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PARLIAMENTARY DEBATES

(HANSARD)

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House of Commons

Wednesday 29 March 2023

The House met at half-past Eleven o'clock

PRAYERS

The Chairman of Ways and Means took the Chair as Deputy Speaker (Order, 27 March, and Standing Order No. 3).

Oral Answers to Questions

SCOTLAND

The Secretary of State was asked—

Devolution Settlement

1. **Deidre Brock** (Edinburgh North and Leith) (SNP): What recent assessment he has made of the adequacy of the operation of the devolution settlement. [904292]

6. **Drew Hendry** (Inverness, Nairn, Badenoch and Strathspey) (SNP): What recent assessment he has made of the adequacy of the operation of the devolution settlement. [904297]

7. **Chris Law** (Dundee West) (SNP): What recent assessment he has made of the adequacy of the operation of the devolution settlement. [904298]

The Secretary of State for Scotland (Mr Alister Jack): I take this opportunity to congratulate Humza Yousaf on becoming Scotland's new First Minister. I look forward to working with him. I heard him say that he wanted to put the independence drive into "fifth gear"; I would gently remind him that most Scots actually want him to put it into reverse and to work with the United Kingdom to tackle the issues that really matter to them, such as cost of living pressures and growing our economy.

The devolution settlement gives Scotland the best of both worlds. Scotland benefits from the wide influence and economic strength of the UK, while also enjoying considerable devolved powers in vital areas such as health, education and justice to tailor policies to meet the needs of people in Scotland.

Deidre Brock: In his response to the hon. Member for Blaydon (Liz Twist) on 22 February, the Secretary of State claimed that the Scottish Government had not asked for an exemption from the UK Internal Market Act 2020 for the Scottish deposit return scheme. The Scottish Government have since published the timeline to show that that is incorrect and that the proposal has been under detailed discussion within the resources and waste common framework since last October, with the final detailed case for exclusion presented on 13 February. In the light of that, will he correct the record and apologise for inadvertently misleading Parliament?

Mr Jack: This is an important point and has had a lot of airtime in the media in Scotland. I can say to the hon. Lady that, while officials and civil servants spoke to one another over a period of time, the official request to Ministers came in the inter-ministerial group meeting, which the Under-Secretary of State for Scotland, my hon. Friend the Member for Berwickshire, Roxburgh and Selkirk (John Lamont) was at, on 6 March. That is all minuted. It is a fact, it is on the record and there is no question. The UK Government have published it. The official request was on 6 March. I would also say that the Scottish Government proceeded with a deposit return scheme that small businesses, consumers and others are very concerned about. Even the chief executive of Tesco, the UK's largest retailer, said yesterday that it is not the right scheme and it is not fit for purpose. They are concerned about it and they are right to be concerned about it. The Scottish Government asked for their UKIM exemption after they put their scheme together. If I were building a house, I would get planning permission and then build my house, not do it the other way around.

Drew Hendry: The Secretary of State knows that the process for gaining an exemption to the United Kingdom Internal Market Act is through developing the appropriate common framework. He also stated that there had been no request by letter from the Scottish Government, yet the Deputy First Minister wrote to the UK Government on 31 January and even received a positive reply on 10 February. Is the problem here that the Secretary of State just has a very selective memory, or is it that he is so busy preparing for his seat in the House of Lords that his office does not bother keeping him in the loop any more?

Mr Jack: Let us be absolutely clear about this: the letter the hon. Gentleman refers to was a letter to the Chancellor about value added tax treatment of the deposit return scheme. The letter mentioned that an exemption request would be coming forward, but the official request was made on 6 March—there is no question about that—and the detailed arguments were laid out on 6 March at the ministerial meeting.

Chris Law: It is not going too well for the Secretary of State, is it? Environmental charities across these islands have written to him, calling on him not to block the Scottish deposit return scheme. We know there are successful schemes across many other countries, and the British Soft Drinks Association, whose members include Coca-Cola and Irn-Bru maker A.G. Barr, called for it to go ahead as planned. What on earth is the future Baron von Jack thinking of when he ignores those calls and threatens to block the scheme—particularly when his own Government and other UK nations will follow Scotland's lead and introduce their own scheme from 2025?

Mr Jack: I am not sure that there has been much joined-up thinking on the questions here. Again, I have suggested that the deposit return scheme should be paused. I think a UK-wide solution is right; I think recycling is absolutely right. But I agree with the chief executive of Tesco, Britain's largest retailer, when he says that this is not the right scheme—it will be inflationary. As I have said before at this Dispatch Box, 12 bottles of Scottish water currently cost £1.59 in Aldi, but under

the scheme, that would become £3.99 or even higher if a price is put on top. Although £2.40 of that could be reclaimed, the consumer will also pay an extra cost that is put on by the producer—producers have been clear about that.

We met Coca-Cola, which said that 2p on a can and 5p on a bottle would be passed on to the consumer and could not be reclaimed. There are higher figures from other companies, including one small brewer that said it would have to add £1.40 to a bottle of beer on top of the 20 pence. The scheme is inflationary and very bad for the consumer's shopping basket. That is why I think we need to pause it and get a scheme that works for the whole United Kingdom.

Madam Deputy Speaker (Dame Eleanor Laing): I call David Mundell.

David Mundell (Dumfriesshire, Clydesdale and Tweeddale) (Con): What a pleasure it is to see you in the Chair for Scottish questions, Madam Deputy Speaker.

I add my congratulations to Humza Yousaf on becoming First Minister of Scotland, and I recognise the inclusive and historic nature of his appointment. Does my right hon. Friend agree that, based on the experience of our constituents, Mr Yousaf will have to up his game considerably in his new role? As Transport Minister, he came to Dumfries in 2016 to hold a transport summit, and seven years later, precisely zero of the commitments given that day have been delivered.

Mr Jack: Not only did Humza Yousaf fail in the transport brief but, as we know from his opponent, who took almost half the vote—48%—he also failed in his other briefs of justice and health.

Bob Blackman (Harrow East) (Con): I join others in congratulating the new First Minister. The Barnett formula by which money is devolved to Scotland has existed for more than 40 years. Has the Secretary of State received any representations from the Scottish Government about reviewing that formula?

Mr Jack: At the moment, we are in discussions with the Scottish Government about a review of the fiscal framework. That review has been in train for some time, and the conclusions will be coming shortly.

Robin Millar (Aberconwy) (Con): I, too, congratulate Mr Yousaf on his appointment as First Minister of Scotland. Does the Secretary of State agree that the effectiveness of devolution arrangements was demonstrated in the use of the Scotland Act 1998—section 35 in particular—to block the Gender Recognition Reform (Scotland) Bill, specifically because it impacted on the effective operation of UK law across the UK?

Mr Jack: Yes. I have heard the new First Minister say that it was anti-devolution to block a Bill that had been passed by the Scottish Parliament, but section 35 exists for that very reason. When a Bill is passed by the Scottish Parliament—if it did not pass it, we could not block it—that has adverse effects on GB-wide legislation, section 35 exists to stop the Bill going for Royal Assent so that those adverse effects can be dealt with.

Madam Deputy Speaker (Dame Eleanor Laing): I call the shadow Secretary of State.

Ian Murray (Edinburgh South) (Lab): It is great to see you back in the Chair, Madam Deputy Speaker. Welcome back, particularly to Scottish questions.

There has been a seismic victory—an historic victory—this week: the Scotland football team beat Spain at Hampden last night, so we all send our congratulations to them. May I echo the Secretary of State's congratulations to Humza Yousaf, the new First Minister of Scotland? The Secretary of State rightly challenged Mr Yousaf to engage reverse gear on independence, but I think he may already have crashed that car. The new First Minister of course inherits a divided party and the SNP's dreadful record on public services, but he does not inherit Nicola Sturgeon's mandate—at the Holyrood election, the ballot paper said

"Nicola Sturgeon for First Minister",

not "Humza Yousaf". Does the Secretary of State agree with me and with Humza Yousaf himself, who rightly called for a UK general election after there was twice a change in Prime Minister last year? Does the Secretary of State agree that a new First Minister with no mandate means that there should now be not only a general election, but a Scottish election?

Mr Jack: There is a precedent for political parties voting in new leaders who then assume office: Henry McLeish replaced Donald Dewar, Jack McConnell replaced Henry McLeish, Gordon Brown replaced Tony Blair, and even Nicola Sturgeon replaced her at-the-time great friend and mentor—her words, not mine—Alex Salmond. It would be hypocritical of me to say otherwise, because last year, of course, I defended the change of Prime Ministers, and it is hypocritical that Humza Yousaf suggested then that we should have an election and there is now deafening silence.

Ian Murray: That answer shows that both the Conservative party and the SNP are democracy deniers. In January—*[Interruption.]* In January, Madam Deputy Speaker—*[Interruption.]* They don't like it up 'em! In January, the UK Government announced that they had signed a memorandum of understanding with BioNTech and Moderna to conduct trials of vaccines that can attack cancer cells. Such innovative treatments could be a lifeline for those with terminal cancers, such as David Williamson from Glasgow, who contacted me and others to plead to be accepted on to those trials. However, David lives in Scotland, and as it stands the trials are due to take place in England only. He has written to both the UK and Scottish Health Secretaries but has failed to receive a response. David does not want to die knowing that there could be a treatment that could help him. Does the Secretary of State agree that potentially life-saving treatments should be available throughout the UK? Will he work to resolve this matter urgently for David and thousands of others?

Mr Jack: This is a very serious issue and my sympathies are with David and his family. I know that he has written to the Secretary of State for Health and Social Care. I am a great believer in our NHS being reciprocal across the United Kingdom and will organisation a meeting for the hon. Gentleman with the Secretary of State for Health and Social Care at the earliest opportunity.

Madam Deputy Speaker (Dame Eleanor Laing): I call the SNP spokesperson, Dr Philippa Whitford.

Dr Philippa Whitford (Central Ayrshire) (SNP): I, too, welcome you to the Chair for Scottish questions, Madam Deputy Speaker, and join Labour's shadow Secretary of State in celebrating Scotland's win. It is just a pity that people could not watch it on Scottish terrestrial television.

The devolved Governments have led on many innovative policies, such as the carrier bag charge in Wales and the smoking ban and minimum unit pricing of alcohol in Scotland, with the UK Government following years later, if at all. The attacks on the latter policy at the time show that, had it existed then, the United Kingdom Internal Market Act 2020 would inevitably have been used to block minimum unit pricing, which has recently been credited with a 13% drop in alcohol-related deaths in Scotland. Even the EU single market allows policy divergence to improve public health and the environment, so why are there no such derogations in the internal market Act?

Mr Jack: Let me pick up the hon. Lady's first point, because we do not want the grievance factory to say, as I have seen on social media today, that the English Government blocked people in Scotland watching the game against Spain last night in which we were so victorious—*[Interruption.]* I said "on social media". The Scottish Football Association sold the rights to the football match. It was the Scottish FA's decision.

On the hon. Lady's second point, there are opportunities for derogations and exemptions within the UK internal market. We did it in the case of plastic cutlery because the same proposal was coming forward in the rest of the UK six months after it was introduced by the Scottish Government. The schemes worked together and a derogation for six months worked. But derogations do not work when there are different schemes in different parts of the United Kingdom, some of which include glass and some of which do not, and when producers have to sign up to different schemes that have a huge cost implication. We do not think that is the right way forward.

Dr Whitford: It is funny how differences in the different nations worked fine before Brexit. One has to wonder why the UK market does not seem able to cope right now. Is the Secretary of State planning to hold back the devolved Governments repeatedly to avoid making his Government look bad? Or is he just going to seek every single chance to attack devolution and enforce Westminster rule?

Mr Jack: I quoted earlier the chief executive of Tesco, the largest retailer in the United Kingdom. In the paper yesterday he made the very good point that there is one drinks industry across the United Kingdom and we should have one solution to the recycling problem.

Strength of the Union

2. **Robbie Moore** (Keighley) (Con): What recent assessment he has made of the strength of the Union. [904293]

3. **Kevin Foster** (Torbay) (Con): Whether he has made a recent assessment of public support for the Union in Scotland. [904294]

9. **Scott Benton** (Blackpool South) (Con): What recent assessment he has made of the strength of the Union. [904300]

The Secretary of State for Scotland (Mr Alister Jack): My assessment is that the Union is strong, as is support for the Union. *[Interruption.]* Oh yes, strong—very, very strong. People want to see their Governments delivering, and that is what we are doing, from levelling up to tackling the cost of living and working with the Scottish Government on delivering freeports, investment zones and city and region growth deals.

Robbie Moore: Opinion polls clearly show that the people of Scotland want the UK and Scottish Governments to work together to take Scotland forward, rather than going back to the divisions of the past. Does the Secretary of State agree that the new SNP leader should focus on Scotland's economy, the NHS, schools and creating jobs, rather than going back to another divisive independence referendum?

Mr Jack: My hon. Friend is absolutely right, and I would call on the new First Minister to seize this opportunity to do things differently. Rather than confrontation, let us have collaboration for a change.

Kevin Foster: I am delighted to hear the Secretary of State's assessment. Does he agree that growing support for the Union shows that people across Scotland are seeing the advantages of working together as we face challenges such as the war in Ukraine and the cost of living crisis, rather than following the separatists' path of division?

Mr Jack: Indeed. As we have seen with freeports, as we will see with investment zones and as we have seen with city and region growth deals, when we work together, we are truly better together.

Scott Benton: Does my right hon. Friend agree that by extending our cost of living support and taking measures to deliver long-term sustainable growth while reducing inflation, the Chancellor's Budget strengthened the Union by delivering for all parts of it?

Mr Jack: Yes. The cost of living support package has been a total of £94 billion, an average of £3,300 for every household in the United Kingdom.

Madam Deputy Speaker (Dame Eleanor Laing): We go to the Chair of the Select Committee.

Pete Wishart (Perth and North Perthshire) (SNP): Thank you, Madam Deputy Speaker, and it is great to see you in the Chair once again. May I say to the Secretary of State that the Union is in trouble because there is no longer a case for the Union? We know that because a significant number of under-50s now support independence. Could he tell us what the Union's greatest achievement has been in the past few years? Is it a Brexit that Scotland does not support; is it high-rise energy prices in energy-rich Scotland; or is it being run by a bunch of Tories that most of Scotland rejected?

Mr Jack: I notice that the hon. Gentleman did not quote any opinion polls to me this time. Nor, as he mentions Brexit, did he call for another—*[Interruption.]* The result was 52% to 48%—*[Interruption.]*

Madam Deputy Speaker: Order. Scottish questions are very important. There is too much chatting going on, and there are subtleties in the questions and the answers that people are missing.

Mr Jack: Madam Deputy Speaker, I was trying to give the very subtle answer that when the Brexit referendum was 52% to 48%, the hon. Gentleman wanted another referendum. The result of the leadership election was 52% to 48%, and suddenly he is very happy with it. He loves to quote opinion polls to me, but he did not quote any today—I cannot think why. All I would say is that the people of Scotland are seeing the strength of this United Kingdom, whether that is through freeports, investment zones, or city and region growth deals. The desire to stay in the United Kingdom gets stronger and stronger.

Christine Jardine (Edinburgh West) (LD): It is a delight to see you back, Madam Deputy Speaker, and I hope you enjoyed the football last night and that you are not too hoarse.

I also welcome the First Minister and congratulate him on his elevation to the post, but 13 of the last 15 opinion polls in Scotland have favoured no over yes; the most recent, in *The Scotsman,* puts support for independence at only 39%; and in a council by-election in my constituency of Edinburgh West, my own party won 57% of the vote and yes parties could barely get 20%. Given those facts, does the Secretary of State think that the new First Minister should focus on the issues that are important to the people of Scotland—the NHS, education and inflation—rather than independence?

Mr Jack: Absolutely. We know from the judgment in November of the UK Supreme Court that the constitution is entirely reserved to the United Kingdom Government, and I therefore ask the new Scottish Government to do the day job: to focus on crime, to focus on drug deaths, to focus on the health service, and to focus on education. That is what devolution is about.

Rail Funding: HS2 Barnett Consequential

4. **Geraint Davies** (Swansea West) (Lab/Co-op): Whether he has made a comparative assessment of the level of additional rail funding provided to Scotland and Wales as a Barnett consequential of HS2. [904295]

The Parliamentary Under-Secretary of State for Scotland (John Lamont): May I also start by congratulating the Scotland team on their triumph last night and the new First Minister of Scotland?

The United Kingdom Government are responsible for heavy rail infrastructure in Wales. Conversely, it is a devolved responsibility in Scotland, so the Scottish Government receive Barnett-based funding. That is consistent with the funding arrangements for all other policy areas that are reserved in Wales but devolved in Scotland.

Geraint Davies: In other words, Wales has only had 1.5% of rail enhancement investment for the UK for 5% of the population, while Scotland gets 8% for its 8% of the population. That is why wages in Wales are something like 73% of the UK average, compared with 92% in Scotland. Will the Minister give an undertaking that Wales should get its fair 5% share of HS2—£5 billion—in the same way that Scotland will get its 8%, or £8 billion? Will he raise that with his colleagues in the Cabinet?

John Lamont: The Welsh Government have actually received a significant uplift in their Barnett-based funding due to UK Government spending on HS2. I also point out that the UK Government have committed £2 billion for the period 2019 to 2024—more than double the £900 million invested between 2014 and 2019.

Dr Neil Hudson (Penrith and The Border) (Con): It is fantastic to see you in the Chair for Scotland questions, Madam Deputy Speaker. I echo the comments from across the House congratulating the new First Minister on his election.

With regard to rail funding, cross-border rail links, such as extending the Borders railway down to Carlisle, are vital to people and businesses in the north of England and Scotland. Does my hon. Friend agree that implementation of the Union connectivity review recommendations is vital in that regard, and can he give an update on that?

John Lamont: I pay tribute to my hon. Friend for his hard work with the other cross-border MPs, including me, to deliver the extension of the Borders railway to Hawick and Newcastleton and on to Carlisle. I was delighted to see the funding for the feasibility study in the borderlands growth deal, and we hope that work on it will be under way very soon.

