across the UK, the Met Office forecasts that flash flooding caused by intense rainfall, which has already devastated homes and businesses across our country in recent years, could become five times as frequent by the end of the century if urgent steps are not taken now.

Across the world, some of the poorest communities are already experiencing the devastation caused by man-made climate change, and the people of the global south and east will be disproportionately affected by the unfolding climate emergency, with 95% of the cities at extreme climate risk situated in Asia and Africa. It is causing death and despair and displacement for climate refugees.

The impact of climate change is already clear. The consequences of our failure to act for future generations are already known, and yet here we are this afternoon presented with a Finance Bill that stands as a symbol of the complacency of our Government, fiddling while the planet burns.

5 pm

Peter Kyle (Hove) (Lab): The issue of electric car targets illustrates my hon. Friend's point about complacency. The Government's target was to convert by 2040. They have brought it forward by five years to 2035, but Scotland's target is 2032. The ambition of this Government does not even match that of one of the constituent parts of the United Kingdom. How on earth can it be called world leading?

Wes Streeting: I strongly agree with my hon. Friend. We will not have to wait for the Minister to respond to hear the Government's case, because I can tell the House what he is likely to say. He will tell us that tackling climate change is a top priority for the Government, and that this is demonstrated by the UK becoming the first major economy to pass legislation committing us

to reach net zero emissions by 2050. He will tell us that the UK reduced its greenhouse gas emissions faster than any other G20 nation between 2008 and 2018. He will cite measures taken in this Bill as further evidence of the Government's commitment, including tax support for zero-emissions vehicles; reforms to vehicle excise duty and company car tax; preparations for the introduction of the plastic packaging tax; and the establishment of a UK emissions trading system outside of the European Union. I suspect he will also point to previous announcements made by the Government, such as the £800 million fund for carbon capture and storage.

Taken individually, these steps are welcome, but collectively they do not provide the momentum we need to accelerate progress towards net zero. The Opposition do not believe that the 2050 target is ambitious enough, and neither does the science, so it is all the more worrying that, on current projections, we will not even achieve that deadline.

In its 2020 report to Parliament, the Committee on Climate Change underlines the charge that I am laying at the door of the Government this afternoon. It acknowledges, as do we, that in the time that has passed since the UK legislated for net zero by 2050, initial steps towards a net zero policy package have been taken. However, as the Committee says,

“this was not the year of policy progress that the Committee called for in 2019.”

Caroline Lucas (Brighton, Pavilion) (Green): The hon. Gentleman is making a really strong case. Does he agree that the problem with the Government's actions to date is not just what they have not done but what they are promising to do, including a £27 billion road-building scheme and boasting of 4,000 miles of new strategic roads in Britain? That would be an absolute disaster as far as the climate is concerned.

Wes Streeting: I am grateful to the parliamentary leader of the Green party for that intervention. There is a really important issue here around infrastructure. Our current infrastructure contributes enormously to the carbon output of our country. If we make the right infrastructure decisions now and get our priorities right, which is the point the hon. Lady is making, the Government can accelerate our progress towards net zero.

The Committee on Climate Change recognises the policies announced by the Government on transport, buildings, industry, energy supply, agriculture and land use. However, taking all of that into account, the Committee states that

“these steps do not yet measure up to meet the size of the Net Zero challenge and we are not making adequate progress in preparing for climate change.”

The charge sheet is serious. The Committee tells us:

“Announcements for manufacturing and other industry have been piecemeal and slow... There is still no strategic approach to drive change at the required scale and pace.”

It also says:

“Buildings and heating policy continues to lag behind what is needed”,

and that nearly 2 million homes built since the Climate Change Act 2008 was passed

“are likely to require expensive zero-carbon retrofits and have missed out on lower energy bills.”

At the general election, the Conservative party promised in its manifesto to invest £9 billion in energy efficiency over the next decade. The Committee says that that

“is welcome but not enough to match the size of the challenge and has been delayed while awaiting the National Infrastructure Strategy.”

The Committee also welcomed plans for reform of the renewable heat incentive and plans to introduce a green gas levy, but warned that

“the current plans are far too limited to drive the transformation required to decarbonise the UK’s existing buildings”.

On agriculture and land use, land-use change and forestry, it noted that

“the current voluntary approach has failed to cut agricultural emissions, there has been no coherent policy to improve the resilience of the agriculture sector, and tree planting policy has failed outside of Scotland.”

There is no room for complacency, which brings me to new clause 28. It asks the Chancellor to

“conduct an assessment of the impact of this Act on the environment...within six months of Royal Assent”,

including the impact on

“the United Kingdom’s ability to achieve the 2050 target for net zero carbon emissions...the United Kingdom’s ability to comply with its third, fourth and fifth carbon budgets...air quality standards, and...biodiversity.”

At present, the UK is set to miss its legally binding fourth and fifth carbon budgets, having only achieved its second carbon budget thanks to accounting revisions to the UK’s share of the EU emissions trading scheme and the impact of the global financial crisis. I am sure many Members of the House will agree that we should not rely on fiddling the figures or economic crisis to help us to achieve our carbon budgets, though I have to say, looking at the current state of the aviation industry and the Government’s unwillingness to act to save jobs, perhaps it is their intention simply to allow jobs to go and businesses to pull out or even go bust, rather than take the action needed to ensure a just transition.

Too many of our citizens are breathing in toxic air, with the serious health consequences that follow. The UK is one of the most nature-depleted developed countries in the world. Despite our being a signatory to the convention on biological diversity, 41% of species in the UK have decreased in abundance over the past 50 years, and 15% of species are threatened with extinction. As Sir Robert Watson wrote in relation to climate change and biodiversity loss,

“We either solve both or we solve neither.”

The risk is that as it stands we are going to solve neither.

We had hoped that the Prime Minister’s speech this week would provide more than warm words to tackle global warming. It had been billed as a new deal in the spirit of President Roosevelt’s response to the great depression, but moving some infrastructure spending forward is not a new deal and planting a few new trees certainly is not the green new deal our country needs. State action alone will be insufficient to meet the challenge, but national and international leadership from the Government is essential if we are to succeed. The public recognise that. They are looking to the Government to provide that leadership, but according to a YouGov poll published by the Institution of Civil Engineers today, less than a third of the public thought the Government had a plan to achieve net zero. They are not wrong, and there is no shortage of ideas available to the Government.

The Committee on Climate Change has provided a series of recommendations for every Government Department, including Her Majesty’s Treasury. Today, the Institution of Civil Engineers has dedicated its annual “State of the Nation” report to infrastructure and net zero, with a range of practical proposals that I hope Ministers will look seriously at adopting. This week, the Climate Coalition organised a fantastic lobby of Parliament around its green recovery plan, with citizens from all over the country Zooming in to meet their MPs virtually and underline the importance they attach to getting it right.

In the aftermath of the covid-19 pandemic and the economic crisis it has brought about, there can be no return to business as usual. Climate justice and social justice go hand in hand. If we take the right decisions now on industrial strategy, infrastructure, housing, energy, transport, agriculture, research and development and our natural environment, we will not only accelerate progress towards net zero, but will create new jobs—good jobs—new industry and better opportunities in communities blighted by deindustrialisation. In doing so, we will build a better, fairer Britain. We will improve the nation’s health and happiness, and we will safeguard our natural environment and our planet for future generations.

That is why we ask the Chancellor to come before the House next week not just with an economic update, but with a back-to-work Budget that has a laser-like focus on protecting people’s jobs and livelihoods and safeguarding their lives through the pandemic. Our approach, our ambition and our determination to achieve net zero should absolutely be at the heart of that Budget.

Matt Western (Warwick and Leamington) (Lab): My hon. Friend is making a powerful speech. One of the most important things that could propel us out of this crisis and the economic challenges that we will face is to reduce our energy costs significantly. The best way of doing that would be to allow and encourage more onshore wind. One of the factors against manufacturing industry in the UK is very high energy costs compared with those of Europe. Would he welcome more fiscal stimulus behind that sector?

Wes Streeting: I am grateful for that intervention because we have seen what the right policy framework can do in terms of offshore wind and the success that that has brought. There is an imbalance in the priorities of the Government and the policy framework that they have created that actively prevents the kind of progress we could be making on onshore wind. It may not always be popular, but as people worry about what might happen to some of the vistas that they currently enjoy as a result of onshore wind farms, they should consider what the landscape will look like if we allow catastrophic climate breakdown to occur.

As I look across the Dispatch Box to the Treasury Bench this afternoon, it is not only with envy that the Conservative party has been given the opportunity to govern, but with exasperation that they are squandering it. If they are serious about preventing irreversible and catastrophic climate breakdown, leadership from the Treasury will be crucial. Every Finance Bill, every fiscal event, every major policy announcement has to shift the dial seriously and substantially towards achieving net zero. What is measured is what counts, so let us measure the worth of our Government’s words by their deeds.

[*Wes Streeting*]

Let us seize the opportunity that the present crisis affords us by resolving to build back better and build back greener, and let us make sure that, when future generations look back on this moment, they do so with a sense of pride that, when it mattered, we got it right.

Andrea Leadsom (South Northamptonshire) (Con): I honestly believe that global climate change is the existential threat of our time, but, unlike the shadow Minister, who just criticises the Government, I believe that with a great threat comes a great opportunity. I am absolutely certain that a focus on green growth offers us the way out of the inevitable coronavirus recession.

It is a fact that, since 1990, the UK has outperformed the G7 in cutting our greenhouse gas emissions by 43%, while growing our economy by more than two thirds. Today, there are around 450,000 green collar jobs and I truly believe that, if we play our cards right, the UK's clean growth sector could be even bigger than our world-leading financial services in years to come. Even on our current trajectory, the UK is forecast to have 2 million green collar jobs by 2030, but we can do so much better—from electrification of our transport sector to industrial decarbonisation, from nuclear fusion to battery technology, and from low-carbon home heating to our world-leading environmental standards. We are not just leading the world in science and innovation, but creating an ideal platform for millions of new jobs.

Peter Kyle: The right hon. Lady mentioned low-carbon heating. Heating homes and businesses accounts for about 43% of our CO₂ emissions as a country, yet Government do not have a single target for it. How can we tackle these things if Government will not even set a target for reducing the single biggest emissions area for our country?

Andrea Leadsom: As a matter of fact, it is not the single biggest emissions sector in our country, but the Government have a number of plans and projects to look at how we can decarbonise home heating, which are very important and I will come on to specifically talk about target setting.

We are not just leading the world in science and innovation, but creating an ideal platform for millions of new jobs. In particular, it is well known that young people—more than 70% of them—would prefer a career in the green sector. Perhaps the greatest UK success story to date is our pioneering efforts in renewable energy. The UK accounts for more than a third of the world's deployed offshore wind, and renewables have accounted for 37% of electricity to the network this year, with nuclear accounting for a further 18%. Furthermore, the speed of UK achievement has accelerated under successive Conservative Governments. When I was Energy Minister in 2015, we announced we would be taking coal off the grid entirely by 2025, and it is a real credit to our energy sector that we have achieved close to zero coal now, and it is only 2020.

5.15 pm

This is a key point. When Government set clear guidelines for business, along with sensible investments in infrastructure, businesses will always just get on with the job and they can often achieve much more than we

expected of them. It is entrepreneurs and risk takers who deliver the jobs and growth, so I urge the Chancellor, when he puts on his thinking cap to finalise his next stimulus package, to have two key priorities: first, green jobs and, secondly, clear deadlines that create investable opportunities.

Anna McMorrin (Cardiff North) (Lab): The right hon. Lady talks about the renewables sector being led by business and entrepreneurs, yet when she was leading the Business Department, she blocked the groundbreaking tidal energy scheme in south Wales, which would have transformed the sector and offered thousands of jobs, including supply chain jobs.

Andrea Leadsom: The hon. Lady has got her point on the record. In fact I did not block the scheme. The issue with that particular tidal power project was its cost. It in no way represented value for taxpayers' money. The Government support all forms of renewable energy, but it has to come at a reasonable cost to the taxpayer.

Decarbonising in the UK is only a tiny part of the picture. Climate change is a global threat and the UK will be hosting COP26 next year, which offers a massive opportunity to demonstrate global leadership. COP26 must be a turning point for the world, as well as the moment to demonstrate the UK's commitment. There are four objectives I would like the UK to achieve at COP26. The first is to announce a significant collaboration with a small number of other major nations. For example, we could have a collaboration with, say, India on battery storage, possibly with China on offshore wind, and potentially with Brazil on reforestation.

Secondly, measurement is so key to performance, so I would like to propose the launch of a new year book at COP26 in which all 157 nations have their own page setting out not just their Government but their state-level and business-level achievements and goals. For far too long, arguing about how to audit decarbonisation has been a convenient excuse for inaction.

Thirdly, the UK is a world leader in financial services, and in recognising the excellent decision by the Prime Minister to appoint Mark Carney as finance adviser for COP26, I urge the Government to consider championing the development of an international infrastructure organisation to help to fund global decarbonisation. Fourthly, while the world continues to rely heavily on carbon, we urgently need an internationally recognised carbon offset licensing body to ensure that global living standards can continue to improve while we protect our planet.

To finish, I am desperately worried about the inevitable job losses that the covid-19 pandemic is going to cause, but I see a way forward, with the Government maximising the tools at our disposal to build a cleaner, greener world and to facilitate the jobs we will urgently need. That means apprenticeships for young people, retraining for those who have lost their jobs, setting clear decarbonising targets by sector, investing in green infrastructure and building international collaborations. All of that requires businesses to power up, so I want to say to businesses: you need to get your teams off furlough and get your businesses going again. Start trying to build and create and use your innovative energy to build a cleaner, greener future. We have all been in it together during lockdown, and we definitely all need to play our part if we are going to bounce back successfully.

Stephen Flynn: With your indulgence, Madam Deputy Speaker, I will speak to new clause 13 before moving on to new clause 14. New clause 13, which I and my colleagues in the Scottish National party tabled, would require the Chancellor of the Exchequer to review the impact of the Bill on the UK meeting the UN sustainable development goals. That is an incredibly important issue.

I will start by referencing someone who has been in the news quite a lot in recent days, in relation to a new deal—former President Roosevelt, who stated:

“The test of our progress is not whether we add more to the abundance of those who have much; it is whether we provide enough for those who have too little.”

What sage words indeed, which chime directly with the purpose of the 17 United Nations sustainable development goals about creating a just society for all, where we all have the same opportunities and access to vital services.

If we look at some of those sustainable development goals in a bit more detail, we might see why the Government are perhaps not so keen on new clause 13. For instance, the first UN sustainable development goal is on there being no poverty. Of course, we are all well aware of the Government’s record in relation to poverty. It was discussed at great length in Committee. At the time, the Minister made some fairly strong remarks, as did the hon. Member for Ilford North (Wes Streeting), on the situation in Scotland. They were absolutely correct to highlight that Scotland is not immune to the problems of poverty, but at that Committee sitting, I challenged the Minister on whether the UK Government would follow the pathway trodden by the Scottish Government and introduce £10 a week for every child living in poverty. That commitment was not given, so I say to the Government today: will you meet that challenge? Will you follow the route laid out by the Scottish Government?

The second UN sustainable development goal relates to there being no hunger. Of course, we have seen the UK Government’s record on that, too, in an all too apparent focus in recent weeks through the ridiculous situation where we had to have a footballer—a very good footballer, but a footballer none the less—force the Government to U-turn on feeding the poorest children in England. Incidentally, that is of course being done in Scotland.

If we look further at the UN sustainable development goals, No. 10 relates to reducing inequalities. Has that ever been more timely, given the situation around us on a daily basis in relation to Black Lives Matter? I find it disturbing and deeply unfortunate that the Government do not believe that the impacts of the Bill need to be looked at in relation to such sustainable development goals, because they should be at the heart of all policy making and legislation. Again, that is very much the case in Scotland, where the United Nations sustainable development goals have been embedded in our national performance framework. What kind of nation we want to be goes hand in hand with the goals and aspirations laid out by the UN.

Anna McMorris: The hon. Member is making a very strong speech about the sustainable development goals. Is he aware of the Well-being of Future Generations (Wales) Act 2015, which puts into law the sustainable development goals and links them with what public bodies have to abide by in law in Wales? Does he believe that that should happen across the UK?

Stephen Flynn: I thank the hon. Member for that intervention. Surprisingly enough, I was not aware of that, but it certainly seems to reflect the situation in Scotland through the national performance framework. I encourage the UK Government to look at the example that has been set in that regard, and the one set north of the border. I will finish there in relation to the UN sustainable development goals and move on to new clause 14.

New clause 14 would require the Chancellor of the Exchequer to review the impact of the Bill on the UK meeting its Paris climate change commitments. As the hon. Member for Ilford North said, the immediate focus of all legislators has been on overcoming the coronavirus pandemic, and rightly so. Protecting public health has had to be at the forefront of everything that we do. But the climate emergency has not gone away. We need to be cognisant of that fact and make sure that policies that are put in place recognise it. The need for urgent action has not stopped. In fact, we could perhaps argue that covid-19 has shown just how fragile our society is, particularly for those who need support the most and who live in the areas of higher deprivation. Those who have been impacted the most by covid-19 are projected to be impacted the most by the climate crisis.

It might sound a little bit bizarre that an MP for Aberdeen, which is of course a city well known for its oil and gas industry, would stand here and talk about climate change, but it is for a good reason: the reality is that we do not get to net zero without taking the oil and gas industry with us. We need to invest in the support that it requires in order to meet net zero.

Richard Thomson (Gordon) (SNP): As another Member of Parliament who is very proud to represent a part of the great city of Aberdeen, I very much appreciate the speech my hon. Friend is making. There is no route to net zero without investing in the oil and gas industry for things like carbon capture and storage. Does he share my concern that there is as yet no apparent sign of any sector deal, which might harness the skills and capital invested in that industry to help us to effect the transition?

Stephen Flynn: I thank my hon. Friend, who shares representation of the wonderful city of Aberdeen through his Gordon constituency, for his timely intervention: it is almost as though he has read my mind as to what was due to come next in my speech.

As things stand, to date the UK Government have failed to deliver on their promise of an oil and gas sector deal. An oil and gas sector deal may on the face of it, to those who look at it from the outside, appear to be a way to support the oil and gas industry to continue to take oil out of the ground. There is a certain element of that—we need to ensure that sustainability in the industry is there—but more importantly, it is about ensuring a sustainable transition that allows us to meet net zero but provides sustainable energy moving into the future. The UK Government have to date been found absolutely wanting. I have raised this on numerous occasions since the start of March. In recent weeks, Oil and Gas UK produced a report that outlined that 30,000 jobs are due to go in the oil and gas sector as a result of the current downturn in oil prices. That is on top of the huge impact of covid-19 across the tourism sector and all the other sectors that are impacted in every single constituency across Scotland and the United Kingdom. Yet this Government continue to sit silent and continue to fail to deliver.

[Stephen Flynn]

The Scottish Government have stood up to the challenge. Only last week, they put £62 million into sustainable energy going forward, with £25 million for an energy transition zone, with money going towards a hydrogen hub and a number of other projects put forward by the oil and gas technology sector. Yet this UK Government have failed, to date, to provide a single penny. So where is the strategy? Where is the desire to support the industry in getting to net zero? As I have said, we do not make the sustainable energy transition without that investment, be it in the aforementioned energy transition zone, in further investment in hydrogen, or, as my hon. Friend the Member for Gordon (Richard Thomson) mentioned, in carbon capture and underground storage—a pledge that was made prior to 2014 and, shamefully, taken off the table by the Conservatives following the independence referendum result. It is now on the table but has no delivery timescale whatsoever. When is the Acorn project going to be brought online so that we will see that investment in climate priorities? We have heard from the Government numerous times that they will do whatever it takes, but “whatever it takes” is not enough—we need action, not just words.

This is a Finance Bill debate, so I shall mention this important point. The Treasury has coined £350 billion from the oil and gas sector, notwithstanding the taxes being paid by those individuals whose employment has been linked to the industry. It is time to give back, and it is time to give back in spades. We cannot afford to wait. What we have had up to now from the UK Government is simply not good enough. I shall conclude where I started, with the remarks of the former President of the United States, who stated:

“No country, however rich, can afford the waste of its human resources. Demoralization caused by vast unemployment is our greatest extravagance. Morally, it is the greatest menace to our social order.”

Let us invest in those industries and the tech that can protect jobs, protect our environment and lead us into a future that protects our planet.

5.30 pm

Andrew Jones: A lot of people wish to speak on this group of amendments, and time taken will squeeze future debates so I will be brief.

I support the positive words from my right hon. Friend the Member for South Northamptonshire (Andrea Leadsom), but I also want to highlight clause 102. It takes up two and a half lines in a large Bill of 7,500 lines, so it is easy to miss. It makes provision for HMRC to start work now on a new tax on plastic packaging containing less than 30% recycled plastic. I welcome this measure. Indeed, I hope that in time it might be possible to go further, but it is clearly right to start now. During the coronavirus crisis, we have heard little about the environment, although I think people have been pleasantly surprised by the real and noticeable difference to our environment—our clean air—resulting from the lack of vehicle use. That 2050 deadline for net zero carbon countries has got ever nearer, and reducing what we use and reusing what we have are ingredients for progress. Changing our plastic use in our lives is one way that all of us can make a difference.

This was a hot topic before the crisis and it will be one in the future, but it has not always been so. I launched plastic bag-free Harrogate with some colleagues

in 2008, and although it was generally well received, some people did ask me if I had gone a little bit cranky. We nevertheless made a bit of a difference, and I see a difference being made now in the actions taken by national Government, regional government, local government and community groups. My local council, Harrogate Borough Council, has done good work in waste collection, recycling and education, and I see strong community groups and vibrant environmental groups such as Zero Carbon Harrogate and Knaresborough SPARKs moving the debate forward. We can and will go further and faster. So, although this measure has not attracted attention, it is very positive and I congratulate my right hon. Friend the Minister on taking it forward and using a financial lever to change behaviour among companies using plastic packaging, and, through that, encouraging people to recycle more. That has to be a good thing.

There is one other measure in the Bill that I would like to highlight, and that is the measure on increasing the uptake of electric vehicles. Basically, it is a measure to ensure that employees and employers pay no tax on zero-emission company cars. It supports the measure on electric vehicle charging infrastructure. I have had responsibility for this, as both a Transport Minister and a Treasury Minister, so my views are known. I have shared them in this place on previous occasions, and I will therefore not detain the House with repetition. I simply say to my right hon. Friend the Minister that he will be even more popular if he goes on to further incentivise change in this area.

Alex Sobel (Leeds North West) (Lab/Co-op): I come to the debate more with sadness than with pleasure, having read the progress report from the Committee on Climate Change on how the Government and the country are doing. The report is absolutely damning of the Government’s performance. It says that they are not even meeting the 2° warming target, they are failing the commitments that we made in Paris five years ago, and, as my hon. Friend the Member for Ilford North (Wes Streeting) said, they are not expected to meet the fourth and fifth carbon budgets. The report goes on to say that many national plans and policies are not acknowledging the long-term risks of climate change, and that many Government Departments are not acknowledging those risks.

I am going to talk about a few different areas and measures, hopefully not for too long, to let other colleagues fully take part in the debate. We have with us a Minister who has spent time at the Department for Transport, along with my neighbour the hon. Member for Harrogate and Knaresborough (Andrew Jones), who was a long-serving Minister in that Department, so I will start there.

I am pleased that there are measures such as clause 83, which exempts electric vehicles from vehicle excise duty, and clause 82, which deals with the calculation of cars’ CO₂ emissions, but is that enough? We are talking about a country still addicted to petrol and diesel vehicles. Just look across the North sea to Norway. We have to thank the Norwegians, because their No. 1 selling vehicle is the Nissan Leaf. They are therefore supporting Nissan jobs in Sunderland with their Government measures, yet we are not sufficiently supporting them with ours. Those two measures in the Bill will not be enough to make Nissan Leaf the top selling car in the UK, which is what the Government should be aiming for. Not that

I am particularly promoting Nissan—this goes for any electric vehicle. I have no interest to declare in relation to Nissan; this is about British jobs. We should look to Norway and its measures on sales tax, charging points and other things, which have meant that the majority of vehicles sold in Norway are electric.

Looking forward to COP next year, the reason why Paris was so successful was that the French showed global leadership, through domestic policy and diplomacy. The problem we will have is that we are not showing the same global leadership in domestic policy. We are a global leader, rightly, in reducing the use of coal-fired power stations, which will effectively have ceased in this country by the time we get to COP. However, we are not a global leader in any other area, so how can we secure a world-leading agreement in Glasgow next year? It is incumbent on the Treasury to introduce incentives to ensure that we reach those points, so that we can show that our measures work. It is not enough to talk a good game; we have to deliver.

Let me turn to some points drawn up by the all-party net zero group, which I chair, which should be instructive for the Minister. They are points that he should take on board and that hopefully the Government will look into. One thing we have seen in the renewable energy sector is a lack of confidence, because in many areas the Government have withdrawn support or not introduced it. One area where I would say the Government have done well and are world leaders is offshore wind. Contracts for difference have made a huge difference. However, we do not have the same confidence in other areas of the renewables market.

What has happened with solar feed-in tariffs has removed confidence from the solar market. Support for green hydrogen and the renewables to create it has not come forward in the way that it should have. My hon. Friend the Member for Cardiff North (Anna McMorrin) mentioned the tidal barrage. Again, we are not talking about value for money; we are talking about a world-leading project that could create new technology that we could export. We are not thinking broadly enough about these measures, and the Treasury needs to rethink them.

Obviously we are in the post-covid period, and we need to think about retooling our workforce, because of the many people unfortunately losing their jobs and the Government's own agenda of levelling up areas. I want to give one example of where that might really work. Not far from my constituency, in East Yorkshire, we have a plethora of factories that build caravans. I will come to the construction industry later, but the way in which we build houses is the 19th-century way of doing it. In fact, we have been building houses in more or less the same way since the Romans. Why are the Government not incentivising the repurposing of those factories to build modular, Passivhaus standard, zero-carbon homes, creating jobs in areas neighbouring coastal resorts, a lot of which are going to lose jobs, and making available houses at different specs for a wide range of people, from social housing right through to the most expensive types of houses in this country, all of which could be implemented quickly? The Prime Minister said, "Build, build, build", but it is not enough just to build; we have to build in a way that creates a green recovery.

There is a real dilemma around how we incentivise the construction sector. If someone has a property—a terrace, a house or even a heritage property—and wants

to refurbish it and put in green measures, they have to pay VAT. If they want to demolish that property and build a brand new one, they pay no VAT. Is that not perverse? Should the Minister not be looking to fix that? We have systems and financial incentives in place that are going to create more carbon, not less.

I will finish soon as I want to give colleagues a chance to speak. Every Department's plans should include a green fiscal rule or measure that every single policy has to meet. Every time the Treasury or another Department are putting forward a new policy, they should be asking whether it will reduce carbon, and help to meet our fourth and fifth carbon budgets—and the carbon budgets after that, if we get to that stage. If it does not, that policy should not be coming forward, because we only have one chance to do this. There is no planet B. There is no second United Kingdom. We need to be doing this now and in the best possible way.

Mike Amesbury (Weaver Vale) (Lab): Yesterday, like a number of Members across the House, I was lobbied—by 15 residents, in my case. The time is now.

Today I spoke to 180 delegates of CPRE, the countryside charity. The hon. Member for Brighton, Pavilion (Caroline Lucas) was there as well. Those people told me what they wanted fed back to Ministers about the progress they would like to see in the green economy. They are frustrated with the lack of progress, and determined and ambitious to ensure that we get to net zero a damn sight quicker than the Government's current targets suggest. They are keen to protect our green spaces and environments, and, in turn, to create great green jobs. Where there is development, they are determined that we have a brownfield-first policy, and that the houses built are genuinely affordable and carbon neutral. Picking up on the point made by my hon. Friend the Member for Leeds North West (Alex Sobel), there are some great examples of modular houses that we can build at scale and create the jobs, jobs, jobs that the shadow Minister spoke about.

We need real and bold investment in our cycleways and pathways, and affordable transport, until the point that it is in our DNA to ensure that our buses are electric, that we get more people working on buses and that our railways get people from A to B, which they clearly do not do currently. At Northwich station in my constituency, people who are disabled or have mobility problems cannot get to the other side of the tracks. That affects their mobility across the conurbation and productivity in terms of sustainable growth.

People have spoken about renewable energy, including the decision on the tidal lagoon. That was a retrograde step; the lagoon should have been invested in. There is a similar situation in Merseyside, where Mayor Steve Rotherham is taking forward a project. I sincerely hope that the Government can escalate that—not only for Merseyside, but for the whole nation.

Finally, on renewable energy, people have mentioned hydrogen, which is a real growth industry in my community in Weaver Vale. I would like to see the Government actually escalate such support and put some speed behind it. I would also like to see a recovery plan, which again is about jobs, jobs, jobs, but also about building back better and certainly building back greener with more ambition.

5.45 pm

Anna McMorris: Yesterday, the Prime Minister announced that we will “build back greener”. He said that that was part of his “mission to reach Net Zero”.

He also said he would build “Jet Zero”. This was on the same day that Airbus announced 15,000 jobs were to be cut. This just shows how out of touch this Prime Minister and his Government are with what is going on in the real world.

The climate emergency barely got a look-in throughout the Prime Minister’s speech yesterday. When we look at how money is to be spent, frankly, this Government’s strategy is to hide inadequate commitments with bluster and rhetoric. With the climate emergency upon us, where is the action that must follow words? Take where I am from, south Wales, for example—cancellation of electrification of trains, no support for the groundbreaking tidal lagoon and now no new money for Wales at all in the announcement yesterday, despite the ridiculous rhetoric we are hearing.

Compare this with Macron in France or Merkel in Germany, who are making commitments of €15 billion and €40 billion to invest in rebuilding a green economy and green jobs. They know, like many in this House, that that is the future. We know that only by transitioning to a green economy, with apprenticeships and jobs in the sustainable and green sectors, are we going to be able to meet this climate emergency head-on, replace jobs lost in that transition and fix the unemployment crisis we now face.

This £5 billion that has been announced is not new money at all. As I have said, we know there is not even new money for Wales. It bears little resemblance to what is actually needed, and even less resemblance to the person whom this Prime Minister seeks to emulate—Roosevelt. This spending represents just 0.2% of GDP compared with Roosevelt’s new deal, which represented 40%. As my friend the former Member of Parliament for Bury North, James Frith, said yesterday, this stunt is “Less Franklin and the Hoover dam and more, ‘Frankly, I don’t give a damn’.”

I know the Prime Minister has a liking for big shiny announcements to occupy the days when he is not doing press-ups, but I would have thought he would not look twice at this bargain basement new deal. The global health crisis has led to such disruption in our lives—the uncertainties that lie ahead for so many people are numerous—but this should be a reason to give people hope and to use the post-covid rebuild to invest in that green infrastructure and green jobs.

The challenges we face present us with a unique opportunity to do just that—to right past wrongs and to stop future ones occurring. It has shone a spotlight on what truly matters to us: values, who we value and what we value. As we begin to reimagine what the world—our communities, our high streets, our town centres—and our future look like, we have a chance to face up to the starkest challenge of all, which is our rapidly changing climate.

In the future when we talk about the bottom line, that bottom line must be to stop undercutting the environment. We must recognise that what is good for our planet is good for jobs, good for livelihoods, and good for health and prosperity. We must build sustainability into absolutely

everything that we do. Now is the time to be bold, but ensure that a sustainable future is ahead for us, and for our children too. We have only a few years left to act and, unfortunately, we have a Prime Minister who favours big words over actually delivering anything, so I really do urge this Government to listen and act.

Last week, the Committee on Climate Change released its annual report. The UK is still on course to miss the legally binding fourth and fifth carbon budgets. The Government are falling well short of what is needed to meet the previous target of an 80% reduction in greenhouse gas emissions, let alone their own net zero carbon commitment.

Halting runaway climate change means embedding resilience at the very heart of infrastructure plans; retrofitting homes, offices and public buildings; greening our energy network, and expanding public transport. Yet the Committee on Climate Change reported that the Government have failed to build climate resilience into their work, with no UK sector demonstrating even the ability to meet the 2° C rise in global temperature, which we absolutely must meet.

The Government have yet to radically scale up the construction of renewable energy generation or create any coherent plans to integrate onshore and offshore networks. We are lagging behind other countries in developing a proper plan to train and skill a net zero workforce, and we need to shift public investment away from high-carbon infrastructure. This Government have failed again and again, and the Prime Minister’s new plans are stuck in the fossil fuel age, with more money being spent on roads than on greening our rail networks or investing in energy efficiency, which would boost our communities and local economies. We must stop financing failure and start financing the future.

A better way forward is possible. People have made huge sacrifices during this pandemic that we have lived through. Many have lost loved ones. But this health crisis, just like the climate crisis, has not been a great leveller; it has been a great reminder of the entrenched inequalities in this country and around the world. How we invest now must take account of that.

We must look at what a green energy revolution can do for both the generation of young people who fear for their job prospects and the many millions more who have fallen foul of our fragile economy and now look nervously towards the autumn. We must invest in green energy, mass retrofitting schemes, green building and a sustainable transport network. By financing the future of education, we can equip the next workforce with the skills we need to achieve net zero well before 2050.

Now is the time to make our economy and society fairer and more just, setting us on a green and sustainable path. We have a moral obligation to pass a better world on to the next generation. People want change, too; a recent poll found that six in 10 want the Government to put health and wellbeing ahead of growth after this pandemic. The suffering that people have gone through throughout this crisis deserves to be recognised with adequate and appropriate investment.

We need a Government who will not just level up our country, where the least among us meet the just about managing; we must have a major adjustment that will make life worthwhile—action, not words. We need leadership on this, not rhetoric.

Claudia Webbe (Leicester East) (Lab): Today's debate on the environment and climate change is crucial because, in addition to the coronavirus pandemic, an even more devastating crisis is already here. Europe had its hottest year on record in 2019, and 11 of the continent's 12 warmest years have occurred in the past two decades. Global grain yields have declined by 10% due to heatwaves and floods connected to climate change, unleashing mass hunger and displacement. More than 1 million people living near coasts have been forced from their homes due to rising seas and stronger storms. With the highest ever temperature recently recorded in the Arctic circle, we cannot delay in taking action to save our planet and future generations. Sadly, we cannot rely on the Government to take the urgent, radical action that is required.

I support clauses 82, 38, 87, 89, 90, 92, 93 and 102, all of which either introduce or raise taxes on environmentally damaging goods. However, they amount to a woefully inadequate response in the fight against planetary breakdown. Not only is the Government's commitment to bringing greenhouse gas emissions to net zero by 2050 perilously unambitious, but they are not even on track to meet it. Last year, the Committee on Climate Change said that the UK is not on course to meet the original long-term ambition of an 80% carbon reduction, let alone net zero. The Institute for Public Policy Research estimates that the Government need to invest an additional £33 billion per year, just to meet their 2050 net zero target. So far, however, less than 10% of that investment has been committed.

Conservative Governments have continued to give oil companies further tax breaks, including as recently as December 2018. Yesterday, the Prime Minister boasted that his repackaged announcement of existing infrastructure plans was "Rooseveltian", yet his announcements were incompatible with FDR's new deal which, imperfect as it was, used the full power of the state genuinely to transform and rebuild America as it recovered from the Great Depression.

As we emerge from the pandemic, we must channel that spirit to forge a new social settlement, and a green new deal to rebuild the country with a more just and sustainable economy. We must fight for a society in which public health always—always—comes before private profit. The big polluters and corporate giants must bear the cost of that, not ordinary people. It is vital that the protection of our workers and communities is guaranteed during the transition to renewable energies. As we rebuild our economy from the ruins of a pandemic, it is possible for the Government to create 1 million green jobs with a programme of investment in renewable energy, flood defences, and a resilient health and care service.

The coronavirus crisis has demonstrated the need for our communities to have access to clean air, green spaces, and interconnectivity. That is why we must introduce full-fibre broadband, free at the point of use, a mass house insulation programme, and a green integrated public transport system. We must bail out workers and the planet, not big polluters. The bail-out in Project Birch must be subject to stringent commitments to workers' rights, tax justice, and rapid decarbonisation. Without immediate Government intervention, the urgent action required to preserve a habitable planet will be too slow. That will cause unimaginable disruption, and could cost millions of lives, most immediately and

sharply in those countries of the global south, which have contributed the least to climate change. To ensure a global green new deal, our Government must strongly consider the cancellation of the global south's debt, and enable investments in public health. The UK must also take strong action against tax evasion and international fossil fuel finance, and rapidly step up financial support for a just, global energy transition.

Moments of crisis often shape the future. From the horrors of the second world war, we created the welfare state and our treasured NHS. While we rightly focus on tackling the coronavirus pandemic, the wellbeing of the entire planet relies on our taking this opportunity to mitigate the existential threat of climate change. If we are to achieve the necessary goal, the Government must raise their ambition and begin to act on the scale that the climate crisis demands.

6 pm

Catherine West (Hornsey and Wood Green) (Lab): It is a pleasure to follow my hon. Friend the Member for Leicester East (Claudia Webbe). I wish her and other Members of Parliament representing the Leicester area well with the non-easing of lockdown this weekend. Coronavirus has given us an exceptional opportunity to rethink things and do things differently. New clause 28 seeks to have a green thread running through our finance legislation. I will vote for it, because it seeks to inject some green thinking and some fresh thinking into the way that our economy acts.

Like other Members, I have been approached by many constituents this week about the Climate Coalition declaration. I had a very useful discussion with constituents yesterday about the three key demands, which fit neatly into this debate. The first is unleashing a clean energy revolution. I am proud to be in a city where the ultra-low emission zone scheme, which was introduced by the Mayor of London, has reduced emissions by 40% over a short period. That was quite a brave move—it is not universally popular. Often these green measures are not particularly popular to begin with, but when people realise that they can breathe better, the measures become more popular. I am sure the Minister agrees that the ULEZ is a good scheme that could be rolled out in other cities.

The wonderful campaigner Rosamund Kissi-Debrah is the mother of Ella, who, at the age of nine, tragically lost her life due to asthma. That was back in 2013, and we know that asthma deaths have risen exponentially in the last decade. Indeed, there seems to be a link between asthma and how badly one suffers from coronavirus, so we must redouble our efforts on a clean energy revolution, to make our environment much fitter for human beings.

Housing should be fit for the future. I notice that housing was way down the list of the Prime Minister's capital spending priorities, and that is a missed opportunity. We know that a lot of air quality issues relate to people's homes. For example, older construction in the social rented sector often means that there is damp, which can lead to problems such as chronic obstructive pulmonary disease and asthma. We also know that a number of homes in the privately rented sector desperately need to be renovated, with new boilers and a reduced carbon footprint. This is the simple, low-hanging fruit that could be tackled through the Bill. It would be lovely to have the tidal lagoons as well, and I voted in favour

[Catherine West]

of those, but tackling the low-hanging fruit and funding local authorities properly so that they can do these basic things would be easy and would create jobs, including green jobs.

The second thing that the Climate Coalition is pushing MPs to do is to protect, restore and expand our green and wild spaces. Many of us will have had a renewed interest in and respect for our local parks during the coronavirus lockdown. I make a simple plea that the Minister look at increasing finance for local authorities to look after our parks better, to create beautiful walking environments and to plant more trees. I know that tree planting is on the list of things that will happen, but maintaining and looking after our green spaces is one of the easy things we could do to boost our air quality and our health.

Thirdly, leaving no one behind is a fantastic idea. It is simple: by addressing social justice, we can have the greener environment and better economy that we all seek. For example, we can do that by increasing support to the most vulnerable, which means targeting many of our green measures not just at people who can afford, say, a Tesla or a Nissan Leaf. My hon. Friend the Member for Leeds North West (Alex Sobel) talked about Nissan Leaf vehicles and Government incentives on electric vehicles; the trouble is that electric vehicles are still too expensive for most people. That needs to be addressed and the Government need to look at it very quickly.

With Brexit coming down the line—with six months to go—I have a specific question for the Minister: what is the replacement strategy for the EU emissions trading system? I see him looking studiously at his notes and hope that he will reply to that question when he responds to the debate. I shall give him some time to prepare.

Leaving the European Union has of course left the UK much more exposed to a degradation of ambition on things such as cleaner water. Our beaches, rivers and lakes became much cleaner to swim in once we were using the benchmark of the European clean water directives. We were also pushed much more at local authority level to pick up our recycling rates—which, by the way, have completely plateaued at local authority level in the past decade of austerity.

Such things are the low-hanging fruit. We want to be ambitious on big schemes as well, but so much can be done at a local level, with more funding for local authorities and regional mayors to do the basics to bring us all up at the same time and not leave anyone behind.

Several hon. Members *rose*—

Madam Deputy Speaker (Dame Rosie Winterton): Order. We have just under 30 minutes before I want to bring in the Minister and we have four more speakers. I do not want to set a time limit, but it would be helpful if speeches did not go over, for example, eight minutes.

Caroline Lucas: This debate could not be more important. The Arctic is on fire; 2020 is on course to be the hottest year on record; and 16 of the 17 hottest years on record have been since 2000. There is such a thing as being too late. This is a pivotal moment, because the actions that we take over the next few weeks and months will either lock us into high-carbon dependency for decades to come, in which case we can say goodbye to any chance

of avoiding the worst of climate catastrophe, or they will start to lay the foundations for a greener, safer, fairer future as we emerge from the peak of this pandemic. These decisions could not be more consequential and nor could the issue be more urgent.

New clause 34 would require the Chancellor to review the impact of the Bill on human and ecological wellbeing, including the wellbeing of future generations. I am grateful to colleagues for their support. Ministers might like to note that the Scottish and Welsh Governments are already members of the Wellbeing Economy Governments partnership, a global collaboration of nations and regions whose leaders and Finance Ministers recognise that economic progress in the 21st century means delivering human and ecological wellbeing as the overriding priority.

If we are going to build back better, we need to put improving the health and wellbeing of people and nature first when it comes to economic policy making. That should be the primary objective of every Budget, every Finance Bill and every short-term measure that the Chancellor announces next week as part of his plans for economic recovery. I hope that today we can take a small step in that direction by requiring that the Bill be assessed against its impacts on human wellbeing and the health of our natural life-support systems.

My new clause is also a step towards putting the provisions of the Wellbeing of Future Generations Bill into action. That is the subject of Lord Bird's Today for Tomorrow campaign, which is supported by dozens of colleagues across both Houses. I am pleased to have introduced a private Member's Bill in this House to match Lord Bird's in the other place. That would bring about a future generations Act. I pay tribute to Jane Davidson for all her work in the Welsh Assembly on that issue.

Yesterday, the Prime Minister talked of addressing inter-generational injustice, yet so far the Government's economic response to covid has doubled down on business as usual. Young people are at the forefront of the campaigns for a transformative green new deal, yet all they are being offered is a bargain-basement imitation, with none of the necessary boldness, vision or resource.

My new clause 34 also considers the interim report of the Treasury's own Dasgupta review of the economics of biodiversity. It recognises, as Professor Dasgupta has written, that economies

“are embedded within—not external to—Nature.”

So we urgently need a new economic rulebook. As Dasgupta explains:

“Unlike standard models of economic growth and development, placing ourselves and our economies within nature helps us to accept that our prosperity is ultimately bounded by that of our planet. This new grammar is needed everywhere, from classrooms to boardrooms, from parish councils to government departments.”

I would argue that it is needed in this Bill as well. The good news is that just 6% of the public want to return to the pre-pandemic economy. Many of them know that GDP is a poor measure of the things that really matter and that we should not let policy be guided by it. The Government must change course and put public health above private wealth.

As for what an assessment of human and ecological wellbeing would look like, the Treasury could do worse than start with the seven wellbeing goals in the Wellbeing

of Future Generations (Wales) Act 2015: prosperity; resilience; health; equality; cohesive communities; vibrant culture; and global responsibility. All this comes with a “sustainable development principle” to guide delivery. Even the inventor of GDP was adamant that it should not be used as a measure of wellbeing, because GDP goes up when things that are detrimental to human wellbeing go up. For example, a motorway pile-up is a nightmare for everyone involved, but a boon for GDP, as new vehicles are bought and possessions are replaced. It is little wonder that the majority of people want the UK Government to pursue health and wellbeing ahead of economic growth.

Anna McMorris: The hon. Lady is making an excellent speech about the wellbeing of future generations and the Act that I am proud to have drafted and written in the Welsh Government, along with Jane Davidson, when I was a special adviser. Does the hon. Lady agree that that Act helps pave the way for what we hope will be something across the UK, including in England? Does she also agree that it demonstrates working together across all the Departments and all the different forms of government, and how we must have sustainability at the heart of things?

Caroline Lucas: I thank the hon. Lady for that intervention, not least because it gives me the opportunity to pay tribute to her work in drafting that Bill. I was not quite clear about the role she had played in drafting it. I have worked closely with Jane Davidson on the private Member’s Bill, as has Lord Bird. I am delighted to pay tribute to the work of the hon. Lady and to agree with the substantive point she makes, which is that that kind of Bill is a way of mainstreaming sustainability across every Department and every nation of the UK.

If we were to ask the millions of households in the UK suffering from hunger, food insecurity or fuel poverty whether our current growth-based economic model has delivered them prosperity, we would find that they would say that it has not. It has delivered rising inequality, insecurity, and environmental breakdown. What would change if we made the wellbeing of people and nature our primary economic goal? Some examples are obvious. Of course, we would have investment in things such as energy efficiency and retrofit, creating thousands of good jobs in every constituency, ending fuel poverty and getting emissions down—a real win, win, win. Despite Dominic Cummings apparently thinking this is all a bit boring, it is fundamental to that win-win of combining social and environmental justice. It would also mean more jobs in care, and the Women’s Budget Group shows how sensible that would be. Investing in care creates seven times as many jobs as the same investment in construction, for example, with 50% more recouped by the Treasury in tax revenues. Investment in care is also greener, producing 30% fewer greenhouse gas emissions than construction. A care-led recovery is also a green-led recovery. That is just one example of what new clause 34 is all about, and I hope the Government will agree and look upon it favourably.

I wish to finish by saying a few words about the level of climate ambition. I am delighted to hear everybody, right across this House, talking about the importance of the climate crisis, but unless we get the ambition right, fine words will not get us where we need to be. As for where we need to be, organisations such as Friends of

the Earth, Christian Aid, ActionAid and others have worked what our fair share of a climate reduction ought to be. If we look at how that compares with the Government’s 2050 net zero target, we will see a massive gulf. Those organisations have worked out that, based on our relative wealth and historical emissions, we should be getting to net zero by 2030—a full two decades earlier than the current target—and that we should be creating the equivalent of another 100% reduction of UK emissions overseas through climate finance to the global south. That is what we need to be aiming for.

6.15 pm

As others have said many times this afternoon, we are already off track to meet our fourth and fifth carbon budgets, which themselves are not even strong enough to get us to net zero by 2050. That is how vast the ambition gap is, and that means that our economic recovery cannot just deliver incremental emission reductions; it needs to catapult us into a pathway that meets our moral obligations to the rest of the world.

Let us take a quick look at what that actually means and compare it with what the Government are offering. The Government celebrate a new £12 million investment in zero-emission vehicles research, but compared with the £27 billion road-building budget that I mentioned earlier, it is a drop in the ocean—just 0.04% of the road-building programme’s budget—at a time when we should be demanding that all new road schemes be cancelled. Money should be invested instead in getting people out of their cars altogether and into walking, cycling and public transport.

When it comes to this so-called just transition, it is vital that we support workers in high-carbon industries, but we should be clear that there will be not be a penny more for any kind of bail-out for companies that do not have a programme in place both to support their workers and, crucially, to transition to a sustainable route forward. The idea that the Government would just hand over £600 million to easyJet, without even batting an eyelid, with no conditions at all, is absolutely unacceptable. Look at France, where strong green conditions were applied to Air France. We should be doing the same. We like to pretend that we wear the mantle of climate leadership, but unless we do something like that, we do not.

We want not a penny more for any further fossil fuel exploitation, we want to end the subsidies of fossil fuels, and we want to stop the UK Export Finance Department funding fossil fuel exploration, exploration and promotion in developing countries. Those are the tests of whether we are serious about this issue, on which we are not delivering what is needed.

Zarah Sultana (Coventry South) (Lab): The need to rebuild from this crisis, and to rebuild better and greener, could hardly be more important for my constituency. Early analysis shows that unless bold further action is taken by the Government, the economic effects of the pandemic will hit Coventry and the west midlands particularly hard.

The effects are already being felt. Each week, new job losses are announced and more businesses close their doors. Rolls-Royce plans to cut thousands of staff, including at its nearby Ansty plant. Jaguar Land Rover

[Zarah Sultana]

has announced hundreds of redundancies in nearby Solihull, with a domino effect causing hundreds of job losses in car parts manufacturers in Coventry South. That will have a devastating knock-on effect for local suppliers and shops in the city, not to mention the dire impact of the crisis on hospitality, the arts and countless other industries in the city.

Even before the job retention scheme is wound down and the potential unemployment tsunami hits us, the human cost is already starting to build up. Pressure is growing on Coventry's voluntary sector, on its food bank and on local services. It is estimated that without further action, across the country 1 million more people will fall into poverty this year alone.

We stand on the verge of an economic and social calamity. This is no time for the Government to sit on the sidelines, or to offer the same old answers, or to try to go back to the old normal. That system was broken and already failing working people, but the Prime Minister's announcement yesterday does not rise to the challenge. What he is proposing is barely even a sticking plaster. In the face of the worst recession for generations, the new deal the Prime Minister promises equates to less spending than the cost of two aircraft carriers. It is a drop in the ocean.

The challenge before us is not simply recovering from coronavirus, but combating the climate emergency as well, because the danger of ignoring warnings and delaying actions is now all too clear. We simply cannot afford to make the same mistakes with the climate. There is no planet B to fall back on. We do need a new deal, but it must be a green new deal—one that is bold and ambitious, that hardwires lasting change in our society, and that works for working people. It should be a new deal that creates 1 million green jobs, as the TUC has proposed; one that invests in green industries, renewable energy and home insulation, and builds a resilient health and care service. It should be a new deal that harnesses the skills and industry that we have in Coventry to make the city a world leader in the automotive industry once again, but now building the electric cars of the future. It should be a new deal that builds green public transport, with railways and bus networks expanded, owned and run for public benefit, not private profit.

It should be a new deal for our key workers. They kept society running through this crisis; now it is time to run the economy for them. Let us give them a new deal with the pay rise they deserve. With this new deal, let us ask the super-rich and the big corporations to pay their fair share—no more bail-outs for companies registered in tax havens, no more tax dodging or corporate excess.

As we emerge from this crisis, we stand at a crossroads that will determine our future, so let us learn from the lessons of the past. In 2008, bankers crashed the economy, but working people paid the price, with a decade of cuts and stagnant wages. We became a nation of food banks and zero-hours contracts. The Government missed deficit targets, but ripped up the social safety net. There is no doubt that that was a grave mistake, but even now we hear calls for more years of austerity.

In 1945, we took a different path. With mountains of debt and an economy in ruins, we planned and invested for the people. We built the national health service, the welfare state and 1 million council homes. We ran

industries for the public good and we taxed the richest. Living standards rose, the economy grew and debts were repaid. Which path we take now is up to us.

In this crisis, we have seen the best of society, from the mutual aid groups that sprang up to the outpouring of love for the NHS and its heroic workers. We have seen how deeply we care for one another. Across divides and differences, we pulled together, so let us pull together again and build back better and greener with a green new deal, tackling social injustices and the climate crisis and building a Britain fit for our key workers and for the future.

Tim Farron (Westmorland and Lonsdale) (LD): There has been much talk of Roosevelt and the new deal but, as the hon. Member for Cardiff North (Anna McMorrin) said, the Roosevelt new deal comprised 40% of US GDP and the Prime Minister's announcement 0.2% of UK GDP. The new deal rhetoric is right—let us congratulate the Government on that—but the reality is utterly limp.

We stand on the precipice of a recession, probably the worst of our lifetimes, and so it is good to hear Conservatives, for the first time in generations, looking to the great liberal economist John Maynard Keynes for inspiration. This is a time to boost demand and economic activity, to create jobs by direct Government intervention. We will do that by borrowing to invest, and we should do so on a colossal and ambitious scale. Yesterday's announcement of £5 billion investment would transform Cumbria, if all of it was spent there. No serious person thinks it will even make a dent in the UK-wide economic situation.

Nor does that investment, of course, comprise a green infrastructure revolution. Yet, if we really are to build an economy that is better, that is the revolution we would choose. An active, ambitious Government would invest not £5 billion, but the £150 billion that the Liberal Democrats propose, over the next three years. That way, we would stand a chance of ending the recession before it starts, protecting and creating jobs and preventing hardship. We would also stand a chance of leaving a legacy that future generations will thank us for.

In working together, in a collective national endeavour to build the sustainable infrastructure we need, we can generate the national unity and common purpose that has been absent ever since the debate about our relationship with the rest of Europe turned into a self-destructive culture war. We can unite the country, avert the recession and save the planet all in one go, but it will take an awful lot more than 0.2% of GDP.

So what should we do? We expect to see as few as 3,500 social rented homes built across the entire country this year, the lowest number in history. In my constituency alone, we have 3,000 people languishing on the housing list. We need new homes, genuinely affordable homes and zero-carbon homes. The Government must fast-track the affordable homes programme and spend it on building new, zero-carbon social rented homes.

The Government must also launch a nationwide programme of energy insulation, starting with the homes of those with the lowest incomes, and they must also use this time of fast-tracked legislation—since they are in the mood to do it—to reform the Land Compensation Act 1961 to prevent land values from being inflated, so that we can make zero-carbon homes more affordable to build and more likely to be built.

Transport is key to rural communities such as mine, and to the environment and the recovery. In the north-west, transport spend per head of the population is still barely half of what it is in London, despite the promises made when the northern powerhouse was established. Bus services in London receive a £722 million annual subsidy; in Cumbria, we receive nothing at all. What little money exists rarely makes it north of the M60—not much of a powerhouse, and not very northern.

Our communities in South Lakeland have done a spectacular job putting together community bus services, such as the Western Dales Bus service connecting Sedbergh and Dent with Kendal and the surrounding communities, to plug some of the gaps caused by the steady loss of services, but we should not have to do that. The lack of subsidy means that fares are extortionate, which is a huge challenge, especially for low-paid workers. The 5-mile journey from Ambleside to Grasmere costs £4.90; a journey of equivalent length in London costs £1.50.

Bus services are essential to life in rural communities such as ours—essential to boosting our economy, moving to zero carbon and tackling isolation. They are also key to Cumbria's vital tourism industry. Between 16 million and 20 million people visit us each year, and 83% of those visitors travel to us by car. With the right interventions and conditions, our visitors will travel sustainably.

We ask for a comprehensive, affordable rural bus service connecting all our villages to our main towns regularly and reliably. We ask for a network of electric hire bike stations. There should be such stations at all railway stations, in village centres, and at major bus stops, and action to make cycling easier and safer throughout Cumbria. We ask for the Lakes line, which connects the English Lake district to the main line, to be electrified. It is shameful that the Government cancelled electrification plans in 2017 for utterly bogus reasons. Now is the time to keep that promise and electrify this iconic line, which serves Britain's second-biggest visitor destination after London. We ask that there be a passing loop on the Lakes line at Burneside to enable a huge increase in capacity, and we ask for Staveley station to be made accessible, so that it is no longer out of reach of those with mobility difficulties, who cannot make it up the 41 steps.

We ask that the Government show their commitment to industrial renewal and to tackling the climate emergency by investing in wave, hydro and tidal power in the most beautiful but—let us be honest—wettest part of Britain. Why is it that the UK, with the highest tidal range on the planet after Canada, spends so little on the reliable power that water offers? We are proud to have Gilkes in Kendal, beacon to the hydro energy industry. Let us back it, and others like it, so that we can get Britain working, sustainably.

For Cumbria and Britain, building back better and greener is possible—essential—but it means doing more than just using Roosevelt's name; it will mean deploying Roosevelt's courage.

Jim Shannon: I am thankful for the opportunity to speak on this important topic. I declare an interest as a landowner. Many years ago, I used the initiative to provide saplings to landowners free of charge, and I planted 3,500 trees on my farm—my father's farm, as it was then. Over the years I have watched them grow, and have seen wildlife flourish. I am very proud of my biodiversity foray. However, I would never have thought

to use some five acres of my farm to plant trees had not the relevant Department publicised and encouraged the scheme, and made it easier for me.

I understand that the Prime Minister has this week indicated that 1.5 billion trees will be planted between now and 2050. That will raise forest cover across the United Kingdom of Great Britain from 15% to 17%. I would have liked more than that, of course, but I welcome it; we should welcome that very positive announcement. It is clear to me that Government initiatives on the environment make a difference. I am not talking about ceasing production of diesel cars or other preventive measures; I am talking about initiatives from which the constituent feels the benefit. Constituents knew that they could get money for scrapping their old carbon-emitting guzzler car, and could put that towards a more environmentally friendly car that cost them less in road tax, and they did it. They knew that they could get a grant to help install solar panels on their roof and for insulation, so that they did not have to use as much oil, and they did it. Battery storage is one of the projects in my constituency. We hope to see it going forward as one of our very positive green energy projects. I understand that my hon. Friend the Member for North Antrim (Ian Paisley) is in discussions with the Government about hydrogen vehicles. He also asked a question of the Prime Minister today about buses.

6.30 pm

Green policies will increase jobs for all of the United Kingdom of Great Britain and Northern Ireland. We should be pursuing those policies with some haste and with some zest. It is my belief that we should not rely simply on our moral duty to be good stewards of this beautiful world that God has granted to us. It is by providing incentives that we have made great strides, but there is more that can and should be done—more can be done to help our farming industry and more can be done to help our haulage firms and our aerospace industry. It is not enough to put the onus on them; we must also play our part in this place. I am looking forward to the Minister's response, because I am quite sure that a lot of positivity will come out of what he hopes to achieve.

I was recently contacted by representatives from the RSPB who wanted to set up an appointment regarding offshore renewable energy, which I am very keen to support. They highlighted the fact that there has been a step up in ambition in offshore wind delivery over the past 12 months. The latest offshore wind sector deal includes a significantly increased commitment to offshore wind and the Conservative manifesto committed to delivering the greater target of 40 GW by 2030, which is laudable and which I agree with to a large extent. The RSPB has expressed concern that without a robust evidence base and strategically planned deployment, efforts to decarbonise may fall short and risk significant harm to our sea life at a time of ecological emergency. Furthermore, alongside aspirations for increased offshore wind, we would welcome support for onshore renewables in harmony with nature through the reinstatement of the contract for difference auctions as part of the UK's renewable energy mix.

I very much welcome the commitment of the National Farmers Union and, obviously, of its sister organisation, the Ulster Farmers Union, which I am a member of, to

deliver their targets of zero carbon emissions over the next period of time. The Government can do things only if other bodies help and assist them. The National Farmers Union and the Ulster Farmers Union, across the whole United Kingdom of Great Britain and Northern Ireland, are committed to doing that. I believe that that is all part of the conversation around the environment and climate change to help us meet our target of zero carbon emissions, and, while I welcome the steps that have been taken, I do believe very strongly that we must again incentivise and invest more to reach our targets and the Government's targets across all the four regions for the safety not just of my children, but of my precious grandchildren—I now have four after one more arrived last week, and I must say that, with each one of them, I feel my years.

Jesse Norman: It is a great pleasure to be able to speak to the very interesting debate that we have just had. It ranged very wide and far indeed, but I will speak now to the specifics of the clauses.

New clause 28 would require the Chancellor to assess the impact of the Bill on the environment, and new clause 34 would require the Chancellor to review its impact on human and ecological wellbeing, including that of future generations. New clause 13 would require the Chancellor to assess the impact of the Bill on the UK meeting the UN sustainable development goals. New clause 14 would require an assessment of the Bill's impact on the UK meeting its Paris climate change commitments.

I could do no better than the hon. Member for Ilford North (Wes Streeting) in rehearsing many of the achievements of the Government set out in his speech, so I am very grateful to him for doing that. He rightly highlighted the achievements that we have made in terms of offshore wind, but it was left to my right hon. Friend the Member for South Northamptonshire (Andrea Leadsom) to mention the 42% reduction in emissions since 1990 while the economy grew by two thirds, so I do not need to dilate too much on that topic.

Let me merely speak to these amendments to the legislation. These amendments are not necessary and they should not stand part of the Bill. Tackling climate change is a top priority for the Government, with the UK becoming the first major economy to pass legislation committing to reach net zero emissions by 2050. The Government remain committed to meeting this milestone and have consistently demonstrated the UK's world leadership in clean growth and development. For example, the 2019 spending round included additional funding for biodiversity measures to support the maintenance and restoration of vital habitats for wildlife and to deliver the 25-year environment plan. Following that, the spring Budget reinforced our track record in the area, announcing at least £800 million for carbon capture and storage—that should be of great interest to the hon. Member for Weaver Vale (Mike Amesbury), who is no longer in his seat—and more than £1 billion of further support for ultra low emission vehicles. That Budget also announced that we will at least double funding for energy innovation.

The Bill highlights the progress we are making towards our commitment to tackling climate change, as well as towards sustainable low-carbon development and meeting international agreements. The Bill provides significant

incentives to support the continued decarbonisation of transport. Clause 83 establishes tax support for zero-emission vehicles, exempting them from the vehicle excise duty expensive car supplement.

The Bill also ensures that Her Majesty's Revenue and Customs can prepare for the introduction of the plastic packaging tax. That was rightly highlighted by my hon. Friend the Member for Harrogate and Knaresborough (Andrew Jones) and will incentivise businesses to use 30% recycled plastic instead of new material in plastic packaging. The Government are also reopening and extending the climate change agreement scheme to support energy-intensive businesses to operate in a more environmentally friendly and sustainable way.

Catherine West: Will the Minister give way?

Jesse Norman: If I may, I will speak to the clauses and then take up the points made by Members in the debate.

New clause 28 would require the Chancellor to assess the impact of the Bill on the environment, specifically considering the impact on achieving net zero emissions by 2050, on meeting carbon budgets and on air quality standards and biodiversity. The Government are committed to meeting our net zero milestone. The net zero review continues to make progress, although, let us be clear, like everything else the capacity to consult a wider group of stakeholders has been affected by covid. Many resources have been devoted to covid-related matters given the position we are in, but the review continues to make progress and we will publish a call for evidence, which will allow businesses and stakeholders the chance to engage seriously ahead of publication.

Carbon pricing has already contributed to emissions reductions in the power sector, as the share of coal-based electricity fell from 40% in 2012 to 5% in 2018, which is something everyone should be proud about. Future climate strategies will be set out in due course, including as part of the national infrastructure strategy.

The Government have also created skills advisory panels to help local areas understand their current and future skills needs, including in low carbon industries, and to tailor provision accordingly. The Government will assess the impact of potential interventions against the contribution they make to our environmental goals, including on climate change and air quality targets.

New clause 13 would require an impact assessment of how the Bill is meeting the UN sustainable development goals within six months of Royal Assent. It is important to realise that it is already a requirement for UN member states to review their progress towards meeting the global goals at least once, and we as a country have been proactive in assessing that and reporting back to the UN.

New clause 14 would require a review of the Bill's impact on the UK meeting its UN Paris climate change agreements. Under the Paris agreement, the Government must maintain and report on their emissions reduction commitments in the form of a nationally determined contribution. The UK's legally binding commitment to reduce emissions to net zero by 2050 is among the most stringent in the world, and the system of governance that implements that commitment under the Climate Change Act 2008 is world-leading.

New clause 34 would require the Chancellor to review the impact of the Bill's provisions on human and ecological wellbeing, including on future generations. The Environment Bill is designed to ensure that the environment is at the heart of all environmental policy making. This Government and future Governments are held to account if they fail to uphold their environmental duties through a newly established Office of Environmental Protection, including legally binding, long-term targets on biodiversity, air quality, water, resource efficiency and waste management on top of the net zero target.