Cost of Living

5. **Mr Tanmanjeet Singh Dhesi** (Slough) (Lab): What recent discussions he has had with Cabinet colleagues on the cost of living in Scotland. [904296]

The Parliamentary Under-Secretary of State for Scotland (John Lamont): Scotland Office Ministers have regular discussions with ministerial colleagues regarding cost of living support. At the recent Budget, the Chancellor announced additional support measures for households and families across Scotland, and indeed all parts of the United Kingdom. That included maintaining the energy price guarantee until June this year, which is in addition to the previously announced energy bills discount scheme. We have also made changes to universal credit to help people get back to work.

Mr Dhesi: It is a pleasure to see you back in the Chair, Madam Deputy Speaker, and I offer congratulations to Humza Yousaf on becoming First Minister.

Many of my Slough constituents are struggling, and likewise in Scotland, where more than a quarter of households—613,000—are struggling to pay their energy bills and are living in fuel poverty. The situation is likely to worsen with increasing inflation and further potential energy price hikes. Does the Minister accept that the Scottish people deserve much better? Rather than stoking culture wars, more sleaze or obsessing about another independence referendum, we need the UK and Scottish Governments to work together and focus on tackling the continued cost of living crisis.

John Lamont: This Government continue to do everything we possibly can to support the most vulnerable in society. Taken together with all the Government's efforts to help families and households with higher costs, the total support for an average household is

£3,300 over the current year. It is right that the Government continue to provide cost of living support, while sticking to our plan to avoid added unnecessary inflationary pressures.

Alun Cairns (Vale of Glamorgan) (Con): It is so good to see you back in the Chair, Madam Deputy Speaker.

Is my hon. Friend aware that the deposit return scheme that the Scottish Government plan to introduce later this year will have a significant impact in costs for brewers, pubs and distilleries? Whereas we strongly support the objectives of the scheme, does he support the calls for the Scottish Government to rethink the implementation in order to reduce the ultimate costs to consumers?

John Lamont: My right hon. Friend makes a very important point. The Scottish Government's deposit return scheme does not work, and it is very important we find a solution that works across all parts of the United Kingdom. We should reflect on the comments of Tesco's chief executive yesterday, who said that the Scottish Government's deposit return scheme was not fit for purpose and risks driving up prices, and that there should be a UK-wide scheme.

Madam Deputy Speaker (Dame Eleanor Laing): I call the shadow Minister.

Liz Twist (Blaydon) (Lab): Across Scotland, just like in my constituency, the cost of living crisis continues to make life difficult for so many families. Inflation is now at 10.4%, with the British Retail Consortium reporting that food inflation is above 15%, and interest rates have been increased for the 11th consecutive time. The Chancellor's Budget was yet another missed opportunity for the Government to take the action needed to tackle the cost of living. Does the Minister agree with me that the Government should have implemented a proper windfall tax and used the money raised to help struggling families?

John Lamont: No, I do not agree. This Government have taken the measures necessary to support households, families and businesses across Scotland and in all parts of the United Kingdom, and the additional windfall tax that the hon. Member proposes is not something that we support.

Madam Deputy Speaker: That concludes Scottish questions.

Before we commence Prime Minister's questions, I would like to point out, as ever, that live subtitles and a British Sign Language interpretation of proceedings are available to watch on parliamentlive.tv. [Hon. Members: "Shh!"] That is very kind of Members to say, "Shh", and to be a little bit quiet. I am aware that only those watching the British Sign Language interpretation will have been able to understand what I was saying.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [904377] **Sir Bill Wiggin** (North Herefordshire) (Con): If he will list his official engagements for Wednesday 29 March.

The Deputy Prime Minister (Dominic Raab): Madam Deputy Speaker, I have been asked to reply on behalf of my right hon. Friend the Prime Minister, who is attending the funeral of Baroness Betty Boothroyd. I am sure the whole House would want to join me in paying tribute to Baroness Boothroyd, the first female Speaker of the House. Our thoughts and prayers are with her family.

Madam Deputy Speaker (Dame Eleanor Laing): I am sure the whole House does join in sending our thoughts and prayers about Baroness Boothroyd, whom we all held in very high esteem.

Sir Bill Wiggin: Phosphates leaching into the River Wye could be stopped by proven phosphate-stripping technology attached to anaerobic digesters, but Herefordshire Council's bypass-hating Green and independent group will not support or engage, despite a moratorium on house building. What can the Deputy Prime Minister do to save our river and remove from the council such a vital strategic and environmental responsibility?

The Deputy Prime Minister: The River Wye is obviously of huge importance to nature. We are taking action to tackle pollution and raise farming standards. My hon. Friend will know about the Environment Agency's farm inspection capacity and catchment-sensitive farming advice programme; I defer to his technical knowledge in this area. I am sure he will want to make submissions to the local authority.

Madam Deputy Speaker: I call the deputy Leader of the Opposition.

Angela Rayner (Ashton-under-Lyne) (Lab): Thank you, Madam Deputy Speaker, and welcome back to the Chair. I share the Deputy Prime Minister's words on our Baroness, and our thoughts are with her family today. I am sure the whole House will join me also in paying tribute to Paul O'Grady, whose sad death was announced today. He was a national treasure and a true northern star, and he will be greatly missed.

This week, the Government announced their so-called antisocial behaviour policy. It has only taken 13 years. Look, I will give him some credit: the Deputy Prime Minister knows first-hand the misery caused by thugs and their intimidating behaviour, lurking with menace, exploding in fits of rage, creating a culture of fear, and maybe even—I do not know—throwing things. So I ask him: under his new antisocial behaviour policy, does he think more bullies will be brought to justice?

The Deputy Prime Minister: I can reassure the House that I have never called anyone scum. [Hon. Members: "More!"] If the right hon. Lady was serious about standing up for communities and people who suffer from the scourge of antisocial behaviour, she would back our plan to deal more swiftly with these issues, make sure we ban drugs beyond the conventional ones and give police the powers they need. If Labour really wants to protect the public, it will back our plans for parole reform to make sure that murderers, terrorists and child killers are not allowed out free to threaten other people, and reintroduce the ministerial veto that Labour took away.

Angela Rayner: I would like to see the ministerial code introduced and adhered to on the Government Benches, because it is not just the right hon. Gentleman's Department where antisocial behaviour is running out of control. It is happening across the country: police officers disappearing from our streets, replaced by criminals plaguing our towns and leaving people feeling unsafe. The truth is that the Conservatives are missing in action in the fight against crime. Can he tell his constituents and the public why, after 13 years of his party in government, there are now 6,000 fewer neighbourhood police officers on Britain's streets?

The Deputy Prime Minister: The right hon. Lady really does have a brass neck, because Labour voted against our funding of police recruitment and the 20,000 extra police officers. What I will tell her and the whole House is that crime is lower than it was under the last Labour Government, violent crime has halved and reoffending is seven percentage points lower. If she really wants to stand up for the public and the victims of crime, Labour should back our Bill to protect victims and protect the most vulnerable from serious killers, rapists and terrorists.

Angela Rayner: No one believes that there are more police on the streets and no one feels safer. Neighbourhood policing has gone down, not up. Let us talk about crime. The right hon. Gentleman knows as well as I do that neighbourhood police can help to prevent antisocial behaviour and knife crime, but trusted local police are also crucial to protecting women. Women feel unsafe on Britain's streets, always looking over our shoulder as we hurry to our front door. Can he tell me, under his watch as Justice Secretary, what is the charge rate for rape?

The Deputy Prime Minister: I will address all those elements and first of all say that the issue of rape and serious sexual violence against women is one of our top priorities. The right hon. Lady asks what we are doing about it. Since 2019, police referrals of cases have doubled and Crime Prosecution Service charges have doubled. She asks what has happened on my watch. The volume of convictions in rape cases has increased by two thirds. If she really wants to protect vulnerable women, whether from rapists or other serious crimes, she will back our parole reforms, which will mean Ministers are able to prevent people from being released into the public and causing more threats.

Angela Rayner: The right hon. Gentleman says that rape conviction has gone up. What he really means is that 300 women will be raped today while he boasts about an increase of 0.5%. He has not answered my question, because he is too ashamed of the answer: 1.6% of rapists face being charged for their crime—1.6%. Let that sink in. A woman goes through the worst experience of her life. She summons up the courage to relive that horrendous experience to tell the police in detail about her assault, but she only has a 1.6% chance of action being taken. Over 98% of rapists will never see the inside of a courtroom, let alone a prison. And the rest of those brave women? They keep looking over their shoulders and hope the perpetrator does not choose tonight to take their revenge for reporting the incident to the police.

In the last 13 years of the Tory Government, more than half a million cases of rape have been recorded by the police, but the charge rate for those attacks has collapsed. He has served under five Tory Prime Ministers and had three years as Justice Minister, and on his watch rapists are left to roam the streets. Will he apologise to those victims who will never get justice because of his failures?

The Deputy Prime Minister: First of all, the conviction rate measured by the Crown Prosecution Service—the leader of the Labour party used to be in charge of the CPS, so he might want to point this out—has gone up. It is now at 69%. We are doing much more to support victims of rape when they come forward.[1] *[Interruption.]* They are talking a good game but, in fact, we have quadrupled funding for victims since 2010. If the right hon. Lady looks at the latest data, she will see that the time it has taken from charge to completion of a rape case has come down by 10 weeks, or 70%, in the last three months alone. She should get her facts straight, particularly when talking about such a sensitive issue.

Angela Rayner: The right hon. Member will not apologise for the Government's failure on charge rates. Sixty-nine per cent of 1.6%—is that really something to boast about?

Let me ask him about an issue that is directly his responsibility. On his watch, rape survivors are waiting on average more than three years for their cases to come to court. The right hon. Member talked about a 10-week reduction. From three years, 10 weeks is not anything to boast about—three years from the day of the assault to the final day of court. Is it any wonder that from April to September last year, 175 trials for rape and other serious sexual offences had to be dropped because the victim could no longer cope with the delay? When will he apologise to all those women denied justice because of his failure to sort the court backlog?

The Deputy Prime Minister: The right hon. Lady ignores the impact on the court backlog of the pandemic or, indeed, the Criminal Bar Association strike. Let me tell her what we are doing. We have quadrupled funding for victims since 2010—quadrupled the funding provided by the last Labour Government. We launched the 24/7 support line, so that when those victims of that appalling crime come forward, they get the support they need. We have increased the number of independent sexual violence advisers to more than 1,000, and we are making sure that women who suffer this appalling crime can give pre-recorded evidence in court. We are doing everything that we can. As I said, the rates are coming down and we will keep taking action. If the Labour party were really serious about this, they would not have voted against longer sentences for dangerous, violent and sexual offenders in the Police, Crime, Sentencing and Courts Act 2022, and she would get behind our Victims and Prisoners Bill today.

Angela Rayner: Not a word of apology, no sense of responsibility and not even a shred of shame. The reality is that while people in Britain feel more and more unsafe, the right hon. Member seems to spend all his time trying to save his own job and none of his time on his actual job. It is not just me who thinks so—the Prime Minister clearly does not trust him to deal with

1. *[Official Report, 30 March 2023, Vol. 730, c. 10MC.]*

antisocial behaviour, because he has given that job to the Levelling-up Secretary. The way that things are going, and if reports are to be believed, this might be his last Prime Minister's questions, so let us look at the highlights: criminal justice on its knees; the largest court backlog on record; rape victims waiting for justice; and through it all, he managed to rack up 24 formal complaints from his own civil servants. Can he say today: will he walk before he is pushed?

Dominic Raab: One thing never changes: the right hon. Lady always comes with her usual bluster and political opportunism. Let me tell her what I have been doing this week. We have delivered new legislation to support the victims of crime, including rape, and to protect the public. We have delivered a plan to stamp out antisocial behaviour and we have supported families with their energy bills. What has she done? What have Labour Front Benchers done? They tried to block our small boats Bill. That is the difference between them and us. We deliver for Britain; she likes to play her political games.

Q4. [904380] **Stephen Metcalfe** (South Basildon and East Thurrock) (Con): It is wonderful to see you in your place, Madam Deputy Speaker.

As my right hon. Friend will be aware, the Thames freeport was recently given the final go-ahead to become fully operational, creating thousands of jobs and attracting millions in inward investment. Will he join me in congratulating the team behind the bid, and encourage businesses and investors from across the south-east—indeed, across the world—to take a closer look at the fantastic opportunities in Thurrock? Will he work with local education providers to ensure that my constituents have the skills needed to take up these fantastic opportunities?

The Deputy Prime Minister: I thank my hon. Friend. I certainly do support and pay tribute to all those who have made the new Thames freeport possible, with its potential to deliver over 12,000 new jobs. I look forward to seeing the local community, and wider communities, benefit from the tax benefits and custom zones. We will see how these plans progress. Again, I think it is good news to see the communities in Basildon and Thurrock taking full advantage of the Brexit opportunities.

Madam Deputy Speaker (Dame Eleanor Laing): I call the deputy leader of the Scottish National party.

Mhairi Black (Paisley and Renfrewshire South) (SNP): I also wish to send my warm regards to the family of Paul O'Grady, the legendary drag queen, for all he has done for my community.

I congratulate Humza Yousaf as he becomes First Minister of Scotland. He is the first Scots-Asian and Muslim to hold such an office, and I am sure the whole House will send him warm regards.

In recent days, video footage has emerged of the former Chancellor and the former chair of the 1922 committee offering their services for £60,000, on top of their salaries as MPs. The former Health Secretary offered his wisdom for £10,000 a day. When the Deputy Prime Minister is inevitably booted out of office, what will his going rate be?

The Deputy Prime Minister: I welcome the hon. Lady to the Chamber. The system of declarations is there to ensure transparency and accountability. Of course, the Conservatives backed tightening up those rules to make sure there could not be any lobbying.

I also join the hon. Lady in her tribute to the new First Minister of Scotland. The Prime Minister spoke to him last night and we welcome him to his place. The Government want to work constructively with him in the best interests of the people of Scotland.

Mhairi Black: During a cost of living crisis, as the Deputy Prime Minister's colleagues eye up barrels of cash from fake companies, it is the people across these isles who have been led by donkeys—and they are sitting on those Government Benches. The former Health Secretary also said that he would impart his wisdom for £1,500 an hour. Most nurses earn little above £15 an hour. Who does the Deputy Prime Minister think is best value for money and for the public?

The Deputy Prime Minister: I am delighted that the majority of the health unions have accepted the pay settlement. We think that is absolutely right.

The hon. Lady raises this issue, and of course we have worked on a cross-party basis to curb the limits on second earnings. I notice that those on the Labour Benches are curiously quiet. Is that because there are 10 shadow Cabinet members who are taking additional earnings? In particular, the shadow Foreign Secretary looks like he certainly does not want to be under the limelight—he has second earnings from 40 different sources, so I do not think they can talk about it. In response to the hon. Lady's question, we have done everything we can to make sure there is transparency and accountability.

Q6. [904382] **Jack Brereton** (Stoke-on-Trent South) (Con): It is very good to see you back in this place, Madam Deputy Speaker.

It has been announced that Stoke-on-Trent will be one of the levelling-up partnerships, on top of the investment we have already received through programmes such as the levelling-up fund. That has been delivered thanks to Conservatives working together in Government and on the city council, led by the formidable Councillor Abi Brown. Does my right hon. Friend agree that if people want to continue to see the levelling up of opportunities in Stoke-on-Trent, they should vote Conservative in the local elections in May?

The Deputy Prime Minister: My hon. Friend is absolutely right. After years of neglect under Labour, it is now the Conservatives—thanks in no small part to my hon. Friend—who have been levelling up in Stoke-on-Trent, with £11 million from the shared prosperity fund, £12 million from the levelling-up fund and £4 million from the regional growth fund, supporting over 500 jobs, along with £28 million of private investment. That is the difference for the people of Stoke under a Conservative Government.

Sir Jeffrey M. Donaldson (Lagan Valley) (DUP): Yesterday, the Secretary of State for Northern Ireland told us that the Security Service, MI5, had increased the terrorism threat level in Northern Ireland to "severe".

Responsibility for dealing with terrorism and national security rests with the Government of the United Kingdom, including in Northern Ireland. Will the Deputy Prime Minister assure me and the people of Northern Ireland that the Government will provide the Police Service of Northern Ireland and the Security Service with the resources that they need to counter this serious terrorist threat?

The Deputy Prime Minister: The right hon. Gentleman is absolutely right. Of course the threat level is kept under constant review and we take into account a range of factors—he will be very familiar with them. It is disappointing that the threat level has gone up, but I think it is worth saying that it has been in significant decline, in terms of the number of Northern Ireland-related terrorist attacks and attempted attacks, since the peak of the violence in 2009 and 2010. None the less, we will of course make sure that all the resource is available to the PSNI. The public are reminded to remain vigilant and report any suspicious behaviour or activity.

Q7. [904383] **James Grundy** (Leigh) (Con): My recent local survey as to whether Leigh should break away from Wigan Council shows, I am very pleased to say, that so far 90% are in favour, with only 3% opposed—*[Interruption.]* Please: before calling for a second referendum, let me finish the question. Does my right hon. Friend agree that this, the 50th year of our campaign for our town's independence, is the year to get Lexit done?

The Deputy Prime Minister: My hon. Friend campaigns with typical gusto. I think he knows that changing the boundaries at local authority level is subject to an independent process, but I will ensure that he gets a meeting with the Minister for Local Government so that he can further discuss the aspirations for Leigh.

Q2. [904378] **Cat Smith** (Lancaster and Fleetwood) (Lab): Despite Royal Mail posting record profits, management are threatening to put it into administration. What conversations are the Government having with Royal Mail? What are they doing to protect the universal postal service?

The Deputy Prime Minister: It is an incredibly difficult time, and I thank the hon. Lady for her question. Obviously the pandemic has had a particular impact, but we are working very closely to make sure that we can continue the service. I will make sure that she gets a meeting with the relevant Minister to discuss her concerns further.

Q8. [904384] **Mark Eastwood** (Dewsbury) (Con): On behalf of the people of Dewsbury, I would like to pay tribute to Dewsbury's greatest daughter, Betty Boothroyd. She will be sorely missed.