Turning to some of the comments that I thought were of great interest, my right hon. Friend the Member for South Northamptonshire was absolutely right to highlight the Government's record in this area. The hon. Member for Aberdeen South (Stephen Flynn) raised a challenge on top-ups. My view here, as elsewhere, is that we will look with great interest to see whether the policy is effective. If it is effective, we will look even more closely at whether our policy as the UK Government needs to be changed, but it is obviously far too early to be able to say that. If he believes, as we believe, that actions matter, not just words, I am sure he will agree. If the Scottish Government want to do more in that area, they have received an additional £3.8 billion through covid funding, and they can divert some of that if they wish.

Stephen Flynn: Will the Minister give way?

Jesse Norman: I am afraid I just do not have any time. I will come back to the hon. Gentleman at the end if I do.

I want to respond to the hon. Member for Hornsey and Wood Green (Catherine West), who rightly highlighted the importance of local authorities for cycling, walking and tree planting. I agree with her about that. She asked about the replacement strategy for the emissions trading system. I think she is aware that we have framed two alternatives. The first is a UK ETS, and the second is a carbon emissions tax. We are open to a negotiated agreement, but we have the resources, through either of those options, to implement a scheme that addresses the issues that she is concerned about.

Finally, the hon. Member for Cardiff North (Anna McMorrin) called for leadership not rhetoric. I wonder whether she was referring to the Welsh Government, whose tree planting plans have been disastrous. They seem to be way behind, according to their own tree planting estimates.

The hon. Lady specifically picked out the Swansea Bay tidal lagoon. As my right hon. Friend the Member for South Northamptonshire said, that project would not provide value for money. It would be a terrible waste of public money. That money could be spent much better.

Sir Edward Davey: Absolute nonsense.

Jesse Norman: I spent a lot of time looking at it when I was a Minister at the Department for Business, Energy and Industrial Strategy, and the right hon. Gentleman, who is chuntering from a sedentary position, is quite wrong about that. It would provide terrible value for money.

It is also fascinating that the project is not an environmentally wise idea. The hon. Member for Cardiff North may not be aware that the Wildlife Trust of South and West Wales specifically highlighted the major

impact on biodiversity, the loss of intertidal habitat and the impact on local ecology, and National Resources Wales talked of a "major adverse impact". I agree with the hon. Lady that actions matter, not words, and that leadership matters, not rhetoric, and we are seeing that by turning down this very bad project.

The Government are committed to tackling climate change and to being the first generation to leave the environment in a better condition than we inherited it. These measures go towards making that happen.

Wes Streeting: We have had an excellent debate, particularly Opposition Members' contributions. May I congratulate, on behalf of all of us, the hon. Member for Strangford (Jim Shannon) on the birth of his latest grandchild? He will be a proud grandfather. My proud father wrote to me during the debate to say two things: first, that my hon. Friend the Member for Hove (Peter Kyle) needs a haircut, and secondly, that it is good to see the Government Benches full, taking social distancing to the nth degree. However, what they lacked in quantity they made up for with quality, although I must take up a point with the right hon. Member for South Northamptonshire (Andrea Leadsom), who said that all I did was criticise the Government. That is not true. As the Minister acknowledged, I listed all of their achievements. It is not my fault that the Committee on Climate Change has said that those achievements do not go far enough to help the country achieve its net zero ambition. They are going to have to do better.

I must say that it was a shame for the Minister to end what has otherwise been a rather consensual debate on the importance of tackling climate change with his outburst on the Swansea Bay tidal lagoon. That is a great missed opportunity and another reason why so many campaigners are right to say that the Green Book ought to be reformed so that when the Treasury makes spending decisions on major projects, it properly takes into account the net zero benefits; otherwise, we end up being penny-wise but, ultimately, planet-foolish.

Jesse Norman: The challenge for the hon. Gentleman is to explain how the money saved might not be better deployed on greener projects with better carbon performance. That is the question.

Wes Streeting: The Minister would be far more persuasive if the Government made any announcements about how they are investing more. In fact, what we got from the Prime Minister this week was a damp squib. I genuinely hoped and expected that the Prime Minister would announce major programmes. For example, retrofitting homes across the country would deliver environmental benefits and job creation, including jobs that would compensate those who will imminently find themselves out of work.

Sir Edward Davey: Will the hon. Gentleman give way?

Wes Streeting: I probably do not have time, I am afraid.

Those are the sorts of initiatives that we expect the Government to come forward with. I am disappointed by the lack of ambition, which only underpins why our new clause is so important, so I wish to press it to a Division.

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

Madam Deputy Speaker (Dame Rosie Winterton): Order. I ask all hon. Members other than Front Benchers and Tellers to leave the Chamber by the doors behind me. Members should join the queues to vote in Westminster Hall. To vote, Members should enter the Lobby and swipe their pass on one of the pass readers. The doors will be closed in 12 minutes.

The House having divided: Ayes 246, Noes 342.

Division No. 68]

[6.44 pm

AYES

Abbott, rh Ms Diane	Dodds, Anneliese
Abrahams, Debbie	Doogan, Dave
Ali, Rushanara	Dorans, Allan
Ali, Tahir	Doughty, Stephen
Allin-Khan, Dr Rosena	Dromey, Jack
Amesbury, Mike	Duffield, Rosie
Anderson, Fleur	Eagle, Ms Angela
Antoniazzi, Tonia	Eagle, Maria
Ashworth, Jonathan	Eastwood, Colum
Bardell, Hannah	Efford, Clive
Barker, Paula	Elliott, Julie
Beckett, rh Margaret	Elmore, Chris
Begum, Apsana	Eshalomi, Florence
Betts, Mr Clive	Esterson, Bill
Black, Mhairi	Farry, Stephen
Blackford, rh Ian	Fellows, Marion
Blackman, Kirsty	Ferrier, Margaret
Blake, Olivia	Fletcher, Colleen
Blomfield, Paul	Flynn, Stephen
Bonnar, Steven	Fovargue, Yvonne
Brabin, Tracy	Foxcroft, Vicky
Bradshaw, rh Mr Ben	Foy, Mary Kelly
Brennan, Kevin	Furniss, Gill
Brown, Alan	Gardiner, Barry
Brown, Ms Lyn	Gibson, Patricia
Brown, rh Mr Nicholas	Gill, Preet Kaur
Bryant, Chris	Glindon, Mary
Buck, Ms Karen	Grady, Patrick
Burgon, Richard	Grant, Peter
Byrne, Ian	Gray, Neil
Cadbury, Ruth	Green, Kate
Cameron, Dr Lisa	Greenwood, Lilian
Campbell, rh Sir Alan	Greenwood, Margaret
Carden, Dan	Griffith, Nia
Carmichael, rh Mr Alistair	Gwynne, Andrew
Chamberlain, Wendy	Haigh, Louise
Champion, Sarah	Hamilton, Fabian
Chapman, Douglas	Hanna, Claire
Cherry, Joanna	Hanvey, Neale
Clark, Feryal	Harman, rh Ms Harriet
Cooper, Daisy	Harris, Carolyn
Cooper, Rosie	Hayes, Helen
Cooper, rh Yvette	Healey, rh John
Corbyn, rh Jeremy	Hendrick, Sir Mark
Cowan, Ronnie	Hendry, Drew
Coyle, Neil	Hill, Mike
Crawley, Angela	Hillier, Meg
Creasy, Stella	Hodge, rh Dame Margaret
Cruddas, Jon	Hodgson, Mrs Sharon
Cryer, John	Hollern, Kate
Cummins, Judith	Hopkins, Rachel
Cunningham, Alex	Hosie, Stewart
Daby, Janet	Howarth, rh Sir George
Davey, rh Sir Edward	Huq, Dr Rupa
David, Wayne	Jardine, Christine
Davies-Jones, Alex	Jarvis, Dan
Day, Martyn	Johnson, Dame Diana
Debbonaire, Thangam	Johnson, Kim
Dhesi, Mr Tanmanjeet Singh	Jones, Darren
Docherty-Hughes, Martin	Jones, Gerald

Jones, rh Mr Kevan	Phillips, Jess
Jones, Ruth	Phillipson, Bridget
Jones, Sarah	Pollard, Luke
Kane, Mike	Powell, Lucy
Keeley, Barbara	Qureshi, Yasmin
Kendall, Liz	Rayner, Angela
Khan, Afzal	Reed, Steve
Kyle, Peter	Rees, Christina
Lake, Ben	Reeves, Ellie
Lammy, rh Mr David	Reeves, Rachel
Lavery, Ian	Reynolds, Jonathan
Law, Chris	Ribeiro-Addy, Bell
Lewell-Buck, Mrs Emma	Rimmer, Ms Marie
Lewis, Clive	Rodda, Matt
Linden, David	Russell-Moyle, Lloyd
Lloyd, Tony	Saville Roberts, rh Liz
Long Bailey, Rebecca	Shah, Naz
Lucas, Caroline	Sharma, Mr Virendra
Lynch, Holly	Sheerman, Mr Barry
MacAskill, Kenny	Sheppard, Tommy
Madders, Justin	Siddiq, Tulip
Mahmood, Shabana	Slaughter, Andy
Malhotra, Seema	Smith, Alyn
Maskell, Rachael	Smith, Cat
Matheson, Christian	Smith, Jeff
Mc Nally, John	Smith, Nick
McCabe, Steve	Sobel, Alex
McCarthy, Kerry	Spellar, rh John
McDonald, Andy	Starmer, rh Keir
McDonald, Stewart Malcolm	Stephens, Chris
McDonald, Stuart C.	Stevens, Jo
McDonnell, rh John	Stone, Jamie
McFadden, rh Mr Pat	Streeting, Wes
McGinn, Conor	Sultana, Zarah
McGovern, Alison	Tami, rh Mark
McKinnell, Catherine	Tarry, Sam
McLaughlin, Anne	Thewliss, Alison
McMahon, Jim	Thomas, Gareth
McMorrin, Anna	Thomas-Symonds, Nick
Mearns, Ian	Thompson, Owen
Mishra, Navendu	Thomson, Richard
Monaghan, Carol	Thornberry, rh Emily
Moran, Layla	Timms, rh Stephen
Morden, Jessica	Trickett, Jon
Morgan, Stephen	Turner, Karl
Morris, Grahame	Twigg, Derek
Murray, Ian	Twist, Liz
Murray, James	Vaz, rh Valerie
Newlands, Gavin	Webbe, Claudia
Nichols, Charlotte	West, Catherine
Nicolson, John	Whitehead, Dr Alan
Norris, Alex	Whitford, Dr Philippa
O'Hara, Brendan	Whitley, Mick
Olney, Sarah	Whittome, Nadia
Onwurah, Chi	Williams, Hywel
Oppong-Asare, Abena	Wilson, Munira
Osamor, Kate	Wishart, Pete
Oswald, Kirsten	Yasin, Mohammad
Owatemi, Taiwo	Zeichner, Daniel
Owen, Sarah	
Peacock, Stephanie	
Pennycook, Matthew	
Perkins, Mr Toby	

Tellers for the Ayes:
Matt Western and
Bambos Charalambous

NOES

Adams, Nigel	Allan, Lucy
Afolami, Bim	Amess, Sir David
Afriyie, Adam	Anderson, Lee
Ahmad Khan, Imran	Anderson, Stuart
Aiken, Nickie	Andrew, Stuart
Aldous, Peter	Ansell, Caroline

Argar, Edward	Donelan, Michelle	Holloway, Adam	Mordaunt, rh Penny
Atherton, Sarah	Dorries, Ms Nadine	Holmes, Paul	Morris, Anne Marie
Atkins, Victoria	Double, Steve	Howell, John	Morris, David
Bacon, Gareth	Dowden, rh Oliver	Howell, Paul	Morris, James
Bacon, Mr Richard	Doyle-Price, Jackie	Huddleston, Nigel	Morrissey, Joy
Badenoch, Kemi	Drummond, Mrs Flick	Hudson, Dr Neil	Morton, Wendy
Bailey, Shaun	Duddridge, James	Hughes, Eddie	Mullan, Dr Kieran
Baillie, Siobhan	Duguid, David	Hunt, Jane	Mumby-Croft, Holly
Baker, Duncan	Duncan Smith, rh Sir Iain	Hunt, rh Jeremy	Mundell, rh David
Baker, Mr Steve	Eastwood, Mark	Hunt, Tom	Murray, Mrs Sheryll
Baldwin, Harriett	Edwards, Ruth	Jack, rh Mr Alister	Murrison, rh Dr Andrew
Baron, Mr John	Ellis, rh Michael	Javid, rh Sajid	Nici, Lia
Baynes, Simon	Ellwood, rh Mr Tobias	Jayawardena, Mr Ranil	Nokes, rh Caroline
Bell, Aaron	Elphicke, Mrs Natalie	Jenkin, Sir Bernard	Norman, rh Jesse
Beresford, Sir Paul	Eustice, rh George	Jenkinson, Mark	O'Brien, Neil
Berry, rh Jake	Evans, Dr Luke	Jenkyns, Andrea	Offord, Dr Matthew
Bhatti, Saqib	Evennett, rh Sir David	Jenrick, rh Robert	Opperman, Guy
Blackman, Bob	Everitt, Ben	Johnson, Dr Caroline	Parish, Neil
Blunt, Crispin	Fabricant, Michael	Johnson, Gareth	Patel, rh Priti
Bone, Mr Peter	Farris, Laura	Johnston, David	Pawsey, Mark
Bowie, Andrew	Fell, Simon	Jones, Andrew	Penning, rh Sir Mike
Bradley, rh Karen	Fletcher, Katherine	Jones, rh Mr David	Penrose, John
Brady, Sir Graham	Fletcher, Mark	Jones, Fay	Percy, Andrew
Brereton, Jack	Fletcher, Nick	Jupp, Simon	Philp, Chris
Bridgen, Andrew	Ford, Vicky	Kawczynski, Daniel	Pincher, rh Christopher
Brine, Steve	Foster, Kevin	Kearns, Alicia	Poulter, Dr Dan
Bristow, Paul	Fox, rh Dr Liam	Keegan, Gillian	Pow, Rebecca
Brokenshire, rh James	Francois, rh Mr Mark	Knight, rh Sir Greg	Prentis, Victoria
Browne, Anthony	Frazer, Lucy	Kruger, Danny	Pritchard, Mark
Bruce, Fiona	Freer, Mike	Kwarteng, rh Kwasi	Pursglove, Tom
Buchan, Felicity	Fuller, Richard	Lamont, John	Quin, Jeremy
Buckland, rh Robert	Fysh, Mr Marcus	Largan, Robert	Quince, Will
Burghart, Alex	Gale, rh Sir Roger	Latham, Mrs Pauline	Raab, rh Dominic
Burns, rh Conor	Garnier, Mark	Leadsom, rh Andrea	Randall, Tom
Butler, Rob	Ghani, Ms Nusrat	Leigh, rh Sir Edward	Redwood, rh John
Cairns, rh Alun	Gibb, rh Nick	Lewer, Andrew	Rees-Mogg, rh Mr Jacob
Carter, Andy	Gibson, Peter	Lewis, rh Brandon	Richards, Nicola
Cartlidge, James	Gideon, Jo	Lewis, rh Dr Julian	Richardson, Angela
Cash, Sir William	Gillan, rh Dame Cheryl	Liddell-Grainger, Mr Ian	Roberts, Rob
Cates, Miriam	Glen, John	Loder, Chris	Robertson, Mr Laurence
Caulfield, Maria	Goodwill, rh Mr Robert	Logan, Mark	Robinson, Gavin
Chalk, Alex	Gove, rh Michael	Longhi, Marco	Robinson, Mary
Chishti, Rehman	Graham, Richard	Lopez, Julia	Ross, Douglas
Churchill, Jo	Grant, Mrs Helen	Lopresti, Jack	Rowley, Lee
Clark, rh Greg	Grayling, rh Chris	Lord, Mr Jonathan	Russell, Dean
Clarke, Mr Simon	Green, Chris	Loughton, Tim	Sambrook, Gary
Clarke, Theo	Green, rh Damian	Mackinlay, Craig	Saxby, Selaine
Clarke-Smith, Brendan	Griffith, Andrew	Mackrory, Cherylyn	Scully, Paul
Clarkson, Chris	Griffiths, Kate	Maclean, Rachel	Seely, Bob
Cleverly, rh James	Grundy, James	Mak, Alan	Selous, Andrew
Clifton-Brown, Sir Geoffrey	Gullis, Jonathan	Malthouse, Kit	Shannon, Jim
Coffey, rh Dr Thérèse	Halfon, rh Robert	Mangnall, Anthony	Shapps, rh Grant
Colburn, Elliot	Hall, Luke	Mann, Scott	Sharma, rh Alok
Collins, Damian	Hammond, Stephen	Marson, Julie	Shelbrooke, rh Alec
Costa, Alberto	Hancock, rh Matt	May, rh Mrs Theresa	Simmonds, David
Courts, Robert	Hands, rh Greg	Mayhew, Jerome	Skidmore, rh Chris
Coutinho, Claire	Harper, rh Mr Mark	Maynard, Paul	Smith, Chloe
Cox, rh Mr Geoffrey	Harris, Rebecca	McCartney, Jason	Smith, Greg
Crabb, rh Stephen	Harrison, Trudy	McCartney, Karl	Smith, Henry
Crosbie, Virginia	Hart, Sally-Ann	McPartland, Stephen	Smith, rh Julian
Crouch, Tracey	Hart, rh Simon	Menzies, Mark	Smith, Royston
Daly, James	Heald, rh Sir Oliver	Mercer, Johnny	Solloway, Amanda
Davies, David T. C.	Heapey, James	Merriman, Huw	Spencer, rh Mark
Davies, Gareth	Heaton-Harris, Chris	Metcalfe, Stephen	Stafford, Alexander
Davies, Dr James	Henderson, Gordon	Millar, Robin	Stephenson, Andrew
Davies, Mims	Henry, Darren	Miller, rh Mrs Maria	Stevenson, Jane
Davis, rh Mr David	Higginbotham, Antony	Milling, rh Amanda	Stevenson, John
Davison, Dehenna	Hinds, rh Damian	Mills, Nigel	Stewart, Iain
Dinenage, Caroline	Hoare, Simon	Mitchell, rh Mr Andrew	Streeter, Sir Gary
Dines, Miss Sarah	Holden, Mr Richard	Mohindra, Mr Gagan	Stride, rh Mel
Djanogly, Mr Jonathan	Hollinrake, Kevin	Moore, Damien	Stuart, Graham
Docherty, Leo	Hollobone, Mr Philip	Moore, Robbie	

Sturdy, Julian
 Sunak, rh Rishi
 Sunderland, James
 Syms, Sir Robert
 Thomas, Derek
 Throup, Maggie
 Timpson, Edward
 Tolhurst, Kelly
 Tomlinson, Justin
 Tomlinson, Michael
 Tracey, Craig
 Trevelyan, rh Anne-Marie
 Trott, Laura
 Truss, rh Elizabeth
 Tugendhat, Tom
 Vara, Mr Shailesh
 Vickers, Martin
 Vickers, Matt
 Villiers, rh Theresa
 Wakeford, Christian
 Walker, Sir Charles
 Walker, Mr Robin

Wallace, rh Mr Ben
 Wallis, Dr Jamie
 Warburton, David
 Warman, Matt
 Watling, Giles
 Webb, Suzanne
 Whately, Helen
 Wheeler, Mrs Heather
 Whittaker, Craig
 Whittingdale, rh Mr John
 Wiggin, Bill
 Wild, James
 Williams, Craig
 Williamson, rh Gavin
 Wood, Mike
 Wragg, Mr William
 Wright, rh Jeremy
 Young, Jacob
 Zahawi, Nadhim

Tellers for the Noes:
David Rutley and
Mr Marcus Jones

Question accordingly negated.

The list of Members currently certified as eligible for a proxy vote, and of the Members nominated as their proxy, is published at the end of today's debates.

New Clause 26

REVIEW OF IMPACT OF ACT ON JOB CREATION

“The Chancellor of the Exchequer must conduct an assessment of the effect of the Act on job creation, and lay this before the House of Commons within six months of Royal Assent.”—
(Mr McFadden.)

This new clause would require the Chancellor of the Exchequer to review the impact of the Bill on job creation.

Brought up, and read the First time.

Mr Pat McFadden (Wolverhampton South East) (Lab):
 I beg to move, That the clause be read a Second time.

Mr Deputy Speaker (Mr Nigel Evans): With this it will be convenient to discuss the following:

New clause 1—*Loan charge: report on effect of the scheme*—

“(1) The Chancellor of the Exchequer must commission a review, to be carried out by an independent panel, of the impact in parts of the United Kingdom and regions of England of the scheme established under sections 20 and 21 and lay the report of that review before the House of Commons within six months of the passing of this Act.

(2) A review under this section must consider the effects of the provisions on—

- (a) business investment,
- (b) employment,
- (c) productivity, and
- (d) company solvency.

(3) A review under this section must consider the fairness with which HMRC has implemented the policy, including whether HMRC has provided reasonable flexibility around repayment plans with the aim of avoiding business failures and individual bankruptcies.

In this section “parts of the United Kingdom” means—

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

and “regions of England” has the same meaning as that used by the Office for National Statistics.”

This new clause would require a review of the impact of the scheme to be established under Clauses 20 and 21.

New clause 31—*Restricting the loan charge to cases where taxpayer knew loan was taxable*—

“(1) In Schedule 11 to F(No.2)A 2017 (employment income provided through third parties: loans etc outstanding on 5 April 2019) in paragraph 1(1)—

- (a) at the end of paragraph (b) omit “and”; and
- (b) at the end of paragraph (c), insert—

“, and

- (d) if the relevant year is 2015/16 or an earlier tax year, one of the conditions 1 to 3 is met.”

- (c) After paragraph 1(1), insert—

“(1A) Condition 1 is that—

- (a) P submitted a return in accordance with section 8 of TMA 1970 for the relevant year,
- (b) the loan or quasi loan was not accounted for in the return as income, and
- (c) P knew that the loan or quasi loan should have been accounted for as income in the relevant year.

(1B) Condition 2 is that P has not been issued with a notice under section 8 of TMA 1970 for the relevant year.

(1C) Condition 3 is that P has been issued with a notice under section 8 of TMA 1970 for the relevant year but that notice is or has been withdrawn under section 8B(2) of that Act.”

(2) In Schedule 12 to F(No.2)A 2017 (trading income provided through third parties: loans etc outstanding on 5 April 2019) in paragraph 1(2)—

- (a) at the end of paragraph (a)(ii) omit “and”; and
- (b) at the end of paragraph (b), insert—

“, and

- (c) if the tax year in respect of which the loan or quasi loan should have been accounted for as income (or otherwise treated as a receipt of a revenue nature for income tax purposes) (“the relevant year”) is 2015/16 or an earlier tax year, one of the conditions 1 to 3 is met.”

- (c) After paragraph 1(2), insert—

“(2A) Condition 1 is that—

- (a) T submitted a return in accordance with section 8 of TMA 1970 for the relevant year,
- (b) the loan or quasi loan was not accounted for in the return as income (or otherwise treated as a receipt of a revenue nature for income tax purposes), and
- (c) T knew that the loan or quasi loan should have been accounted for in the return as income (or otherwise treated as a receipt of a revenue nature for income tax purposes).

(2B) Condition 2 is that T has not been issued with a notice under section 8 of TMA 1970 for the relevant year.

(2C) Condition 3 is that T has been issued with a notice under section 8 of TMA 1970 for the relevant year but that notice is or has been withdrawn under section 8B(2) of that Act.”

This new clause provides that, in respect of loans made in 2015/16 tax year and any earlier tax years, the loan charge applies only if the taxpayer submitted their tax return and deliberately did not declare the loan to be income. The clause also extends this protection to taxpayers who were not required by HMRC to submit tax returns.

New clause 35—*Review of Off-Payroll working (IR35) legislation*—

“(1) The provisions of section 7 and Schedule 1 of this Act do not have effect unless the Treasury has conducted a review of Off-Payroll working (IR35) legislation and has laid a copy of the report of that review before both Houses of Parliament.

(2) A review under (1) must include assessment of—

- (a) impact on individuals' livelihoods,
- (b) impact on individuals' employment rights, and
- (c) relevant business practices.

(3) Any review under (1) must be carried out no later than 31 December 2025.”

This new clause would provide that the IR35 provisions of the bill would not take effect unless the Treasury has conducted and published a review of off-payroll working legislation.

Amendment 16, page 2, line 23, leave out clause 7

Amendment 55, in clause 20, page 15, line 6, at end insert—

“(3A) An amount paid, treated as paid or due to be paid under a qualifying agreement is also a qualifying amount if—

- (a) the amount is referable (directly or indirectly) to a qualifying loan or quasi-loan,
- (b) the tax year in which an amount representing the loan or quasi-loan should have been accounted for as income (or otherwise treated as a receipt of a revenue nature for income tax purposes) (“the relevant year”) is 2015/16 or an earlier tax year, and
- (c) one of the conditions 1 to 3 is met.

(3B) Condition 1 is that—

- (a) the person to whom the income tax liability the agreement referred to in subsection (2) relates (“P”) submitted a tax return in accordance with section 8 of TMA 1970 for the relevant year, and
- (b) the loan or quasi loan was not accounted for in the return as income (or otherwise treated as a receipt of a revenue nature for income tax purposes).

(3C) However, condition 1 is not met if P knew that the loan or quasi loan should have been accounted for in the return as income (or otherwise treated as a receipt of a revenue nature for income tax purposes).

(3D) Condition 2 is that P has not been issued with a notice under section 8 of TMA 1970 for the relevant year.

(3E) Condition 3 is that P has been issued with a notice under section 8 of TMA 1970 for the relevant year but that notice is or has been withdrawn under section 8B(2) of that Act.”.

This amendment is consequential on the new clause “Restricting the loan charge to cases where taxpayer knew loan was taxable”. It provides that a prior settlement with HMRC can be unwound unless the worker failed to account for a 2015/16 tax year (or earlier) liability in his or her tax return deliberately despite knowing that the loan should have been included as income.

Amendment 17, page 85, line 2, leave out schedule 1.

Amendment 20, in schedule 1, page 97, line 15, leave out “2021-22” and insert “2023-24”

This amendment and 21 to 36 and 57 seeks to delay the introduction of the IR35 changes until the tax year 2023-24.

Amendment 21, page 97, line 17, leave out “2021” and insert “2023”

Amendment 22, page 97, line 21, leave out “2021” and insert “2023”

Amendment 23, page 97, line 23, leave out “2021” and insert “2023”

Amendment 24, page 97, line 25, leave out “2021” and insert “2023”

Amendment 25, page 97, line 26, leave out “2021” and insert “2023”

Amendment 26, page 97, line 38, leave out “2021” and insert “2023”

Amendment 27, page 98, line 4, leave out “2021-22” and insert “2023-24”

Amendment 28, page 98, line 8, leave out “2021” and insert “2023”

Amendment 29, page 98, line 12, leave out “2021” and insert “2023”

Amendment 30, page 98, line 30, leave out “2021” and insert “2023”

Amendment 31, page 98, line 34, leave out “2021” and insert “2023”

Amendment 32, page 98, line 37, leave out “2021” and insert “2023”

Amendment 33, page 98, line 40, leave out “2021” and insert “2023”

Amendment 34, page 98, line 44, leave out “2021” and insert “2023”

Amendment 35, page 98, line 45, leave out “2021” and insert “2023”

Amendment 36, page 98, line 47, leave out “2021” and insert “2023”

Amendment 57, page 97, line 36 leave out ‘2021’ and insert ‘2023’

New clause 12—*Assessment of impact of provisions of this Act*—

“(1) The Chancellor of the Exchequer must review in parts of the United Kingdom and regions of England the impact of the provisions of this Act and lay a report of that review before the House of Commons within one month of the passing of this Act.

(2) A review under this section must consider the effects of the provisions on—

- (a) GDP
- (b) business investment,
- (c) employment,
- (d) productivity,
- (e) company solvency,
- (f) public revenues
- (g) poverty, and
- (h) public health.

(3) A review under this section must consider the following scenarios—

- (a) the Job Retention Scheme, Coronavirus Business Interruption Loan Scheme, Bounceback Loan Scheme and Self-employed Income Support Scheme are continued are continued for—
 - (i) six months,
 - (ii) the next year,
 - (iii) eighteen months,
 - (iv) the next two years; and
- (b) the Job Retention Scheme, Coronavirus Business Interruption Loan Scheme, Bounceback Loan Scheme and Self-employed Income Support Scheme are ended or changed in any ways by a Minister of the Crown other than as specified in (a).

(4) In this section—

“parts of the United Kingdom” means—

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

“regions of England” has the same meaning as that used by the Office for National Statistics.”

This new clause would require a review of the impact of the Bill in different possible scenarios with respect to the continuation of the coronavirus support schemes.

New clause 18—*Review of changes in Act*—

“(1) The Chancellor of the Exchequer must review the effect of the changes in this Act in each part of the United Kingdom and each region of England and lay a report of that review before the House of Commons within two months of the passing of this Act.

(2) A review under this section must consider the effects of the changes on—

- (a) business investment,
- (b) employment, and
- (c) productivity.

(3) A review under this section must consider the effects in the current and each of the subsequent four financial years.

(4) The review must also estimate the effects on the changes in the event of each of the following—

- (a) the UK leaves the EU withdrawal transition period without a negotiated comprehensive free trade agreement,
- (b) the UK leaves the EU withdrawal transition period with a negotiated agreement, and remains in the single market and customs union, or
- (c) the UK leaves the EU withdrawal transition period with a negotiated comprehensive free trade agreement, and does not remain in the single market and customs union.

(5) The review must also estimate the effects on the changes if the UK signs a free trade agreement with the United States.

(6) In this section—

“parts of the United Kingdom” means—

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

and “regions of England” has the same meaning as that used by the Office for National Statistics.”

This new clause requires a review of the impact on investment, employment and productivity of the changes made by the Act over time; in the event of a free trade agreement with the USA; and in the event of leaving the EU without a trade agreement, with an agreement to retain single market and customs union membership, or with a trade agreement that does not include single market and customs union membership.

7 pm

Mr McFadden: It is a pleasure to be facing my old sparring partner from the Treasury Committee of some years ago across the Dispatch Box. In this debate we will cover a number of amendments dealing with IR35 or off-payroll working, through to the loan charge and the impact of this Finance Bill on the crucial issue of jobs.

On IR35, we have always said that we need an approach that brings together the consideration of tax and employment law and that levels up protections for the self-employed, as well as dealing with the current implications of the tax system, which sometimes boosts bogus self-employment. The Chancellor has already hinted at changes to the tax regime for self-employed people as a consequence of the help given to them through the current crisis. Some contractors have raised concerns about being treated like an employee for tax purposes but not for employment rights purposes. Given the huge ongoing labour market difficulties caused by the current crisis, I would like to ask the Minister what consideration the Government have given to the timetable for their proposed changes and, in particular, what their attitude is to the amendments before us tonight calling for a delay in the roll-out of the IR35 changes to the private sector, so that we can get the balance between tax and employment rights correct.

Many Members have also received representations about changes to the loan charge. We have supported attempts to deal with tax avoidance, but also expressed concern for those advised into such arrangements, by either employers or the promoters of such schemes. We will continue to press the Government to review how

the promoters of disguised remuneration schemes have been tackled—or not tackled, as the case may be—by HMRC and ensure that those who promote such schemes are held to account.

Sir Edward Davey: I agree with what the right hon. Gentleman has been saying. Would he support the option of the House having a vote tonight on new clause 31, which relates to the loan charge? There are many people watching our deliberations who hope that this House will express a view on the loan charge, and I am told that at the moment that is not likely to happen. Will he confirm from the Front Bench that the Labour party would like a Division on new clause 31?

Mr McFadden: The matter of what is voted on is of course, a consideration for the Speaker. I do not always get to decide what is voted on in this House.

New clause 26, standing in my name and those of my hon. Friends, focuses on the issue of jobs and does so for the very good reason that that is the principal economic challenge facing us right now. If there was any doubt about that, we need only look at the news over the past 24 hours—1,700 jobs lost at Airbus, up to 5,000 job losses announced by the owners of Upper Crust, 4,500 at easyJet a couple of days ago, another 4,500 at Swissport, and many more around the country that do not make the front page of the national news. These are not just numbers. Every one of them is a human story of a livelihood taken away and a family wondering how they will pay the bills and what the future will hold for them.

Across the country, the claimant count measure of unemployment is up by 1.5 million since the start of the year. In addition to those out of work and the estimated 9 million on furlough schemes, it is estimated that up to 8 million employees are working fewer hours than usual. These stark figures show us that we are facing the jobs challenge of a generation. It is decades since young people leaving school, college or university graduated into a labour market such as this.

Giving my age away, I remember, as a young teenager growing up in Glasgow, attending the people’s march for jobs. Unemployment back then was around 3 million. The vocabulary of it infused the times—“signing on”; “the Girocheque”. It even gave birth to the great band UB40, named after the unemployment card that people got for signing on. The damage caused by that mass unemployment affected not just the city where I grew up, but the Black Country that I now represent, and many similar communities across the country. Long-term social and economic pain was caused by far too many people facing a life on the dole, and we must never go back to those days. If we have learned anything from that experience of the 1980s, it is that the cost of not acting is greater than the cost of acting, and we must do everything we can now to prevent mass unemployment. That is the challenge facing us.

At the start of this crisis we called for wage support to help people through. The furlough scheme and the self-employed furlough scheme were the right and necessary things to do, but as lockdown is eased, and support from those schemes starts to be withdrawn from next month, we can see the danger facing the economy. The danger is that businesses that have been just about hanging on start to let people go, caught between

having no income and facing rising employment costs. This is the moment that the Government need to act to preserve jobs, jobs, jobs.

John Redwood (Wokingham) (Con): I agree with the right hon. Gentleman about the importance of jobs. Is he worried that the reform the Government have in mind might mean that a self-employed person working on their own in one of our constituencies could lose a contract to a foreign company, because the big company undertaking the contract might think that was safer?

Mr McFadden: I am not sure about the part of the right hon. Gentleman's intervention that referred to foreign companies, but the turbulence of the labour market right now does pose a danger to contractors. The Government have already recognised that to some degree in the delay announced for this measure.

Withdrawing support schemes at the same pace for all sectors does not recognise that some sectors are in far more difficulty than others, and that is particularly true for any sector based on the idea of people gathering closely together. Many sectors such as transport, aviation, sport, theatre, music, and others, are global British strengths, but right now they are on their knees. Dropping the social distancing rule from two metres to one metre is not enough when, in some cases, any kind of social distancing is impossible. Let us take live music, for example, which is based on the very opposite of social distancing. The break-even point for many venues and events is often being 80% to 90% full, and the change to one metre will not make that much difference to them. We need an approach that takes into account the different impact on different sectors.

If there was already a sectoral problem in withdrawing employment support, there is also now a geographical one, because Leicester is entering its second period of lockdown. Our thoughts go out to the people and businesses there who, like the rest of the country, have made great sacrifices over the past few months. We cannot yet know how long that second period of lockdown in Leicester will last. It could be a few weeks, but equally, it might be longer. Neither can we know whether Leicester will be the only place to go into another lockdown. Other cities may follow, and there has already been speculation about where those might be. How can it be right to withdraw employment support on a national basis when we are no longer in a single national position on the easing of lockdown?

We are asking people and businesses in Leicester today, and possibly other cities in the days and weeks to come, to shut down for a second time, and they should not be penalised for doing so. Will the Minister consider as a matter of urgency flexibility in the unwinding of the furlough and other support schemes, to take account of the new development of at least one, but possibly more, local lockdowns? Let me now turn to the future, and the jobs that might be created. The Government announced their back-to-work plan yesterday.

Jim Shannon: Something that concerns me—and I know that it also concerns the right hon. Gentleman and many other Members—is the fact that manufacturing as a proportion of the UK's GDP has fallen from 30% in 1970 down to 10% today, which is perhaps why our economy has not grown as it should have. I understand that if we do not get that figure up from 10% to 15%, we

will not have a manufacturing base for the future. Does he share my concern that if we do not retain, restore and increase our manufacturing base—including in the aerospace sector, for companies such as Bombardier in my constituency—it will not have a future?

Mr McFadden: There is no MP from the west midlands who does not care about our manufacturing base. It is a vital part of our economy. It may be true that we make less than we used to, but it is also true that we make more than we think, and we should never be dismissive of the activity and the creativity of making things in this country.

The Government announced their back-to-work plan yesterday, praying in aid President Roosevelt and the new deal. First, the Prime Minister wanted to compare himself to Churchill. Now it is Roosevelt. We have to wonder why he seems so uncomfortable with just being himself. Let us look at the comparison. F. D. R.'s new deal did indeed rescue the United States from the great depression. Millions of workers were hired, 255,000 miles of roads were built, as were 40,000 schools and almost 1,000 airports—major infrastructure projects that modernised the United States and stood the test of time, all at a cost of around 40% of pre-depression United States GDP. By contrast, what the Prime Minister announced yesterday was around 1% of the cost of the new deal—one cent on the dollar, if you will. He has taken the old political maxim, "Under-promise and over-deliver", and turned it on its head.

I know that the Minister likes a good book. One of the shorter, but nevertheless hugely illuminating, studies of Roosevelt's approach comes in Doris Kearns Goodwin's book on leadership. In it, she sets out Roosevelt's watchwords behind the new deal. I will leave the House to make its own judgment on the comparison between this and the Prime Minister. First, "Strike the right balance of realism and optimism"—not everything has to be claimed to be the biggest or the best in the world. After the events of recent months, systems that just worked would be an improvement. We then have, "Infuse a sense of shared purpose and direction", "Lead by example", "Forge a team aligned with action and change", "Bring all stakeholders aboard", "Set a deadline and drive full-bore to meet it", "Address systemic problems. Launch lasting reforms", "Be open to experiment", "Adapt and be ready to change course where necessary", and "Tell the story directly to the people". That was Roosevelt's approach, and I will leave it to others to judge whether the Prime Minister's approach falls short not only in scale but also in spirit.

Sir Edward Davey: Like the right hon. Gentleman, I have read books about F. D. R. I have studied F. D. R. The Prime Minister is no F. D. R.

Mr McFadden: Quite.

Infrastructure expenditure is, of course, welcome, and we support it. It makes sense to do this when interest rates are historically low.

Sir Mike Penning (Hemel Hempstead) (Con): There are people in our constituencies whose lives are being destroyed every day because the loan charge has been applied to them retrospectively. Forget what Mr Speaker might say—will the Labour party support new clause 31 if it is called? If not, why not?

Mr McFadden: On the loan charge, as I said, we have always supported cracking down on tax avoidance and we support action against those who enabled the scheme. New clause 31 makes a connection between people's tax treatment and what they knew; I believe we have to explore that principle as a matter of taxation and think carefully about how to proceed. I look forward to the debate on that later.

7.15 pm

In the 21st century, modernising our country needs to be about more than bricks and mortar. Even if, unlike the Prime Minister's bridge over the Thames or his island airport, the projects announced yesterday can actually be delivered, in today's world, and in particular in today's labour market, investment has to be in people as well as in buildings. The truth is that the technological change and the acceleration caused by the coronavirus crisis makes that even more urgent than it was before. Why, when the Government announced new funding for schools last week, were the early years left out, when we know that those years are often the most influential in charting a person's educational progress and their chances in future life? Where is the programme on a scale that we need to skill and reskill adults who will have to change jobs as a result of the economic change happening before our eyes?

Where is the plan for social care, wherein throughout this crisis, often on low pay, workers have heroically battled to look after people? As the Resolution Foundation reported just a few days ago, to take the ratio of social care workers to the over-70 population back to its 2014 level would on its own create 180,000 new jobs. Where, in this international age of nationalism, is the international response to co-ordinate economic support between countries in what is, by definition, a global health and economic crisis? The response to this crisis must meet the needs of the time.

It is for those reasons that we believe that the yardstick by which the Bill should be judged, and the focus of next week's statement, must be jobs. Having supported the economy this far, we cannot stop now. It is moments like this for which Governments exist. We need not only the capital spending but the investment in people to help the country through it. That is what the country is looking for now from its Government, and that is why we tabled the new clause.

Mr David Davis (Haltemprice and Howden) (Con): I rise to speak to the amendments and new clauses tabled in my name and the names of other Members of this House. They include new clause 31 and the consequential amendments relating to the loan charge legislation, and amendment 20 and the consequential amendments relating to the application of the so-called IR35 regulations, which deal with off-payroll taxation arrangements.

It is a pleasure to follow the right hon. Member for Wolverhampton South East (Mr McFadden). I am even older than him: I can remember discussions across the table in my household about the means test when I was too young to understand it.

When I first spoke in this House about the loan charge arrangements, I quoted the Chief Justice of the US Supreme Court who once said that the power to tax is the power to destroy. That description could be used of both the policies that I wish to talk about today.

The loan charge destroys lives. To date, at least seven people have taken their own lives as a result of this unfair and retrospective policy—and I will use that word “retrospective” over and over again, even though HMRC fails to recognise it. For many ordinary, decent people, including locum nurses, teachers and contractors—ordinary folk, not big City bankers—who were misled by their employers in many cases, the loan charge has robbed them of their peace of mind, their self-respect and, in some cases, their lives. Some 39% of them have considered suicide, 49% could lose their homes and 71% could face bankruptcy.

New clause 31 would simply stop the Government pursuing any employees who were innocent parties who did not know that what they were doing was illegal and who believed they were acting correctly and in good faith. Yesterday, when I spoke on immigration, I had to deal with a briefing from the Government supposedly rebutting the lines in my proposed amendment, and I have the same again today. A disgraceful and frankly wrong briefing has been handed out by the Government describing what they thought we were saying. I will not go into details, but I hope that others will have time to do so. I will simply say that HMRC seems to have forgotten that in English law you are innocent until proven guilty. It is about time we followed that principle with respect to the loan charge.

Sir Edward Davey: As the right hon. Gentleman knows, I am the second name on new clause 31, and he will note from the amendment paper that 54 hon. and right hon. Members have signed it. That is more than any other amendment before the House today, and the only one that comes close to it is another amendment on the loan charge. Does he not think that that is a signal that the House wants to divide on new clause 31, and that whatever the Front Benchers think, the Back Benchers who have signed new clause 31 want a vote?

Mr Davis: The right hon. Gentleman makes a good point, but he should make it to the Speaker rather than me, as he well knows. He has been a Member nearly as long as I have.

Crispin Blunt (Reigate) (Con): On a point of order, Mr Deputy Speaker. Forgive me; I might have missed the reason why we are not going to be able to divide on new clause 31, but I would be grateful if you could explain it to me. I have today become the longest serving Member for Reigate since the Great Reform Act, so I might have missed one or two things that are going on, but I would be obliged if you could tell me why we are not going to have the opportunity to divide on new clause 31.

Mr Deputy Speaker (Mr Nigel Evans): I thank the hon. Member for his point of order, but I think we have to wait until the end of the debate before these decisions are made.

Mr Davis: Thank you, Mr Deputy Speaker. I shall move on to the other issue that I want to discuss today.

Amendment 20 would delay the imposition of the IR35 rules from 2021 until April 2023. It is very unlikely that the economic crisis we are facing will be over by April 2021, and attempting to implement IR35 will cost jobs and do serious economic damage. A few months ago, the powerful Cross-Bench House of Lords Economic

Affairs Committee wrote a report on IR35, and much of what I am going to say involves quotations from that report. I will start with this:

“It is right that everyone should pay their fair share of tax. But the evidence that we heard over the course of our inquiry suggests that the IR35 rules—the government’s framework to tackle tax avoidance by those in ‘disguised employment’—have never worked satisfactorily, throughout the whole of their 20-year history. We therefore conclude that this framework is flawed.”

It is right not to impose unnecessary burdens on business at a time like this. I agree with a great deal of what the right hon. Member for Wolverhampton South East had to say about the importance of preserving—and, indeed, not destroying—employment in the current circumstances. This goes right to the issue of IR 35. The report states that

“the government made this decision after considering the issue too narrowly, in terms of its tax take. It has severely underestimated the costs to business of implementing the changes...And it did not analyse sufficiently the unintended behavioural consequences of the proposed reforms or their wider potential impact on the labour market, and on the gig economy in particular.”

Many contractors in the coming years will be left in an “undesirable halfway house”. They do not enjoy the rights that come with employment, yet they are considered employees for tax purposes. In short, IR35 will create “zero-rights employees”. I am saying this directly to Labour Members, because the idea that a Government action can create a class of employee with zero rights is an issue close to their hearts. Such employees have no rights under employment law but under tax law they are employees.

The Lords Committee called on the Government to commission an independent review to devise a better implementation of the scheme. I think that is exactly right, which is why I want to see another two years before we implement whatever the decision is. We need that time to understand precisely what the effect of our new policy will be.

It would be a disaster if, in the context of the economic crisis and the growing gig economy, the Government accidentally created that class of zero-rights employees with no holidays, no sick pay, no pension, no redundancy—no employment rights whatsoever. We must stop that happening either accidentally or deliberately, and on that basis I ask the House to support amendment 20.

Alison Thewliss: I am glad to follow the right hon. Member for Haltemprice and Howden (Mr Davis), who set out well the impact that the loan charge has had on many people’s mental health and wellbeing. Many of them will be watching the House tonight.

The implementation of the loan charge has been a disgrace. Our new clause 1 would force the Treasury to come clean on its unfairness and would require a review of the impact of the scheme. That reflects the limitations of Finance Bill amendments, but given the freedom of information revelations released yesterday by the all-party parliamentary group on the loan charge, suggesting that there was too cosy a relationship between Government officials and the staff working on the independent Morse review, looking again at this whole shambles seems appropriate.

It remains a scandal that tax professionals advise their clients to use such loopholes. It is important that people pay their fair share for the public services we all use, and the UK Government must pursue the organisations

and individuals who facilitated these loans. An independent review should be carried out of the advice given. As I said in Committee, those who trade in the business of loopholes are surely looking for the next thing to come along, so coming down on those scheme promoters now would prevent future loss to the Treasury.

There is widespread concern that HMRC has failed to work constructively with those seeking a loan charge repayment plan, with concerns that some may face bankruptcy and homelessness. I thought the right hon. Member for Haltemprice and Howden laid that out quite well. He mentioned the seven people who sadly took their own lives.

We continue to call on the UK Government to review the implementation of this policy, and our new clause 1 would force them to publish one within six months, including on the fairness with which HMRC has implemented the policy and whether it has provided reasonable flexibility on repayment plans, with the aim of avoiding business failures and individual bankruptcies.

My hon. Friend the Member for Inverness, Nairn, Badenoch and Strathspey (Drew Hendry) tabled early-day motion 296 to welcome the publication of Sir Amyas Morse’s loan charge review and the fact that, through this Bill, the UK Government would amend relevant legislation such that loans made before 2010 would no longer be subject to the loan charge. The motion also welcomes the fact that the self-assessment deadline has been delayed until 30 September 2020.

Initial analysis suggests that more than 30,000 individuals will benefit from those and related measures, but a pause in the policy is still necessary to assure MPs that HMRC is working constructively with those who are seeking a reasonable repayment plan—one that recoups the unpaid tax while avoiding the unacceptable risks that people face. If HMRC cannot deliver on that, an independent arbitration scheme should be used.

We on the SNP Benches support the cross-party amendment 55 and new clause 31, which, as the right hon. Member for Kingston and Surbiton (Sir Edward Davey) pointed out, has 54 names to it and would provide that a prior settlement with HMRC could be unwound unless the worker failed to account for a pre-2016-17 tax liability in his or her return deliberately, despite knowing that the loan should have been included as income.

It is disappointing to hear that there may be no vote on new clause 31, given how many signatories there are to it and the lobbying we have all had. People watching this debate at home will not understand why. Since we are trading FDR quotes, we should note that he said: “In politics, nothing happens by accident. If it happens, you can bet it was planned that way.”

The Tories have failed to address our concerns about IR35, which is why we tabled amendment 16 to scrap it. Instead of pressing ahead with the discredited IR35 in the Bill, the Government should take the advice of the House of Lords—that is not something I often say, but they should; they should pause this policy and go back to the drawing board. It seems evident that the UK Government have not learned from their previous experience in the public sector and are ploughing on regardless.

On a process issue, we maintain that it was not acceptable that the Government introduced all this through a deeply contentious 45-minute money resolution

[Alison Thewliss]

debate instead of going through the full scrutiny of the Budget process. We have been against IR35 since the start, and these proposals would introduce a new group of zero-hours employees, paying full taxes without the associated employment rights—something that should give us all pause for thought. People working in our constituencies in a huge range of jobs should be entitled to those employment rights.

Under the present economic circumstances, it is wrong to place new and unfair taxes on firms. Contractors are particularly liable to be struggling at this point—not least those who are part of the 3 million people excluded from the UK Government’s support schemes. I pay tribute to ExcludedUK and all those who have sought to highlight this issue.

7.30 pm

I have already related the experience of constituents of mine who have worked as contractors—notably, but certainly not exclusively—Indians in the IT sector in Glasgow, whose skills are highly sought after and who could easily take those skills elsewhere if it became too difficult to work here. They tell me that the UK Government’s announcement has brought a chilling effect, whereby contracts are not being renewed and new contracts are harder to come by.

Stephen Flynn: A number of constituents in my Aberdeen South constituency have contacted me because they are facing a triple whammy of covid-19, the oil and gas sector downturn, and the impact of IR35. Should the Government not think again?

Alison Thewliss: I agree with my hon. Friend. I was going to mention the oil and gas sector, because it is part of the triple whammy. The situation is very difficult for people at the moment and the Government should not be in the business of trying to make it more difficult. They should be thinking again and looking at the circumstances we are in, rather than pressing ahead with something that does not suit these circumstances.

The “check employment status for tax” online tool for IR35 is also problematic. The UK Government have basically tried to replace a complex legal speciality—employment law—with an online quiz, which objectively does not give the same results as the courts in deciding whether an individual is an employee. We have asked questions about the empirical methods used to test that tool, but I have not been provided with any specifics other than it has apparently been rigorously tested. It is hardly surprising that employers feel that these are moving goalposts, and they may avoid the risk by avoiding using contractors altogether. We support new clause 35, which would provide that the IR35 provisions of the Bill would not take effect unless the Treasury had conducted and published a review of legislation on off-payroll working.

Our new clause 12 would make clear the economic hit that would follow the ending of the coronavirus support schemes. Along with many others across the country, I fear that winding up these schemes too soon will prompt companies to lay off staff. The major job losses announced in the past few days really must prompt the Treasury to reconsider this strategy. It is no coincidence that Airbus, Wigan Athletic, Harrods, John Lewis, easyJet, Upper Crust,

TM Lewin, Royal Mail, Harveys and Arcadia have all laid off staff today and in the past few days. They are all looking at the scheme and thinking, “How are we going to survive in the next few months without any support for our workers?”

New clause 12 seeks assessments of the impact of the Bill within a month and various economic variables, comparing a situation where the Treasury sees sense and continues its covid support schemes for the next year with the likely reality that it discontinues them as planned, leaving the economy and people’s living standards reeling. The review set out in the new clause would consider the effects of the provisions on GDP, business investment, employment, productivity, company solvency, public revenues, poverty and public health.

The right hon. Member for Wolverhampton South East (Mr McFadden) set out quite well his experience of growing up in Glasgow. We still live today with the post-industrial legacy and generation of health harms of the ’80s—with the shutdown of heavy industry and the impact that had on people’s wellbeing. I am determined that we will not see that again from this crisis. The Chancellor must live up to his pledge to do whatever it takes to protect people’s jobs and livelihoods. The Treasury Committee report published the other week said that over 1 million people have fallen through the gaps in the UK Government’s welcome support schemes. In the report, the Committee also asked the UK Government to explore measures to help those newly in employment and self-employment, freelancers and those on short-term contracts, all of whom face barriers to accessing support schemes or have sadly been excluded from them altogether. This is now a choice. The Government cannot say that they did not know that these people were left out. They are now choosing not to support them.

With the ONS earlier revealing that the UK’s economy suffered its biggest monthly slump in GDP on record—of 20.4%—in April due to the coronavirus pandemic, we have renewed our calls on the Treasury to extend the income support schemes rather than wind them down. We need only look at Leicester, where the outbreak has meant a further shutdown, and wonder whether that will happen again. How will people be incentivised to stay at home and protect their friends, neighbours and families if they do not have an income coming in? People cannot survive on statutory sick pay and without support.

There is an effect across different sectors, such as theatre and arts productions, which may not come back until March next year. How are staff in those sectors going to pay their wages without some kind of job retention or support scheme? What about the people in hospitality—many of whom have businesses next to the very same theatres that will not open their doors until March? Where are the pre-theatre dinners if there is no theatre to go to afterwards? The tourism sector faces the prospect of three consecutive winters and cannot survive without support schemes. If we want these businesses and livelihoods to exist, the Government need to pay the money now, because if they do not, they are going to pay it out in unemployment benefits. We also need to look across the nations of the UK. Scotland’s experience is different from those of England, Northern Ireland and Wales. None of the countries of the UK should be punished for putting public health first.

With businesses struggling to survive, thousands of jobs on the line, and households taking a severe hit as people's income drops or they lose their jobs, it is vital that the Treasury strengthens and extends these schemes, and brings forward a comprehensive financial package to ensure that a strong economic recovery from this crisis happens, rather than pushing ahead with these plans.

Our new clause 18 would force the Government to come clean on the damage our economy faces from Brexit in the midst of this crisis. The new clause would require a review of the impact on investment, employment and productivity of the changes to the capital allowance over time; in the event of a free trade agreement with the USA; in the event of leaving the EU without a trade agreement; in the event of leaving with an agreement to maintain single market and customs union membership; or in the event of leaving with a trade agreement that does not include single market and customs union membership.

With our economy already struggling with coronavirus, leaving the EU single market and customs union this year would do unthinkable damage to our economy. It was a bad decision before, but it is a worse decision now. The risk of long-term scarring to the economy is significant, and investment from the UK Government could stave that off, if they choose to do this. Roosevelt's new deal was equivalent to 40% of US GDP. Germany has invested 4% of its GDP, whereas the Prime Minister has invested 0.2%. It is not just FDR's clothes that the Prime Minister has attempted to steal this week, because President Duterte of the Philippines, whose "build, build, build" phrase he plagiarised, invested \$177 billion in the Philippines economy. The UK response is completely inadequate. It is the emperor's new clothes, leaving Scotland bare. We call on the UK Government to take up Scottish Finance Secretary Kate Forbes' plan, which would inject £80 billion into the UK's economy as a whole. I commend that and our new clauses to the House.

Andrew Jones: I share colleague concerns about the prospect of unemployment. One of the best things that happened over the past decade was the growth in jobs, with 1,000 new jobs a day on average. Unemployment in Harrogate and Knaresborough fell to about 2%. The current crisis is, of course, changing that dramatically. We have 9,500 people working in the hospitality sector in my constituency, so I am anxious about that and have welcomed the partial lockdown release this weekend.

The measure to help business prosper that I was most pleased to see in the Bill was the encouragement for further investment in research and development, specifically the increase in the R&D expenditure credit from 12% to 13%. Businesses win in the long term by ensuring that their product or service has competitive advantage—a reason why customers should buy it. I spent 25 years in business before coming to this place and I spent that time making sure that the companies I worked for had the right products for our customers. In some sectors it takes significant resource to develop one's product, be it automotive or pharmaceutical—both sectors in which this country is strong—or one of plenty of others. There is a strong record of creativity in the UK, but we are not always as good at finding ways to commercialise those ideas, to go from start-up to scale-up. Creating a better environment for the development of ideas is important for the longer-term success of our economy.

I wish to make a few comments on a significant issue before us in this section of this debate, which is off-payroll working. That has attracted much attention and there are clearly some problems to solve, but they are not easy to solve. In some cases, the issue is straightforward, in that people have been working for one employer for a prolonged period, perhaps for many years, and they are really employees. They do similar jobs to the person who is sitting next to them and they use the same company equipment, but it could of course be on totally different terms of employment. They could be paid better or less in terms of their headline salary, but the situation is more complex than that because they will not be paid for holidays, pension contributions and so on. I have read of cases where the imbalance of power that can exist between employer and employee has led to pressure on people to choose a particular route—in effect, people being bullied into self-employment by unscrupulous employers seeking to save on costs and national insurance. That is wrong for all parties—wrong for the employee certainly, wrong for the employer, and wrong for taxpayers too, as revenue for public services is missed. However, that is not the case for the vast majority of people. They choose a route of self-employed, freelance or contractor work expressly because they enjoy the challenge of that type of work, or perhaps they want to be their own boss and more in control of their own destiny, or there could be all sorts of other personal reasons. That is a good thing. It is to be encouraged, because the flexibility that that provides has been a great boost to our economy.

Contractors and consultants play a huge role in the economy. Their work is one of the ingredients that has contributed to the recent economic progress. Being swift of foot in response to commercial opportunities is competitive advantage. It has allowed companies to bring in extra resource when they need to boost operational capacity, or extra skills when they are needed. I have been contacted by or met many people, including many in my Harrogate and Knaresborough constituency, who have built careers adding real value to their clients. In some sectors, there is more use of contractor work than in others; such sectors include IT and technology more broadly, as well as marketing and the creative industries—sectors where the UK is strong. There is also the growing sector of interim managers.

I see a balance to be struck here—a balance between protecting some employees and recognising that the vast majority have chosen this route and are providing real value; a balance between employment rights and protections, and between those who are employed and self-employed contractors. That balance has to be struck while ensuring that the rules do not have a sclerotic effect on the economy. Flexible and nimble companies responding to their customers, adding value, creating wealth, seizing opportunities—that is how economies grow, it is how jobs are created. Fair taxation, employment protection, company flexibility, highly skilled contractors and freelancers—finding the right balance of these benefits everyone in our economy.

Paula Barker (Liverpool, Wavertree) (Lab): I remember the 1980s: 3 million people on the dole and my city of Liverpool left to managed decline. We did not cope then, but people got by. There were the remnants of the welfare state, we had council housing to provide shelter, and

[Paula Barker]

with whole communities often devastated simultaneously, people came together. However, this is 2020: many workers have hefty mortgages or face sky-high private rents, and as we know, private household debt in this country is completely unsustainable. It is household debt that has artificially driven economic growth for much of the past decade, when previous Tory Chancellors were declaring a sound economic recovery. Now we will see the consequences of the destruction of the welfare state in the past decade.

If this Government do not act in the coming weeks and months, I truly dread to think what happens when thousands of workers with mortgages of £180,000 to £250,000-plus, or rent payments of £650 to £1,000-plus per month are forced to apply for universal credit. It is in this Government's power to ensure we do not get to that stage. The Government must continue to act and extend support for workers, the self-employed, small and medium-sized enterprises and all sectors of the economy, or else our recovery will be a slow one. A decade of austerity, under-investment, low productivity and a dwindling manufacturing base has blunted the levers we need to deal with this crisis properly. Despite the Chancellor demonstrating considerable ambition at times, I fear he will be hamstrung by the warped economic thinking of his predecessors and the inertia of his future self.

I saw the impact that the last tidal wave of unemployment had on my generation. We cannot subject this generation to the same. I have already seen apprentices being laid off, redundancy notices being served across the board, and even in non-unionised workplaces that may escape redundancies, cuts to pay being forced through with little or no consultation with the workforce.

The economic hardship faced by our young people will lead to a disaffected generation of adults who have had their hopes, dreams and aspirations for the future dashed by a crisis they did not cause. My first question to the Government is: does their ambition match that of our young people? How are they going to support the good, well-paid, unionised jobs of the future that our young people—my own children—will need to thrive?

7.45 pm

We would be doing a disservice to a generation that cares deeply about our planet by not addressing the climate crisis properly. In the era of a precarious labour market that subjects so many young adults to low-paid, insecure work, we should absolutely be providing the highly skilled green manufacturing jobs of the future. Our already inadequate manufacturing base is facing yet another wrecking ball. We see that in the automotive sector, in particular, and I fear job losses coming down the track for one of the few success stories of British manufacturing in recent times.

In Liverpool, we see the University of Liverpool—the second largest employer across the city region—proposing to end 536 jobs. That will have a devastating impact on the local economy at a time when the university is in a position to absorb the shock and protect all jobs. My fear is that there will be companies that, frankly, have not been overtly affected by this crisis and have taken the taxpayer cash, but which still use the crisis as an opportunity to streamline their operations and make

redundancies regardless. To those bosses, I say: shame on you. Where is their duty to this country and their duty to our society, their workforce and their communities? Despite significant taxpayer support, we see BA betraying its workforce, many of whom live in my constituency and have contacted me. And to Willie Walsh, I say: shame on you.

My second point is: where, as part of our economic recovery and as part of the Bill, does it say that the Government will practically engage with employers that are intent on making what I have referred to as excess and needless redundancies? I have been inundated with correspondence from constituents, as Members across the House will also testify to, during this crisis. The plight of small businesses is heartbreaking and it is stark to see how many small businesses are slipping through the nets. For example, my constituents Karen and Matt Cox, who run Matt Cox Hairdressing, are getting no support from the Government, like my constituents Graeme Park, who is part of the creative industry sector, and Jayne Moore from Moore Media. They are part of the #ForgottenLtd campaign, which highlights the gaping black holes in the Government's support packages.

Too many small businesses in my constituency are on the brink of collapse. Small company directors and their often small workforces are facing a bleak future. How does the Chancellor propose, as part of the Bill, to support small businesses in the longer term? The road back to normality for millions of SMEs will be a long, painful one, and any talk of a V-shaped economic recovery could bypass many.

In conclusion, if we are to come out of this crisis on the other side, the scale of the Government's ambition needs to be scaled up. I am worried that this Finance Bill addresses little of the challenges we face. The Government like invoking war references, so here is one: only a Labour Government with the ambition of the post-war 1945 Labour Government can steer us through this coming period. For the sake of our people, I hope that is a challenge that this Government can live up to.

Stephen Hammond (Wimbledon) (Con): I am fortunate to have represented Wimbledon in this House, and it has seen unemployment levels driven to unheard-of low levels. However, as a result of this crisis, 10,000 people are on furlough and 4,000 self-employed have had help, so the suggestion that there is anybody in this House not concerned about unemployment must be false; it will affect all our constituencies, as will not only this Finance Bill, but the Government's reaction in terms of the policies they put in place, flexibility about the furlough scheme, job support and, as my hon. Friend the Member for Harrogate and Knaresborough (Andrew Jones) said, some consideration of how IR35 works. There needs to be some flexibility, because modern working sees people with the same employer for longer periods, and some employers will force people to do that. Therefore, in the context of the current crisis, forcing people to move away from arrangements that keep them in employment would undoubtedly be wrong.

I do not want to detain the House for too long, but I want to talk about the loan charge. Like many in this House, I have been contacted by a number of my constituents and others.

Joy Morrissey (Beaconsfield) (Con): My concern about the loan charge is the repayment method that HMRC is pursuing. I ask that the Government look at alternative ways, or means-testing, rather than just demanding punitive repayment in full, which is causing extreme emotional stress and, for some, even suicide. If they would look at alternative ways of collection, rather than demanding all payment at once, I think we could find a much better way through this.

Stephen Hammond: My hon. Friend anticipates some of the questions I might have for the Minister in a moment. The loan charge raises particularly unique considerations; that is why 55 Members of the House have signed the new clause tabled by my right hon. Friend the Member for Haltemprice and Howden (Mr Davis). The whole aspect of proportionality and the unusual construction of the charge also raise issues about the capability of HMRC and the role of financial advisers.

I have spoken in various debates, and made representations to my right hon. Friend the Financial Secretary to the Treasury only this week, about the charge and the impact it is having on very many people. I am pleased that the Government set up the Morse review and that they have accepted most of its recommendations, but I ask the Minister to address a couple of points in his closing remarks.

First, Morse explicitly states:

“I am also very clear that I have no sympathy for the people who promoted...loan schemes after the law became clear.”