This week, I visited Ravenshall School in Dewsbury and Hollybank School in Mirfield, which both do amazing work teaching children with special educational needs and disabilities. However, there is a disparity in SEND standards in mainstream schools in my constituency. Will my right hon. Friend join me in thanking the teachers and staff at Ravenshall and Hollybank for everything they do? Will he outline how we can ensure that all our children are given the best chance in life, regardless of which school they go to?

The Deputy Prime Minister: I pay tribute to the teachers and staff at both schools, Ravenshall and Hollybank, for the amazing work they do. It is a very difficult and challenging job and it is incredibly important for the life chances of the children affected. My hon. Friend will know that in March we published the SEND and alternative provision improvement plan, with new national standards. That is backed up by increased specialist provision locally, with £2.6 billion going into it. That includes opening 33 new special schools, with a further 49 in the pipeline.

Q3. [904379] **Douglas Chapman** (Dunfermline and West Fife) (SNP): Although the Prime Minister is absent, I hope he later gets the chance to watch the BBC's dramatisation of the Brink's-Mat robbery in the 1980s, when the police team assigned to recover the stolen gold got back only half. That sum pales into insignificance compared with the measly 1% recovered from the £1 billion in business grants lost to fraud under the Prime Minister's watch as Chancellor. The fingerprints show that this massive fraud now lies at No. 10 Downing Street. To quote the Government's former fraud Minister, Lord Agnew of Oulton, when will this Government "get their acts together" and step up the recovery efforts on behalf of the taxpayer?

The Deputy Prime Minister: Tackling fraud has become more complex because of the online incidence, but the hon. Gentleman will have noted the massive increase in funding for tackling it in the recent Budget, and we are confident that will give us the resources we need to deal with this often invisible but very damaging crime.

Q10. [904386] **Sir Robert Neill** (Bromley and Chislehurst) (Con): As the Deputy Prime Minister will know, stroke is the greatest cause of adult disability in the country and costs our economy some £26 billion a year, let alone destroying lives. Last year I met Dr John Stephens, who was unable even to sit up unaided after a stroke but who, following an emergency thrombectomy, is now back at work as an NHS GP. Sadly, however, only 30% of eligible patients actually have this surgery. Does the Deputy Prime Minister agree that we need greatly to increase the roll-out of thrombectomies, and will he join me, in the run-up to World Thrombectomy Day next month, in visiting a thrombectomy centre to see at first hand the difference that the procedure can make to lives, returning people to meaningful and productive work and enjoyment?

The Deputy Prime Minister: My hon. Friend has been a dedicated champion for stroke survivors. I know from my own constituency how debilitating strokes can be, and also the impact that they can have on the wider family. NHS England is committed to increasing the delivery of mechanical thrombectomies through, for instance, the expansion of local services and local capital investment. I am sure that we can arrange for a Health Minister to join my hon. Friend on the visit he has requested.

Q5. [904381] **Sarah Olney** (Richmond Park) (LD): In a shocking article in *Surrey Live* last year, it was reported that staff at a GP practice in Walton were left in tears and "crumbling under pressure" owing to the increased workload caused by staff shortages. Is that any wonder,

when there are 850 fewer GPs in the country than there were in 2019? What does the Deputy Prime Minister say to patients left in pain and staff left in tears—including some in his own constituency—as a result of the Government's failed promise to recruit more GPs?

The Deputy Prime Minister: Any abuse against any GP in any practice anywhere in the country is absolutely wrong, and we must demonstrate zero tolerance of it. I can tell the hon. Lady that there has been a large increase in the number of GP appointments, with 29 million since the start of the year. We are improving access to general practice, with more support staff, and also improving the technology, with more state-of-the-art telephone systems. A record number of GPs are being trained, and we are investing £1.5 billion to create 50 million more appointments a year by 2024.

Madam Deputy Speaker (Dame Eleanor Laing): Order. If we go a bit faster, we will get everybody in.

Q11. [904387] **Scott Benton** (Blackpool South) (Con): Since 2019, this Government have provided well over £300 million in extra funding for projects in Blackpool. However, there is always room for more. The Bond Street and Revoe areas in my constituency are among the most deprived in the country, and have been long forgotten by the Labour-led council. The Government have already provided £600,000 in funding for a feasibility project, with a view to delivering a £30 million regeneration package for those areas. Will they look closely at the business case to see how this transformational project can be delivered to the local communities?

The Deputy Prime Minister *rose—*

Madam Deputy Speaker: Order. Before the Deputy Prime Minister answers that question, will everyone else with a prepared question cut it in half? Just ask the question.

The Deputy Prime Minister: There is no more tenacious a campaigner for Blackpool than my hon. Friend. I saw that at first hand when I visited his constituency with him. I am pleased that we delivered, with the Secretary of State for Levelling Up, Housing and Communities, the £40 million of funding to relocate the magistrates court and allow the county court complex to be moved, and I know that the Secretary of State will want to work with my hon. Friend on regeneration aspirations for the future.

Q9. [904385] **Wendy Chamberlain** (North East Fife) (LD): A little girl in my constituency, only nine years old, developed a bacterial infection just before Christmas. Thereafter, very distressing symptoms occurred, such as obsessive compulsive disorder and intrusive thoughts. She has not washed, dressed or properly eaten since Christmas. We believe this to be PANS and PANDA—paediatric acute-onset neuropsychiatric syndrome and paediatric acute-onset neuropsychiatric disorders associated with streptococcus. Although health is devolved and I am seeking support for her, part of the reason for the lottery and the antipsychotic medication that is often given for this condition—despite the fact that broad-based antibiotics have been proven to work—is that no part of the UK has implemented the World Health Organisation's ICD 11. Will the Government commit to looking at this, so that other children across the UK do not need to suffer in such a way?

The Deputy Prime Minister: I thank the hon. Lady for raising what seems like an awful case. My heart goes out to the family involved. If she would like to write to me about it, I will make sure that she gets a full answer and a meeting with a Minister if that is required.

Q12. [904388] **Caroline Nokes** (Romsey and Southampton North) (Con): Georgia Harrison is an incredibly brave young woman who only got justice when she was a victim of revenge porn because she could prove that the perpetrator intended to cause her distress. Most victims cannot prove that, and perpetrators are using platforms to use revenge porn for financial gain. That is not covered in the legislation. Will my right hon. Friend commit to looking at the case studies Georgia has compiled and to reviewing the legislation to strengthen it and make it more effective?

The Deputy Prime Minister: I thank my right hon. Friend for all that she has done in this area. There have been a considerable number of changes to the Online Safety Bill, not least because of her forensic attention to detail. They will include the creation of a new base offence of sharing intimate images without consent that does not require proof of an intention to cause distress. The Government also support the revenge porn helpline, which offers free and confidential advice. If there are any further changes that she thinks need to be made, I would be happy to look at them with her.

Sir Chris Bryant (Rhondda) (Lab): I do not know whether the Deputy Prime Minister ever met Lily Savage or whether he has ever spent a night out at the Royal Vauxhall Tavern. I can take him sometime if he wants to go—*[Interruption.]* I think that was a yes, actually. Lily was performing there at the height of the AIDS crisis in 1987 when police officers raided the pub and arrested her, among others. They were wearing rubber gloves because, supposedly, they were protecting themselves from contracting HIV by touching gay men. Lily, amazingly, said at the time, "Oh, lads, you've come to do the washing up! That's great!" Her alter ego, Paul O'Grady, campaigned acerbically and hilariously for elderly people and care workers and against oppression of every kind. Is it not time that we in this country celebrated our naughty, hilarious drag queens and comics of every kind who inspire us to be a better and more generous nation?

The Deputy Prime Minister: I thank the hon. Gentleman, and I totally agree with him. Paul Grayson was an incredible comic, but he also—[Hon. Members: "Paul O'Grady!"] Yes, Paul O'Grady. In terms of Lily Savage, some of that comedy broke glass ceilings and boundaries in a way that politicians would struggle to do, so I agree with the hon. Gentleman on that. I also think it shows how we need greater, more rambunctious free speech and how we need to avoid the wokery and the limitations on comedy, which, I am afraid, both of them would have had no time for.

Q13. [904389] **Dame Caroline Dinenage** (Gosport) (Con): I would like to associate myself with the words of the hon. Member for Rhondda (Sir Chris Bryant). Paul O'Grady was a great champion of animal welfare as well.

The biggest cause of death for children under the age of 14 in this country is cancer, and I have been calling for a childhood cancer mission to radically change how we detect, treat and care for children with cancer, covering everything from genome science for detection right the way through to seven-day-a-week play facilities in children's wards. The Health Secretary has been brilliant—he has met me and been really positive about this—but will the Deputy Prime Minister restate the Government's support for a childhood cancer mission?

The Deputy Prime Minister: I certainly will. The suffering that any child must go through when they get a condition such as cancer at such an early age is difficult to believe, and the pressure on the families is incredible. I thank my hon. Friend for her work on this. The Department of Health and Social Care will publish a major conditions strategy to look at improving outcomes and experiences for all cancer patients, including children in particular. I cannot pre-empt that, but I know that it will draw on previous work, including submissions from the various childhood cancer charities, and I pay tribute to the work that they do.

Stephanie Peacock (Barnsley East) (Lab): My six-year-old constituent Daniel has cerebral palsy and mitochondrial disease. He has received palliative care from the Bluebell Wood Children's Hospice, which was forced to close temporarily last year due to staffing pressures. It also has ongoing concerns about rising bills. Will the Deputy Prime Minister reassure Daniel's family that he will receive the palliative care he requires, as and when he needs it?

The Deputy Prime Minister: I thank the hon. Lady for raising that important case. I do not know all the facts, but if she writes to me I would be happy to look at it. We will make sure that the resourcing and the care are there. As I say, if she writes to me, I am sure we can arrange for a meeting with the relevant Minister.

Q14. [904390] **Wendy Morton** (Aldridge-Brownhills) (Con): The inclusion of the west midlands as a hotspot trailblazer police force area in the antisocial behaviour action plan is really good news. Will my right hon. Friend outline how communities on the periphery of the west midlands, such as those in my constituency, will see and feel the positive difference this will bring, so that we do not simply see the Labour police and crime commissioner redirecting our valuable resources into other parts of the west midlands?

The Deputy Prime Minister: My right hon. Friend raises an important point. The antisocial behaviour action plan will help us to crack down on antisocial behaviour and to make sure that those who are responsible for antisocial behaviour undertake repairs within 48 hours by, for example, cleaning up litter and graffiti. I am delighted that the west midlands enhanced hotspot will get additional funding. She is right that it is for PCCs to determine the precise allocation of funding, but I am sure she will make representations in her usual powerful way.

Mary Glindon (North Tyneside) (Lab): After announcing her retirement, North Tyneside-born Sarah Hunter MBE played her final game of rugby at the opening women's Six Nations match at Kingston Park last Saturday. Sarah is the most capped international rugby player in the world, a true professional, a great ambassador for her sport and an inspiration to many. Will the Deputy Prime Minister join me, the whole of North Tyneside and this House in thanking Sarah for all she has achieved for the country and for her beloved sport of rugby?

The Deputy Prime Minister: The hon. Lady is absolutely right. I pay tribute to Sarah's trailblazing record. A few years ago, I had the opportunity to watch the England female rugby team, and I was blown away. We look forward to Sarah and England going on to bigger and better things.

Q15. [904391] **Richard Fuller** (North East Bedfordshire) (Con): Will the Government require that East West Rail publishes a full business case before the allocation of any more taxpayers' money to the project?

The Deputy Prime Minister: This is a hugely important project with all sorts of opportunities, such as jobs and education, and with a projected increase in economic output of over £100 billion by 2050. My hon. Friend is right that the project needs transparency and scrutiny, and the first stage is already under construction on time and under budget. I am told that the subsequent stages will go through full and transparent scrutiny as part of the planning process.

David Linden (Glasgow East) (SNP): The Prime Minister has previously said on camera that he does not have any working-class friends. When the Prime Minister is not taking luxury helicopter rides and splashing about in his private pool, will the Deputy Prime Minister recommend that he befriends somebody from the working class?

The Deputy Prime Minister: I am not sure I got the full extent of the question. The reality, as the hon. Gentleman can see with the energy price guarantee, the free childcare and the national living wage, is that we are supporting everyone in this country, particularly those in the lowest paid jobs.

Alicia Kearns (Rutland and Melton) (Con): This week, Rutlander Andrew Osborne solo-sailed 3,000 miles across the Atlantic ocean, taking 78 days and raising £142,000 for Cardiac Risk in the Young, after his daughter Amy died in her sleep aged 25, being discovered by her sister the next morning. Twelve young people a week die of an undiagnosed heart condition. What are we doing to increase the diagnosis of heart conditions in children and young people?

The Deputy Prime Minister: I thank my hon. Friend for raising this question. Our heartfelt condolences go to Amy's family. Likewise, our congratulations go to Andrew on his incredible feat. We all want to see an end to 12 young people a week dying of undiagnosed heart conditions. There is more resource and research going in, and I will arrange for a meeting between my hon. Friend and the relevant Minister.

Illegal Migration Update

12.39 pm

The Minister for Immigration (Robert Jenrick): With permission, Madam Deputy Speaker, I would like to make a statement on illegal migration.

Three months ago, my right hon. Friend the Prime Minister set out a comprehensive plan to tackle illegal migration. We said we would act, and we have. We have increased immigration enforcement visits to their highest levels in recent years: since December, more than 3,500 enforcement visits have been carried out and more than 4,000 people with no right to be here have been removed. Anglo-French co-operation is now closer than ever before and will be deepened because of the deal struck by the Prime Minister earlier this month. We have expanded our partnership with Rwanda to include the relocation of all those who pass through safe countries to make illegal and dangerous journeys to the United Kingdom. Our modern slavery reforms, introduced in the Nationality and Borders Act 2022 to prevent those who seek to abuse our generosity from doing so, are bearing fruit. We are tackling the backlog in our asylum system by cutting unnecessary paperwork and simplifying country guidance. As a result, productivity has increased and we are on track to process the backlog of initial asylum decisions by the end of this year.

We must ensure that our laws enable us to deal with the global migration crisis, which is why we have brought forward the Illegal Migration Bill. The Bill goes further than any previous immigration legislation to fix the problem of small boats, while remaining within the boundaries of our treaty obligations. Of course, as we reform the asylum system, we will continue to honour our country-specific and global safe and legal commitments.

But we cannot and will not stop here, because illegal migration continues to impact the British public in their day-to-day lives. The sheer number of small boat arrivals has overwhelmed our asylum system and forced the Government to place asylum seekers in hotels. These hotels take valuable assets away from communities and place pressures on local public services. Seaside towns have lost tourist trade, weddings have been cancelled and local councils have had their resources diverted to manage them. The hard-working British taxpayer has been left to foot the eye-watering £2.3 billion a year bill. We must not elevate the wellbeing of illegal migrants above that of the British people; it is in their interests that we are sent here.

The enduring solution to stop the boats is to take the actions outlined in our Bill, but in the meantime it is right that we act to correct the injustice of the current situation. I have heard time and again of councils up and down the country struggling to accommodate arrivals. This is no easy task; the Government recognise that placing asylum seekers into local areas comes at a cost, and so central Government will provide further financial support. Today, we are announcing a new funding package, which includes generous additional per-bed payments and continuation of the funding for every new dispersal bed available. We will also pilot an additional incentive payment where properties are made available faster.

However, faced with the scale of the challenge, we must fundamentally alter our posture towards those who enter our country illegally. This Government remain committed to meeting our legal obligations to those who would otherwise be destitute, but we are not prepared to go further. Accommodation for migrants should meet their essential living needs and nothing more, because we cannot risk becoming a magnet for the millions of people who are displaced and seeking better economic prospects. Many of our European partners are struggling with the same issue: Belgium, Ireland, Germany and France are having to take similar steps, and the UK must adapt to this changing context.

I have said before that we have to suffuse our entire system with deterrence, and this must include how we house illegal migrants. So today the Government are announcing the first tranche of sites we will set up to provide basic accommodation at scale. The Government will use military sites being disposed of in Essex and Lincolnshire and a separate site in East Sussex. These will be scaled up over the coming months and will collectively provide accommodation to several thousand asylum seekers through repurposed barrack blocks and portakabins. In addition, my right hon. Friend the Prime Minister is showing leadership on this issue by bringing forward proposals to provide accommodation at the Catterick garrison barracks in his constituency. We also continue to explore the possibility of accommodating migrants in vessels, as they are in Scotland and in the Netherlands.

I want to be clear: these sites on their own will not end the use of hotels overnight. But alongside local dispersal and other forms of accommodation, which we will bring forward in due course, they will relieve pressure on our communities, and manage asylum seekers in a more appropriate and cost-effective way. Of course, we recognise the concerns of local residents and we are acutely aware of the need to minimise the impact of these sites on communities. Basic healthcare will be available, around-the-clock security will be provided on site and our providers will work closely with local police and other partners. Funding will be provided to local authorities in which these sites are located.

These sites are undoubtedly in the national interest. We have to deliver them if we are to stop the use of hotels. We have to deliver them to save the British public from spending eye-watering amounts on accommodating illegal migrants. And we have to deliver them to prevent a pull factor for economic migrants on the continent from taking hold. Inaction is not an option. The British people rightly want us to tackle illegal migration. As I have set out today, we are doing exactly that and I commend this statement to the House.

Madam Deputy Speaker (Dame Eleanor Laing): I call the shadow Secretary of State.

12.46 pm

Yvette Cooper (Normanton, Pontefract and Castleford) (Lab): Today's statement is an admission of failure—perhaps that is why the Home Secretary has asked the Immigration Minister to make it instead. Four years ago, the Cabinet said that they would halve channel crossings; they have gone up twentyfold since then. A year ago, they said they would end hotel use; they have opened more than ever. They keep making new announcements, but it just keeps getting worse. People want to see strong border security, and properly managed asylum and refugee systems, so that the UK does its bit

[Yvette Cooper]

to help those fleeing persecution and conflict, alongside other countries, but we have got neither of those at the moment.