Will my right hon. Friend the Minister clarify this: if financial advisers gave recommendations when the law was not clear that the loans were illegal, why will the Government not accept that those individuals acted in good faith and look at the ability to treat them more leniently?

Secondly, given the Morse comment, will my right hon. Friend confirm whether HMRC is investigating the advisers? Is it seeking reparations from the advisers, and, if it intends to do so, would it agree that the amount of reparation sought from the financial adviser be set against the liability of the person who took the loan?

As my hon. Friend the Member for Beaconsfield (Joy Morrissey) said, we all want to ensure that bankruptcy, home loss and family destruction do not happen. My right hon. Friend the Minister has alluded in previous remarks to the fact that the Government are keen to ensure that that does not happen and that he has asked HMRC to work with individuals to ensure that it does not. Will he set out tonight exactly how he intends to instruct HMRC to do that?

Finally, I will just have a look at amendment 55. I absolutely support the intent, which is to help those affected and to alleviate the crisis that many face. Like most people, I absolutely oppose the concept of retrospectivity and retroactivity, so it is a bit of a disappointment to many of us that, in accepting the Morse recommendations, the Government did not feel able to accept the recommendation that loans between 2010 and 2016 be exempt. I wonder whether the Minister might, even at this late stage, choose to do so. I suspect not.

Sir Mike Penning: Don't hold your breath.

Stephen Hammond: I am not very good at holding my breath, so I certainly shall not try it now—but probably people do not want me to expend much more breath in my remarks tonight.

I must say to my right hon. Friend the Member for Haltemprice and Howden that my problem is with part of what his new clause does. I absolutely accept the premise, as everybody in this House must, that people are innocent until proven guilty. However, and I do not know whether this has really been addressed so far, his new paragraph 1(c)(1A)(c) says that condition 1 is that

“P knew that the loan or quasi loan should have been accounted for as income in the relevant year.”

There is a fundamental problem with that, in that anyone could say they did not know that, and how do we prove it? The clear problem is that, much as I support the intent of what he is trying to do, the effect of what he seeks would be to create a precedent that seems to me to take away the basis of the UK tax system, because I might say to someone, “We both know that we should not be paying tax on this and therefore we can proceed on that premise.” The precedent that that sets is a major problem for gathering tax.

Mr David Davis: If my hon. Friend thinks that this is the precedent, he should go back to the Finance Act 2008, which gives HMRC a 20-year assessment period in which it can assess whether the taxpayer participated in a transaction knowing that it was part of an arrangement attempting to bring about loss of tax. That is precisely what it says.

Sir Edward Davey: It is on the statute book.

Mr Davis: Yes, it is on the statute book. The precedent is there.

Stephen Hammond: The precedent that I am looking at is very clear that there seems to be an issue with the whole tax system.

Sir Edward Davey: The hon. Gentleman has heard from the right hon. Member for Haltemprice and Howden (Mr Davis) that the way that new clause 31 has been designed has used words already on the statute book, so he cannot make that argument. Moreover, the real precedent that he ought to be worrying about is the loan charge itself and its retrospective nature. I know he is concerned about that, so should he not therefore be voting for new clause 31, which is based on existing tax vocabulary, and opposing the real precedent, which is the appalling way that taxpayers have been treated?

Stephen Hammond: I have already made the point about retroactive behaviour and retrospectivity. I have said that there is much that the Government can do. I want the Minister to set out exactly how a person who has no assets, is on benefits or is on earnings less than the national average could get forgiveness. I have explained what I am concerned about. I hear what my right hon. Friend the Member for Haltemprice and Howden has said, and perhaps the Minister will want to address the point I am raising. I may be wrong, but it seems to me that this is quite a dangerous precedent to embark on.

Joy Morrissey: Referring to the means-tested and alternative ways of looking at a nuanced approach to how this is handled, the point that has been raised

[Joy Morrissey]

about everyone denying culpability on a tax issue is valid. However, my concern is about the companies and advisers that promoted this scheme. Are we going to prosecute them? Are we going to investigate them? What are we going to do to hold them to account?

Stephen Hammond: I hope that my hon. Friend heard my earlier remarks on that point, so I will not repeat them.

I would be grateful to hear the Minister's responses to the points that I have made and look forward to hearing them later.

Dr Huq: I think it was some time before Brexit, when we had that previous Speaker with his comedy antics, that it used to be said that we are gripped by an age of apathy in politics. Well, I have to say that this debate has engendered quite the opposite in my inbox, which has been flooded—if not quite on a Dominic Cummings scale—by dozens of requests from constituents asking me to speak in this debate, aided and abetted by the digital function that we debated earlier today.

Yesterday, like other right hon. and hon. Members, I was pleased to participate in the virtual “The Time Is Now” lobby. I know that this was the subject of the previous debate, but I promised my constituents that I would lobby vigorously for the adoption of a green new deal. Seeing as how everyone has been channelling their inner Roosevelt, it seems appropriate to put that on the record. We need a greening of our economy locally and nationally.

I want mainly to address an issue that has already come up time and again—IR35 and the loan charge—and perhaps some other little bits about job creation and regional impacts.

I am sure I am not the only one who has heard harrowing stories from constituents. There are people in tears at my weekly advice surgery—and I represent Ealing Central and Acton, a prosperous West London suburban seat. The two schemes are markedly different—we should not muddy the waters too much—but they have features in common. The undercurrent of today's debate has been how we rebuild our economy after the pandemic—this health crisis that turned into an economic crisis.

8 pm

We have these phrases, don't we? “Whatever it takes,” “Get Brexit done”—that was when there was a stubbornness about extending transition—“levelling up.” It takes more than soundbites, though. I would like to test the Government to see how far they really mean those things. I am obviously supporting the official Opposition's new clause, but I would have backed new clause 31, if we were to vote on it. The list of constituents who have come to see me about this ill-fated loan charge is long. Aymon Jaffer, an IT contractor, took out one of these loans in 2010 to pay off debts and save for a deposit on a house in my seat—a house that he is now at risk of losing.

People point out that they declared what they were doing on their self-assessment form. Even the tax code was okayed by Her Majesty's Revenue and Customs. They were told that this was a less burdensome way of doing things than starting their own plc. As soon as the first sniff of a discrepancy appeared, they paid the

shortfall. The retrospective aspect is worrying; people are now being told that all these other things will be reopened. In the case of my constituent, HMRC mixed this up with a student loan from years ago, which had been paid off. There are aggressive letters, maladministration, and, for this constituent, health issues. That is just one example from a three-figure number of examples that I could give.

Matt Rodda (Reading East) (Lab): Does my hon. Friend agree that the common characteristic of the people who have contacted many of us is that they are very hardworking? They have tried to play by the rules. They have possibly been sold a scheme that they did not fully understand, and may have been manipulated by unscrupulous advisers, and now they face threatening behaviour from HMRC. It is truly difficult for these people, many of whom work in IT in the Thames valley, and in creative industries. Does she agree that the Government need to show these people some understanding?

Dr Huq: My hon. Friend is completely right. HMRC needs to show some humanity in these cases. The scheme was obviously badly implemented, with inadequate impact assessment. The word “scandal” is frequently used and often misapplied, but in this case, all the elements needed are there. People have been pushed into bankruptcy; families have been fractured; people are facing financial ruin and losing their homes. As we have heard, there have been seven suicides. The all-party parliamentary loan charge group, which is very active—I am sure it is in everyone's inbox all the time—has sent round a letter from the daughter of one of the people who sadly took their own life about the impact that has had on everyone involved.

The Morse review is a start, although the APPG feels that it could do better and go much further. All of us have seen these cases; my hon. Friend the Member for Liverpool, Wavertree (Paula Barker) described the situation movingly.

Ruth Cadbury (Brentford and Isleworth) (Lab): Does my hon. Friend and neighbour agree that the reason why people are driven to suicide, and why a high proportion of those affected are so stressed about the loan charge, as has been mentioned, is that there is no right of appeal to a tax tribunal, or right to negotiate, as there is with all normal forms of tax business with HMRC?

Dr Huq: I completely agree, and I pay tribute to the work that my hon. Friend has done on the APPG, together with the right hon. Member for Hemel Hempstead (Sir Mike Penning); they have done brilliant stuff, and it is disappointing that we will not vote on new clause 31 today.

Sir Iain Duncan Smith (Chingford and Woodford Green) (Con): The hon. Lady talked about the Morse review. We called for a review before the present Prime Minister was brought in; he agreed to it. The Morse review does not completely cover everything. I have certainly said to my constituents, as I suspect most of us have, that the Government were bound to implement its findings, even if we think the findings could have gone further—but the Government have not done that. That shows a lot of bad faith on their part.

Dr Huq: I completely concur with the right hon. Gentleman. It is very disappointing that even the crumbs of the Morse review are not being fully implemented in a transparent and fair way. Again, we have heard so much about these reviews. There are 200 recommendations on all the race relations stuff that have never been implemented. Another review is not what we need now; we need action.

My hon. Friend the Member for Reading East (Matt Rodda) described some of the people in IT who have come to see him. Those affected are not actually all in IT or accountants. Some of those who have come to me are from the public sector, including Eugene Nicholson in the NHS and Abigail Watts. I have had a supply teacher and a social worker. Some people are terrified and do not want their cases raised because of repercussions. As has already been said, the real culprits are the promoters of the schemes—individuals who are still practising today. They duped our constituents, who are now facing a nightmare of private debt collection and all sorts of things.

I will briefly turn to IR35, where there is some overlap, because it has caused enormous pain and strain. People got into these schemes innocently—in this case, their employers told them to do it. Many are individuals on low incomes who do not have deep pockets. The assumption is that they are all tax dodgers or whatever. Catherine Qian said that she was a one-woman band. These are micro-businesses. It is not like the discussion earlier where we were talking about going after multinationals. She has no employment rights. She has an accusation of being a hidden employee, but she gets no sick pay, stability or pension. Needless to say, she is not eligible for furlough. The Conservative manifesto at the election we recently fought said that there would be a review of self-employment, so I ask the Minister directly: when will that see the light of day? Will it be another one of these reviews that just sits on a dusty shelf?

How do we solve all of this? At the very least, HMRC should give those who fell prey to the loan charge more time and favourable conditions to reach an amicable solution. It has been said that no one will lose their home, and that is good, but HMRC must accept its share of responsibility.

Ruth Cadbury: My hon. Friend is right that HMRC has said it will not be taking people's homes, but is she aware, as I am, that bailiffs on behalf of HMRC are locking people out of their own homes and refusing to let them back in until they make payment?

Dr Huq: My hon. Friend is so much more knowledgeable than me. Lots of my constituents cannot afford to buy their own home and are in rented accommodation, so that does not even apply to them. They are in beds in sheds—maybe I should not do them in, but that is a phenomenon in the London Borough of Ealing.

Again, HMRC must accept responsibility for not communicating regularly with people. It could have acted sooner to avoid this sizeable group of people who went into these remuneration schemes having to pay back sometimes hundreds of thousands of pounds at a time. IR35 is being rolled out now, so the deferral is obviously welcome, because these things can be fixed in real time, as long as the deferral is not just pushing punitive measures further away. The Government need to urgently commit to a full review of tax reliefs.

While the debate is about job creation, I want to flag, as my hon. Friend the Member for Liverpool, Wavertree pointed out, that the global pandemic we are in seems to be a bit of a cover for certain companies to behave badly. British Airways and Virgin spring to mind as using the coronavirus job retention scheme—the clue is in the name—to do the very opposite. Having accepted furlough funds from the public purse, they are now using coronavirus as a cover for restructuring plans—plans they were always itching to execute—while they believe the eyes of the world are diverted elsewhere. I say to the Minister that we need a sector-specific deal for aviation.

The situation is the same for the creative, cultural and arts sector. I represent many constituents who work in it. Not for nothing was Ealing long-called a BBC borough. The Questors theatre—the jewel in our crown—is the biggest amateur dramatic venue in the country and it has written to me. It is about to go under. Its rateable value is too high to get any of the reliefs. That is another plea to the Minister.

We were told that, when we left the EU, we would be world-beating on employment rights, and that our rights could exceed those of the bloc after Brexit, but now, with IR35, we are heading for zero employment rights. The Government always said that this would not be a race to the bottom, so they need to put their money where their mouth is. There is nothing like a global pandemic to concentrate the mind. We have heard slogans such as, “We’re all in this together”. To stop all these Government utterances being just hollow words, we need action. Snappy slogans are not enough.

Sir Edward Leigh (Gainsborough) (Con): It is true that we find ourselves in a very serious situation. The number of workers on UK payrolls was down by more than 600,000 between March and May. Of course, the Government are attempting to redress the situation with the Business and Planning Bill and the Corporate Insolvency and Governance Bill. We also hope that we can end lockdown as soon as possible. Certainly, the Prime Minister is talking the talk in terms of build, build, build. That is all very good. We have infrastructure needs; let us meet them. There are no massive spending projects. The problem with them is that they are often hugely bogged down in cost overruns.

I want to say a bit about tax simplification. That is the genesis of this whole debate on IR35 and the loan charge. There is also our hugely ineffective, inefficient and long tax code—longer than India's—and that is after 10 years of Conservative Government. I think that there is a new wind breathing through No.10, and I hope that we are going to be bold about tax reform. Are there any taxes that we can abolish completely or replace with simpler alternatives? We have created this massive tax avoidance industry, which has sucked many people with quite moderate means into its claws. Let me cite as one example inheritance tax at 40%. We have to understand how people act. At a rate of 40%, most people are willing to make a significant investment to reduce the effectiveness of that rate. I am not condoning that behaviour, but if someone were left a million pounds and if the state said that it would take £400,000, they might begin to think that it is worth spending £40,000 or £50,000 on tax advice as a way of lessening their payment of tax. All sorts of complicated trusts and avoidance schemes are

[*Sir Edward Leigh*]

available to those who recognise that they can avoid paying tax. The result is less money for the Treasury to spend on the things that we need.

On this debate about the loan charge, it is natural that politicians should want to close down loopholes, but often, in closing down loopholes, we are affecting people of quite modest means. It is true that as a level of complexity involves means, those loopholes are usually available to those who have the resources to investigate them, but not necessarily. An entire industry has been created around how to lessen our tax burden, inheritance or otherwise, and I think that the Government are, in a way, responsible for this kind of behaviour. The people who have taken advantage of these tax loopholes, often of modest means, are simply reacting to our hugely complex tax codes. Taxes need simplifying and they need lowering. I make that point because I hope the Minister will say something in his summing up about this. I hope that he tells us that the Government have an agenda, otherwise we will go on having these debates over and over again. Every time a new loophole is discovered, people will take advantage of it, often with the wrong sort of advice. Then the Government have to close the loophole, creating injustice, which we have heard all about in this debate.

Sir Iain Duncan Smith: My right hon. Friend talks about tax loopholes and, yes, that is absolutely clear, but the thing about the loan charge is that HMRC itself was complicit in the process. It was advising and letting people believe that those charges were quite safe and reasonable. Then quietly, it came to the conclusion that they were not and did not make it clear to anybody. In effect, therefore, it is HMRC that has created the tax loophole and then failed to identify it and tell people that they were on the wrong scheme.

Sir Edward Leigh: I absolutely agree with my right hon. Friend, and he puts it far more clearly than I have done. I was trying to make the point that he has just made, which is that, ultimately, HMRC and the Treasury are responsible for this in not giving proper advice and in creating an over-complex tax system, and that has created this kind of behaviour. It is natural behaviour and we should not blame the people who have tried to take advantage of these sort of schemes. This complexity kills the economy.

Sir Christopher Chope (Christchurch) (Con): One of my constituents says that because he put in freedom of information requests to HMRC, on two occasions last summer, HMRC paid him a visit at his home. Is that the behaviour we expect from HMRC?

8.15 pm

Sir Edward Leigh: We have learned to expect that sort of behaviour. As Ronald Reagan said—we have heard about Roosevelt, so why can we not hear from Ronald Reagan, who was a better sort of Conservative as far as I am concerned?—when we tax something, we get less of it, and when we subsidise something, we get more of it. Research from the European Central Bank shows that when the tax burden is raised by 1%, economic growth is reduced by 0.13%. We have heard a lot about job creation, but that change means many fewer jobs. Every time we create taxes, we destroy jobs.

The Office for Budget Responsibility forecasts that the UK tax burden will grow to 34.6% of GDP by 2024, which is the highest tax burden for this country in more than half a century. We think of ourselves as a seafaring, deal-doing, trading nation, but how can we compete when the trend of tax burden is going the wrong way? That is how we will stifle job creation. We must look at a comprehensive reform of our economy, not the usual tinkering under the hood, and we can do some of that through regulatory reform. That is not aiming for deregulation—instead, the Government should ensure that the UK's regulatory structure is simple, clear, and appropriate. That is the genesis of this entire debate: our tax system is not simple, not clear, and not straightforward.

If we radically simplify the tax system we will spur more activity, so it is a virtuous circle of benefit to the whole of our society. Imagine if all the money spent on corporate or personal tax avoidance—tax avoidance is perfectly legal, I say to the Minister—could be invested in productive activity instead. Imagine all those thousands of accountants going off and taking up machine tools—I know it is unlikely, but at least it is a thought. That would also be fairer, as it would no longer mean that the richer someone is, or the bigger their company, the more they are capable of exploiting complicated tax loopholes.

We know it is simplistic to base our economy on Singapore or Hong Kong—we are a larger country with more complex needs—but on tax policy, the example they have set is applicable. Let us consider per capita GDP of the UK, Singapore and Hong Kong. They were all more or less at a parity in 1989, about five years after I came to this House, with each at around \$25,000 a year. All three countries have improved their GDP per capita, but the scale of the difference is notable. By 2016, six years into a Conservative Government, the UK, with its complex tax code, had a per capita GDP of \$37,000. Low tax, simple tax Hong Kong was at more than \$48,000, and Singapore at \$65,000 to our \$37,000. We neglect at our peril that opportunity for a huge growth in numbers of jobs, for our per capita GDP and for income for the Treasury. My simple point to the Minister is this: when he sums up, will he say something about tax simplification and tax reduction?

Mary Kelly Foy (City of Durham) (Lab): We are facing an employment crisis unlike anything we have seen in a decade. The impact of coronavirus will undoubtedly weaken much of our infrastructure, leaving many workers unemployed, and businesses on the brink of collapse. Unfortunately, when lockdown ends, the Government seem intent on a return to normality and business as usual, stuck in the past when they should be learning lessons and looking to the future. The Government's slow reaction cost us as we entered this pandemic, and they cannot repeat that mistake as we emerge from lockdown.

In contrast, my hon. Friend the Member for Oxford East (Anneliese Dodds) has proposed a back-to-work Budget that places jobs at the heart of the economic recovery. That does not mean a sticking plaster solution, however, or jobs with little or no protection for workers. The damage to our economy caused by this awful virus has been severe, but the economic structuring of society was already broken—skewed in favour of the wealthy rather than workers.

Over the last decade of Tory austerity, the Government have launched attack after attack on the rights and protections afforded to working people. Through the promotion of zero-hours contracts, ambiguity in employment status, low pay and lack of protection in the workplace, the Government have encouraged irresponsible employers and abandoned the country's workers. Before lockdown, 9 million people living below the poverty line—3 million of them children—were in households with at least one person in work. The Government boast of record levels of employment, but they should be ashamed of the amount of in-work poverty. This economic model needs to end.

If this pandemic has shown us anything, it is that the people on whom society relies the most are those least rewarded in pay and respect. Whether it is the poorly paid nurse, the carer on a zero-hours contract or the retail and hospitality staff working shifts so long that they would not be out of place in Victorian society, the people of Britain deserve better. This pandemic has been devastating, but it provides us with an opportunity to shape the economy and society in a way that prioritises the environment and protects workers. That means better pay, shorter and more consistent working hours and job security. Workers need to be able to look ahead into the week knowing that they have work, that their wages will provide a decent standard of living and that their working hours will leave them the time and energy to live their life. The better the conditions and protection for workers, the better their quality of life and the greater their health, wellbeing and sense of worth—it really is that simple.

The pandemic has also exposed the lack of protections for staff in the workplace and how fragile health and safety standards are. The Government must begin to see employment law as a red line, rather than being advisory, and they must properly fund the Health and Safety Executive, so that safety in the workplace is properly enforced. When the Government finally begin to plan for our post-coronavirus society, they must accept that the status quo has not worked, and any attempt to return to business as usual will fail the public. The 33 million workers of Britain deserve more. When society needed them most during this pandemic, they delivered. It is time for the Government to do the same for them.

Ben Everitt (Milton Keynes North) (Con): I draw the House's attention to my entry in the Register of Members' Financial Interests.

In this part of our debate, we are talking about jobs. Today the Government launched the flexible furlough scheme, and flexibility needs to be the watchword of our response and how we consider the economy. We are emerging, blinking in the sunlight from lockdown, and our businesses are blinking too, in the light of the new economic reality. Things will never be the same. Things have changed irrevocably, and we have learned a lot about our society, volunteering and our communities. We have learned a lot too about how business will need to change and adapt.

The drivers of that change—the adapters—are the consultants and contractors in our professional services sector, which provides such immense value to our economy and also revenue to the Exchequer. These are the people who bring the sparkle of innovation. They are the lubricant of the cogs of capitalism. They are the critical

friend to beleaguered boards and exhausted executives. These are the people who are caught up in the IR35 reforms. I welcome the decision of my right hon. Friend the Financial Secretary to the Treasury to postpone the introduction of those reforms until next spring. I am sure that, in the short term, that decision will have reassured many who face huge challenges in retooling our economy, reorganising the businesses that provide those jobs and repositioning and repurposing our private sector.

Christine Jardine (Edinburgh West) (LD): Does the hon. Member perhaps wonder, as I do, if postponing does not simply extend the period of stress for people who are waiting to find out? I was curious about that.

Ben Everitt: The hon. Member has perhaps read my speech. That postponement is quite problematic, and in fact I am sure I am far from alone on the Benches either side of this Chamber when I say that I wish it were not postponed, but were cancelled.

However, we can learn lessons. I welcome the commitment to review the implementation of IR35 in the public sector because, frankly, this is about the implementation of such schemes. The hon. Member for Ealing Central and Acton (Dr Huq) noted some similarities between the loan charge and IR35. I think the biggest similarity is the fact that both have been implemented in a way that one could describe as a sledgehammer to crack a nut. These nuts are important to our economy, and I hope that we can learn some lessons and implement such schemes in a way that captures the essence of what we want to do, which is obviously to crack down on elaborate and excessive tax avoidance and, indeed, in the words of my right hon. Friend the Member for Gainsborough (Sir Edward Leigh), simplify our tax system and make it more efficient and more productive, but we must have an equitable and fair system—a system that empowers growth, but ensures that we benefit from a buoyant economy.

The ability of a flexible workforce to assist our businesses, large and small, across the economy in this time of particular economic turmoil will be crucial to our recovery, and it is one that we must not curtail. We must not risk squandering the competitive advantage that our British spirit—our consultancy sector, our contractors, our professional services—gives to the UK economy as we look to bounce back or, in the words of a Prime Minister, bounce back better, bounce back faster and bounce back greener. Many contractors and consultants will be watching this debate today and looking to the Treasury Bench for some hope, and some sign that they are not forgotten and that this Government recognise them as part of the solution to our economic woes, not part of the problem we face.

Charlotte Nichols (Warrington North) (Lab): Our economy stands on the brink of catastrophe. The coronavirus job retention scheme has been, there is no doubt, an unprecedented package of support, which I welcomed as a vital lifeline for employers and sectors across our economy. We have seen already, however, how the failure to attach conditionality to the scheme meant that too many employers have used it as a subsidy towards the notice pay of staff they were laying off, rather than to preserve jobs. We have seen huge job losses announced in sectors across the economy, and

[Charlotte Nichols]

many more businesses are vulnerable, particularly in catering and hospitality, aviation, manufacturing and the creative sectors.

The approach from the Government has been one size fits all, but more bespoke support must be forthcoming to ensure the viability of businesses and sectors that have been hardest hit by this crisis and by social distancing measures that may be in place for some considerable time. I ask the Government also to look at early warning systems, so that employers can access targeted support before sliding into administration, with the Government taking an equity stake, where necessary, to protect the taxpayer interest.

I turned 18 as the 2008 economic crash started to bite. I know what it is like to be totally despondent, looking at opportunities that generations before us took for granted, feeling that they will never be in our reach, yet the anxiety I felt has nothing on what young people in Warrington North and across the country will be feeling right now, given the scale of our current crisis. They need hope and cause for optimism.

Further to the measures outlined in the Bill, I urge the Government to develop a scheme based on the future jobs fund to support young unemployed people into work and give them the opportunity to establish their careers in their chosen sectors. Decades of research has shown the scarring effect of youth unemployment, which can be a lifetime penalty for young people, in terms of subsequent lower pay, higher unemployment and reduced life chances. If we do not get this right, and get it right now, the impacts will be felt for decades to come.

8.30 pm

But it is not just about the creation of jobs, but about where those jobs are. Young people in Warrington should be able to realise their aspirations in Warrington. Although our town has been a regional success story, I still speak to many young people who tell me that they feel like they have to go to Manchester or London to achieve their full potential. We need investment in strategic capital projects, such as a much-needed new hospital in Warrington, with all the opportunities that will bring, from engineering and construction to the potential for a new medical school at the University of Chester, Warrington campus, and the revitalisation of our town centre. We need investment in research and development in growth sectors such as hydrogen gas, where we can establish ourselves as global leaders, and in nationally important infrastructure projects, which have been shown to have large employment multipliers, such as in nuclear. We also need to invest in our cultural life. This is not a “nice to have”; our cultural institutions are the lifeblood of our community.

I fully support the calls by the Metro Mayors of the Liverpool city region and the Greater Manchester region, which Warrington North borders on either side, for us to build back better. We cannot as a country afford to make the mistakes that we made following the last economic crisis, when we saw an unprecedented transfer of wealth from the working and middle classes to the very richest. As my hon. Friend the Member for City of Durham (Mary Kelly Foy) laid out so eloquently, work has too often trapped people in poverty, rather than providing a route out of it. The Government must act

to ensure that coronavirus cannot be used as a cover to drive terms and conditions down even further for our most precarious and poorly paid workers. The ambition of this Bill needs to be not just our immediate recovery, but a fairer, more sustainable economy that works for the many, not the few.

Taiwo Owatemi (Coventry North West) (Lab): The coronavirus pandemic has revealed much of what we already knew about our jobs market and the deeply entrenched structural problems in our economy: insecure work, low-paid jobs, wages that are not rising as much as they should and our reliance on debt and consumer spending. However, this crisis offers an opportunity to provide a remedy to these problems and for the Government to act—to act decisively, to act now and to act in the interests of my constituents in Coventry North West and across the country, so that even more people do not lose their jobs and we can boost their incomes and recover from this crisis.

There are 13,100 people in my constituency who are on furlough and there were 4,630 claimants for unemployment benefits in May. These figures are staggering, and my constituents, as well as the millions who have lost their jobs across the country, demand action. I welcome the introduction of the furlough scheme. Labour called for the introduction of the scheme, which has provided a lifeline for my constituents. We need to ensure that businesses can keep workers on furlough.

Alex Davies-Jones (Pontypridd) (Lab): My hon. Friend is making some important points. The Bill is not just about job creation; it is about job protection. So many people are being abandoned by this Government, and they desperately need saving to secure their livelihoods and protect their jobs now and for the future.

Taiwo Owatemi: I have been contacted by many residents who are extremely worried about the changes to the furlough scheme and their potential impact on unemployment. One of my constituents, James, recently got in touch with me to say that the company that his partner works for has already announced that it will be letting almost 40 employees go. The reason the company gave, I am told, was that the Government have asked employers to share the load of the furlough scheme from August. As can be imagined, staff at the company have been left heartbroken and have said that they feel this is completely wrong and runs contrary to the much repeated idea that a furlough scheme was a job retention scheme. James has said to me that while he understands that companies must ensure that they can continue to operate on a sustainable financial footing, it seems very unethical of the company to make the decision to reduce its numbers two months before that would start to become a significant financial burden on it.

The Prime Minister has repeatedly said that companies should not use the scheme just to keep employees on their books, only to get rid of them later, but should use it as a scheme to retain jobs. This compounds my view that the furlough scheme masks the true extent of the crisis in our jobs market. Since the start of the crisis, the Government have been too slow to take these threats seriously. We have seen very little from the Government around preventing unemployment since their economic package was created. If we do not take action now, we could see even more people lose their jobs.

This crisis requires a regional response, so that places such as the west midlands are not left behind. The Government's one-size-fits-all approach fails to understand how our economy works. My own city has seen a devastating impact, with mass redundancies coming at Coventry College. Last week, I spoke about the impact on the aviation industry, with job losses at Rolls-Royce Ansty and in the arts and small businesses such as Exhibit 3Sixty. We need to protect our industries in the west midlands. That is why we need decisive rapid action to boost the economy, to provide small and medium-sized firms with the support they need, and to give businesses the strongest incentive to start creating jobs again.

My office has already started this work. Working alongside Coventry City Council, we are getting ahead of the response. I will not sit idly by while people in my community lose their jobs and vital skills. I have been holding a series of meetings with employment and skills agencies, as well as with Coventry and Warwickshire chamber of commerce and other business groups, to discuss supporting businesses during this time and upskilling people so that they can secure jobs for the future and find new work now. As part of its employment and skills priority for Coventry, the city council has been working with partners to host a series of virtual jobs fairs, with thousands of views and impressions to give people a head start. But this effort cannot be left up to us. The Government must do everything in their power to create support systems for those who become unemployed as well as new opportunities. We need to see the Government working with employers, unions and local government, with a joint approach across government to maximise job creation and comprehensive support to tackle unemployment.

Matt Rodda: Does my hon. Friend agree that there is a role for private sector landlords in this, working with the Government and local authorities? I have been quite taken aback by the approach of a number of commercial landlords who put extreme pressure on tenants at this time, which I believe is quite wrong.

Taiwo Owatemi: I agree with my hon. Friend; that is completely wrong.

No business or individual should be left behind. Every livelihood deserves the chance to survive this crisis. Otherwise, who knows what impact it will have? Where there are job losses, will the Government commit to retraining those workers, whether old or young, through a future jobs fund so that they can harness the jobs that will come out of the crisis? Those jobs should be part of a new, prosperous economy, and they should be green, well-paid and sustainable. We do not need a race to the bottom, the slashing of safety regulations or the austere measures that we have seen in the past 10 years. The Chancellor said that he would do "whatever it takes" and frankly that is the least that my constituents in Coventry North West deserve. We have seen 18 years of growth and millions of jobs lost in two short months. To restore dignity, to save jobs and create new ones and to stimulate this much-needed recovery, bold progressive action is required. Nothing less will do.

Mr Deputy Speaker (Mr Nigel Evans): If Judith Cummins wishes to speak until 8.39, she may do so. Otherwise, I need to call the Minister.

Judith Cummins (Bradford South) (Lab): I have 40 seconds. Thank you, Mr Deputy Speaker!

I want to comment on two things. The first is the beauty, aesthetic and wellbeing industry, which is far wider than the nail bars that the Prime Minister has flippantly referred to. It is a sector that contributes a hugely significant £6.6 billion to the UK economy, employs more than 300,000 people across the UK and provides 16,000 apprenticeships, yet it seems to have been forgotten. Hundreds of jobs are at risk. The industry needs clarity, and it needs it now. Those people want to know when they can go back to work. Also—

Mr Deputy Speaker: Order. It is now 8.39 pm. I call the Minister.

Jesse Norman: I take my hat off to the astonishing hon. Member for Bradford South (Judith Cummins), who brought so much content into such a short presentation, and I thank her for that. We have an enormous body of material to get through quickly, so I shall deal initially with the question relating to new clause 26 on job creation and related measures. The new clause would require the Government to conduct an assessment of the effect of the Act on job creation. As the House will know, the Government have announced unprecedented support through the coronavirus job retention scheme, the self-employed scheme and the like. The Office for Budget Responsibility has said that those actions will directly help to support the incomes of individuals. The Treasury does not produce economic forecasts and the OBR does, publishing them twice a year. For that reason, I ask Members to reject the new clause.