There is no point in the Government blaming everyone else, because they are in charge. The asylum system is broken because they broke it; they have let criminal gangs rip along the channel; people smuggler convictions have halved in the past four years, even though more boats and more gangs have been crossing—and yet Tory MPs yesterday voted against Labour's plan for cross-border police units to go after the gangs; and they have let asylum decision making collapse—we have had a big increase in staff, but 40% fewer cases being decided. So they have failed to take basic decisions and they are still not doing Labour's plan to fast-track last year's arrivals from Albania and other safe countries.

As for today's announcements, we need to end costly and inappropriate hotel use, but these plans do not do that. The Minister has had to admit that, contrary to all the briefing in the papers this morning, they will not end hotel use—instead, these sites are additional. Ministers should have been finding cheaper sites and properly managing costs years ago.

Today's damning report from the Government's own independent watchdog, which strangely the Minister did not mention today, says that there has been no cost control; that the Home Office contracts are highly inefficient; that there is no cross-Government transparency and oversight; and that officials did not have financial information on the contracts they were signing and did not compare costs. Most ludicrously of all, it says that

"different parts of the Home Office operating different schemes…at times, found themselves competing for the same hotel contracts, driving prices up."

This is totally chaotic.

Basically, the Government have written a whole load of cheques in a panic. If they had put that money into clearing the backlog instead, we would not be in this mess now. They should have been working with councils to do that, but they did not. Yesterday, Tory MPs again voted against Labour's plans for a legal requirement for councils to be consulted. Instead, the Minister has Conservative councils, backed by Conservative MPs, taking action against him. So can he confirm that the Foreign Secretary is backing legal action against the Home Secretary? Frankly, that is a first, even for this chaotic Government.

The Bill makes things worse. There are no returns agreements with France or Europe. The Prime Minister has just said that the Home Secretary was wrong: the Rwanda flights will not start this summer. The Government have nowhere to send people to and, instead of speeding up asylum decisions, they are just going to cancel them, which means more people in asylum accommodation and hotels and more flimflam headlines that just do not stack up. Today, it was barges and it turns out that there are not any. Desperate to distract everyone from the damage that they might want to do to the Dambusters heritage, they instead start talking about ferries and barges. Three years ago, they said the same thing. Last summer, the Prime Minister said that it would be cruise liners. The Home Office civil servant said that ferries would end up costing more than the hotels on which they are already spending so much money. So, instead, the Immigration Minister has been sent around the country with a copy of "Waterways Weekly", trying to find barges, and he still has not found any.

Can the Minister tell us: are these sites going to be additional and not instead of hotel use? Will he still be using more hotels, or fewer for asylum seekers in six months' time? On the 45,000 boat arrivals last year, can he confirm that more than 90% of decisions have not been taken because the backlog is still the Government's failure?

Will the Minister apologise for the Government's failure on cost control? They failed to support Labour's plan to go after the gangs, to get a new agreement with France and to fast-track decisions and returns. They are flailing around in a panic, chasing headlines—barges, oil rigs, Rwanda flights, even wave machines—instead of doing the hard graft. They have lost control of our border security, lost control of the asylum system, lost control of their budget and lost control of themselves. Will he answer my questions and will he get a grip?

Robert Jenrick: Is it not abundantly clear that Labour does not have the faintest clue how to tackle this issue? It has absolutely no plan. What we have laid out today is three months of intense work, which is seeing the backlog coming down; productivity rising; more sustainable forms of accommodation; a harder approach to make it difficult to live and work in the UK illegally; illegal working raids and visits rising by 50%; and greater control over the channel—all improvements as a result of the 10-point plan that the Prime Minister and the Home Secretary set out.

The right hon. Lady looks back to a mythical time when Labour was last in office— when the Home Office, according to their own Home Secretary, was deemed to be not fit for purpose. Labour calls for more safe and legal routes, even though we are second only to Sweden in Europe for resettlement schemes. It calls for more money for law enforcement, even though we have doubled the funding of the National Crime Agency, and our people are out there upstream tackling organised immigration criminals every day of the week.

Is it not extraordinary that the Home Secretary—*[Interruption]*—the shadow Home Secretary cannot bring herself to condemn those illegal immigrants who are breaking into our country in flagrant breach of our laws? That is weak. The truth is that the Labour party is too weak to take the kind of tough decisions that we are taking today. In its weakness, it would make the United Kingdom a magnet: there would be open doors, an open cheque book and open season for abuse. The British public know that the Conservative party understands their legitimate concerns. We do not sneer at people for wanting basic border controls. We are taking the tough decisions. We will stop the boats. We will secure the borders.

Sir Edward Leigh (Gainsborough) (Con): Although the Minister did not mention RAF Scampton by name, we assume that that is the base in Lincolnshire to which he is referring. I can inform him that the moment that this is confirmed, the local authority of West Lindsey will issue an immediate judicial review and injunction against this thoroughly bad decision, which is based not on good governance, but on the politics of trying to do something. How can he guarantee that we will not lose

£300 million-worth of regeneration, already agreed and signed, between West Lindsey and Scampton Holdings? How will he preserve the listed buildings and the heritage centre? How will he preserve the heritage of the Dambusters and of the Red Arrows? How can he guarantee that there is no contamination from the fuel bay of the Red Arrows? How will he protect the safety of 1,000 people living right next door to 1,500 migrants and a primary school? He cannot guarantee anything. Will he work with West Lindsey and Lincolnshire now to try to find an alternative site? We are prepared to do it, but we do not want to lose £300 million of regeneration. Lincolnshire will fight and Lincolnshire will be proved right.

Robert Jenrick: I can only pay tribute to my right hon. Friend—my friend and constituency neighbour. He is representing his constituents forcefully, in the way that he has always done in this place, and he is absolutely right to do so. I can say to him that, while this policy is, without question, in the national interest, we understand the impact and concern that there will be within local communities. All parts of Government want to work closely with him and his local authorities to mitigate the issues that will arise as a result of this site. There will be a significant package of support for his constituents. There will be specific protections for the unique heritage on the site. We do not intend to make any use of the historic buildings. In our temporary use of the site, we intend to ensure that those heritage assets are enhanced and preserved. We see this as a short-term arrangement. We would like to enter into an agreement, as he knows, with West Lindsey District Council, so that it can take possession of the site at a later date, and its regeneration plans, which are extremely important for Lincolnshire and the east midlands more generally, can be realised in due course.

Alison Thewliss (Glasgow Central) (SNP): Well, Britain has historical form on the use of internment camps and it is despicable that this Government are intent on bringing them back in 2023. The Minister's pathetic attempt to draw comparisons with the use of cruise ships to accommodate Ukrainians is as offensive as it is misleading. In fact, yesterday, the Ukrainian Speaker, Ruslan Stefanchuk, thanked Scotland for saving the lives of his fellow citizens.

Scotland is standing down that emergency humanitarian response. Glasgow has closed it and Edinburgh has an end date in sight. Furthermore, the Scottish Government provided wraparound support for those cruise ships, with local government, NHS, schools and community integration. The Minister's plan is a prison ship designed as a deterrent.

Alex Wickham from Bloomberg reports that the Home Office rejected a similar plan last year as it would be even more expensive than the eye-wateringly expensive hotels plan, costing hundreds of thousands of pounds per hour. What has changed since that advice last year?

Private providers are making a fortune out of this. The Minister is now spending, scandalously, one third of the UK's international aid budget on domestic asylum costs, so what impact has this raid on crucial aid had on the push factors bringing people to these shores? When this idea was previously proposed last year, Ministers were advised that security would be a nightmare, the project would be expensive and it would amount to arbitrary detention—a breach of the UN refugee convention. What has changed since that advice was given last year? Does he understand that housing unaccompanied minors or traumatised people who have fled a warzone in military-style accommodation, considered unfit for the Ministry of Defence, would be gravely inappropriate, and will he give assurances that such individuals would be exempt from such measures?

The real problem is the backlog—we all know that—and the Home Office's inability to tackle it. The Minister knows that I have constituents waiting six months, 10 months, 14 months, 18 months, 20 months and more for a decision from the Home Office. When will he stop wasting money on headlines and instead tackle the real crisis and fix the backlog?

Robert Jenrick: On the hon. Lady's question regarding the use of overseas development aid to pay for the accommodation of asylum seekers here in the UK, we entirely agree. It is a gross waste of taxpayers' money and we want to see that money being put to better usage. That is exactly why we need to stop the boats—so that the finite resources of the United Kingdom can be applied to resettlement schemes where we bring people from places of grave danger such as conflict zones directly; or we use our resources to support people in some of the most hard-pressed places in the world. That is obviously the best and most moral way forward, rather than having open borders for predominantly young men who are in a place of safety in France.

As I said in my statement, we do see merits in using vessels. They have been used successfully in Scotland. It is surprising that the SNP seeks to denigrate one of its own policies, since it does not have very many successful policies—and particularly when it comes to ferries, let us be honest, the SNP is on shaky ground.

With respect to families, we do not intend to put minors or families on these sites, but they are the right way forward for single adult males. We are making significant progress on the backlog—*[Interruption.]* We are, actually; we know the hon. Lady does not like to deal in facts, but I can give her our internal figures, unpublished as yet, which show that over 11,000 cases in the backlog have been processed in the last three months as a result of the new processes we have put in place.

The broader point with SNP Members, as we all know, is that they have become humanitarian nimbys. The hon. Lady takes a kind of St Augustine approach: "Lord, let us welcome refugees, but not in our constituencies." She would have more credibility if she stood up and welcomed refugees and matched her fine words with good deeds.

Joanna Cherry (Edinburgh South West) (SNP): You're blasphemous, you are.

Madam Deputy Speaker (Dame Eleanor Laing): Order. Now, now. We will just calm down before we go any further, thank you. I expect better from Members.

Priti Patel (Witham) (Con): If I may respectfully make a few points to my right hon. Friend the Minister, we need to tackle this entire debate and discussion with a degree of maturity, because it is a difficult and sensitive subject. The points I would like to make refer to previous

[Priti Patel]

policy, the new plan for immigration and Greek-style reception centres. Had we had those in place, as I think he would recognise, we would not be in this situation.

I am an Essex MP and the other MP for the Braintree district. Wethersfield is not in my constituency—in the constituency of my right hon. Friend the Foreign Secretary—but it is no different in rurality and village size from a former site, Linton-on-Ouse, which is not in Essex and which was cancelled by the current Government. Why is it deemed appropriate for asylum seeker accommodation for single men to be placed in a rural village in Essex, where there is no infrastructure and no amenities, when it was not appropriate for somewhere like Linton-on-Ouse?

Robert Jenrick: I pay tribute to my right hon. Friend, who began this good work with her new plan for immigration—an incredibly important step forward. Among other points, it recognised that it is critical that, when individuals cross the channel illegally, they are moved either to detained accommodation, which we want to bring forward as a result of our Illegal Migration Bill, or, in the absence of that, to specific sites where they can be housed appropriately, where their cases can be processed swiftly and where they have minimal impact on the broader society.

I know my right hon. Friend pursued a very similar prospect in north Yorkshire, and she will have sympathy with the work we have done in recent months to take forward these proposals. We do not have a current plan to proceed with the Linton-on-Ouse proposition, but the sites I have announced today are just the first set that we would like to take forward, because we want to remove people from hotels as quickly as possible and move to this more rudimentary form of accommodation, which will reduce pull factors to the UK and defend the interests of the taxpayer.

Mr Alistair Carmichael (Orkney and Shetland) (LD): I think the House should be more generous to the Minister and acknowledge the true genius of this announcement. Only this Home Office team could think that the answer to the problem of growing numbers of people in small boats was to bring them all together and put them into one big boat. Armando Iannucci himself could not improve on that. But if the Minister is confident in his projections about what is going to happen to the backlog of asylum applications, why is the extra capacity going to be necessary?

Robert Jenrick: To answer the second point first, we want to see anyone crossing the channel moved into this rudimentary accommodation immediately. That is why it is critical that we build national capacity so that we can clear the hotels, consign that policy to the history books and put people into larger sites. That is why we need them. I have affection for the right hon. Gentleman, but he is being naive in this regard. I speak every day, as does the Home Secretary, to our northern European counterparts in Ireland, Belgium, Denmark and France, all of whom are pursuing options such as this, because there is a European migration crisis. We have to ensure that the UK is not a magnet for individuals who are either economic migrants or essentially asylum shoppers. I will not allow the UK to be a soft touch.

Conor Burns (Bournemouth West) (Con): The Government's determination to accelerate the processing of claims is to be welcomed. My right hon. Friend would agree that it is unacceptable, wrong and immoral that people have their lives put on hold, unable to make a new future for themselves or to be returned to their countries of origin. We have a number of hotels in my Bournemouth West constituency full of such people, who are constantly in touch with my hard-working casework team and want their cases resolved. So too do those involved in the hospitality and leisure sector in Bournemouth, on which our economy depends, and local residents who want to see those hotels brought back into the purpose of serving that thriving sector. Can he assure me that the proposals he is announcing will bring into sight the day when those hotels will be returned to that purpose?

Robert Jenrick: My right hon. Friend raises exactly the concerns that have motivated us to bring forward these proposals. We want to make sure that the interest of his constituency and his constituents are put above those of illegal immigrants coming into our country. This is the necessary first step to build national capacity in these new forms of accommodation, so that we can begin to close the hotels and move forwards.

Sir George Howarth (Knowsley) (Lab): I thank the right hon. Gentleman for the discussions he held recently with the leader and chief executive of Knowsley Council and me to discuss the problem we have with a hotel in my constituency. He is aware that, in my view, the use of hotels is not fair on the taxpayer or on local communities, nor is it suitable for the refugees themselves. Will he, though, give me some indication of what criteria will be used to determine which hotels close and in what sequence?

Robert Jenrick: The conversations I had with the right hon. Gentleman and his local authority leaders informed the decisions we have taken, because it was clear from his constituency that that hotel was inflaming community tensions, that many people thought it was wrong that illegal migrants were being housed in a much-regarded facility, a hotel used for weddings and social events, and that we need to bring that to a close. When we have the capacity to begin closing hotels at pace, we will look at that through a number of lenses. Obviously we will close the most egregious cases first, where the cost to local communities is highest, as well as those in locations that were clearly unsuitable to begin with, such as seaside towns and so on, and those where the contracts are coming to an end and we would not want to renew them for value for money purposes.

Richard Drax (South Dorset) (Con): Land-based reception camps in the right place have to be the solution. Does my right hon. Friend agree that, if we look at what has happened in hotel so far with illegal migrants, we have had issues with local residents, disappearing children, sexual assaults and so on, and that putting these people on boats or barges, where the problem will be exacerbated tenfold, is totally and utterly out of the question?

Robert Jenrick: There are no easy answers; these are among the most difficult decisions in government. Placing asylum seekers on well-run large sites and providing specific facilities, with minimal impact on local communities,

is the right approach. Taking hotels on a relatively ad hoc fashion, in town centres and on high streets, is not the right way forward. In respect of vessels such as barges or ferries, I do see merit in that approach, which has been pursued in Scotland and, in particular, in the Netherlands, which is using them effectively. That approach provides good value for money and decent accommodation.

Patrick Grady (Glasgow North) (SNP): The Big Help Out app encourages people to volunteer for a good cause over the coronation weekend, and a number of opportunities listed on it are with organisations that help refugees and asylum seekers, including the British Red Cross. Does the Minister agree that it is appropriate that people spend the coronation weekend supporting the people who he says have broken into this country?

Robert Jenrick: The hon. Gentleman and I may disagree on the fundamental point here, but I believe in borders, in national security and in national sovereignty, and those people who choose to enter our country in flagrant abuse of our laws, and who, in many cases, throw their documents into the channel, are breaking the law, and it is right that we take action against them and, where possible, remove them from our country.

Marco Longhi (Dudley North) (Con): May I welcome you back to the Chair, Madam Deputy Speaker? It has been a while.

Does the Minister agree that while the Government accelerate assessment, enforcement and removal, it is quite right that we look at suitable and sustainable accommodation for illegal immigrants? Does he also agree, then, that if armed forces bases are suitable for our brave, they are certainly suitable for illegal immigrants?

Robert Jenrick: My hon. Friend is right to say that there is a peculiarity in that those on the left of politics seem to be happy to house our brave armed forces personnel on those sites but not to see illegal immigrants temporarily housed there while we process their claims. Of course, we will always be motivated by decency and legality. Those sites will be well run and appropriate, but we must not allow a further pull factor to the UK to emerge.

Hilary Benn (Leeds Central) (Lab): The right hon. Gentleman told the House a little earlier that the three sites, which we presume are RAF Scampton, RAF Wethersfield and a site in East Sussex—perhaps he would care to name it—will

"provide accommodation for several thousand asylum seekers".

Can he tell the House how many thousands, and in doing so, can he remind us of the total number of people who are being placed in hotels currently?

Robert Jenrick: The number of individuals who will be housed on the sites will step up. Obviously, we want to ensure that the sites are well managed, so initially there will be smaller numbers, but within a very short time, there will be several thousand on those sites.

Hilary Benn: How many?

Robert Jenrick: I am not going to give those details to the right hon. Gentleman now, because it is right that we engage with the local authorities and that they be the first to know the full details of our plans, but there will be a very significant addition to our capacity. The point he is making is that, in addition to that, there is a very large number of people currently accommodated in hotels, but this is the first step—the first step on the road to clearing those hotels and moving forward.

I would just make one further point: it is abundantly clear to me, having spent four months in this role now, that there is no way in which I or the British Government can build our way out of this issue. There are tens of thousands of people entering our country in an irregular manner every year. Of course, we have to get our own processes and management processes in place, but we have to stop people coming here in the first place. That is why we are bringing forward the Bill.

Maggie Throup (Erewash) (Con): I welcome today's update and commend my right hon. Friend the Minister for his efforts in getting us to this stage. Further to the repeated assurances that I have received from him and the Prime Minister, will the Minister now commit to publishing a clear timetable—in weeks, not months—for the closure of the two migrant hotels that are within touching distance of each other in Erewash, and will he guarantee that that will be the end of their use for such purposes?

Robert Jenrick: I know that my hon. Friend has been tenacious in campaigning on behalf of her constituents, who, as I said more broadly in my statement, are extremely concerned about the impact that those hotels are having and about a loss of amenity, including business, tourism and social events. It is for that reason that we are taking this difficult but correct decision to produce these sites, and I hope that we will start to see the use of hotels come to close in the months ahead. I would be delighted to work with her as we do that.

Mr Tanmanjeet Singh Dhesi (Slough) (Lab): The British taxpayer is shelling out more than £6 million a day to house migrants, but asylum decisions have collapsed by 40% since 2015. That is what is to blame for the chaos with hotels. Furthermore, a damning watchdog report found that the Home Office did not have the financial information even to test whether those contracts were value for money, and did not even follow the correct procedure as was laid out. After 13 years, is there anything that this Government can manage to do properly?

Robert Jenrick: We all know what state the last Labour Government left the Home Office in. We have only to refer, as I did the other day, to the report of John Vine—the inspector at the time—which painted a picture of complete chaos and dysfunction at the Home Office when the Labour party was last in power.

It is important that we get the backlog down. I hope that the hon. Gentleman can see from what I have said that I have put in place a robust plan and that we have a high degree of confidence that we will succeed in getting the backlog down over the course of this year. But the real issue is the number of people crossing the channel; the people smugglers, the human traffickers. Clearing the backlog and processing people's claims even faster will not stop the boats—that is a fantasy. Stopping the boats requires tougher measures than that, such as those set out in the Illegal Migration Bill.

Edward Timpson (Eddisbury) (Con): Are there any circumstances in which my right hon. Friend would envisage children being placed in any of the sites that he has announced? To ensure that they can be moved as swiftly as possible into local authority care, may I encourage him to use the welcome additional funding that has been announced for local councils to cope with accommodation, so that they have an incentive to ensure that accommodation is available to children as a priority?

Robert Jenrick: It is not my intention to house minors on those sites. It is right that we ensure that minors and families are properly supported. Those sites will be used for single adult males, and will act as a serious deterrent to those people coming to this country.

Joanna Cherry (Edinburgh South West) (SNP): These proposals are highly reminiscent of the internment camps for refugees in the BBC series "Years and Years", which was on during lockdown. In case you did not see it, Madam Deputy Speaker, it was really about the decline of modern Britain and ended with the election of a fascist populist Prime Minister.

Ukrainian refugees in Scotland have been temporarily accommodated in high-quality former ferry accommodation at Leith docks, which are adjacent to my constituency. I have visited that temporary accommodation and suggest that if the Minister were to visit, he would see that it is extremely different from the industrial barges that he is proposing. Does he appreciate that if the UK Government dump refugees from other countries into the sort of poor-quality accommodation that he is describing, the United Kingdom may face a claim of racial discrimination under article 14 of the European convention on human rights?

Robert Jenrick: I refer the hon. and learned Lady to the comments that I made earlier. We know that the Scottish Government used ferries. I pass no criticism of the Scottish Government for their choice in doing so; it appears to have worked relatively successfully in the circumstances, so I think it is an option worthy of consideration. Of course, we intend to meet our domestic and international law obligations, and any accommodation that we bring forward will be decent and legal.

Mrs Natalie Elphicke (Dover) (Con): Conservative-led Dover District Council has been working hard to provide affordable and other housing for local people. Likewise, Kent County Council has been working hard to provide local services. But that excellent work is put under immense pressure by having to deal with the sheer number and volume of migrants in Kent. This has been supported by the Labour party, which does not want to stop the small boats and cares more about channel migrants than it does the residents of Dover and Deal, and Kent as a whole. Despite the pressures on services and schools, we are being asked to do more and take more, and today's announcement will not ease those pressures on Kent. Will my right hon. Friend meet me and Kent colleagues to see what more can be done to ease the immense pressures faced in Kent, particularly in Dover and Deal?

Robert Jenrick: I would be pleased to meet my hon. Friend and her colleagues. Again, I am acutely aware of the pressures that face Kent and the local authorities there. This policy will not only reduce the dependence on hotels but ensure that significantly increased funding is made available to local authorities such as my hon. Friend's to alleviate some of the burdens they face.

Ruth Cadbury (Brentford and Isleworth) (Lab): The Minister knows that while asylum seekers are living in often very difficult conditions in the hotels, a large proportion of taxpayers' funding is not even going to the hotels or the food providers but is haemorrhaging out into the pockets of a network of often dodgy contractors and subcontractors. What is he doing to address this mismanagement of Government funds?

Robert Jenrick: I now meet very regularly with exactly those firms, our Home Office providers. The hon. Lady can be assured—in fact, I think I have said this to her privately—that I have been very clear with those companies that they have a job to do and we need them to find suitable accommodation, but the accommodation must be of good quality, must meet our contractual terms, and there must be value for money. They have been left in absolutely no doubt about my views and if the hon. Lady or any other Member of this House has concerns or criticisms, they should bring them to me and I will ensure that they are heard.

Kelly Tolhurst (Rochester and Strood) (Con): It is nice to see you back in your place, Madam Deputy Speaker.

I thank my right hon. Friend for his hard work—he has shown me the strength of the work he has been doing over the months he has been in his role to try to tackle the problem—and I very much encourage his determination to stop the boats. I am pleased to see more enforcement work and the funding that is coming forward for local authorities. That funding is key for any local authorities that deal with asylum seekers. I wish to make a plea about the dispersal accommodation element: when the Home Office makes decisions about where to put such accommodation, if agencies agree that a place is inappropriate, the Home Office should really take note of that information and look for alternative sites.

Robert Jenrick: My right hon. Friend has been vociferous in raising legitimate concerns about one particular location in her constituency. She is right to say that there should be appropriate engagement between the local authority and the Home Office before any decisions are made, and that the police and other stakeholders should be informed. Where there are serious concerns, of course we should not proceed with those properties.

Seema Malhotra (Feltham and Heston) (Lab/Co-op): The Minister was right when he said that we need to stop people coming here by boat. Last night, Labour voted for the establishment of a cross-border police unit in the National Crime Agency to target the criminal gangs smuggling people across the channel. That measure would make a huge difference, in the short term and the long term, to the protection of our borders and to the welfare of migrants, so why on earth did the Government's MPs vote against it?

Robert Jenrick: Because we have already done it.

Jane Stevenson (Wolverhampton North East) (Con): I pay tribute to my right hon. Friend, whom I know to be a compassionate, fair-minded Minister. He is having to take extremely difficult decisions in balancing help for people who are the most vulnerable and the interests of the people who elect us to represent them in this place—UK taxpayers. Does he agree that the failure of Opposition parties to recognise that during such a migration crisis there has to be a sensible limit on numbers, and their refusal to admit that resources are limited and UK taxpayers' money is limited, make them unfit for office?

Robert Jenrick: My hon. Friend raises an important—indeed, fundamental—point: of course we want the United Kingdom to be a generous and compassionate country that is renowned around the world for how we treat those seeking sanctuary, but we also have to appreciate the finite resources we have and deploy them in the most effective manner. I feel profoundly that we are sent here not to grandstand or virtue signal but to put the wellbeing and interests of our own constituents first.

Mr Clive Betts (Sheffield South East) (Lab): The Minister has made vague statements about all asylum seekers being moved out of hotels, but he does not have a plan for how to do it, does he? *[Interruption.]* Well, let us see it. As the Minister for Security announced yesterday, the only fall-back is to pass responsibility back to local authorities. Did the Minister see the Local Government Association's response to that plan yesterday? It said that most councils have no social housing to offer, and in most areas the local housing allowance is not sufficient to pay for the cost of accommodation. What does the Minister expect local authorities to do when thousands of asylum seekers are simply passed back to them from the hotels they are currently in?

Robert Jenrick: It is a pity that the hon. Gentleman always campaigns against the building of new homes. That might have been the easiest way to fix the housing crisis. We are going to work carefully and productively with local authorities to address this issue. That has always been my approach: when I was Local Government Secretary I engaged constantly—religiously—with local authority leaders, and we continue to do so. We are going to provide significantly enhanced resources to local authorities so that we better meet the true cost of handling this difficult challenge.

Tom Hunt (Ipswich) (Con): Clearly, basic and cheap accommodation for those who have illegally entered our country is far better than four-star hotels at the heart of communities. The Minister will know how strongly I feel about the use of the Novotel in Ipswich, which the vast majority of my constituents are against. It is interesting that the Labour party has said today that it opposes the use of hotel accommodation, because only recently a protest in favour of the use of that hotel was attended by the Labour parliamentary candidate and half the local Labour party. Can the Minister give some timescales with regard to when we can move those who are currently in hotels into more appropriate accommodation? The sooner we get them out of the Novotel, the better, and the more support the Minister will get from my constituents.

Robert Jenrick: I share my hon. Friend's desire to close that hotel as soon as possible; I know how hard he has been representing his constituents in that regard. Today is the critical first step. Once we have the sites up and running, a combination of new arrivals and those currently in hotels will be moved on to those sites, and the backlog clearance will of course free up places in hotels and enable us to close them, but the fundamental point is that the only sustainable answer is to stop the boats coming in the first place.

Stuart C. McDonald (Cumbernauld, Kilsyth and Kirkintilloch East) (SNP): What assessment has the Department made of the increased risk of self-harm, and indeed suicide, among vulnerable asylum seekers placed in precisely the type of institutional accommodation for which the Minister is advocating today? Has the policy been subject to a risk assessment—perhaps even one that MPs are allowed to see?

Robert Jenrick: We of course take the wellbeing of the illegal immigrants—the residents of these new sites—seriously. I think they will be better cared for in this bespoke accommodation than in an ad hoc network of hotels that have been taken in emergency circumstances. The new sites will be run by well-trained individuals and have their own healthcare facilities, and we will be able to have Home Office personnel on site to process their claims swiftly so that they can either be granted asylum, remain in the UK and begin to pay taxes and make a contribution to our country, or be removed.

Dr Neil Hudson (Penrith and The Border) (Con): I thank my right hon. Friend the Minister for his update and his hard work in this policy area. Will he reassure the House that the treatment of women, children and families throughout this whole process will be compassionate, and that this Conservative Government are committed to supporting and bolstering safe and legal routes to help vulnerable people fleeing persecution and seeking sanctuary?

Robert Jenrick: First, my hon. Friend has my total assurance that although this policy is tough, it will also be decent and legal. The work I did in the autumn in making reforms to the Manston site in Kent is evidence of the way in which I will approach this work. On my hon. Friend's second point, this Government absolutely believe in the UK's being a world leader for resettlement schemes and safe and legal routes. We are already: 500,000 people have come to our country for humanitarian purposes since 2015. That is something we should be proud of and it is something that a Conservative Government will continue.

Tim Farron (Westmorland and Lonsdale) (LD): The Minister referenced and misquoted St Augustine of Hippo earlier. He was from north Africa, and the Minister would have put him in a camp as a consequence.

The Minister talked in his statement about fundamentally altering our posture. I wonder if he might consider altering his posture to that of someone who is good at his job. We have asylum seekers in hotels and hostels who do not want to be in those hotels and hostels. Why? It is because of the colossal backlog for which this Government are responsible. Rather than wasting money on this gimmick today—one that many of the Minister's

[Tim Farron]

Back Benchers clearly disagree with, for a variety of reasons—why does he not invest in making sure that appeals are heard quickly and hearings are done quickly, so that people can either be given the right to remain or be removed, as his Government are failing to do? Does he agree that there is one thing worse than his and his Government's incompetence on this issue, and that is blaming the consequences of that incompetence on the most vulnerable people in the world?

Robert Jenrick: I fundamentally disagree with the hon. Gentleman. Fault here lies with the people smugglers and the human traffickers. We should never blame ourselves in this country for the actions of organised immigration criminals—that is completely wrong. We are taking robust action to stop the boats and arrest the trade that is bringing tens of thousands of people illegally into our country and putting people's lives on the line every day. The hon. Gentleman does not want that—of course he does not. That is why he should support our Bill and help us to stop the boats.

Jack Brereton (Stoke-on-Trent South) (Con): As the Minister knows, Stoke-on-Trent has contributed significantly to accommodating both asylum seekers and refugees. Today's announcements of additional funding for local areas will be very welcome to help cope with some of those pressures, but my constituents want to know whether the Minister will be prioritising emptying those hotels in Stoke-on-Trent.

Robert Jenrick: I acknowledge that Stoke-on-Trent has stepped up and provided a significant amount of accommodation, which is creating challenges for the city. It has been a pleasure to work with my hon. Friend and the excellent leader of Stoke-on-Trent City Council. We want to ensure that hotels that are the most egregious cases are closed first—I think in particular of the North Stafford Hotel in the centre of Stoke. That is exactly the sort of important business asset that I would like to see closed swiftly.

Andy Slaughter (Hammersmith) (Lab): In the past few weeks, asylum seekers have been placed in hotels in my constituency that the Home Office has then deemed unfit for occupation, and those asylum seekers have been dispersed to undisclosed locations at no notice. Children have been taken out of school in the middle of exams, and I am told that last night asylum seekers were dumped outside a hotel in Shepherd's Bush and told to share rooms and beds with complete strangers. Is it the Government's policy to punish and humiliate asylum seekers in these ways as a means of discouraging further migrants, even though on past experience the majority are likely to be granted status in the UK?

Robert Jenrick: We will always treat people with decency and compassion, but it is correct that we have to address the very significant pull factor to the United Kingdom. This approach is being followed by most of our north European neighbours, such as the Belgians, the Dutch, the Danes, the French and the Irish, because the pressures are so great. The hon. Gentleman does not want to stop the boats; he does not back our Bill, or indeed any prior measures. We want to do so, and we will take the steps that are necessary.

Selaine Saxby (North Devon) (Con): I take this opportunity to thank my right hon. Friend for all his work in this area. I think most of us recognise that this is a multifaceted problem and that there is no silver bullet solution. Does today's announcement mean that there will not be further requests by contractors to find hotel accommodation or similar? I am aware of challenging conversations in my own constituency at this time. Also, where we are looking to empty hotels, we have a community that is very willing to welcome people into their homes, so might we look towards a scheme where there is additional ministerial resource, as we did when welcoming Ukrainian refugees—I am not being disrespectful of my right hon. Friend's experience in this matter—so that we can bridge that gap with the Department for Levelling Up, Housing and Communities? We have a housing crisis of our own; we have thousands of our own population unable to secure accommodation, but we are keen to work to find a solution. Might there be an opportunity to bridge the housing and the immigration situations?

Robert Jenrick: The Home Office and the Department for Levelling Up, Housing and Communities are trying to work as closely as possible. My hon. Friend the Member for Kensington (Felicity Buchan) is working closely with us on the operation of schemes such as Homes for Ukraine, the Ukraine family scheme, the Afghan schemes, Syria and so on—that is very important. We also have officials who are working jointly between the two Departments, so I hope my hon. Friend will see that all of Government are working closely together to address this complex, multifaceted challenge.

Clive Efford (Eltham) (Lab): The Minister has told us that newly arrived migrants are going to be taken to this new form of accommodation, so they will be competing for places with the people he wants to move out of hotels. It seems to me that he is planning for the failure of his attempts to stop the boats through the Illegal Immigration Bill, because he is increasing capacity with the spaces that he is planning. Can he tell us how many more people he is planning to accommodate, in addition to those who are already accommodated by the Home Office?

Robert Jenrick: I am confused by the hon. Gentleman's question, because he does not support the Bill in the first place. However, it is our intention once we have secured the passage of our Bill through Parliament—its Committee stage over the past two days showed the strength of support for the Bill on the Government side of the House, although there was not quite the same reaction on the Opposition Benches—to bring forward the Rwanda proposal. Once that is operationalised, people will be detained, their cases will be heard in a limited fashion, and then they will be removed from the country swiftly. In the meantime, we need some capacity, and that is going to be provided by these new large sites.

Mr William Wragg (Hazel Grove) (Con): My right hon. Friend is one of the abler Ministers in the Home Office, so it makes sense for him to give this statement this afternoon. Is he, though, as concerned as I am about a Gerald Ratner approach to the Government's immigration policy, whereby they simply spend their time highlighting the problems rather than some of the

work they are undertaking? Is he aware that the primary concern of most people is to ensure that the backlog of asylum applications is dealt with, and more importantly that decisions are made, as they were in 2015? Could I also caution him that even worse than a Gerald Ratner approach to Government policy on this issue is a "something must be seen to be done" policy, which might bring forward this Rosie and Jim idea of barges all over the place?

Robert Jenrick: My hon. Friend raises an important point that the public do not want to see performative or declaratory policies in this space: they want to see us acting, taking difficult decisions, and that is what is within this statement. He is correct to say that this requires an approach across many different avenues. Again, he can see that from the fact that we are rapidly reducing the backlog; that we have increased immigration enforcement visits by 50%; that we have established the small boats operational command in the channel and are recruiting hundreds of officers to staff it; and that we have signed deals with France and Albania. This shows the Government acting on every approach. My hon. Friend can be in no doubt that we will solve this problem, and if we fail, it will not be for want of trying.

Stephen Farry (North Down) (Alliance): The Minister talked about only meeting the basic needs of the residents. However, mental health is a basic need to many people, and I do not see how isolation is going to help in that regard.

Following on from that, I invite the Minister to join me in condemning the racist protesters who are appearing outside hotels, including one in my own constituency. In particular, I invite him to directly challenge the tropes that are being used: that asylum seekers are sexual predators. The same tactic has been used down through the centuries to attack marginalised people.

Robert Jenrick: I have been very clear that those far-right and other elements who are inciting violence and intimidation outside hotels or other forms of accommodation are wrong. I have directed the Home Office to work closely with the police through the National Police Coordination Centre and other parts of Government, including the security services, to track that pernicious activity and support local councils and police forces in taking robust action wherever possible. If the hon. Gentleman has particular cases that he wants to bring to my attention, I would be pleased to look into them.

Jackie Doyle-Price (Thurrock) (Con): Could I just probe my right hon. Friend with regard to his proposals for housing migrants on barges and ferries? Specifically, could he advise on whether he expects those vessels to have access to the quay or to be moored offshore? If they are to have access to the quay, which I would expect, what conversations has he had with port operators about the operational challenges to their business from hosting what is essentially a residential community long-term?