New clause 12 relates to a matter previously considered in the Public Bill Committee, the impact on regions and nations. The new clause would require the Chancellor, within one month, to review the impact of the Act. As I emphasised in Committee, the provisions in this Bill have already been developed with careful consideration. Analysis of Government decisions on GDP is also carried out by the independent OBR. Again, we will continue to monitor the impact of the crisis, but I ask Members to reject the new clause. SNP new clause 18 would require a review of the impact of the Act on investment, productivity and employment. Again, it would require the Government to look at hypothetical scenarios, whereas the OBR is required by law to produce its forecasts based on stated Government policy, so I ask Members to reject the measure.

I come now to IR35 and the off-payroll working rules. I have been pressed vigorously on this issue by my hon. Friends the Members for Milton Keynes North (Ben Everitt), for Guildford (Angela Richardson), for Workington (Mark Jenkinson) and for Barrow and Furness (Simon Fell). Amendments 16 and 17 seek to remove the reform of these rules from the Bill, which would be a serious mistake, costing the country many hundreds of millions of pounds. The level of non-compliance at the moment with the rules is scheduled to cost the country £1.3 billion in 2023-24 if not addressed. As I do not believe the SNP really wants that, I encourage Members to vote against it.

I come now to the cross-party amendments framed by my right hon. Friend the Member for Haltemprice and Howden (Mr Davis), as it is important to engage with several of the things he said. He said that contractors

[Jesse Norman]

could be pushed into a state of no benefits employment. It is important to note the contractors already receive a number of benefits funded by the Government when they are employees of their own personal service companies. Such benefits include statutory maternity, paternity, adoption, parental bereavement and shared parental pay, and they are provided by PSCs, which are then able to claim 100% of those payments plus 3% compensation from the Government. My right hon. Friend said that at least seven people have taken their own lives as a result of the loan charge. It is important to put it on the public record that of course every single death of an individual is a tragedy. The circumstances surrounding those deaths have been considered by the coroner, the Independent Office for Police Conduct and HMRC's own internal independent investigations. None of them has suggested, in these four reports, that HMRC is to blame for these deaths; no conduct issues have identified either by the independent office or internal investigations that would warrant disciplinary actions.

Ruth Cadbury: Will the Minister give way?

Jesse Norman: I am afraid that I just have to press on, because I have no time. My right hon. Friend raised the issue of a review of the loan charge. These are some of the most egregious and clearest forms of tax avoidance in the tax system. In reaction to my right hon. Friend the Member for Gainsborough (Sir Edward Leigh), let me say that it is hard to see how simplification of the tax system would prevent the kind of abuse we have seen through the loan charge or indeed potentially through IR35. The all-party group on the loan charge published a report rubbishising the independence of the Morse review. I can do no better than refer its members to the remarks made by my right hon. Friend the Member for Haltemprice and Howden, who described Sir Amyas Morse as “principled and highly respected”

That was true then and it is true now.

New clause 31 would drive a coach and horses through long-standing principles of taxation, because the tax system relies on people being responsible for their own tax and there being as little discretion as possible in the system. Both principles would be overturned, as my hon. Friend the Member for Wimbledon (Stephen Hammond) hinted. For that reason, I urge the House to reject the new clause, if it comes to a vote.

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

The House divided: Ayes 241, Noes 339.

Division No. 69]

[8.45 pm

AYES

Abbott, rh Ms Diane	Betts, Mr Clive
Abrahams, Debbie	Black, Mhairi
Ali, Rushanara	Blackford, rh Ian
Ali, Tahir	Blackman, Kirsty
Allin-Khan, Dr Rosena	Blake, Olivia
Amesbury, Mike	Bonnar, Steven
Anderson, Fleur	Brabin, Tracy
Antoniazzi, Tonia	Bradshaw, rh Mr Ben
Bardell, Hannah	Brennan, Kevin
Barker, Paula	Brock, Deidre
Beckett, rh Margaret	Brown, Alan
Begum, Apsana	Brown, Ms Lyn

Brown, rh Mr Nicholas	Hamilton, Fabian
Bryant, Chris	Hanna, Claire
Buck, Ms Karen	Harvey, Neale
Burgon, Richard	Harman, rh Ms Harriet
Byrne, Ian	Harris, Carolyn
Cadbury, Ruth	Hayes, Helen
Cameron, Dr Lisa	Healey, rh John
Campbell, rh Sir Alan	Hendrick, Sir Mark
Carden, Dan	Hendry, Drew
Carmichael, rh Mr Alistair	Hill, Mike
Chamberlain, Wendy	Hillier, Meg
Champion, Sarah	Hodge, rh Dame Margaret
Chapman, Douglas	Hodgson, Mrs Sharon
Cherry, Joanna	Hollern, Kate
Clark, Feryal	Hopkins, Rachel
Cooper, Daisy	Hosie, Stewart
Cooper, Rosie	Howarth, rh Sir George
Cooper, rh Yvette	Huq, Dr Rupa
Corbyn, rh Jeremy	Hussain, Imran
Cowan, Ronnie	Jardine, Christine
Coyle, Neil	Jarvis, Dan
Crawley, Angela	Johnson, Dame Diana
Creasy, Stella	Johnson, Kim
Cruddas, Jon	Jones, Darren
Cryer, John	Jones, Gerald
Cummins, Judith	Jones, rh Mr Kevan
Cunningham, Alex	Jones, Ruth
Daby, Janet	Jones, Sarah
Davey, rh Sir Edward	Kane, Mike
David, Wayne	Keeley, Barbara
Davies-Jones, Alex	Kendall, Liz
Day, Martyn	Khan, Afzal
De Cordova, Marsha	Kyle, Peter
Debbonaire, Thangam	Lake, Ben
Dhesi, Mr Tanmanjeet Singh	Lammy, rh Mr David
Docherty-Hughes, Martin	Lavery, Ian
Dodds, Anneliese	Law, Chris
Doogan, Dave	Lewell-Buck, Mrs Emma
Dorans, Allan	Lewis, Clive
Doughty, Stephen	Linden, David
Dromey, Jack	Lloyd, Tony
Duffield, Rosie	Long Bailey, Rebecca
Eagle, Ms Angela	Lucas, Caroline
Eagle, Maria	Lynch, Holly
Eastwood, Colum	MacAskill, Kenny
Efford, Clive	Madders, Justin
Elliott, Julie	Mahmood, Shabana
Elmore, Chris	Malhotra, Seema
Eshalomi, Florence	Maskell, Rachael
Esterson, Bill	Matheson, Christian
Farry, Stephen	Mc Nally, John
Fellows, Marion	McCabe, Steve
Ferrier, Margaret	McCarthy, Kerry
Fletcher, Colleen	McDonald, Andy
Flynn, Stephen	McDonald, Stewart Malcolm
Fovargue, Yvonne	McDonald, Stuart C.
Foxcroft, Vicky	McDonnell, rh John
Foy, Mary Kelly	McFadden, rh Mr Pat
Furniss, Gill	McGinn, Conor
Gardiner, Barry	McGovern, Alison
Gibson, Patricia	McKinnell, Catherine
Gill, Preet Kaur	McLaughlin, Anne
Glindon, Mary	McMahon, Jim
Grady, Patrick	McMorris, Anna
Grant, Peter	Mearns, Ian
Gray, Neil	Mishra, Navendu
Green, Kate	Monaghan, Carol
Greenwood, Lilian	Moran, Layla
Greenwood, Margaret	Morden, Jessica
Griffith, Nia	Morgan, Stephen
Gwynne, Andrew	Morris, Grahame
Haigh, Louise	Murray, Ian

Murray, James
 Newlands, Gavin
 Nichols, Charlotte
 Nicolson, John
 Norris, Alex
 O'Hara, Brendan
 Olney, Sarah
 Onwurah, Chi
 Oppong-Asare, Abena
 Osamor, Kate
 Oswald, Kirsten
 Owatemi, Taiwo
 Owen, Sarah
 Peacock, Stephanie
 Pennycook, Matthew
 Perkins, Mr Toby
 Phillips, Jess
 Phillipson, Bridget
 Pollard, Luke
 Powell, Lucy
 Qureshi, Yasmin
 Rayner, Angela
 Reed, Steve
 Rees, Christina
 Reeves, Ellie
 Reeves, Rachel
 Reynolds, Jonathan
 Ribeiro-Addy, Bell
 Rimmer, Ms Marie
 Rodda, Matt
 Russell-Moyle, Lloyd
 Saville Roberts, rh Liz
 Shah, Naz
 Sharma, Mr Virendra
 Sheerman, Mr Barry
 Sheppard, Tommy
 Siddiq, Tulip
 Slaughter, Andy
 Smith, Alyn

Smith, Cat
 Smith, Jeff
 Smith, Nick
 Sobel, Alex
 Spellar, rh John
 Stephens, Chris
 Stevens, Jo
 Streeting, Wes
 Sultana, Zarah
 Tami, rh Mark
 Tarry, Sam
 Thewliss, Alison
 Thomas, Gareth
 Thomas-Symonds, Nick
 Thompson, Owen
 Thomson, Richard
 Thornberry, rh Emily
 Timms, rh Stephen
 Trickett, Jon
 Turner, Karl
 Twigg, Derek
 Twist, Liz
 Vaz, rh Valerie
 Webbe, Claudia
 West, Catherine
 Whitehead, Dr Alan
 Whitford, Dr Philippa
 Whittome, Nadia
 Williams, Hywel
 Wilson, Munira
 Winter, Beth
 Wishart, Pete
 Yasin, Mohammad
 Zeichner, Daniel

Tellers for the Ayes:

**Bambos Charalambous and
 Matt Western**

NOES

Afolami, Bim
 Afriyie, Adam
 Ahmad Khan, Imran
 Aiken, Nickie
 Aldous, Peter
 Allan, Lucy
 Amess, Sir David
 Anderson, Lee
 Anderson, Stuart
 Andrew, Stuart
 Ansell, Caroline
 Argar, Edward
 Atherton, Sarah
 Atkins, Victoria
 Bacon, Gareth
 Bacon, Mr Richard
 Badenoch, Kemi
 Bailey, Shaun
 Baillie, Siobhan
 Baker, Duncan
 Baker, Mr Steve
 Baldwin, Harriett
 Baron, Mr John
 Baynes, Simon
 Bell, Aaron
 Beresford, Sir Paul
 Berry, rh Jake
 Bhatti, Saqib
 Blackman, Bob
 Blunt, Crispin

Bone, Mr Peter
 Bowie, Andrew
 Bradley, rh Karen
 Brady, Sir Graham
 Brereton, Jack
 Bridgen, Andrew
 Brine, Steve
 Bristow, Paul
 Brokenshire, rh James
 Browne, Anthony
 Bruce, Fiona
 Buchan, Felicity
 Buckland, rh Robert
 Burghart, Alex
 Burns, rh Conor
 Butler, Rob
 Cairns, rh Alun
 Carter, Andy
 Cartledge, James
 Cash, Sir William
 Cates, Miriam
 Caulfield, Maria
 Chalk, Alex
 Chishti, Rehman
 Chope, Sir Christopher
 Churchill, Jo
 Clark, rh Greg
 Clarke, Mr Simon
 Clarke, Theo
 Clarke-Smith, Brendan

Clarkson, Chris
 Cleverly, rh James
 Clifton-Brown, Sir Geoffrey
 Coffey, rh Dr Thérèse
 Colburn, Elliot
 Collins, Damian
 Costa, Alberto
 Courts, Robert
 Coutinho, Claire
 Cox, rh Mr Geoffrey
 Crabb, rh Stephen
 Crosbie, Virginia
 Crouch, Tracey
 Daly, James
 Davies, David T. C.
 Davies, Gareth
 Davies, Dr James
 Davies, Mims
 Davis, rh Mr David
 Davison, Dehenna
 Dinage, Caroline
 Dines, Miss Sarah
 Djanogly, Mr Jonathan
 Docherty, Leo
 Donelan, Michelle
 Dorries, Ms Nadine
 Double, Steve
 Dowden, rh Oliver
 Doyle-Price, Jackie
 Drummond, Mrs Flick
 Duddridge, James
 Duguid, David
 Duncan Smith, rh Sir Iain
 Dunne, rh Philip
 Eastwood, Mark
 Edwards, Ruth
 Ellis, rh Michael
 Ellwood, rh Mr Tobias
 Elphicke, Mrs Natalie
 Eustice, rh George
 Evans, Dr Luke
 Evennett, rh Sir David
 Everitt, Ben
 Fabricant, Michael
 Farris, Laura
 Fell, Simon
 Fletcher, Katherine
 Fletcher, Mark
 Fletcher, Nick
 Ford, Vicky
 Foster, Kevin
 Fox, rh Dr Liam
 Francois, rh Mr Mark
 Frazer, Lucy
 Freeman, George
 Freer, Mike
 Fuller, Richard
 Fysh, Mr Marcus
 Gale, rh Sir Roger
 Garnier, Mark
 Ghani, Ms Nusrat
 Gibb, rh Nick
 Gibson, Peter
 Gideon, Jo
 Gillan, rh Dame Cheryl
 Glen, John
 Goodwill, rh Mr Robert
 Gove, rh Michael
 Grant, Mrs Helen
 Grayling, rh Chris
 Green, Chris
 Green, rh Damian

Griffith, Andrew
 Griffiths, Kate
 Grundy, James
 Gullis, Jonathan
 Halfon, rh Robert
 Hall, Luke
 Hammond, Stephen
 Hancock, rh Matt
 Hands, rh Greg
 Harper, rh Mr Mark
 Harris, Rebecca
 Harrison, Trudy
 Hart, Sally-Ann
 Hart, rh Simon
 Heald, rh Sir Oliver
 Heapey, James
 Heatton-Harris, Chris
 Henderson, Gordon
 Henry, Darren
 Higginbotham, Antony
 Hinds, rh Damian
 Hoare, Simon
 Holden, Mr Richard
 Hollinrake, Kevin
 Hollobone, Mr Philip
 Holloway, Adam
 Holmes, Paul
 Howell, John
 Howell, Paul
 Huddleston, Nigel
 Hudson, Dr Neil
 Hughes, Eddie
 Hunt, Jane
 Hunt, rh Jeremy
 Hunt, Tom
 Jack, rh Mr Alister
 Javid, rh Sajid
 Jayawardena, Mr Ranil
 Jenkin, Sir Bernard
 Jenkinson, Mark
 Jenkyns, Andrea
 Jenrick, rh Robert
 Johnson, rh Boris
 Johnson, Dr Caroline
 Johnson, Gareth
 Johnston, David
 Jones, Andrew
 Jones, rh Mr David
 Jones, Fay
 Jupp, Simon
 Kearns, Alicia
 Keegan, Gillian
 Knight, rh Sir Greg
 Kruger, Danny
 Kwarteng, rh Kwasi
 Lamont, John
 Largin, Robert
 Latham, Mrs Pauline
 Leadsom, rh Andrea
 Leigh, rh Sir Edward
 Lewer, Andrew
 Lewis, rh Brandon
 Liddell-Grainger, Mr Ian
 Loder, Chris
 Logan, Mark
 Longhi, Marco
 Lopez, Julia
 Lopresti, Jack
 Lord, Mr Jonathan
 Loughton, Tim
 Mackinlay, Craig
 Mackrory, Cherylyn

Maclean, Rachel
 Mak, Alan
 Malthouse, Kit
 Mangnall, Anthony
 Mann, Scott
 Marson, Julie
 May, rh Mrs Theresa
 Mayhew, Jerome
 Maynard, Paul
 McCartney, Jason
 McCartney, Karl
 McPartland, Stephen
 Menzies, Mark
 Mercer, Johnny
 Merriman, Huw
 Metcalfe, Stephen
 Millar, Robin
 Miller, rh Mrs Maria
 Milling, rh Amanda
 Mills, Nigel
 Mitchell, rh Mr Andrew
 Mohindra, Mr Gagan
 Moore, Damien
 Moore, Robbie
 Mordaunt, rh Penny
 Morris, Anne Marie
 Morris, David
 Morris, James
 Morrissey, Joy
 Morton, Wendy
 Mullan, Dr Kieran
 Mumby-Croft, Holly
 Mundell, rh David
 Murray, Mrs Sheryll
 Murrison, rh Dr Andrew
 Nici, Lia
 Nokes, rh Caroline
 Norman, rh Jesse
 O'Brien, Neil
 Offord, Dr Matthew
 Opperman, Guy
 Parish, Neil
 Patel, rh Priti
 Pawsey, Mark
 Penning, rh Sir Mike
 Penrose, John
 Percy, Andrew
 Philp, Chris
 Pincher, rh Christopher
 Poulter, Dr Dan
 Pow, Rebecca
 Prentis, Victoria
 Pritchard, Mark
 Pursglove, Tom
 Quin, Jeremy
 Quince, Will
 Raab, rh Dominic
 Randall, Tom
 Redwood, rh John
 Rees-Mogg, rh Mr Jacob
 Richards, Nicola
 Richardson, Angela
 Roberts, Rob
 Robertson, Mr Laurence
 Robinson, Gavin
 Robinson, Mary
 Ross, Douglas
 Rowley, Lee
 Russell, Dean
 Sambrook, Gary

Saxby, Selaine
 Scully, Paul
 Seely, Bob
 Selous, Andrew
 Shannon, Jim
 Shapps, rh Grant
 Sharma, rh Alok
 Shelbrooke, rh Alec
 Simmonds, David
 Skidmore, rh Chris
 Smith, Chloe
 Smith, Greg
 Smith, Henry
 Smith, rh Julian
 Smith, Royston
 Spencer, Dr Ben
 Stafford, Alexander
 Stephenson, Andrew
 Stevenson, Jane
 Stevenson, John
 Stewart, Iain
 Streeter, Sir Gary
 Stride, rh Mel
 Stuart, Graham
 Sturdy, Julian
 Sunak, rh Rishi
 Sunderland, James
 Syms, Sir Robert
 Thomas, Derek
 Throup, Maggie
 Timpson, Edward
 Tolhurst, Kelly
 Tomlinson, Justin
 Tomlinson, Michael
 Tracey, Craig
 Trevelyan, rh Anne-Marie
 Trott, Laura
 Truss, rh Elizabeth
 Tugendhat, Tom
 Vara, Mr Shailesh
 Vickers, Martin
 Vickers, Matt
 Villiers, rh Theresa
 Wakeford, Christian
 Walker, Sir Charles
 Walker, Mr Robin
 Wallace, rh Mr Ben
 Wallis, Dr Jamie
 Warburton, David
 Warman, Matt
 Watling, Giles
 Webb, Suzanne
 Whately, Helen
 Wheeler, Mrs Heather
 Whittaker, Craig
 Whittingdale, rh Mr John
 Wiggin, Bill
 Wild, James
 Williams, Craig
 Williamson, rh Gavin
 Wood, Mike
 Wragg, Mr William
 Wright, rh Jeremy
 Young, Jacob
 Zahawi, Nadhim

Tellers for the Noes:
Mr Marcus Jones and
David Rutley

Question accordingly negated.

The list of Members currently certified as eligible for a proxy vote, and of the Members nominated as their proxy, is published at the end of today's debates.

Question accordingly negated.

9 pm

More than six hours having elapsed since the commencement of proceedings on consideration, the proceedings were interrupted (Programme Order, this day).

The Deputy Speaker put forthwith the Questions necessary for the disposal of the business to be concluded at that time (Standing Order No. 83).

New Clause 1

LOAN CHARGE: REPORT ON EFFECT OF THE SCHEME

“(1) The Chancellor of the Exchequer must commission a review, to be carried out by an independent panel, of the impact in parts of the United Kingdom and regions of England of the scheme established under sections 20 and 21 and lay the report of that review before the House of Commons within six months of the passing of this Act.

(2) A review under this section must consider the effects of the provisions on—

- (a) business investment,
- (b) employment,
- (c) productivity, and
- (d) company solvency.

(3) A review under this section must consider the fairness with which HMRC has implemented the policy, including whether HMRC has provided reasonable flexibility around repayment plans with the aim of avoiding business failures and individual bankruptcies.

In this section “parts of the United Kingdom” means—

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

and “regions of England” has the same meaning as that used by the Office for National Statistics.”—(*Alison Thewliss.*)

This new clause would require a review of the impact of the scheme to be established under Clauses 20 and 21.

Brought up.

Question put, That the clause be added to the Bill.

The House divided: Ayes 232, Noes 321.

Division No. 70]

[9 pm

AYES

Abbott, rh Ms Diane	Brennan, Kevin
Abrahams, Debbie	Brock, Deidre
Ali, Rushanara	Brown, Alan
Ali, Tahir	Brown, Ms Lyn
Allin-Khan, Dr Rosena	Brown, rh Mr Nicholas
Amesbury, Mike	Bryant, Chris
Anderson, Fleur	Buck, Ms Karen
Antoniazzi, Tonia	Burgon, Richard
Bardell, Hannah	Byrne, Ian
Barker, Paula	Cadbury, Ruth
Beckett, rh Margaret	Cameron, Dr Lisa
Begum, Apsana	Campbell, rh Sir Alan
Betts, Mr Clive	Carden, Dan
Black, Mhairi	Carmichael, rh Mr Alistair
Blackford, rh Ian	Chamberlain, Wendy
Blackman, Kirsty	Champion, Sarah
Blake, Olivia	Chapman, Douglas
Blunt, Crispin	Charalambous, Bambos
Bone, Mr Peter	Cherry, Joanna
Bonnar, Steven	Chope, Sir Christopher
Brabin, Tracy	Clark, Feryal
Bradshaw, rh Mr Ben	Cooper, Daisy

Cooper, Rosie
 Cooper, rh Yvette
 Corbyn, rh Jeremy
 Cowan, Ronnie
 Coyle, Neil
 Crawley, Angela
 Creasy, Stella
 Crouch, Tracey
 Cruddas, Jon
 Cryer, John
 Cummins, Judith
 Cunningham, Alex
 Daby, Janet
 Davey, rh Sir Edward
 David, Wayne
 Davies-Jones, Alex
 Davis, rh Mr David
 Day, Martyn
 De Cordova, Marsha
 Debbonaire, Thangam
 Dhesi, Mr Tanmanjeet Singh
 Docherty-Hughes, Martin
 Dodds, Anneliese
 Doogan, Dave
 Dorans, Allan
 Doughty, Stephen
 Dromey, Jack
 Duffield, Rosie
 Duncan Smith, rh Sir Iain
 Eagle, Ms Angela
 Eagle, Maria
 Eastwood, Colum
 Efford, Clive
 Elliott, Julie
 Elmore, Chris
 Eshalomi, Florence
 Esterson, Bill
 Farry, Stephen
 Fellows, Marion
 Ferrier, Margaret
 Fletcher, Colleen
 Flynn, Stephen
 Fovargue, Yvonne
 Foxcroft, Vicky
 Foy, Mary Kelly
 Furniss, Gill
 Gale, rh Sir Roger
 Gardiner, Barry
 Gibson, Patricia
 Gill, Preet Kaur
 Glindon, Mary
 Grady, Patrick
 Grant, Peter
 Gray, Neil
 Green, Kate
 Greenwood, Lilian
 Greenwood, Margaret
 Griffith, Nia
 Gwynne, Andrew
 Haigh, Louise
 Hamilton, Fabian
 Hanna, Claire
 Hanvey, Neale
 Harman, rh Ms Harriet
 Harris, Carolyn
 Hayes, Helen
 Healey, rh John
 Hendrick, Sir Mark
 Hendry, Drew
 Hill, Mike
 Hillier, Meg
 Hodge, rh Dame Margaret

Hodgson, Mrs Sharon
 Hollern, Kate
 Hollobone, Mr Philip
 Hopkins, Rachel
 Hosie, Stewart
 Howarth, rh Sir George
 Huq, Dr Rupa
 Hussain, Imran
 Jardine, Christine
 Jarvis, Dan
 Johnson, Dame Diana
 Johnson, Kim
 Jones, Darren
 Jones, Gerald
 Jones, rh Mr Kevan
 Jones, Ruth
 Jones, Sarah
 Kane, Mike
 Keeley, Barbara
 Kendall, Liz
 Khan, Afzal
 Kyle, Peter
 Lake, Ben
 Lammy, rh Mr David
 Lavery, Ian
 Law, Chris
 Lewell-Buck, Mrs Emma
 Lewis, Clive
 Linden, David
 Lloyd, Tony
 Long Bailey, Rebecca
 Lucas, Caroline
 Lynch, Holly
 MacAskill, Kenny
 Mahmood, Shabana
 Malhotra, Seema
 Maskell, Rachael
 Matheson, Christian
 Mc Nally, John
 McCabe, Steve
 McCarthy, Kerry
 McDonald, Andy
 McDonald, Stewart Malcolm
 McDonald, Stuart C.
 McDonnell, rh John
 McFadden, rh Mr Pat
 McGinn, Conor
 McGovern, Alison
 McKinnell, Catherine
 McLaughlin, Anne
 McMahan, Jim
 McMorris, Anna
 Mearns, Ian
 Mishra, Navendu
 Monaghan, Carol
 Moran, Layla
 Morden, Jessica
 Morgan, Stephen
 Morris, Grahame
 Murray, Ian
 Murray, James
 Nichols, Charlotte
 Nicolson, John
 Nokes, rh Caroline
 Norris, Alex
 O'Hara, Brendan
 Olney, Sarah
 Onwurah, Chi
 Oppong-Asare, Abena
 Osamor, Kate
 Oswald, Kirsten
 Owatemi, Taiwo

Owen, Sarah
 Peacock, Stephanie
 Pennycook, Matthew
 Perkins, Mr Toby
 Phillips, Jess
 Phillipson, Bridget
 Pollard, Luke
 Powell, Lucy
 Qureshi, Yasmin
 Rayner, Angela
 Redwood, rh John
 Reed, Steve
 Rees, Christina
 Reeves, Ellie
 Reeves, Rachel
 Reynolds, Jonathan
 Ribeiro-Addy, Bell
 Rimmer, Ms Marie
 Rodda, Matt
 Russell-Moyle, Lloyd
 Saville Roberts, rh Liz
 Shah, Naz
 Sharma, Mr Virendra
 Sheerman, Mr Barry
 Sheppard, Tommy
 Siddiq, Tulip
 Slaughter, Andy
 Smith, Alyn
 Smith, Cat
 Smith, Jeff
 Smith, Nick
 Sobel, Alex
 Spellar, rh John

Afolami, Bim
 Afriyie, Adam
 Ahmad Khan, Imran
 Aiken, Nickie
 Aldous, Peter
 Allan, Lucy
 Amess, Sir David
 Anderson, Lee
 Anderson, Stuart
 Andrew, Stuart
 Ansell, Caroline
 Argar, Edward
 Atherton, Sarah
 Atkins, Victoria
 Bacon, Gareth
 Bacon, Mr Richard
 Badenoch, Kemi
 Bailey, Shaun
 Baillie, Siobhan
 Baker, Duncan
 Baker, Mr Steve
 Baldwin, Harriett
 Baron, Mr John
 Baynes, Simon
 Bell, Aaron
 Beresford, Sir Paul
 Berry, rh Jake
 Bhatti, Saqib
 Blackman, Bob
 Bowie, Andrew
 Bradley, rh Karen
 Brady, Sir Graham
 Brereton, Jack
 Bridgen, Andrew
 Brine, Steve
 Bristow, Paul

Stephens, Chris
 Stevens, Jo
 Streeting, Wes
 Sultana, Zarah
 Tami, rh Mark
 Tarry, Sam
 Thewliss, Alison
 Thomas, Gareth
 Thomas-Symonds, Nick
 Thompson, Owen
 Thomson, Richard
 Thornberry, rh Emily
 Timms, rh Stephen
 Trickett, Jon
 Turner, Karl
 Twigg, Derek
 Twist, Liz
 Vaz, rh Valerie
 Webbe, Claudia
 West, Catherine
 Whitehead, Dr Alan
 Whitford, Dr Philippa
 Whittome, Nadia
 Williams, Hywel
 Wilson, Munira
 Winter, Beth
 Wishart, Pete
 Wragg, Mr William
 Yasin, Mohammad
 Zeichner, Daniel

Tellers for the Ayes:
Gavin Newlands and
Matt Western

NOES

Brokenshire, rh James
 Browne, Anthony
 Bruce, Fiona
 Buchan, Felicity
 Buckland, rh Robert
 Burghart, Alex
 Burns, rh Conor
 Butler, Rob
 Carter, Andy
 Cartledge, James
 Cates, Miriam
 Caulfield, Maria
 Chalk, Alex
 Chishti, Rehman
 Churchill, Jo
 Clark, rh Greg
 Clarke, Mr Simon
 Clarke, Theo
 Clarke-Smith, Brendan
 Clarkson, Chris
 Cleverly, rh James
 Clifton-Brown, Sir Geoffrey
 Coffey, rh Dr Thérèse
 Colburn, Elliot
 Collins, Damian
 Costa, Alberto
 Courts, Robert
 Coutinho, Claire
 Cox, rh Mr Geoffrey
 Crabb, rh Stephen
 Crosbie, Virginia
 Daly, James
 Davies, David T. C.
 Davies, Gareth
 Davies, Dr James
 Davies, Mims

Davison, Dehenna
 Dinenage, Caroline
 Dines, Miss Sarah
 Docherty, Leo
 Donelan, Michelle
 Dorries, Ms Nadine
 Double, Steve
 Dowden, rh Oliver
 Doyle-Price, Jackie
 Drummond, Mrs Flick
 Duddridge, James
 Duguid, David
 Dunne, rh Philip
 Eastwood, Mark
 Edwards, Ruth
 Ellis, rh Michael
 Ellwood, rh Mr Tobias
 Elphicke, Mrs Natalie
 Eustice, rh George
 Evans, Dr Luke
 Evennett, rh Sir David
 Everitt, Ben
 Fabricant, Michael
 Farris, Laura
 Fell, Simon
 Fletcher, Katherine
 Fletcher, Mark
 Fletcher, Nick
 Ford, Vicky
 Foster, Kevin
 Fox, rh Dr Liam
 Francois, rh Mr Mark
 Frazer, Lucy
 Freeman, George
 Freer, Mike
 Fuller, Richard
 Fysh, Mr Marcus
 Garnier, Mark
 Ghani, Ms Nusrat
 Gibb, rh Nick
 Gibson, Peter
 Gideon, Jo
 Glen, John
 Goodwill, rh Mr Robert
 Gove, rh Michael
 Graham, Richard
 Grant, Mrs Helen
 Grayling, rh Chris
 Green, Chris
 Green, rh Damian
 Griffith, Andrew
 Griffiths, Kate
 Grundy, James
 Gullis, Jonathan
 Halfon, rh Robert
 Hall, Luke
 Hammond, Stephen
 Hancock, rh Matt
 Hands, rh Greg
 Harper, rh Mr Mark
 Harris, Rebecca
 Harrison, Trudy
 Hart, Sally-Ann
 Hart, rh Simon
 Heald, rh Sir Oliver
 Heappey, James
 Heaton-Harris, Chris
 Henderson, Gordon
 Henry, Darren
 Higginbotham, Antony
 Hinds, rh Damian
 Hoare, Simon
 Holden, Mr Richard
 Hollinrake, Kevin
 Holloway, Adam
 Holmes, Paul
 Howell, John
 Howell, Paul
 Huddleston, Nigel
 Hudson, Dr Neil
 Hughes, Eddie
 Hunt, Jane
 Duddridge, James
 Hunt, rh Jeremy
 Hunt, Tom
 Jack, rh Mr Alister
 Javid, rh Sajid
 Jayawardena, Mr Ranil
 Jenkin, Sir Bernard
 Jenkinson, Mark
 Jenkyns, Andrea
 Jenrick, rh Robert
 Johnson, rh Boris
 Johnson, Dr Caroline
 Johnson, Gareth
 Johnston, David
 Jones, Andrew
 Jones, rh Mr David
 Jones, Fay
 Jupp, Simon
 Kawczynski, Daniel
 Kearns, Alicia
 Keegan, Gillian
 Knight, rh Sir Greg
 Kruger, Danny
 Kwarteng, rh Kwasi
 Lamont, John
 Largan, Robert
 Latham, Mrs Pauline
 Leadsom, rh Andrea
 Leigh, rh Sir Edward
 Lewer, Andrew
 Lewis, rh Brandon
 Lewis, rh Dr Julian
 Liddell-Grainger, Mr Ian
 Loder, Chris
 Logan, Mark
 Longhi, Marco
 Lopez, Julia
 Lopresti, Jack
 Loughton, Tim
 Mackinlay, Craig
 Mackrory, Cherilyn
 Maclean, Rachel
 Mak, Alan
 Malthouse, Kit
 Mangnall, Anthony
 Mann, Scott
 Marson, Julie
 May, rh Mrs Theresa
 Mayhew, Jerome
 Maynard, Paul
 McCartney, Jason
 McCartney, Karl
 Menzies, Mark
 Mercer, Johnny
 Merriman, Huw
 Metcalfe, Stephen
 Millar, Robin
 Miller, rh Mrs Maria
 Milling, rh Amanda
 Mills, Nigel
 Mitchell, rh Mr Andrew
 Mohindra, Mr Gagan
 Moore, Damien

Moore, Robbie
 Mordaunt, rh Penny
 Morris, Anne Marie
 Morris, David
 Morris, James
 Morrissey, Joy
 Morton, Wendy
 Mullan, Dr Kieran
 Mumby-Croft, Holly
 Mundell, rh David
 Murray, Mrs Sheryll
 Murrison, rh Dr Andrew
 Nici, Lia
 Norman, rh Jesse
 O'Brien, Neil
 Opperman, Guy
 Parish, Neil
 Pawsey, Mark
 Penning, rh Sir Mike
 Penrose, John
 Pincher, rh Christopher
 Poulter, Dr Dan
 Pow, Rebecca
 Prentis, Victoria
 Pritchard, Mark
 Pursglove, Tom
 Quin, Jeremy
 Quince, Will
 Randall, Tom
 Rees-Mogg, rh Mr Jacob
 Richards, Nicola
 Richardson, Angela
 Roberts, Rob
 Robertson, Mr Laurence
 Robinson, Gavin
 Robinson, Mary
 Ross, Douglas
 Rowley, Lee
 Russell, Dean
 Sambrook, Gary
 Saxby, Selaine
 Scully, Paul
 Seely, Bob
 Selous, Andrew
 Shannon, Jim
 Shapps, rh Grant
 Sharma, rh Alok
 Shelbrooke, rh Alec
 Simmonds, David
 Skidmore, rh Chris
 Smith, Chloe
 Smith, Greg
 Smith, Henry
 Smith, rh Julian

Smith, Royston
 Spencer, rh Mark
 Stafford, Alexander
 Stephenson, Andrew
 Stevenson, Jane
 Stevenson, John
 Stewart, Iain
 Streeter, Sir Gary
 Stride, rh Mel
 Stuart, Graham
 Sturdy, Julian
 Sunak, rh Rishi
 Sunderland, James
 Syms, Sir Robert
 Thomas, Derek
 Throup, Maggie
 Timpson, Edward
 Tolhurst, Kelly
 Tomlinson, Justin
 Tomlinson, Michael
 Tracey, Craig
 Trevelyan, rh Anne-Marie
 Trott, Laura
 Truss, rh Elizabeth
 Tugendhat, Tom
 Vara, Mr Shailesh
 Vickers, Martin
 Vickers, Matt
 Villiers, rh Theresa
 Wakeford, Christian
 Walker, Sir Charles
 Walker, Mr Robin
 Wallace, rh Mr Ben
 Wallis, Dr Jamie
 Warburton, David
 Warman, Matt
 Watling, Giles
 Webb, Suzanne
 Whately, Helen
 Wheeler, Mrs Heather
 Whittaker, Craig
 Whittingdale, rh Mr John
 Wiggin, Bill
 Wild, James
 Williamson, rh Gavin
 Wood, Mike
 Wright, rh Jeremy
 Young, Jacob
 Zahawi, Nadhim

Tellers for the Noes:
 Mr Marcus Jones and
 David Rutley

Question accordingly negated.