Robert Jenrick: If my hon. Friend will forgive me, I am not going to comment on press speculation. Obviously, I will make further statements should we proceed with any significant developments in this regard. I have pointed to examples in Scotland and in the Netherlands where the use of vessels has been successful. As my hon. Friend knows, we do not currently have the powers to detain individuals for prolonged periods of time, so any form of accommodation would be non-detained.

Paul Blomfield (Sheffield Central) (Lab): In response to an earlier question, the Minister talked about people "breaking into our country". The Home Secretary has talked about an "invasion". Those words, like this statement, are designed for the headlines, but can I ask him genuinely whether he recognises that using that kind of language to describe people, many of whom are seeking refuge from countries such as Afghanistan, Iran and Syria, is inflammatory, divisive and adds to the sort of tensions that other Members have talked about? Will he reflect on his use of language and agree that the priority is to tackle the people smugglers, not to criminalise and demonise their victims?

Robert Jenrick: I believe that all of us have a responsibility to choose our words with care, and to accept the occasions where we choose the wrong language. This is an area of public policy where it would be better to de-escalate the current language and tensions. I do not think it is wrong to describe individuals as illegal immigrants or to say that individuals are breaking into our country, because we have borders and they have to be enforced. If the hon. Gentleman or I crossed a national border into another country, we would expect to be met by law enforcement and a robust response.

Mark Jenkinson (Workington) (Con): I pay tribute to my right hon. Friend's work on this matter, as well as to that of the Home Secretary and the former Home Secretary, my right hon. Friend the Member for Witham (Priti Patel). Their diligence and co-operation with me has been welcome over the past 12 months. Last summer, I successfully managed to stop the introduction of a hotel in a wholly unsuitable place in my constituency, although unfortunately it fell on me to prove to the Home Office that it was wholly unsuitable. The threat remains, not only of additional hotels, but of companies such as Serco hoovering up family homes while we have a housing waiting list in my constituency. Can my right hon. Friend set out for me what today's announcement means for that threat and when we can safely say that that threat has been removed?

Robert Jenrick: First, I thank my hon. Friend for his generous words about me and my colleagues at the Home Office. He is right to say that the sheer number of people crossing the channel illegally, coupled with the generosity of our country in recent years in welcoming 500,000 people on humanitarian grounds and the high levels of legal migration we have, is posing a serious challenge to communities and councils with respect to housing and social housing. We are working through those challenges with the Department for Levelling Up, Housing and Communities, and one additional element we are introducing today is a substantially enhanced package for local authorities so that they have more funding to pay for the kinds of accommodation they will need and any displacement activity that might occur.

Tommy Sheppard (Edinburgh East) (SNP): Rather than treat those seeking sanctuary on these shores as criminals and wasting vast sums of money to build internment camps to house them, would it not be more sensible simply to issue them with temporary work permits, so that they can contribute to the community, earn their own money to cover their own housing costs and pay tax into the Exchequer, rather than being a drain upon it?

Robert Jenrick: I understand and acknowledge that that is a legitimate point of view. It is not one I agree with, because I believe that we have to suffuse our approach with deterrence, and if we allow a further pull factor to the United Kingdom in the form of enabling people to work soon after their arrival, I suspect we will just find even more people coming to this country.

Jonathan Gullis (Stoke-on-Trent North) (Con): First, I thank my right hon. Friend the Minister for his engagement, which has been robust between us at times. He will understand that in Stoke-on-Trent we have around 1,300 asylum seekers and illegal economic migrants, of whom 31% are in hotels. Residents and constituents are outraged to see the city used and abused in this way. He wholly and accurately reflects the situation with the North Stafford Hotel, which is right by a levelling-up project and a £40 million transforming cities fund project. It is right opposite our railway station, which is a gateway to 6 million visitors a year. It is wholly unacceptable. Can my right hon. Friend the Minister reconfirm what he said in answer to my hon. Friend and neighbour the Member for Stoke-on-Trent South (Jack Brereton)—that Stoke-on-Trent will be one of the priority areas that will see young single men moved out of hotels and into the new accommodation he has outlined today?

Robert Jenrick: As my hon. Friend knows, I love the Potteries and will always want to further the best interests of Stoke-on-Trent and its wider region. The hotel by the station is a particularly egregious one in my opinion, because it is holding back regeneration in that part of the city. I would like to see it closed at the earliest opportunity. The other point I make on Stoke-on-Trent is that it has stepped up and taken a large number of individuals through dispersal accommodation, which I hope other local authorities will do with the added support we are providing today.

Simon Lightwood (Wakefield) (Lab/Co-op): Yesterday, Labour offered a reasonable amendment to the Illegal Migration Bill that would have forced the Home Office to consult with councils over asylum hotels. That would have been welcome in my constituency where, despite the Minister's announcement, he is planning to force a third hotel on my community. Wakefield Council has already had £300 million cut from its budget. It has done its best to provide support, but it lacks the community capacity and the funding to do more. Why did the Government run scared last night and vote down our amendment to give local councils a say?

Robert Jenrick: The hon. Gentleman should go back to his constituents and explain why, in his short tenure in this House, he has already started voting against exactly the kinds of measures that would stop the boats. I rather suspect that he is not on the same side as his constituents on this issue.

Kevin Foster (Torbay) (Con): I can understand the Minister's trepidation coming to the Dispatch Box for today's statement, having had to make similar statements myself over the years, but he is outlining the right approach today. We can see comparisons, particularly on continental Europe and particularly in Greece, where large-scale accommodation centres have been used as part of a transformation of the asylum system, providing humane and decent accommodation while assisting the process of making decisions. To deal with some of the issues that we have had thrown at us, first, I assume that he will view this accommodation as part of national infrastructure and therefore take it through that planning process. Secondly, I assume that this is all, as he has touched on already, non-detained accommodation. Finally, what sort of timeline is he looking at to get some of these centres up and running, because people will only see this approach making a difference when they see hotels closing down in their local area?

Robert Jenrick: My hon. Friend and predecessor knows how difficult these decisions can be. Like him, I did not come into politics to deal with clandestine entry or organised immigration crime, but I did come into politics to provide security and stability to the public and to put the interests of my constituents above those of anyone else. That is why we are taking these decisions in the national interest. We will ensure that these sites are non-detained and legally compliant. They will be provided at pace. We will make use of the planning powers that the Government have at our disposal. I am confident that we will be able to get individuals on these sites in the coming weeks.

Tahir Ali (Birmingham, Hall Green) (Lab): Thirteen years of Tory mismanagement, an asylum system in crisis, backlogs out of control, and claims not being decided for years on end—this statement does nothing but scaremongering and headline-grabbing just before the local elections. A Member of the Minister's own party has summarised this statement correctly as

"the politics of trying to do something."

Does he agree that this statement, which is no more than headline-grabbing scaremongering, does very little to target human traffickers and the illegal gangs, but makes illegal traffickers the heroes, while making victims the real targets?

Robert Jenrick: It is a darn sight better than the politics of doing nothing, which is what the Opposition are proposing. We are taking action to tackle the people smugglers and the human traffickers. I do not doubt the motivations of the hon. Gentleman, but every day in this job I see these people and the work they do. They are some of the most evil and pernicious people in society, and we have to match them. We cannot behave in a way that is weak and naïve; we have to respond with tough policies. That is what we are doing here. We will not allow the UK to be a soft touch. By ensuring that we now have this new form of accommodation, not only will we clear the hotels, but we will also ensure that there is not a pull factor to the UK.

Simon Baynes (Clwyd South) (Con): I warmly welcome my right hon. Friend's statement this afternoon, and I would also like to take this opportunity to pay tribute to my right hon. Friend the Member for Witham (Priti Patel) for her excellent work as Home Secretary previously.

Could my right hon. Friend comment in more detail on the similar approach being taken to asylum accommodation by Belgium, Ireland, France and Germany, and it would seem by the Scottish Government as well?

Robert Jenrick: It is true, as I have said on a number of occasions, that our northern European neighbours are looking to take similar robust approaches. Ireland is considering bailing individuals to no fixed abode with vouchers to pay for their immediate needs, as I understand it. Belgium has seen tented communities arise and is using hostels akin to homeless shelters. The Danes have said, I think publicly, that the Rwanda policy of my right hon. Friend the Member for Witham (Priti Patel) is an interesting and valuable one at which they are looking with interest. So we are not alone and we are not unique. We are working together because there is a European migration crisis, and we have to take serious and robust decisions and make difficult choices, or I am afraid the UK will be very exposed.

Jim Shannon (Strangford) (DUP): I thank the Minister for his statement. He knows that there is a difference between economic migrants who are abusing the system if they are fit and independent—their circumstances will dictate the final report—and, alongside them, asylum seekers, many fleeing religious persecution, who, whether they be women, children or families, need help urgently. Will the Minister make it abundantly clear that those who come here illegally due to extenuating circumstances will have scope for compassion in their treatment?

Robert Jenrick: We want to ensure that human dignity is at the heart of the system we are creating, which is why the UK has a fantastic record in recent years for resettlement schemes of the kind I know the hon. Gentleman is a champion of, such as the schemes for those from Ukraine, Hong Kong, Syria and Afghanistan. By bringing an end to illegal migration across the channel or reducing it as far as one can, we can deploy our finite resources as a country to help those people who need it most—those people who are in conflict zones, the victims of religious persecution whom he cares passionately about—rather than those people, predominantly young men, who are fit, able and in a safe place such as France.

Mr Betts: On a point of order, Mr Deputy Speaker.

Preet Kaur Gill (Birmingham, Edgbaston) (Lab/Co-op) *rose—*

Joanna Cherry *rose—*

Mr Deputy Speaker (Mr Nigel Evans): I will take the points of order in a moment. I thank the Minister for his statement and for responding to questions for well over an hour, but could I ask him to remain seated for the first point of order, which I think relates directly to something he may have said?

Points of Order

1.52 pm

Mr Clive Betts (Sheffield South East) (Lab): On a point of order, Mr Deputy Speaker. In the Minister's response to the question I asked him, he said that I had always opposed house building. I think the Minister knows that in this House—as the Chair of the Levelling Up, Housing and Communities Committee, as well as individually—I have argued very strongly for more house building, including hitting the 300,000 target. Only this week, I have been working with officers in Sheffield to try to get a scheme to build 800 homes at Attercliffe Waterside in my constituency, which I have worked on for many years. In the past I have known the Minister to be a fair and reasonable man, even when I have disagreed with them. On reflection, would he not accept that what he said was unfair and inaccurate, and maybe he would like to correct the record?

The Minister for Immigration (Robert Jenrick): Further to that point of order, Mr Deputy Speaker. I have worked alongside the hon. Gentleman for some time, and I know him to be an excellent Chair of the Select Committee, so I mean him no disrespect. He and I did disagree on reforms to the planning system, including about building more homes in Sheffield, but I know that he is a champion of good-quality housing and of increasing the quantity of it across the country.

Mr Deputy Speaker (Mr Nigel Evans): Thank you very much.

Preet Kaur Gill (Birmingham, Edgbaston) (Lab/Co-op): On a point of order, Mr Deputy Speaker. Could you please advise on the description by the hon. Member for Harrow East (Bob Blackman) of protesters outside the Indian high commission as "terrorists" during business questions last week? We condemn the violent behaviour outside India House—violence is never acceptable—but language is important, and to describe protesters as terrorists is inappropriate. Many of them would have been justifiably concerned about what was happening in Punjab and about how to contact their families while mobile, internet and SMS were shut down. Sikhs and Hindus have lived peacefully alongside one another in the United Kingdom for decades, and the current situation in Punjab does not require this kind of inflammatory language. As Members, we need to set an example. Can I ask that the Member correct the record?

Mr Deputy Speaker: I thank the hon. Member for her point of order and for forward notice of it. I assume that she has informed the Member concerned.

Preet Kaur Gill *indicated assent.*

Mr Deputy Speaker: Good. Members have freedom of speech in this Chamber and they, not the Chair, are responsible for their comments. That said, Mr Speaker has repeatedly reminded the House of the need for "Good temper and moderation", as "Erskine May" puts it. I would encourage all Members to follow that advice, particularly on sensitive issues.

Joanna Cherry (Edinburgh South West) (SNP): On a point of order, Mr Deputy Speaker. I wrote to the Home Secretary on 15 March, in my capacity as Chair of the Joint Committee on Human Rights, to invite her to appear before the Committee as part of our inquiry

[Joanna Cherry]

into the Illegal Migration Bill. On that Bill, the Home Secretary has made a declaration, as required under section 19 of the Human Rights Act 1998, that she is unable to certify that the provisions of the Bill are compatible with the European convention on human rights. The Committee has asked the Home Secretary to give evidence to us on the human rights consequences of her legislation, and to interrogate the legal arguments put forward in the ECHR memo that accompanied the Bill. Given the pace with which the Bill is passing through Parliament, we asked her to respond by 22 March. It is now 29 March and we have today heard that she will not be available to attend, despite our giving her more than one date, but the Government are considering whether the Minister for Immigration is available instead.

Mr Deputy Speaker, can you advise me on what steps are available to my Committee to ensure that we can carry out—and we are going to be the only Committee that will carry it out—effective legislative scrutiny of the Government's proposals in the Illegal Migration Bill, by hearing from the very person whose name appears on the section 19 statement saying that the Bill does not comply with the European convention on human rights and, indeed, the Human Rights Act?

Mr Deputy Speaker: I am grateful to the hon. and learned Member for her forward notice of her point of order. Mr Speaker has made it repeatedly clear that it is very important that Committees have access to the relevant witnesses, and that of course includes Ministers. Therefore, I very much hope that those on the Treasury Bench will have heard this exchange, and that a Minister will be able to give evidence to the Committee as soon as possible.

BILLS PRESENTED

Non-Domestic Rating Bill

Presentation and First Reading (Standing Order No. 57)

Secretary Michael Gove, supported by the Prime Minister, the Chancellor of the Exchequer, Secretary Kemi Badenoch, Oliver Dowden, Jeremy Quin, Victoria Atkins and Lee Rowley, presented a Bill to make provision about non-domestic rating.

Bill read the First time; to be read a Second time tomorrow and to be printed (Bill 285) with explanatory notes (Bill 285-EN).

Victims and Prisoners Bill

Presentation and First Reading (Standing Order No. 57)

Secretary Dominic Raab, supported by the Prime Minister, Secretary Suella Braverman, Secretary Mark Harper, the Attorney General, Edward Argar and Miss Sarah Dines, presented a Bill to make provision about victims of criminal conduct and others affected by criminal conduct; about the appointment and functions of individuals to act as independent public advocates for victims of major incidents; about the release of prisoners; about the membership and functions of the Parole Board; to prohibit certain prisoners from forming a marriage or civil partnership; and for connected purposes.

Bill read the First time; to be read a Second time tomorrow, and to be printed (Bill 286) with explanatory notes (Bill 286-EN).

Elections (Voter Identification Requirements) Bill

Presentation and First Reading (Standing Order No. 57)

Helen Morgan, supported by Layla Moran, Richard Foord, Munira Wilson, Mr Alistair Carmichael, Jamie Stone, Sarah Green, Wera Hobhouse, Sarah Olney, Daisy Cooper, Christine Jardine and Ed Davey, presented a Bill to remove the requirement for voters to show an identity document in order to vote; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 24 November, and to be printed (Bill 287).

Local Electricity Bill

Presentation and First Reading (Standing Order No. 57)

David Johnston, supported by Peter Aldous, Hilary Benn, Sir Graham Brady, Alan Brown, Simon Fell, Wera Hobhouse, Ben Lake, Clive Lewis, Selaine Saxby, Mick Whitley and Sir Jeremy Wright, presented a Bill to require the Secretary of State to establish an export guarantee scheme for small generators of low carbon electricity; to set a tariff, based on market rates, for the sale of electricity under the export guarantee scheme; to make provision to enable small generators of low carbon electricity to sell electricity directly to local people; to place certain duties on the Gas and Electricity Markets Authority; and for connected purposes

Bill read the First time; to be read a Second time on Friday 24 November, and to be printed (Bill 288).

Co-Operatives (Permanent Shares)

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

1.58 pm

Gareth Thomas (Harrow West) (Lab/Co-op): I beg to move,

That leave be given to bring in a Bill to enable co-operatives to issue permanent shares; and for connected purposes.

Permanent mutual shares are the rocket fuel that would help the co-operative and mutual movement to double in size. That is an ambition that the Co-op party has long sought, and I am pleased to say that the Labour party now seeks it. They would offer to housing associations, agricultural co-operatives, employee-owned businesses and mutual insurers a source of venture capital that, crucially, would not require them to demutualise, end their British ownership or scrap their democratic governance. The independent mutuals think-tank Mutuo has suggested that a Government ambitious for British business to succeed and grow could help the sector raise some £13 billion over five years using permanent mutual shares.

Such investment has the potential to be galvanising for individual co-op businesses and mutuals. Had this option been available to Liverpool Victoria, there would have been no need to consider demutualisation and selling up to the controversial private equity giant Bain Capital. The challenges facing John Lewis only underline the limited capital-raising options for successful, sustainable co-op and mutual businesses that need to finance expansion and investment plans but do not want to give up control by their British customers or employees.

Permanent mutual shares provide an opportunity to create a genuine marriage between what is known as patient capital and co-op and mutual organisations rooted in their communities that are looking for the finance to tackle long-term environmental, economic and social challenges. Patient capital is that part of the private equity world, such as some pension funds, that is willing to invest for the long term and is not focused on securing ownership or part ownership of a business. The investment raised by permanent mutual shares does not have to be paid back. The value of the investment is maintained by allowing the shares to be traded. As with any shares, the investor will hope for a dividend but takes a calculated risk. There would no doubt be considerable discussions before such investment was made into a co-op or mutual business. In that, it is similar to the debt finance that businesses can now access to varying degrees.

Agricultural co-operatives could also benefit. I am particularly grateful for the interest and insights of the Scottish Agricultural Organisation Society. Agricultural co-operatives could benefit from this device, offering them new opportunities to invest in the best of British farming and fishing produce, as well as in our shared environmental futures.

Retail co-operatives operating in highly challenging markets can be hamstrung by a lack of access to capital, needing constant investment to drive year-on-year growth. This slight change in the law could, according to Mutuo, galvanise over £1.2 billion to drive investment in businesses in every region of the UK.

Housing associations face major costs over the coming years to tackle mould, improve building safety and meet environmental standards. Many housing associations have already raised significant debt capital. Permanent mutual shares offer a route to raise further transformational levels of investment to build social and genuinely affordable housing. The independent think-tank Mutuo suggests that with sustained and shrewd leadership, up to £10 billion could be raised to meet Britain's housing challenges, potentially financing between 60,000 and 90,000 new homes.

Ministers—I say this gently—have known for some time that these types of shares could make an enormous difference to great British co-op and mutual businesses. Two private Members' Bills have proposed this solution. A hundred MPs wrote to the then Chancellor of the Exchequer, now the Prime Minister, in the wake of the Liverpool Victoria attempt at demutualisation, referencing the need to offer this capital-raising solution. Since 2015, mutual insurers and friendly societies have been waiting for the Mutuals' Deferred Shares Act 2015 to bring permanent mutual shares into effect for friendly societies. Ministers and officials know what needs to be done in this space, but have not yet demonstrated the political will to back these great British businesses and level up the playing field with their overseas and domestic rivals. I should point out to the House that there is no financial cost to the British taxpayer from this proposal.

In the UK, since 2013, building societies have been able to issue a version of permanent shares called core capital deferred shares. Nationwide Building Society, Cambridge Building Society and Ecology Building Society have between them issued shares worth more than £1.3 billion for investment in their businesses. The governance of those societies has not altered. They are still member owned, answerable to their customer members here in the UK, and not, for example, to overseas private equity interests.

In Australia, another version of permanent mutual shares, mutual capital instruments, came into effect in April 2019, and 400 million Australian dollars has already been raised, primarily for investment in retirement housing. Other mutuals in Australia are looking at permanent mutual shares as a way of investing in pharmacies and in insurance services for farmers and other groups where clear market gaps exist at the moment. Nearer to home, the Dutch co-operative bank, Rabobank, one of the world's largest banks with total assets of over $900 billion, issued €8 billion of the Dutch version of permanent mutual shares to expand and grow its banking operations. Desjardins Group, a federation of credit unions originally established in Quebec in Canada, has issued 4 billion Canadian dollars-worth of permanent mutual shares. It has used the additional capital to help small and medium-sized businesses in Quebec to grow and develop, as well as to expand its operations across the rest of Canada.

Many in the House and outside will want reassurance about the safeguards around such large sums coming into a co-op or mutual business from large investors. Each investment, regardless of its size, would only offer one vote—just one vote—giving parity of power with each existing member. The investor would not be able to participate in any decision about demutualisation or the transfer of assets. Crucially, the private Member's Bill from my hon. Friend the Member for Preston

[Gareth Thomas]

(Sir Mark Hendrick) also allows co-ops and mutuals to safeguard their legacy assets, removing the incentive for demutualisation.

Then there is the role played by financial regulators. The shares that are created do not have to be paid back, unlike a loan, which is a crucial balance sheet advantage. The investor gets a dividend on the investment and can trade their shares, selling them on to realise the asset and potentially to move their original investment elsewhere.

If we want to double the size of the co-operative and mutual sector, and if we want a new wave of environmental and sustainable investment, and new projects for social value in renewables, social care or affordable housing, then permanent mutual shares, in one shape or another, are essential. Traditional routes to raising finance for businesses via equity investment or a listing on the stock exchange would all but dilute, if not completely end, consumer or workforce control of the business.

This proposal is a sensible, pro-business measure, which would be good for jobs, good for the economy, and good for co-op and mutual businesses. Permanent mutual shares are available across the world. They could be more available here, too.

Question put and agreed to.

Ordered,

That Gareth Thomas, Anna McMorrin, Clive Efford, Sir Mark Hendrick, Seema Malhotra, Rachael Maskell, Ms Lyn Brown, Kerry McCarthy, Ms Karen Buck, Alex Sobel, Kate Osamor and Mr Virendra Sharma present the Bill.

Gareth Thomas accordingly presented the Bill.

Bill read the First time; to be read a Second time on Friday 24 November, and to be printed (Bill 289).

Finance (No. 2) Bill

Second Reading

2.8 pm

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

Before I start the debate, Mr Deputy Speaker, I should declare, to avoid any potential conflict or perception of conflict, that due to a family member's financial interests, I have recused myself from making ministerial decisions on issues relating to the soft drinks industry levy, which will be dealt with more than amply by my hon. Friend the Exchequer Secretary.

I start the debate by paying tribute to Betty Boothroyd, a groundbreaking Speaker of this House who commanded the Chamber with wit, good humour and gravitas for eight years. She developed a number of subtle and perhaps not so subtle tactics to control a rowdy House, including, I understand, yawning to hint that a speech had outrun the patience of the House. I will try, Mr Deputy Speaker, not to cause you to yawn.

Since the last Finance Bill in the autumn, 10-year gilt rates have fallen, debt servicing costs are down, mortgage rates are lower and inflation has peaked. The Office for Budget Responsibility now forecasts that we will meet the Prime Minister's priorities to halve inflation, reduce debt and get the economy growing. We are on the right track.

At the Budget, my right hon. Friend the Chancellor delivered the next part of our plan: a Budget for growth. He was clear that this Government's focus is not just on encouraging growth as we emerge out of the downturn, but on building long-term, fiscally sustainable and healthy growth with businesses and, importantly, communities.

The Finance (No. 2) Bill delivers on those commitments. It takes forward measures to support enterprise and grow the economy by encouraging business investment and helping to increase the number of people in work. It legislates for announcements made at previous fiscal events, which take advantage of our opportunities outside the EU and reinforce our commitment to financial stability and sound money. It implements the tax measures needed to continue improving and simplifying our tax system, to ensure that it is fit for purpose.

Mr Alistair Carmichael (Orkney and Shetland) (LD): On fiscal events, the Minister will be aware that there was dismay in the Scotch whisky industry at the decision not to reverse the double-digit duty hike previously announced, while introducing a freeze on duty for what the Chancellor called "warm ale". How is that consistent with the Government's previously stated policy of reforming spirit duty to support the Scotch whisky industry?

Victoria Atkins: I am grateful to the right hon. Gentleman for raising that issue. I understand his concerns, and I will go into a little more detail later about the reasoning behind the restructuring of alcohol levies. In the last 10 fiscal events before this one, the whisky industry benefited from either freezes or cuts in duties. The Bill will bring into place the new framework announced some time ago, including the health aspect of being able to differentiate the strength of alcohol used in products—something that I suspect the right hon. Gentleman will want to engage with in his speech.

Let me turn to the substance of the Bill, starting with the measures to support enterprise and economic growth. Those of us on the Government Benches know that a strong private sector will grow the economy, spread wealth and prosperity across the country, help to invest in public services and support the most vulnerable in society. We recognise that central to these ambitions is private sector investment, so we are lowering business taxes to incentivise investment and tackle the productivity gap. My right hon. Friend the Prime Minister put that at the heart of his economic strategy as Chancellor, when he introduced the super deduction for corporation tax.

The next step in encouraging business investment is the full expensing policy announced in the spring Budget. The Bill introduces full expensing for the next three years. That means that for every single pound that a company invests in qualifying plant or machinery, its taxes are cut by up to 25p. That will put more than £27 billion back into the economy over the next three years. It is a corporation tax cut worth £9 billion, which the OBR has said will increase investment by 3% for every year that it is in place. It will also make us the only major European country with full expensing, and will give us the joint most generous capital allowance regime of any advanced economy, making the UK capital allowances regime the most competitive in the OECD on a net present value basis, and securing the UK's position as a global leader.

Sammy Wilson (East Antrim) (DUP): Does the Minister accept that, as a result of corporation tax increases, the amount of money taken out of firms will be more than double the amount of the allowance that she has just spoken of?

Victoria Atkins: I encourage the right hon. Gentleman to look carefully at the small profits rate clauses in the Bill. We clearly do not want smaller businesses, such as those on our high streets that we care for so deeply as constituency MPs, to be subject to the regimes for the largest multinational companies. If he looks at those clauses, he will see that we keep the rate at 19% for companies with profits of £50,000 or less. For companies with profits between £50,000 and £250,000, there is a tapered rate of increase. That means that 70% of companies will not see an increase in their corporation tax rate. Only the top 10% of companies will be eligible for the full main rate, but we hope that many will take advantage of the full expensing policy that we have announced.

Harriett Baldwin (West Worcestershire) (Con): Many measures in the Bill will be warmly welcomed by businesses and households in West Worcestershire. However, clause 346 abolishes the Office for Tax Simplification. I do not think that anyone would say that the tax system is simpler than it was when the OTS was established. Could the Minister outline how we on the Treasury Committee can hold her accountable for continuing to simplify our tax system?

Victoria Atkins: I thank my hon. Friend the work that she and her Committee have done on the issue of simplification. The Committee had a very productive session with the soon to be former members of the office. What we want to do, which I will expand on a little later, is to put simplification at the heart of policymaking. So I have set my officials three objectives: making tax fairer, simpler and supportive of growth; and, for every single decision that we make, having explanations of how we will meet those three objectives. But we must acknowledge that, sometimes, there is a tension between the wish to make tax fairer and the wish to make tax simpler. The taper rate that I just described is an example of that. I appreciate that, for businesses with profits between £50,000 and £250,000 profits, their accountants will have to work out which tapering rate is available to them. But we do that precisely because we want to be fair to those businesses. I will expand on the important point that she raised later in my speech.

The Government have committed not only to supporting the growth of established businesses but to providing a boost to start-ups and young companies. That is why the Bill increases the amount of seed enterprise investment scheme funding that companies can raise over their lifetime from £150,000 to £250,000. It simplifies the process to grant options under the enterprise management incentive scheme, and it doubles the amount of share options that qualifying companies can issue to employees under the company share option plan to £60,000. Those changes intend to provide a boost to young companies by widening access to the schemes and increasing the funding limits, encouraging additional investment and further supporting growth of those companies.

We recognise how important research and development is to drive innovation and economic growth, including in our thriving life sciences sector, which employs more than a quarter of a million people and had a combined turnover of more than £90 billion in 2021. To encourage research and development, the Bill legislates for reforms to the R&D tax reliefs system previously announced by the Prime Minister when he was Chancellor. They include changes to support modern research methods by expanding the scope of qualifying expenditure for R&D reliefs to include data and cloud computing costs, and a range of measures to reduce error and fraud to ensure that our tax reliefs are well targeted and offer value for money.

By encouraging more businesses to invest in R&D, this Government are helping them to create the technologies, products and services that will advance living standards. I am pleased that, when they were announced, the chief executive of the Bioindustry Association Steve Bates OBE said of the measures:

> "Modernising R&D tax reliefs to include data and cloud computing is essential for life science firms discovering and developing life-changing therapies for patients".

We recognise the enormous contribution to our culture and economy made by theatres, orchestras and museums, as well as our vibrant film, gaming and media businesses. The Bill will extend for another two years the current 45% and 50% rates of tax relief for theatres, orchestras and museums, which will continue to offset ongoing pressures and boost investment in our cultural sectors.

The Bill will support the Chancellor's ambitious plans relating to employment. To achieve the dynamic economy we all want, we cannot afford to waste anyone's potential. We need to remove the barriers that stop people from working. No one should be pushed out of the workforce for tax reasons.

The British Medical Association, the Royal College of Surgeons and others have told us about the disincentive to continue working in healthcare because of tax charges on their pensions, and the NHS is our biggest employer,

[Victoria Atkins]

so to make sure that they and other professions are not deterred from working, the Bill will increase the pensions annual allowance to £60,000. The Bill will also remove the lifetime allowance charge to incentivise our most experienced and productive workers across our economy to stay in work for longer. As Dr Vishal Sharma, chair of the British Medical Association pensions committee, said:

"The scrapping of the lifetime allowance will be potentially transformative for the NHS as senior doctors will no longer be forced to retire early and can continue to work within the NHS, providing vital patient care."

These changes will help to incentivise highly skilled and experienced individuals to remain in the labour market, which will help to grow the economy while increasing the knowledge and experience of the UK's labour force.

Rachel Hopkins (Luton South) (Lab): Can the Minister confirm whether the Government have made any assessment of the number of doctors who will stay in the NHS specifically because of the measure, which will cost more than £1 billion a year?

Victoria Atkins: The hon. Lady must not confine herself merely to the medical profession. I think the chair of the Association of Police and Crime Commissioners said this will be a game changer—

Rachel Hopkins *rose—*

Victoria Atkins: Just give me a moment—I am galloping up to the jump. He said it would be a game changer in terms of policing. We know that education leaders have welcomed the changes, as have others, including air traffic controllers.

The hon. Lady asked a specific question about doctors. I am happy to be able to help her, using statistics produced by the Department of Health and Social Care. They suggest that, in 2023-24, around 22,000 senior NHS clinicians would have been expected to exceed the former £40,000 annual allowance—she must not forget that point—and around 31,000 clinicians would have reached at least 75% of the abolished lifetime allowance. I am happy to reiterate that we are introducing the change precisely because of the challenges we know our NHS, which we all love, faces at the moment, with waiting lists and so on, and because we can make the changes next week, in the new financial year.

I know the hon. Lady will recall that, the day after the Chancellor delivered the Budget, someone eminent in the medical profession appeared on television and said that they had already started receiving phone calls from doctors about how they could come back into the workforce or increase their hours. I know this is a point of disagreement between us and the hon. Lady's party, but we are determined to encourage doctors and clinicians to remain in the NHS, working for all our constituents.

We are also determined to spread prosperity everywhere. One of the most exciting parts of the Budget was the creation of 12 new investment zones, helping to spread the benefits of economic growth around the UK. The Bill will deliver important aspects of that ambition. It will ensure that investment zones have access to a single five-year tax offer in specific sites, matching that in freeports, consisting of enhanced rates of capital allowances, structures and building allowances, full relief from stamp duty land tax, business rates and a reduced rate of employer national insurance contributions.

Importantly, investment zones will also uphold the UK's high environmental standards and meet our international commitments. We require that proposals demonstrate how they support the UK reaching net zero by 2050 and our new long-term targets to protect and enhance the natural environment, and how they are resilient to the effects of climate change.

The Bill will also deliver on commitments made at previous fiscal events, including important ones to deliver on our freedom to set our own course outside the European Union. Among those opportunities is a major review of the alcohol duty system, as mentioned by the right hon. Member for Orkney and Shetland (Mr Carmichael). We have worked closely with industry on that over the last two years.

Now that the UK is able to diverge from inherited EU laws, we can implement a system that is a better fit with our national priorities, encourages growth and innovation, aligns with public health goals and is fairer for hard-working producers. The Bill simplifies the regime and moves to a progressive tax structure, where products are taxed according to their strengths. It also legislates for two reliefs: draught relief and a new small producer relief, which will support a wider range of small businesses to grow and provides recognition of the vital role that pubs and other on-trade venues play in our communities.

Thanks to the Windsor framework, the Government can implement these reforms in Northern Ireland, including the ability to tax alcohol by strength, and to introduce draught and small producer relief. We will set out more detail about how that will work in the coming weeks.

Sammy Wilson: The Minister appears to have anticipated my intervention. One aspect of VAT that could not apply to Northern Ireland was the relief on renewable items such as boilers and solar panels. The framework document said that, with immediate effect, zero VAT rates could apply to Northern Ireland. I do not see anything in the Bill about that. When does "immediate" apply? Did it apply last Friday, when the agreement was signed? Does it apply after this Finance Bill, or are we waiting for the EU to ratify its law changes before it can apply?

Victoria Atkins: I am extremely grateful to the right hon. Gentleman for his question, which I interpret to be about energy-saving materials. I ask him to watch this space. I know how keen he and his colleagues in Northern Ireland are to ensure that we are able to bring forward those measures. I was hoping he would ask me a question that would give me the opportunity to flag my love for Bushmills whiskey—in a healthy way—but sadly I have been denied that.

Mr Carmichael: On that point, will the Minister give way?

Victoria Atkins: Crikey—if the right hon. Gentleman asks me to list my favourite Scotch whisky, we could be here some time.

Mr Carmichael: I am well up for that challenge. We know that the Secretary of State for Scotland argued against the increase in duty. One wonders what it was

that the Minister found so unattractive in that argument; perhaps we will now get some of the answer. I do not know whether the Minister regards it as a detail, but when will we see spirit duty reform? Can she give us a date?

Victoria Atkins: As the right hon. Gentleman knows, I am bound by collective responsibility, so I can neither confirm nor deny what the Secretary of State for Scotland may or may not have said. I do not know, but I certainly intend to continue to support the Scotch whisky industry. *[Interruption.]* My hon. Friend the Exchequer Secretary to the Treasury reminds me that the changes will be coming in in August. We want to work constructively with industry on this.

Another opportunity is in delivering a better connected country. As announced in the autumn Budget 2021, the Bill delivers a package of air passenger duty reforms that will bolster air connectivity across the UK through a 50% cut in domestic air passenger duty. Set at £6.50, the new domestic band will benefit more than 10 million passengers from April. The reforms will also align with UK environmental objectives by adding a new ultra-long-haul band, ensuring that those who fly furthest and have the greatest impact on emissions incur the greatest duty.

The Bill will also take forward measures to support sustainable public finances, helping to provide the stability and confidence that underpin the economy and supporting businesses and households across the country. Despite energy prices having come down since they reached historic heights after the invasion of Ukraine, we know that many families and businesses still feel the strain. The only sustainable solution to the link between the cost of gas and the price paid by customers for all electricity is to reform the energy market and reduce the reliance on gas generation, so as we announced at the autumn statement, the Government are now legislating for a tax on the extraordinary returns of electricity generators resulting from the spike in gas prices driven by Russia's illegal war in Ukraine. It is forecast to raise approximately £14 billion over the next five years, to help to fund public services and interventions to support households and businesses with increased energy bills.