The list of Members currently certified as eligible for a proxy vote, and of the Members nominated as their proxy, is published at the end of today's debates.

Schedule 1

WORKERS' SERVICES PROVIDED THROUGH INTERMEDIARIES

Amendment proposed: 20, page 97, line 15, leave out "2021-22" and insert "2023-24".—(Mr David Davis.)

This amendment and 21 to 36 and 57 seeks to delay the introduction of the IR35 changes until the tax year 2023-24.

Question put, That the amendment be made.

The House divided: Ayes 254, Noes 317.

Division No. 71]

[9.15 pm

AYES

Abbott, rh Ms Diane
 Abrahams, Debbie
 Ali, Rushanara
 Ali, Tahir
 Allin-Khan, Dr Rosena
 Amesbury, Mike
 Amess, Sir David
 Anderson, Fleur
 Antoniazzi, Tonia
 Bardell, Hannah
 Barker, Paula
 Beckett, rh Margaret
 Begum, Apsana
 Betts, Mr Clive
 Black, Mhairi
 Blackford, rh Ian
 Blackman, Kirsty
 Blake, Olivia
 Bonnar, Steven
 Brabin, Tracy
 Bradshaw, rh Mr Ben
 Brady, Sir Graham
 Brennan, Kevin
 Brock, Deidre
 Brown, Alan
 Brown, Ms Lyn
 Brown, rh Mr Nicholas
 Bryant, Chris
 Buck, Ms Karen
 Burgon, Richard
 Byrne, Ian
 Cadbury, Ruth
 Cameron, Dr Lisa
 Campbell, rh Sir Alan
 Carden, Dan
 Carmichael, rh Mr Alistair
 Chamberlain, Wendy
 Champion, Sarah
 Chapman, Douglas
 Cherry, Joanna
 Chope, Sir Christopher
 Clark, Feryal
 Cooper, Daisy
 Cooper, Rosie
 Corbyn, rh Jeremy
 Cowan, Ronnie
 Coyle, Neil
 Crawley, Angela
 Creasy, Stella
 Cruddas, Jon
 Cryer, John
 Cummins, Judith
 Cunningham, Alex
 Daby, Janet
 Davey, rh Sir Edward
 David, Wayne
 Davies-Jones, Alex
 Davis, rh Mr David
 Day, Martyn
 De Cordova, Marsha
 Debbonaire, Thangam
 Dhesi, Mr Tanmanjeet Singh
 Docherty-Hughes, Martin
 Dodds, Anneliese
 Doogan, Dave
 Dorans, Allan
 Doughty, Stephen
 Dromey, Jack

Duffield, Rosie
 Duncan Smith, rh Sir Iain
 Eagle, Ms Angela
 Eagle, Maria
 Eastwood, Colum
 Efford, Clive
 Elliott, Julie
 Elmore, Chris
 Eshalomi, Florence
 Esterson, Bill
 Farry, Stephen
 Fellows, Marion
 Ferrier, Margaret
 Fletcher, Colleen
 Flynn, Stephen
 Fovargue, Yvonne
 Foxcroft, Vicky
 Foy, Mary Kelly
 Furniss, Gill
 Gale, rh Sir Roger
 Gardiner, Barry
 Gibson, Patricia
 Gill, Preet Kaur
 Glindon, Mary
 Grady, Patrick
 Grant, Peter
 Gray, Neil
 Green, Kate
 Greenwood, Lilian
 Greenwood, Margaret
 Griffith, Nia
 Gwynne, Andrew
 Haigh, Louise
 Hamilton, Fabian
 Hanna, Claire
 Hanvey, Neale
 Harman, rh Ms Harriet
 Harris, Carolyn
 Hayes, Helen
 Healey, rh John
 Hendrick, Sir Mark
 Hendry, Drew
 Hill, Mike
 Hillier, Meg
 Hodge, rh Dame Margaret
 Hodgson, Mrs Sharon
 Hollern, Kate
 Hollobone, Mr Philip
 Hopkins, Rachel
 Hosie, Stewart
 Howarth, rh Sir George
 Huq, Dr Rupa
 Hussain, Imran
 Jardine, Christine
 Jarvis, Dan
 Johnson, Dame Diana
 Johnson, Kim
 Jones, Darren
 Jones, Gerald
 Jones, rh Mr Kevan
 Jones, Ruth
 Jones, Sarah
 Kane, Mike
 Keeley, Barbara
 Kendall, Liz
 Khan, Afzal
 Kyle, Peter
 Lake, Ben

Lammy, rh Mr David
 Lavery, Ian
 Law, Chris
 Lewell-Buck, Mrs Emma
 Lewis, Clive
 Linden, David
 Lloyd, Tony
 Long Bailey, Rebecca
 Lord, Mr Jonathan
 Lucas, Caroline
 Lynch, Holly
 MacAskill, Kenny
 Madders, Justin
 Mahmood, Shabana
 Malhotra, Seema
 Maskell, Rachael
 Matheson, Christian
 Mc Nally, John
 McCabe, Steve
 McCarthy, Kerry
 McDonald, Andy
 McDonald, Stewart Malcolm
 McDonald, Stuart C.
 McDonnell, rh John
 McFadden, rh Mr Pat
 McGinn, Conor
 McGovern, Alison
 McKinnell, Catherine
 McLaughlin, Anne
 McMahan, Jim
 McMorris, Anna
 Mearns, Ian
 Mishra, Navendu
 Monaghan, Carol
 Moran, Layla
 Morden, Jessica
 Morgan, Stephen
 Morris, Grahame
 Murray, Ian
 Murray, James
 Newlands, Gavin
 Nichols, Charlotte
 Nicolson, John
 Norris, Alex
 Offord, Dr Matthew
 O'Hara, Brendan
 Olney, Sarah
 Onwurah, Chi
 Oppong-Asare, Abena
 Osamor, Kate
 Oswald, Kirsten
 Owatemi, Taiwo
 Owen, Sarah
 Peacock, Stephanie
 Pennycook, Matthew
 Perkins, Mr Toby
 Phillips, Jess
 Phillipson, Bridget
 Pollard, Luke
 Powell, Lucy
 Qureshi, Yasmin
 Rayner, Angela

Redwood, rh John
 Reed, Steve
 Rees, Christina
 Reeves, Ellie
 Reeves, Rachel
 Reynolds, Jonathan
 Ribeiro-Addy, Bell
 Rimmer, Ms Marie
 Robinson, Gavin
 Rodda, Matt
 Russell-Moyle, Lloyd
 Saville Roberts, rh Liz
 Shah, Naz
 Shannon, Jim
 Sharma, Mr Virendra
 Sheerman, Mr Barry
 Sheppard, Tommy
 Siddiq, Tulip
 Slaughter, Andy
 Smith, Alyn
 Smith, Cat
 Smith, Henry
 Smith, Jeff
 Smith, Nick
 Sobel, Alex
 Spellar, rh John
 Stephens, Chris
 Stevens, Jo
 Streeting, Wes
 Sultana, Zarah
 Tami, rh Mark
 Tarry, Sam
 Thewliss, Alison
 Thomas, Gareth
 Thomas-Symonds, Nick
 Thompson, Owen
 Thomson, Richard
 Thornberry, rh Emily
 Timms, rh Stephen
 Trickett, Jon
 Turner, Karl
 Twigg, Derek
 Twist, Liz
 Vaz, rh Valerie
 Webbe, Claudia
 West, Catherine
 Western, Matt
 Whitehead, Dr Alan
 Whitford, Dr Philippa
 Whittome, Nadia
 Williams, Hywel
 Wilson, Munira
 Winter, Beth
 Wishart, Pete
 Wragg, Mr William
 Yasin, Mohammad
 Zeichner, Daniel

Tellers for the Ayes:
Bambos Charalambous and
Mr Peter Bone

NOES

Afolami, Bim
 Afriyie, Adam
 Ahmad Khan, Imran
 Aiken, Nickie
 Aldous, Peter
 Allan, Lucy
 Anderson, Lee

Anderson, Stuart
 Ansell, Caroline
 Argar, Edward
 Atherton, Sarah
 Atkins, Victoria
 Bacon, Gareth
 Bacon, Mr Richard

Badenoch, Kemi	Ellis, rh Michael	Jenkyns, Andrea	Penning, rh Sir Mike
Bailey, Shaun	Ellwood, rh Mr Tobias	Jenrick, rh Robert	Penrose, John
Baillie, Siobhan	Elphicke, Mrs Natalie	Johnson, rh Boris	Percy, Andrew
Baker, Duncan	Eustice, rh George	Johnson, Dr Caroline	Philp, Chris
Baker, Mr Steve	Evans, Dr Luke	Johnson, Gareth	Pincher, rh Christopher
Baldwin, Harriett	Evennett, rh Sir David	Johnston, David	Poulter, Dr Dan
Baron, Mr John	Everitt, Ben	Jones, Andrew	Pow, Rebecca
Baynes, Simon	Fabricant, Michael	Jones, rh Mr David	Prentis, Victoria
Bell, Aaron	Farris, Laura	Jones, Fay	Pritchard, Mark
Beresford, Sir Paul	Fell, Simon	Jupp, Simon	Pursglove, Tom
Berry, rh Jake	Fletcher, Katherine	Kawczynski, Daniel	Quin, Jeremy
Bhatti, Saqib	Fletcher, Mark	Kearns, Alicia	Quince, Will
Blackman, Bob	Fletcher, Nick	Keegan, Gillian	Raab, rh Dominic
Blunt, Crispin	Ford, Vicky	Knight, rh Sir Greg	Randall, Tom
Bowie, Andrew	Foster, Kevin	Kruger, Danny	Rees-Mogg, rh Mr Jacob
Bradley, rh Karen	Fox, rh Dr Liam	Kwarteng, rh Kwasi	Richards, Nicola
Brereton, Jack	Francois, rh Mr Mark	Lamont, John	Richardson, Angela
Bridgen, Andrew	Frazer, Lucy	Largan, Robert	Roberts, Rob
Bristow, Paul	Freer, Mike	Latham, Mrs Pauline	Robertson, Mr Laurence
Brokenshire, rh James	Fysh, Mr Marcus	Leadsom, rh Andrea	Robinson, Mary
Browne, Anthony	Garnier, Mark	Leigh, rh Sir Edward	Ross, Douglas
Bruce, Fiona	Ghani, Ms Nusrat	Lewer, Andrew	Rowley, Lee
Buchan, Felicity	Gibb, rh Nick	Lewis, rh Brandon	Russell, Dean
Buckland, rh Robert	Gibson, Peter	Liddell-Grainger, Mr Ian	Sambrook, Gary
Burghart, Alex	Gideon, Jo	Loder, Chris	Saxby, Selaine
Burns, rh Conor	Glen, John	Logan, Mark	Scully, Paul
Butler, Rob	Goodwill, rh Mr Robert	Longhi, Marco	Seely, Bob
Cairns, rh Alun	Gove, rh Michael	Lopez, Julia	Selous, Andrew
Carter, Andy	Graham, Richard	Lopresti, Jack	Shapps, rh Grant
Cartlidge, James	Grant, Mrs Helen	Loughton, Tim	Sharma, rh Alok
Cates, Miriam	Grayling, rh Chris	Mackinlay, Craig	Shelbrooke, rh Alec
Caulfield, Maria	Green, Chris	Mackrory, Cherielyn	Simmonds, David
Chalk, Alex	Green, rh Damian	Maclean, Rachel	Skidmore, rh Chris
Chishti, Rehman	Griffith, Andrew	Mak, Alan	Smith, Chloe
Churchill, Jo	Griffiths, Kate	Malthouse, Kit	Smith, Greg
Clark, rh Greg	Grundy, James	Mangnall, Anthony	Smith, rh Julian
Clarke, Mr Simon	Gullis, Jonathan	Mann, Scott	Smith, Royston
Clarke, Theo	Halfon, rh Robert	Marson, Julie	Spencer, rh Mark
Clarke-Smith, Brendan	Hall, Luke	May, rh Mrs Theresa	Stafford, Alexander
Clarkson, Chris	Hammond, Stephen	Mayhew, Jerome	Stephenson, Andrew
Cleaverly, rh James	Hancock, rh Matt	Maynard, Paul	Stevenson, Jane
Clifton-Brown, Sir Geoffrey	Hands, rh Greg	Menzies, Mark	Stevenson, John
Coffey, rh Dr Thérèse	Harper, rh Mr Mark	Mercer, Johnny	Stewart, Iain
Colburn, Elliot	Harris, Rebecca	Merriman, Huw	Streeter, Sir Gary
Collins, Damian	Harrison, Trudy	Metcalfe, Stephen	Stride, rh Mel
Costa, Alberto	Hart, Sally-Ann	Millar, Robin	Stuart, Graham
Courts, Robert	Hart, rh Simon	Miller, rh Mrs Maria	Sturdy, Julian
Coutinho, Claire	Heald, rh Sir Oliver	Milling, rh Amanda	Sunak, rh Rishi
Cox, rh Mr Geoffrey	Heapey, James	Mills, Nigel	Sunderland, James
Crabb, rh Stephen	Heaton-Harris, Chris	Mitchell, rh Mr Andrew	Syms, Sir Robert
Crosbie, Virginia	Henderson, Gordon	Mohindra, Mr Gagan	Thomas, Derek
Crouch, Tracey	Henry, Darren	Moore, Damien	Thrup, Maggie
Daly, James	Higginbotham, Antony	Moore, Robbie	Timpson, Edward
Davies, David T. C.	Hinds, rh Damian	Mordaunt, rh Penny	Tolhurst, Kelly
Davies, Gareth	Hoare, Simon	Morris, Anne Marie	Tomlinson, Justin
Davies, Dr James	Holden, Mr Richard	Morris, David	Tomlinson, Michael
Davies, Mims	Hollinrake, Kevin	Morris, James	Tracey, Craig
Davison, Dehenna	Holloway, Adam	Morrissey, Joy	Trevelyan, rh Anne-Marie
Dinenage, Caroline	Holmes, Paul	Morton, Wendy	Trott, Laura
Dines, Miss Sarah	Howell, John	Mullan, Dr Kieran	Truss, rh Elizabeth
Docherty, Leo	Howell, Paul	Mumby-Croft, Holly	Tugendhat, Tom
Donelan, Michelle	Huddleston, Nigel	Mundell, rh David	Vara, Mr Shailesh
Dorries, Ms Nadine	Hudson, Dr Neil	Murray, Mrs Sheryll	Vickers, Martin
Double, Steve	Hughes, Eddie	Murrison, rh Dr Andrew	Vickers, Matt
Dowden, rh Oliver	Hunt, Jane	Nici, Lia	Villiers, rh Theresa
Doyle-Price, Jackie	Hunt, rh Jeremy	Nokes, rh Caroline	Wakeford, Christian
Drummond, Mrs Flick	Hunt, Tom	Norman, rh Jesse	Walker, Sir Charles
Duddridge, James	Jack, rh Mr Alister	O'Brien, Neil	Walker, Mr Robin
Duguid, David	Javid, rh Sajid	Opperman, Guy	Wallace, rh Mr Ben
Dunne, rh Philip	Jayawardena, Mr Ranil	Parish, Neil	Wallis, Dr Jamie
Eastwood, Mark	Jenkin, Sir Bernard	Patel, rh Priti	Warburton, David
Edwards, Ruth	Jenkinson, Mark	Pawsey, Mark	Warman, Matt

Watling, Giles
Webb, Suzanne
Whately, Helen
Wheeler, Mrs Heather
Whittaker, Craig
Whittingdale, rh Mr John
Wiggin, Bill
Wild, James
Williams, Craig

Williamson, rh Gavin
Wood, Mike
Wright, rh Jeremy
Young, Jacob
Zahawi, Nadhim

Tellers for the Noes:
Mr Marcus Jones and
David Rutley

Question accordingly negatived.

The list of Members currently certified as eligible for a proxy vote, and of the Members nominated as their proxy, is published at the end of today's debates.

Bill to be further considered tomorrow.

Business without Debate

ADJOURNMENT (SUMMER)

Motion made, and Question put forthwith (Standing Order No. 9(6)),

That

(1) the Resolution of the House of 16 January 2020 (Adjournment (February, Easter, May Day, Whitsun, Summer and Conference Recess)) be rescinded; and

(2) the House at its rising on Wednesday 22 July 2020, do adjourn until Tuesday 1 September 2020.—(*David T. C. Davies.*)

Question agreed to.

BUSINESS OF THE HOUSE (PRIVATE MEMBERS' BILLS)

Motion made, and Question put forthwith (Standing Order No. 9(6)),

That:

(1) the Resolution of the House of 16 January 2020 (Business of the House (Private Members' Bills)), as amended by the Orders of the House of 25 March, 22 April, 12 May and 10 June 2020 (Business of the House (Private Members' Bills)), is further amended as follows:

leave out "10 July 2020, 11 September 2020," and insert "11 September 2020, 25 September 2020,"

(2) the Orders for Second Reading of Bills on each of the days listed under Day 1 in the table below are read and discharged;

(3) each such Bill is ordered to be read a second time on the corresponding day listed under Day 2 in the table; and

(4) those Bills are set down to be read a second time on the appropriate Day 2 in the order in which they were set down to be read a second time on the corresponding Day 1.

Day 1	Day 2
10 July 2020	11 September 2020
11 September 2020	25 September 2020

—(*David T. C. Davies.*)

Question agreed to.

PROCEEDINGS DURING THE PANDEMIC (NO. 3)

Motion made, and Question put forthwith (Standing Order No. 9(6)),

That the Orders of 2 June (Proceedings during the pandemic (No. 2)) and of 4 June (Virtual Participation in Proceedings During the Pandemic (Temporary Orders)) shall have effect until 2 September 2020.—(*David T. C. Davies.*)

Question agreed to.

Covid-19: International Language Schools

Motion made, and Question proposed, That this House do now adjourn.—(David T. C. Davies.)

9.32 pm

Caroline Ansell (Eastbourne) (Con): Mr Deputy Speaker, "We anticipate that the huge loss of student volume and revenue already seen in 2020 will mean that around 30% of UK English language testing centres will cease trading. More than this will not survive the traditionally quiet winter season." Those are the words of the sector's representative body, English UK, and a potentially disastrous prognosis for one of our most successful exports: the English language. Many sectors have of course been sorely impacted by the effect of the virus, but I fear that English language teaching must be recognised as doubly hit, being one of the first industries to fall to the covid-19 effect, with travel from our two major markets, Italy and China, closed down even before the World Health Organisation declared a pandemic. To compound that early loss, the sector will necessarily be one of the last to rally.

The sector has all the challenges of the hospitality sector, but with no domestic markets to pivot toward—no staycations—and little room for diversifying, with online learning being no substitute for the experience of living the language in the country of its origin.

Jim Shannon (Strangford) (DUP): I thank the hon. Lady for securing this debate. I have already said to her what a pleasure it is to see her back in the House again and able to contribute to these debates. It is nice to see opportunities for Adjournment debates such as this. I believe the hon. Lady is aware that since the pandemic began in these countries and the UK was locked down, it is estimated that as many as 90% of the more than 35,000 staff in the industry have been furloughed. The industry, which is worth £1.4 billion to the UK economy, will not be able to operate in its busiest seasons, spring and summer. Does the hon. Lady agree that there is clearly an urgent need for Government assistance?

Caroline Ansell: The hon. Gentleman has outlined the very real assistance that the Government have given in the form of the furlough scheme, which has provided lifeline funds. Is there more support going forward? I hope so.

In the time afforded me, I hope to touch on the value of the sector and the impact of the virus, and to signpost the road to recovery. My constituency of Eastbourne is known for its record sunshine hours, its beautiful coastline, the South Downs, and of course its iconic pier, all of which combine to make it a top tourist destination. Hospitality and conferencing are central to the local story, but perhaps the untold story is that our international students, from juniors to undergrads, are a vital part of the visitor landscape, whereby each summer the town's population swells and its average age plummets.

Our international schools are local employers. They provide business for local transport and tourist venues, and pump-prime retail and food outlets. Likewise, importantly, there is secondary income support for the several hundred host families for whom the time in the summer hosting students makes the difference. More than ever, over all these years, we have seen friendships

[*Caroline Ansell*]

endure, we have seen marriages, and we have seen new businesses from those who have come to study and made their lives with us.

This does not all come from Eastbourne, of course, but in a regular year English language teaching brings in half a million students and an estimated value to the economy of £1.4 billion, and supports, as the hon. Member for Strangford (Jim Shannon) said, 34,000 jobs across the country.

Harriett Baldwin (West Worcestershire) (Con): I thank my hon. Friend for securing this Adjournment debate. She is making an excellent speech. I would like to endorse the points she is making on behalf of the many people who are employed teaching English as a second language in Worcestershire.

Caroline Ansell: I thank my hon. Friend for her kind comments and her recognition of just how important this sector is in her constituency, in mine, and across the country.

Christian Matheson (City of Chester) (Lab): I endorse the congratulations to the hon. Lady on standing up for this important sector. She is talking about the financial value, which is considerable. Is there not also a cultural value of projecting British values and the notion of being British right across the world as we welcome visitors and then they go back to their home countries?

Caroline Ansell: The hon. Gentleman is so right to add that distinction. While this does provide a boost for our economy, it also enriches, on several different levels, our outreach into the wider world, and the experience of people living here who come into the presence of others from around the world. It is hugely important. The statistics I mentioned are obviously very key to this debate, but so is the significant soft power that he refers to.

Then, of course, there was lockdown. From March this year, English UK strongly recommended that all its members close the doors of their centres to support the national effort to keep people safe, and they did so.

Sally-Ann Hart (Hastings and Rye) (Con): Hastings has many language schools and also East Sussex College. International students have become rare and in demand all over the English-speaking world, so does my hon. Friend think that we need to roll out the red carpet for them and perhaps consider having the terms of visas equal between universities, schools and colleges?

Caroline Ansell: I thank my hon. Friend and parliamentary neighbour. In this time of challenge and change, as we step into a new future next year, it is hugely important that we look at the wraparound to this sector. Anything and everything that could present a barrier or an obstacle, or make us less competitive in the world, we should look at and address to make sure that we are match-fit for the future.

This has been a hugely important export for us, and long may that continue. But it will not continue this summer. Our language schools face the crucial summer season with a stark outlook. Members of English UK

say that nearly half of their annual trade volume is turned over between July and September; this is now lost.

The Government have provided lifeline funds, with unprecedented support to match these unprecedented times. UK ELT centres have been able to access job retention schemes, and as the hon. Member for Strangford (Jim Shannon) said, the positions of 90% of their staff—the scale is incredible—have been secured to date. Some centres have been able to take advantage of CBILS and bounce-back loans. All have applied for business rates relief, but to date only 17 local authorities have granted that. How long will the sector's problems last? Well, 57% of ELT centres think that they will open on 1 October to teach new adult students.

Stephen Hammond (Wimbledon) (Con): My hon. Friend is making a powerful point about business rate relief and the discretionary grant. That is being done on a postcode lottery, and it can be solved quickly. Local councils are saying that they do not have the discretion to grant such relief, and the Ministry of Housing, Communities and Local Government says that they do. If MHCLG would clarify that English language schools are included for business rate relief—perhaps the Minister has heard that point—that would help language schools across the country, particularly Wimbledon School of English and the Centre of English Studies Wimbledon.

Caroline Ansell: I thank my hon. Friend for that intervention and I endorse his request. Such a move would make a difference.

Confidence in the junior market has collapsed. It represents 51% of those studying English in the UK, so the impact is catastrophic. It is almost certain that the Italian Government's ban on school group travel, which is our majority market, will be extended at least until the autumn. The British Council China advises that it is highly likely that no students will travel for ELT courses at any point in 2020. International surveys of confidence in study abroad are universally low, but we must rally.

For that road to recovery, my first question is about who is to be its lead author. The English language teaching sector's needs and interests are caught up in a jigsaw of Departments. Those include, but are not confined to, the Department for Education, the Treasury, the Department for Business, Energy and Industrial Strategy, the Home Office, and, of course, the Department for International Trade. Will the Minister take up the question of whether one owning Department could perhaps provide the focus and firepower for sector representation? In this critical juncture, will he put forward the pressing need to orchestrate a cross-departmental recovery plan to tailor bespoke support to the sector? Will he encourage local councils to extend their support to include local language schools? Many ELT schools are excluded from the business rate relief scheme for retail hospitality and leisure businesses, despite providing educational holidays for more than half a million overseas visitors every year, who stay on average for two, three or four weeks.

Alison Thewliss (Glasgow Central) (SNP): The hon. Lady is making some excellent points. I am lucky enough to have the Live Language school, among many others, in my constituency. Its problem is not so much the rates; it is about getting its insurer to pay out. Its insurer says

that covid-19 does not count when it comes to eligibility for business interruption insurance. Does the hon. Lady agree that the Government also need to address that problem?

Caroline Ansell: I thank the hon. Lady for her question. All matters that impact on the viability of business must be addressed. I know good work has been done on that, and there have been varying performances from different insurance providers. I am heartily sorry to hear that her language school has suffered that additional challenge to its operating base, in what is already a difficult time.

I would raise the possibility of extending the validity of the six and 11-month visas where course start dates have been postponed, to ensure that the UK's ELT sector can welcome back those students who had already booked and paid for courses to begin as soon as travel restrictions allow. I would raise issues of education oversight, Ofsted grading, the levelling up of higher education and further education, but this evening I will ask of my hon. Friend the Minister: what provision and plans does the Department for Education have to champion this export industry in the post-lockdown recovery phase? Can we make GREAT and tradeshow access programme funding more available to our education exporters to support promotional campaigns targeting partners and buyers, students and their influencers? That would help ELT organisations to ensure the continuing visibility of brand UK in the recovery phase, when international competitors such as Malta are already lifting travel restrictions and welcoming international students without quarantine.

I am grateful for this opportunity to raise in an Adjournment debate how important the sector is to communities across the UK, mine included, the difficult path it faces this year and next, and the benefits of future Government action to support it. If we wish to retain those benefits of social and cultural enrichment, of inward investment and soft power, I believe the specific calls of the sector need to be debated, just as its deep value to the UK needs to be celebrated.

9.46 pm

Anthony Mangnall (Totnes) (Con): I thank my hon. Friend for securing this Adjournment debate. She has said everything that I would have said in my speech, so I will keep my remarks extremely brief.

I urge the Government and the Minister to look at the guidance we can provide to encourage foreign international students to our language schools. I am proud to represent a constituency that has two prominent language schools—English in Totnes and the Totnes European School—and there are a number of others in the constituency of my hon. Friend the Member for Torbay (Kevin Foster). There is a significant problem. If we are not allowed to attract students to this country and to our language schools in the period between May and September, those schools will lose a significant part of their income, with the consequence that their future is in doubt. In addition to the points made by my hon. Friend the Member for Eastbourne (Caroline Ansell), I ask the Government for a couple of things: guidance to make sure that we can attract students when air bridges are opened, and the provision of a clear funding structure, if necessary, to allow the schools to secure their future into 2021.

There is a cultural significance to the schools in this country. We should be proud of attracting students from across the world to this country, to see and to learn about our history and our culture and to learn our language. That is something that I feel we can develop in the coming years, as we progress and develop our education system. So many of the students who have come have no clear guidelines. If the Government can provide that, it will be reassuring. We know that in a crisis, reassurance is the vaccine, if I can put it like that, that allows them to prepare for an uncertain future. Again, I thank my hon. Friend for enabling this subject to be debated in the House.

9.48 pm

The Parliamentary Under-Secretary of State for International Trade (Graham Stuart): On behalf, I am sure, of everyone in the House this evening, I congratulate my hon. Friend the Member for Eastbourne (Caroline Ansell) on delivering such a powerful and passionate speech on behalf of the sector and on championing it so effectively. I am also grateful to colleagues across the House for engaging with this issue.

As you know, Mr Deputy Speaker, I have form in this area, having previously been Chairman of the Education Committee. I am now the joint chair, with my hon. Friend the Minister for Universities, of the Government's education sector advisory group. I have witnessed the truly world-class excellence of UK English language teaching. It is a superb British success story, which enriches the economic and cultural life of the country. As has been said, it helps to bring young people from across the globe to our shores. It enables them to gain a better grasp of our language and a more intimate understanding of, and often affection for, our country. It strengthens our ties with nations worldwide, as international students share their experiences of the UK with their friends and families, building our profile in some of the world's fastest growing global markets. It fosters business, opportunity and prosperity in all regions and nations of the UK and helps to level up our country.

Alison Thewliss: The Minister is extolling the virtues of international education, and on that I agree with him. The Glasgow International College, which lies just over the boundary of my constituency in Glasgow North, had me in to visit, and young people I spoke to there were enjoying the experience very much, but would like the opportunity to stay on post their studies to live and work in Scotland. Would he consider that a good option?

Graham Stuart: As a trade Minister, I am hesitant to veer off into a Home Office area of responsibility. It is always important to remember, as a member of the Government, that you are like a member of the Borg: you have but a single thought, and you should ensure that you entirely comply, regardless of what your face may say on any particular issue. The words are terribly important.

English language teaching is central to broader educational success. We have more than 500 accredited centres based right across the country, creating tens of thousands of jobs and generating education exports. We think the figure may even be more like £1.6 billion, but I suppose people have different numbers. It is a very

[Graham Stuart]

significant number and is part of that wider education piece, with well over £20 billion of educational exports from this country last year.

Our world-class ELT providers are having a profound impact on the young people they teach, in many cases helping develop a lifetime of affinity to and affection for the UK. Some 80% of students told English UK—the organisation that represents the more than 400 ELT providers—that they planned to return to this country after their courses ended for travel or further study. That is a huge vote of confidence in our ELT sector and our country as a whole as we compete in an increasingly competitive global educational marketplace.

Anthony Mangnall: I am sorry to add a further point, but does my hon. Friend also recognise the significance of the facts that 35,000 jobs are dependent on ELT schools and that host families play a significant role in hosting those international students?

Graham Stuart: My hon. Friend makes suitable points, although in an Adjournment debate I think two bites of the cherry is a little greedy. His points are none the less well made.

English language teaching is a crucial industry for many of our coastal towns and cities, whose economies and cultural life are enriched by the presence of international students. That includes the five accredited ELT centres in the constituency of my hon. Friend the Member for Eastbourne.

We have focused tonight so far predominantly on the direct benefits that the sector delivers, but English language teaching plays a key role in underpinning the UK's wider education system by helping unlock the door for thousands of overseas students to courses at British universities and further education establishments. ELT is not only valuable in itself, but is a pipeline to the broader, wider educational offer.

Angela Richardson (Guildford) (Con): Does the Minister agree that it is not only vital for these students to be able to apply to courses at universities, but that the centres run tests that help them actually have the level of English they need to get into the universities? If they want to apply for citizenship, the centres also provide that opportunity. They are vital not only for those coming over for courses, but for those who want to stay and make their life in this country.

Graham Stuart: My hon. Friend is absolutely right. The sector provides a major direct benefit and a huge enabling benefit in various ways. As my hon. Friend the Member for Eastbourne said, ELT providers have been particularly hard hit by the impact of covid-19, because they rely almost entirely on exports for their income. As has been said, the two biggest markets, Italy and China, were among the first to be closed. This summer season, which would, as my hon. Friend said, normally be a peak period for our ELT sector, looks likely to be badly affected as the short courses that make up such a large proportion of their income are curtailed.

The Government, as my hon. Friend also touched on, have responded to an unprecedented challenge in an unprecedented manner. DIT is playing a pivotal role in cross-Government work to help our education exporters

as we co-ordinate our efforts with the Home Office, the Treasury, BEIS, DFE, the Department for Digital, Culture, Media and Sport, MHCLG and the Department for Transport to give the ELT sector the support it needs.

As the Exports Minister and co-chairman of the education sector advisory group, I very much see DIT playing that role. We cannot take on the visa element, which is naturally that of the Home Office; we cannot deal with reliefs for business rates or whatever, because that naturally would be for MHCLG; but I will, as best I can, seek to champion the sector. I can assure my hon. Friend and other Members across the House that we are working closely with other Departments to champion and spread understanding of the importance of the sector.

ELT providers are taking advantage of the wide range of other key measures that we have put in place to help UK firms weather the crisis. I will not rehearse them now, because my hon. Friend has already done so—whether it is CBILS or the job retention scheme. There are other support measures: small business grant funding; the bounce-back loan scheme for small and micro enterprises; and, indeed, the possibility of applying for VAT deferral for up to 12 months.

Meanwhile, the Home Office has made a number of temporary changes to support the education sector, including ELT providers and international students, during this crisis. Those include extending the leave of students in the UK whose visa as a short-term student expires before 31 July but who cannot travel due to covid-19; permitting students to start their new course of study while their application is awaiting a decision, or indeed to undertake an additional course as a short-term student whose leave has been extended; and lifting the prohibition on distance learning for international students to ensure that they can continue to study while institutions are physically closed.

DIT's support for our ELT providers during this crisis has been informed and developed through our close partnership with representatives of the sector. The joint DIT-DFE education sector advisory group, which, as I say, I co-chair, and of which English UK is a member, is key to this work. The body helps to co-ordinate our work to boost UK education exports and sets the strategic direction for our dedicated DIT education team.

Crucially, the advisory group also monitors the progress of the Government's international education strategy, which I very much enjoyed helping form, which aims to increase the value of education exports to £35 billion annually and grow the total number of international students hosted by UK universities to 600,000 by 2030. This country is determined to be open to people from all over the world to come and be educated here. The strategy will provide the foundation stone for growth as we grasp what I believe, post-covid, will be golden opportunities ahead for UK education exports as the global economy recovers.

Helping to inform this endeavour is the DIT-led English language training working group, which includes representatives from across the sector. This partnership ensures that the English language teaching sector's voice is heard loud and clear as we work together to build for the future. DIT has been working hard to put the interests of the UK's ELT providers front and centre of our work to grow the UK's education exports worldwide.

I think I have addressed my hon. Friend's point about having a Department to champion the sector. When I became chairman of the education sector advisory group, I suggested that we should reach out to the DFE, and it is now co-chaired with my hon. Friend the Universities Minister, because working across Government is really important. I pay credit to the Home Office, which has been an integral part of that too. We have developed a much more flexible and supportive system over the last few years for the education sector.

What plans do we have to champion the industry? I would very much say that it is part and parcel of that international education strategy, and the English language teaching element is absolutely vital. As I have also said, there is a pipeline to that, which needs to be recognised for its importance, not only in itself, but for what it does to others. We believe that English language teaching is a truly world-class UK export, which helps to put this country on the map for hundreds of thousands of young people worldwide. Covid has had a terrible impact

on our ELT providers, as it has on many other areas of our economy, but we are working to ensure that this dynamic sector has the support it needs to thrive once this crisis has abated.

As we move back to growth, we will use the ambitious free trade agreements that we are negotiating with key global partners to open up further opportunities for education in the years ahead. My message to our ELT sector is that this Government are placing education at the very heart of our efforts to build a truly global Britain, which champions free trade and commerce on the world stage. We are building a Britain that is ever more welcoming for students from across the world and our brilliant English language teaching providers will give them the key to unlock their full potential for the benefit of us all.

Question put and agreed to.

10.1 pm

House adjourned.

Members Eligible for a Proxy Vote

The following is the list of Members currently certified as eligible for a proxy vote, and of the Members nominated as their proxy:

Member eligible for proxy vote	Nominated proxy	Member eligible for proxy vote	Nominated proxy
Ms Diane Abbott (Hackney North and Stoke Newington)	Bell Ribeiro-Addy	Feryal Clark (Enfield North)	Chris Elmore
Debbie Abrahams (Oldham East and Saddleworth)	Jim McMahon	Damian Collins (Folkestone and Hythe)	Stuart Andrew
Imran Ahmad Khan (Wakefield)	Stuart Andrew	Rosie Cooper (West Lancashire)	Chris Elmore
Nickie Aiken (Cities of London and Westminster)	Stuart Andrew	Jeremy Corbyn (Islington North)	Bell Ribeiro-Addy
Tahir Ali (Birmingham, Hall Green)	Chris Elmore	Ronnie Cowan (Inverclyde)	Patrick Grady
Dr Rosena Allin-Khan (Tooting)	Chris Elmore	Mr Geoffrey Cox (Torridge and West Devon)	Alex Burghart
Victoria Atkins (Louth and Horncastle)	Stuart Andrew	Neil Coyle (Bermondsey and Old Southwark)	Chris Elmore
Mr Richard Bacon (South Norfolk)	Stuart Andrew	Angela Crawley (Lanark and Hamilton East)	Patrick Grady
Siobhan Baillie (Stroud)	Stuart Andrew	Stella Creasy (Walthamstow)	Chris Elmore
Hannah Bardell (Livingston)	Patrick Grady	Tracey Crouch (Chatham and Aylesford)	Caroline Nokes
Mr John Baron (Basildon and Billericay)	Stuart Andrew	John Cryer (Leyton and Wanstead)	Chris Elmore
Margaret Beckett (Derby South)	Clive Efford	Janet Daby (Lewisham East)	Chris Elmore
Sir Paul Beresford (Mole Valley)	Stuart Andrew	Geraint Davies (Swansea West)	Chris Evans
Jake Berry (Rossendale and Darwen)	Stuart Andrew	Martyn Day (Linlithgow and East Falkirk)	Patrick Grady
Mr Clive Betts (Sheffield South East)	Chris Elmore	Thangam Debbonaire (Bristol West)	Chris Elmore
Mhairi Black (Paisley and Renfrewshire South)	Patrick Grady	Marsha De Cordova (Battersea)	Rachel Hopkins
Ian Blackford (Ross, Skye and Lochaber)	Patrick Grady	Caroline Dinenage (Gosport)	Caroline Nokes
Bob Blackman (Harrow East)	Stuart Andrew	Martin Docherty-Hughes (West Dunbartonshire)	Patrick Grady
Kirsty Blackman (Aberdeen North)	Patrick Grady	Dave Doogan (Angus)	Patrick Grady
Steven Bonnar (Coatbridge, Chryston and Bellshill)	Patrick Grady	Ms Nadine Dorries (Mid Bedfordshire)	Stuart Andrew
Andrew Bridgen (North West Leicestershire)	Stuart Andrew	Jack Dromey (Birmingham, Erdington)	Chris Elmore
James Brokenshire (Old Bexley and Sidcup)	Stuart Andrew	Philip Dunne (Ludlow)	Jeremy Hunt
Ms Lyn Brown (West Ham)	Chris Elmore	Colum Eastwood (Foyle)	Conor McGinn
Richard Burgon (Leeds East)	Zarah Sultana	Julie Elliott (Sunderland Central)	Chris Elmore
Conor Burns (Bournemouth West)	Stuart Andrew	Natalie Elphicke (Dover)	Maria Caulfield
Ian Byrne (Liverpool, West Derby)	Chris Elmore	Bill Esterson (Sefton Central)	Chris Elmore
Dr Lisa Cameron (East Kilbride, Strathaven and Lesmahagow)	Patrick Grady	Dr Luke Evans (Bosworth)	Stuart Andrew
Dan Carden (Liverpool, Walton)	Alex Norris	Sir David Evennett (Bexleyheath and Crayford)	Stuart Andrew
Sir William Cash (Stone)	Leo Docherty	Michael Fabricant (Lichfield)	Stuart Andrew
Sarah Champion (Rotherham)	Chris Elmore	Marion Fellows (Motherwell and Wishaw)	Patrick Grady
Douglas Chapman (Dunfermline and West Fife)	Patrick Grady	Margaret Ferrier (Rutherglen and Hamilton West)	Patrick Grady
Joanna Cherry (Edinburgh South West)	Patrick Grady	Vicky Foxcroft (Lewisham, Deptford)	Chris Elmore
Rehman Chishti (Gillingham and Rainham)	Stuart Andrew	George Freeman (Mid Norfolk)	Theo Clarke
		Gill Furniss (Sheffield, Brightside and Hillsborough)	Chris Elmore
		Marcus Fysh (Yeovil)	Stuart Andrew
		Sir Roger Gale (North Thanet)	Caroline Nokes
		Preet Kaur Gill (Birmingham, Edgbaston)	Chris Elmore
		Dame Cheryl Gillan (Chesham and Amersham)	Stuart Andrew

Member eligible for proxy vote	Nominated proxy
Mary Glindon (North Tyneside)	Chris Elmore
Mrs Helen Grant (Maidstone and The Weald)	Stuart Andrew
Peter Grant (Glenrothes)	Patrick Grady
Neil Gray (Airdrie and Shotts)	Patrick Grady
Margaret Greenwood (Wirral West)	Chris Elmore
Kate Griffiths (Burton)	Aaron Bell
Andrew Gwynne (Denton and Reddish)	Chris Elmore
Robert Halfon (Harlow)	Julie Marson
Fabian Hamilton (Leeds North East)	Chris Elmore
Claire Hanna (Belfast South)	Liz Saville Roberts
Neale Hanvey (Kirkcaldy and Cowdenbeath)	Patrick Grady
Ms Harriet Harman (Camberwell and Peckham)	Chris Elmore
Sir Mark Hendrick (Preston)	Chris Elmore
Drew Hendry (Inverness, Nairn, Badenoch and Strathspey)	Patrick Grady
Mike Hill (Hartlepool)	Chris Elmore
Simon Hoare (North Dorset)	Fay Jones
Dame Margaret Hodge (Barking)	Wes Streeting
Mrs Sharon Hodgson (Washington and Sunderland West)	Chris Elmore
Kate Hollern (Blackburn)	Chris Elmore
Adam Holloway (Gravesham)	Maria Caulfield
Stewart Hosie (Dundee East)	Patrick Grady
Sir George Howarth (Knowsley)	Chris Elmore
Dr Neil Hudson (Penrith and The Border)	Stuart Andrew
Imran Hussain (Bradford East)	Judith Cummins
Dan Jarvis (Barnsley Central)	Chris Elmore
Mr Ranil Jayawardena (North East Hampshire)	Stuart Andrew
Andrea Jenkyns (Morley and Outwood)	Stuart Andrew
Dr Caroline Johnson (Sleaford and North Hykeham)	Stuart Andrew
Dame Diana Johnson (Kingston upon Hull North)	Chris Elmore
Alicia Kearns (Rutland and Melton)	Ruth Edwards
Barbara Keeley (Worsley and Eccles South)	Chris Elmore
Afzal Khal (Manchester, Gorton)	Chris Elmore
Sir Greg Knight (East Yorkshire)	Stuart Andrew
Mrs Pauline Latham (Mid Derbyshire)	Mr William Wragg
Ian Lavery (Wansbeck)	Mary Kelly Foy
Chris Law (Dundee West)	Patrick Grady
Clive Lewis (Norwich South)	Rosie Duffield

Member eligible for proxy vote	Nominated proxy
Mr Ian Liddell-Grainger (Bridgwater and West Somerset)	Stuart Andrew
Tony Lloyd (Rochdale)	Chris Elmore
Mark Logan (Bolton North East)	Stuart Andrew
Rebecca Long Bailey (Salford and Eccles)	Cat Smith
Julia Lopez (Hornchurch and Upminster)	Lee Rowley
Jack Lopresti (Filton and Bradley Stoke)	Stuart Andrew
Mr Jonathan Lord (Woking)	Stuart Andrew
Craig Mackinlay (South Thanet)	Robert Courts
Cherilyn Mackrory (Truro and Falmouth)	Stuart Andrew
Shabana Mahmood (Birmingham, Ladywood)	Chris Elmore
Alan Mak (Havant)	Stuart Andrew
Seema Malhotra (Feltham and Heston)	Chris Elmore
Rachael Maskell (York Central)	Chris Elmore
Andy McDonald (Middlesbrough)	Chris Elmore
John McDonnell (Hayes and Harlington)	Cat Smith
Anne McLaughlin (Glasgow North East)	Patrick Grady
John Mc Nally (Falkirk)	Patrick Grady
Stephen McPartland (Stevenage)	Stuart Andrew
Ian Mearns (Gateshead)	Chris Elmore
Mark Menzies (Fylde)	Sir David Amess
Johnny Mercer (Plymouth, Moor View)	Stuart Andrew
Stephen Metcalfe (South Basildon and East Thurrock)	Giles Watling
Nigel Mills (Amber Valley)	Stuart Andrew
Carol Monaghan (Glasgow North West)	Patrick Grady
Anne Marie Morris (Newton Abbot)	Stuart Andrew
David Morris (Morecambe and Lunesdale)	Stuart Andrew
Grahame Morris (Easington)	Chris Elmore
James Murray (Ealing North)	Chris Elmore
John Nicolson (Ochil and South Perthshire)	Patrick Grady
Neil O'Brien (Harborough)	Stuart Andrew
Dr Matthew Offord (Hendon)	Rebecca Harris
Guy Opperman (Hexham)	Stuart Andrew
Kate Osamor (Edmonton)	Nadia Whittome
Kirsten Oswald (East Renfrewshire)	Patrick Grady
Sarah Owen (Luton North)	Alex Norris
Dr Dan Poulter (Central Suffolk and North Ipswich)	Peter Aldous
Lucy Powell (Manchester Central)	Chris Elmore
Yasmin Qureshi (Bolton South East)	Chris Elmore
Christina Rees (Neath)	Chris Elmore

Member eligible for proxy vote	Nominated proxy
Ellie Reeves (Lewisham West and Penge)	Chris Elmore
Ms Marie Rimmer (St Helens South and Whiston)	Chris Elmore
Rob Roberts (Delyn)	Stuart Andrew
Bob Seely (Isle of Wight)	Stuart Andrew
Naz Shah (Bradford West)	Chris Elmore
Mr Virendra Sharma (Ealing, Southall)	Chris Elmore
Mr Barry Sheerman (Huddersfield)	Chris Elmore
Tommy Sheppard (Edinburgh East)	Patrick Grady
Tulip Siddiq (Hampstead and Kilburn)	Chris Elmore
Alyn Smith (Stirling)	Patrick Grady
Royston Smith (Southampton, Itchen)	Robert Courts
Jo Stevens (Cardiff Glasgow Central)	Chris Elmore
Sir Gary Streeter (South West Devon)	Stuart Andrew

Member eligible for proxy vote	Nominated proxy
Mel Stride (Central Devon)	Stuart Andrew
Sam Tarry (Ilford South)	Chris Elmore
Gareth Thomas (Harrow West)	Chris Elmore
Owen Thompson (Midlothian)	Patrick Grady
Jon Trickett (Hemsworth)	Olivia Blake
Karl Turner (Kingston upon Hull East)	Chris Elmore
David Warburton (Somerton and Frome)	Stuart Andrew
Helen Whately (Faversham and Mid Kent)	Stuart Andrew
Mrs Heather Wheeler (South Derbyshire)	Stuart Andrew
Dr Philippa Whitford (Central Ayrshire)	Patrick Grady
Hywel Williams (Arfon)	Ben Lake
Beth Winter (Cynon Valley)	Rachel Hopkins
Mohammad Yasin (Bedford)	Chris Elmore

Written Statements

Wednesday 1 July 2020

BUSINESS, ENERGY AND INDUSTRIAL STRATEGY

UK Research and Development Roadmap

The Secretary of State for Business, Energy and Industrial Strategy (Alok Sharma): Today, the Government are publishing the “UK Research and Development Roadmap”.

The roadmap sets out the Government’s vision and ambition to bolster the UK’s world-class credentials in research and development.

The Government’s long-term objectives for R&D are clear: to be a science superpower and invest in the science and research that will deliver economic growth and societal benefits across the UK for decades to come and to build the foundations for the new industries of tomorrow.

This was supported by the unprecedented commitment at the March 2020 Budget to increase public investment in R&D to £22 billion by 2024-25. This followed the Queen’s Speech, where the Government committed to “making the UK a global science superpower that attracts brilliant people and businesses from across the world”.

Research and development will be critical to a swift economic and social recovery from the impacts of covid-19, for a greener, healthier and more resilient UK. Our goal is to further strengthen science, research and innovation across the UK, making them central to tackling the major challenges we face, including achieving net zero carbon emissions, building resilience to the impacts of climate change, closing the productivity gap and embracing the transformative potential of new technologies to improve the quality of life.

We can only make the most of the UK’s science superpower strengths by working with partners in government, academia, industry and charities across the UK. The roadmap marks the start of a conversation on what actions need to be taken and how to ensure our R&D system is fit for purpose now and for the future.

We are engaging with the devolved Administrations and other Departments to ensure this is a cross-government and UK-wide discussion and will be undertaking a broader programme of engagement in the run-up to the spending review this autumn.

The “UK Research and Development Roadmap” document will be placed in the Libraries of both Houses.

[HCWS326]

EDUCATION

Reform of Early Years Foundation Stage

The Minister for School Standards (Nick Gibb): I can confirm that the Department for Education has today published on www.gov.uk the Government’s response to the consultation on reforms to the Early Years Foundation Stage (EYFS).

The EYFS statutory framework sets the standards that all schools and early years providers must meet to ensure that children from birth to age five learn and develop well and are kept healthy and safe.

Last October, the Government published a consultation on reforms of the EYFS, following a year-long pilot of the proposed reforms. The objectives of our reforms are twofold. First, we want to raise education standards in the early years through improving early years outcomes for all children, particularly disadvantaged children. Secondly, we want to reduce teacher workload so that teachers can spend more time interacting with and supporting children through rich curriculum activities.

The consultation received 2,452 responses prior to the deadline on 31 January 2020. The areas consulted on and the Government’s response to this are as follows:

Revisions to the educational programmes and Early Learning Goals: the EYFS specifies seven areas of learning, under which sit 17 Early Learning Goals (ELGs) that summarise the knowledge, skills and understanding that all children should demonstrate by the end of the academic year in which the child reaches age five. The framework also sets out high level educational programmes for each area of learning, summarising curriculum activities for all children from birth to five years old. The consultation indicated broad agreement that the proposed educational programmes support children’s overall learning and development with some suggested changes which were considered as part of the final proposals. The consultation also indicated broad agreement with the Early Learning Goals with some suggested areas for clarification which have been reflected in the final proposals.

Changes to the teacher assessment and moderation process at the end of the EYFS: we consulted on the proposal to remove the statutory requirement for local authorities to externally moderate EYFS Profile (EYFSP) judgements in 25% of schools each year. Although there was mixed support for this, with the common view from respondents being in favour of retaining moderation, we know from the EYFSP pilot evaluation findings that in the absence of external moderation and associated evidence gathering and paperwork, teachers found that their workload had been reduced, allowing them to focus on teaching. Government will therefore proceed with the proposal to remove statutory local authority moderation.

Removing the “exceeding” criteria from the EYFSP: the consultation indicated broad support for this proposal and our response confirms our intention to proceed with this proposal.

Changes to the safeguarding and welfare requirements as set out in the EYFS framework: we consulted on one minor change, namely to explicitly include “oral health” in the current requirement to “promote the good health of children” in the EYFS framework. The consultation indicated strong support for this proposal and the response confirms the Government’s intention to proceed.

We recognise the impact the covid-19 outbreak has had on the early years sector and schools, particularly in terms of the impact on children’s learning and development as a result of closures.

The EYFS reforms outlined in this response provide a strong basis to support children who may have missed critical months of early education.

Therefore, we will proceed with offering schools the opportunity to adopt the final reforms from September 2020 (the early adopter year), followed by statutory national implementation as planned from September 2021.

A copy of the Government’s response will be placed in the Libraries of both Houses.

[HCWS327]

JUSTICE

Courts and Tribunals: Recovery and Modernisation

The Lord Chancellor and Secretary of State for Justice (Robert Buckland): I am today setting out progress being made to recover the operations of our courts and tribunals in response to the pandemic. Responsibility for the courts and tribunals is shared with the Lord Chief Justice and Senior President of Tribunals, to whom I am very grateful for continued close collaboration in this endeavour.

Since March, the priority of the Government, working closely with the judiciary and others, has been to ensure the justice system continues to perform its vital role while keeping court and tribunal users safe in line with public health guidelines. To achieve this, HM Courts & Tribunals Service (HMCTS) has rapidly expanded the use of technology to allow hearings to be conducted by phone and video and temporarily closed around half of its building to focus effort and resources more effectively. The most urgent cases have been prioritised by the judiciary to ensure public safety, protect the vulnerable and safeguard children.

As a result, our courts and tribunals in England and Wales have been able to sustain more activity than many other comparable jurisdictions internationally. Huge credit must go to the judges, magistrates, HMCTS staff, legal professionals and all those involved in proceedings for their work in the face of the extraordinary challenges posed by the pandemic.

Having responded effectively to the immediate crisis, HMCTS is now fully focused on recovering its operation to increase courts and tribunal capacity to deal both with normal workloads across jurisdictions and outstanding cases. The challenges of doing so are no less great, not least because of the constraints imposed by social distancing. But doing so is essential if we are to ensure that our justice system delivers for those it is there to serve.

As part of the Prime Minister's plan for economic recovery, he announced yesterday that HMCTS will be receiving £142 million of additional capital funding this year to speed up technological improvements and modernise courtrooms, building on the rapid progress made to keep the system running during the coronavirus pandemic. Of this £142 million, £105 million is allocated to improving the court and tribunal estate. This investment—along with £48 million already in the HMCTS budget—will see £153 million invested in improvements to court and tribunal buildings over the coming year, which is the biggest single investment in maintenance of the court estate for over 20 years.

Today, HMCTS has also published a progress update on its recovery plans for the short and medium terms. It is available at www.gov.uk/hmcts and includes the following work.

First, HMCTS is working to increase physical capacity to enable more cases to be heard. All courts and tribunal buildings are being reopened in line with wider advice on social distancing and public safety. Throughout April, over 150 of the 341 sites used for physical hearings were open to the public in response to the pandemic outbreak. As of the beginning of this week, 284 were open following detailed risk assessments and essential modifications to ensure they are safe. Nearly all locations will become

operational throughout July, and a range of physical modifications are being made, such as the installation of screens where appropriate.

New criminal jury trials, which had been suspended since late March, were restarted in four Crown courts in the week beginning 18 May, following the implementation of particular measures to ensure the safety of all participants. As of this week, a total of 25 courts are holding trials again.

In addition, HMCTS is exploring options to stagger and extend the operating hours of courts and tribunals, including starting hearings at different times of day and weekend sittings, to manage the flow of people through our buildings and enable more cases to be heard safely. It is working closely with stakeholder groups in different jurisdictions to identify the areas that have the most impact in terms of increasing capacity. HMCTS is also actively locating other buildings from across England and Wales to use as court and tribunal locations or to support the expansion of existing sites. HMCTS is also actively locating other buildings, including new venues and former court buildings, to use as court and tribunal locations on a temporary basis. Ten sites have been identified across England and Wales and these will be confirmed and announced locally in due course.

Secondly, HMCTS is working to expand access to audio and video technology to support more and new types of hearings. There has been a significant increase in the use of such equipment over the last three months and, with the right IT solutions, many more hearings could take place. HMCTS has been rolling out the cloud video platform (CVP) to all criminal courts, and there are plans to provide this across other jurisdictions too. Throughout July, CVP will start to be made available to an increasing number of county courts. We will be rolling out further hardware to improve the quality of video hearings, and we will be finding new, increasingly efficient ways of organising video lists.

Thirdly, HMCTS is introducing a range of measures to make best use of judicial time, support court and tribunal staff and users and ensure the justice system is there for those that need it. It is supporting judges to list in ways that make full use of the space we can safely use and will support alternative dispute resolution for cases where it is appropriate. It is deploying laptops to staff to enhance flexible working to support case activity. In addition, HMCTS will review and implement measures to ensure all vulnerable users are supported effectively to ensure they can access services and participate fully in hearings.

These are all important measures to support the recovery of our courts and tribunals. But returning to pre-covid-19 activity will require sustained and long-term focus. Alongside these operational measures being introduced by HMCTS, the Government continue to keep under review options that will enable more hearings to take place while social distancing restrictions remain in place.

We will also make sure that we learn lessons from what has happened in our response to covid-19. The unprecedented nature of this public health emergency has required all parts of the justice system to adopt new ways of working without the preparation that would normally take place, and under conditions that have not previously been tested. While some changes will be time-limited and will stop with the end of the pandemic, others may be valuable in the longer term. We will

therefore listen to feedback from judges, staff, practitioners and users to improve the way we work in the short term, and gather data and other evidence to support continuous improvement. We will also evaluate and review the measures put in place to respond to covid-19, so that we can learn lessons and make well-informed decisions about which should be adopted and/or adapted in the longer term.

Implementation of the courts and tribunals reform programme has continued throughout the pandemic response and new digital services to the public have worked normally. The lessons learned will help inform the next phases of modernisation, building on the existing principles and plans.

I will place a copy of “Covid-19: Overview of HMCTS response” in the Libraries of both Houses.

[HCWS329]

PARLIAMENTARY WORKS SPONSOR BODY

Restoration and Renewal Programme: Strategic Review Submissions

Damian Hinds (East Hampshire) (Con): Following the announcement of its intention to conduct a strategic review of the restoration and renewal programme, today the sponsor body invites Members of the House and their staff to submit their views to inform our review.

Members and Members’ staff are invited to give their views on the following questions:

How should developments since the previous conclusions were drawn by the joint committee on the Palace of Westminster in 2016—political, economic, commercial, social, technological, environmental or other—affect how the Houses of Parliament are restored and renewed?

In the interests of affordability and value for money, what compromises could be acceptable during the works, for example in relation to accommodation, location, disturbance, ways of working, facilities and general working environment?

What balance should be struck between spending the minimum required to prevent a catastrophic failure from flood and fire and taking the opportunity to renew Parliament for the future, for example by improving accessibility or making any other improvements or enhancements to the palace?

Are there any other matters which you think the review should take into account?

Submissions can be emailed to strategicreview@r-r.org.uk. The deadline for submissions is 7 August. Further information is available on the intranet.

In line with the sponsor body’s statutory obligations, views are also being sought from parliamentary staff and members of the public. The review is expected to conclude in the autumn and its findings will be considered by the sponsor body board and the Commissions of both Houses in the first instance.

[HCWS328]

Ministerial Correction

Wednesday 1 July 2020

EDUCATION

T-levels

The following is an extract from Questions to the Secretary of State for Education on 5 May 2020.

Steve Double [V]: I thank the Minister for that answer. It is clear that T-levels will have a valuable part to play in ensuring that we have the workforce of the future across the economy, but the sector of the economy that is being most adversely affected by the current crisis is hospitality, and it is vital that that sector is able to access the workforce that it will need to recover, particularly in a post-Brexit world, so will the Minister please consider bringing forward a T-level in hospitality as soon as possible?

Gillian Keegan: I agree with my hon. Friend: equipping people with the skills that they need is crucial to our economic recovery, particularly in St Austell and Newquay.

To support tourism and hospitality, which are important to his constituency, we will offer T-levels in **cultural heritage and visitor attractions**, catering, and management and administration. I hope that, with my hon. Friend's support, T-levels will be available soon so that young people in St Austell and Newquay can benefit from a high-quality technical education.

[Official Report, 5 May 2020, Vol. 675, c. 480.]

Letter of correction from the Under-Secretary of State for Education, the hon. Member for Chichester (Gillian Keegan):

An error has been identified in the answer I gave to my hon. Friend the Member for St Austell and Newquay (Steve Double).

The correct answer should have been:

Gillian Keegan: I agree with my hon. Friend: equipping people with the skills that they need is crucial to our economic recovery, particularly in St Austell and Newquay. To support tourism and hospitality, which are important to his constituency, we will offer T-levels in catering, and management and administration. I hope that, with my hon. Friend's support, T-levels will be available soon so that young people in St Austell and Newquay can benefit from a high-quality technical education.

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Wednesday 1 July 2020

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No proofs can be supplied. Corrections that Members suggest for the Bound Volume should be clearly marked on a copy of the daily Hansard - not telephoned - and *must be received in the Editor's Room, House of Commons,*

**not later than
Wednesday 8 July 2020**

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PROMPT PUBLICATION OF BOUND VOLUMES

Members may obtain excerpts of their speeches from the Official Report (within one month from the date of publication), by applying to the Editor of the Official Report, House of Commons.

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