To further ensure that businesses pay their fair share of tax, the Government will also legislate to protect the UK tax base against aggressive tax planning by large multinational businesses, and to reinforce the competitiveness of the UK; I know that this is a matter of interest to several right hon. and hon. Friends. The Bill will implement OECD pillar two in the UK, which builds on the historic agreement of over 135 countries to a two-pillar solution to the tax challenges of a globalised and digital economy. The global minimum tax—pillar two, as it is called by those who speak accountancy language—will ensure that multinational enterprises pay a minimum 15% rate of tax in each jurisdiction in which they operate, meaning that those companies operating in the UK contribute their fair share to sustainable public finances.

Richard Drax (South Dorset) (Con): Can the Minister tell the House how many countries have signed up to this mad, mad move?

Victoria Atkins: I am sensing from my hon. Friend that perhaps I have to convince him. I can tell him that 135 countries have signed the agreement.

My hon. Friend's question may well extend to implementation; I know from listening to colleagues that there are concerns about that. We are acting in unison with other countries. EU member states are legally obliged by a directive to implement the measure by 31 December this year. Things are moving very fast. Germany published its draft legislation last week, showing its full intent to implement the directive; it joins Sweden and the Netherlands in doing so. Other countries implementing to the same timescale include Japan, Korea and Canada. In its Budget yesterday, Canada made the point that

> "the multilateral framework for the global minimum tax regime is now being put in place."

I understand the concerns that colleagues have raised about implementation and the timing thereof, but we are very much working in unison with other countries. Importantly, because of the position that we are taking, we can help to shape the rules.

Richard Fuller (North East Bedfordshire) (Con): In enumerating all those countries, the Minister has covered approximately 20% of the global 100 multinationals. There are still 80 that are not covered by the countries that she has mentioned, the most important of which is of course the United States, which is having tremendous problems in fulfilling its signature to the agreement with the OECD. Can she say at the Dispatch Box whether she will be open to accepting an amendment in Committee, if such a provision is not in the Bill, to the effect that the United Kingdom will implement these changes only when all the major OECD countries have done so?

Victoria Atkins: I regret that I cannot undertake to do so. As my hon. Friend will know, we have had to scorecard the impact of this measure, and I have looked carefully into the implementation dates precisely because of the concerns that right hon. and hon. Friends have raised. I understand why my hon. Friend cites the US, but the United States already has rules that require US-headquartered groups to pay a minimum level of tax on their foreign activities.

We believe very strongly that acting alongside others is crucial to meeting the aims of this global reform. I know that there are certain points of tension with particular sectors, but we can point—perhaps in Committee, if not now—to examples of our ability to shape the rules in order to answer the very reasonable needs and requests of sectors that are so critical to the UK economy.

Sammy Wilson: The Minister is being generous in giving way. Does it not seem odd to her that at a time when we are talking about taking back sovereignty and having our independence, we are signing up to an arrangement that curtails that very ability? Does she recognise that the Republic of Ireland vigorously resists giving way on its 12.5% corporation tax? That directly competes not just with Northern Ireland, but—as we have already seen with pharmaceutical companies—with the rest of the United Kingdom.

Victoria Atkins: The way in which the agreement works means that the tax liability falls due in a country that has signed up, as Ireland has done, partly through its membership of the EU. The tax minimum floor is 15% and it falls due on the activities in that country.

[Victoria Atkins]

The country that collects the tax, first and foremost, will be the country in which the company is headquartered—it might be a UK-headquartered company, for example—but that floor means that with respect to those countries that do not charge 15%, the company is liable for that top-up tax. That is why being part of the group of countries helping to make the rules is so critical. It is not for me to advise the Irish Government or others on how to conduct their own tax affairs—I would not dream of doing so—but it is a member of the European Union, which has set out that directive, and the date is 31 December. I will leave that with the right hon. Gentleman.

Nigel Mills (Amber Valley) (Con) *rose—*

Matt Rodda (Reading East) (Lab) *rose—*

Victoria Atkins: I will give way once more, if I may, but then I must make some progress.

Nigel Mills: The Minister will know that the main motivation for this change is to stop the use of tax havens. Sadly, a lot of our overseas territories and Crown dependencies have a corporate income tax rate below 15%. Have the Government had discussions with those territories to try to ensure that they reform their position, so that they do not have their tax topped up elsewhere, effectively, rather than charging it themselves?

Victoria Atkins: I know my hon. Friend understands that I must not reveal conversations that may have happened with other jurisdictions, and of course it is not for me to comment on how other jurisdictions conduct their tax affairs. However, he is absolutely right that this is about having a minimum floor of tax to prevent the sort of aggressive tax planning that frankly very few people or businesses in the world can afford. It is about ensuring that they pay a fair amount, across the world, so that they are contributing to public services.

I am mindful that the right hon. Member for East Antrim (Sammy Wilson) asked me a question about sovereignty. We have a veto, so we are leading the discussion on this. If we do not like a future proposal, we have a veto: that is a very important part of the international agreement in which we are taking part.

As was announced last year and as the Chair of the Treasury Committee, my hon. Friend the Member for West Worcestershire (Harriett Baldwin), has set out, the Bill legislates for the abolition for the Office of Tax Simplification. We have taken that approach because what we want, rather than an arm's length body overseeing simplification—albeit one with some very interesting ideas that I have certainly read carefully and been interested to consider—is a clear mandate to officials in the Treasury and His Majesty's Revenue and Customs to put tax simplification at the heart of policy making.

A very good example that will be introduced via the Bill is that the £1 million annual investment allowance limit will be made permanent. This measure allows businesses to write off the cost of qualifying plant and machinery investment in the first year up to £1 million, simplifying the tax treatment of capital expenditure for 99% of businesses.

Sir Stephen Timms (East Ham) (Lab): Will the Minister give way?

Victoria Atkins: I am so sorry, but I must make progress; I am sensing your yawn coming on, Mr Deputy Speaker.

The Bill will simplify pension tax by increasing the annual allowance and removing the lifetime allowance. It also legislates for a range of administrative changes to deal with technical issues, improving and modernising the tax system and making it easier for businesses to interact.

This Finance Bill takes forward important measures that are needed to support enterprise and growth, including incentives for investment and support for employment in, for instance, the NHS. It seizes freedoms that are available now that we are outside the EU, it deals with threats posed to the sustainability of our public finances by the energy crisis and aggressive tax planning, and it supports our long-standing goals of modernising and simplifying the tax system. It delivers on an important part of the Government's commitments in the spring Budget to create long-term economic growth, and for all those reasons I commend it to the House.

Mr Deputy Speaker (Mr Nigel Evans): The Minister began by paying a tribute to Betty Boothroyd. She was my first Speaker, 31 years ago. The Minister said that she ruled from this Chair with fun and firmness, and she certainly did that. When my office was over at Millbank, I tried to persuade Seb Coe to write to the Speaker and say that he found it difficult to get here in time when the Division bells rang. He refused, so I wrote to her, and she said to me, "No, I am not increasing the time, lovey." She was the first and only Speaker to call me "lovey", I am thankful to say! She said, "I am not doing that, because I went over to Millbank myself and even had time for a puff at a cigarette before I strolled across and did it well in time—so I am not increasing the time limit." We do remember her with great fondness, particularly on the day of her funeral.

I now call the shadow Minister.

2.41 pm

James Murray (Ealing North) (Lab/Co-op): I beg to move,

That this House declines to give the Finance (No. 2) Bill a second reading because, notwithstanding the introduction of the multinational top-up tax and electricity generator levy, it fails to introduce a targeted scheme to address pension issues affecting NHS doctors, instead making blanket changes to tax-free pensions allowances which, as they will cost around £1 billion a year and benefit only those with the biggest pension pots, should not be the priority, and because it derives from a Budget which failed to set out an ambitious plan for growing the economy.

Six months ago the previous Chancellor, the right hon. Member for Spelthorne (Kwasi Kwarteng), described our economy as being stuck in a "vicious cycle of stagnation", and on that one point he was absolutely right. To his credit, unlike many of his colleagues, he at least took responsibility, on behalf of the Conservative party, for more than a decade of economic failure.

However, although the previous Chancellor was right to point to our country's economic stagnation, the prescription that he and the previous Prime Minister offered was nothing short of disastrous. They set the UK economy on fire, and people are still paying the

price as a Tory mortgage penalty does lasting damage to the living standards of working people; yet the current Prime Minister and Chancellor expect praise for being better than the arsonists who preceded them. Could the bar seriously be any lower? British families and businesses deserve so much better than that. After 13 years of economic failure, people and businesses across the UK deserve a plan for the economy that offers more than managed decline.

Anthony Browne (South Cambridgeshire) (Con): I fear that the hon. Gentleman may know what I am about to say. Is he aware that, according to the International Monetary Fund, economic growth in the UK—GDP, either per capita or in terms of constant prices—has grown faster than economic growth in France, Germany, Italy and Japan, faster than the G7 average, faster than the EU average and faster than the euro area average? That is quite a record, and one to be proud of, so it is not a case of 13 years of economic failure. I invite the hon. Gentleman to pay tribute to the Government's success in ensuring that our economy grows faster than the economies of all those other countries that have faced similar international challenges.

James Murray: Just two weeks ago, we were promised a Budget for growth. Let us now look at the data that was published alongside that Budget. It shows that ours is the only G7 economy that is forecast to shrink this year. Our long-term growth forecasts were downgraded in the Office for Budget Responsibility report.

Anthony Browne: Will the hon. Gentleman give way?

James Murray: No, I am going to finish what I am saying before I give way again.

That data confirms that we are suffering the worst falls in household incomes in a century. The hon. Gentleman need look no further than the OBR report alongside the Budget, which make it very clear that this Government have little or nothing to be proud of when it comes to our economy. Across the UK, people and businesses want to get on with making our country better off, but we are being held back by a Government who are out of energy and out of ideas. That much is clear from the Bill that is before us today, which seeks to implement some of what the Government have promised.

Of course, consideration of any Bill on Second Reading must include what it omits as much as what it contains. Let us start with the fact that this Bill contains no mention of introducing stealth tax rises for working people, although we know that that is exactly what the Government are doing. We know that in the Budget of March 2021 and in the Finance Act that followed it, the then Chancellor, now the Prime Minister, froze the basic rate limit and personal allowance for income tax for four years. In the recent autumn statement of 2022 and in the Finance Act that followed that, the current Chancellor extended those freezes by a further two years. Now, following this month's Budget, the OBR has made it clear that the Government's six-year freeze in the personal allowance will take its real value in 2027-28 back down to its level in 2013-14. What is more, in a double whammy, families across the country will be hit next month by the Tories' council tax bombshell, a move that will take the bill for a typical band D property above £2,000 for the first time. Look beyond the rhetoric from the Conservatives, and the reality is clear: their stealth taxes are hitting working people hard.

However, while the tax burden for working people is up, important measures that we have been calling for to make the tax system fairer are nowhere to be found in the Bill.

There is nothing in it to close the loopholes in the windfall tax on oil and gas giants, which we have been urging the Government to do for so long. Of course, we have been pressing for an extension of the energy price freeze for many months, and we were glad that the Government followed our lead in the Budget, but it is wrong that they are still leaving billions of pounds of windfall profits for oil and gas giants on the table when those windfalls of war should be helping to support families through the cost of living crisis.

Matt Rodda: My hon. Friend is making an excellent point. Does he agree that the pressures that are, as he rightly said, felt by many families are also felt by our hard-working small businesses, which face extreme pressures on their costs, suppliers and energy costs? Does he agree that the Government seem to have forgotten about them?

James Murray: My hon. Friend is a real champion for small businesses in his constituency and beyond. We meet small business owners all the time, and they tell us that what they want are stability, certainty and a long-term plan from the Government, but none of that is evident in the Bill.

Something else that is missing is any legislation to tackle non-dom tax status. Non-doms are getting another reprieve from the Government. Labour believes that those who make Britain their home should pay their taxes here, but while families across the UK face higher taxes year on year, the Government are helping a few at the top to avoid paying their fair share of tax when they keep their money overseas. The non-dom rules that allow this to happen cost us more than £3 billion every year, and ending that outdated, unfair loophole could fund the biggest expansion of the NHS workforce in a generation.

For most people, ending non-dom status is a no-brainer, although we know that some opinions to the contrary do exist. Last week, for instance, we learnt of a blog published by Evelyn Partners, a wealth management firm which supplies accountancy services to the Prime Minister. In that blog, the firm makes it clear that it

"would prefer not to see further tinkering with the system",

and feels that non-doms

"will welcome some continuing stability."

I am tempted to paraphrase Mrs Merton's legendary quip by asking, "Prime Minister, what first attracted you to this non-dom-supporting firm of accountants?"

The Prime Minister's accountants have not only welcomed Government inaction over non-doms; they have welcomed the changes to tax-free pension allowances in part 1 of the Bill. As the shadow Health Secretary, my hon. Friend the Member for Ilford North (Wes Streeting) has made clear, we have long been calling for a targeted scheme to deal with the pension issue facing doctors, which is forcing some of them to retire early. We had thought that a sensible, targeted approach

[James Murray]

might even gather cross-party support. Indeed, the Health and Social Care Committee made the same call last year, when the current Chancellor was its Chair. In its report published last July, it said:

"The government must act swiftly to reform the NHS pension scheme to prevent senior staff from reducing their hours and retiring early".

However, now that he has moved into No. 11 Downing Street, the right hon. Member for South West Surrey (Jeremy Hunt) has failed in one of the most important responsibilities of being Chancellor, which is to spend taxpayers' money wisely.

The Conservatives could have included in the Bill a targeted scheme to encourage doctors to work overtime and not to retire early, but instead they have introduced an expensive blanket change that will benefit all those with the biggest pension pots. This approach fails the test of providing value for money. In the middle of a cost of living crisis, a blanket giveaway for some of the most well-off is the wrong way to spend more than £1 billion of public money a year. As the British Medical Association has said, a scheme targeted at doctors could be introduced at a fraction of the cost. The policy is ostensibly about keeping people in work, yet as Paul Johnson, the director of the Institute for Fiscal Studies says, it will cost in the region of £100,000 per job retained. We voted against the policy last week, and as our amendment today explains, the Government's approach is a key reason for our declining to give this Finance Bill a Second Reading.

Hywel Williams (Arfon) (PC): Does the hon. Gentleman agree that the Government's proposal will have a differential effect geographically, when comparing economies with low wages such as my own in Wales with London and the south-east, for example, and that that is hardly conducive to levelling up?

James Murray: I thank the hon. Gentleman for his comment. The geographical impact of policies should always be considered, but we should also ensure that the Government consider targeting sectors. Rather than having a scheme that applies to everyone with a large pension pot, let us have a targeted scheme for NHS doctors, which is something we can all agree on.

Alongside the changes to the taxation of individuals' pensions, this Finance Bill includes measures that will affect the taxation of businesses. Disappointingly, but unsurprisingly, there is no sign of the fundamental reform of business rates once promised by the Conservatives. The Bill does, however, include changes to corporation tax and allowances. In fact, making changes to corporation tax and allowances is something the Government have become quite experienced in. Under the Conservatives, corporation tax has changed almost every year since 2010, and as the Resolution Foundation has pointed out, the introduction of the latest temporary regime for corporation tax represents the fifth major change in just two years. Businesses deserve better than this. When I meet businesses across the country, they are clear that they want stability, certainty and a long-term plan, yet after 13 years in office, this Government are incapable of providing those crucial foundations for success.

The truth is that Conservative MPs have become deeply inward-looking and riven by division, and their default when faced with difficult choices is to put party before country. No matter what they say, this means that Conservative Ministers are simply incapable of providing stability and certainty in government. We can see that reality in the policies they announce. As Paul Johnson of the IFS said in response to the latest temporary tweak to the tax regime for businesses:

"There's no stability, no certainty, and no sense of a wider plan."

Indeed, we can see that by looking at the Government's decision to allow temporary full expensing for expenditure on plant and machinery. We know how important it is to get capital allowances right as the rate of corporation tax is being increased, yet, as the Office for Budget Responsibility reveals, the Government's approach will make no difference whatever to medium-term levels of business investment. Rather than a long-term permanent change, this change is for only three years. As a result, it only brings forward investment rather than increasing its overall level.

Craig Mackinlay (South Thanet) (Con): The hon. Gentleman has talked about certainty and stability, and they are qualities that I would have some sympathy with, but can he rule out, here and now on the Floor of the House, that it is not going to be Labour's plan under any circumstances to harmonise capital gains tax with income tax?

James Murray: As we have said several times, we will set out our plans in our own time. But let us be clear, if the hon. Member has concerns over capital gains tax, he might want to talk to those on his own Front Bench, because they raised it in the last Finance Bill by cutting the annual exempt amount. I suggest he talks to his colleagues before he raises questions with us.

Richard Fuller: Will the hon. Gentleman give way?

James Murray: I am going to make some progress. I will give way to the hon. Gentleman in a moment.

Rather than a long-term permanent change, this change is for only three years. It only brings forward investment rather than increasing overall investment. The Government's own policy paper on temporary full expensing, published on the day of the Budget, makes that clear. It says:

"This measure will incentivise businesses to bring forward investment to benefit from the tax relief."

Meanwhile, the OBR forecast makes it clear that business investment between 2022 and 2028 is essentially unchanged as a result of these measures. If anything, there is a very slight fall. So let us be clear about the implication here: the Conservatives' inability to provide long-term certainty means that measures in this Bill will bring no overall increase in business investment. That is not good enough. That is why, as part of Labour's mission to secure the highest sustained growth in the G7, in government we would review the business tax system and set out a clear road map to provide certainty and boost investment. We believe that our economy's long-term underperformance on capital investment needs long-term measures to be put in place as part of a tax framework that supports and incentivises investment.

Alongside stability and certainty, a key principle in our tax system is one of fairness. The importance of fairness in the tax system applies to individual taxpayers and to businesses too. We in the Opposition want to make sure that British businesses face a level playing field, and that is why we have for so long pressed the Government to back an ambitious global minimum tax rate for large multinationals. A global minimum would help to stop the international race to the bottom. It would help to stop British businesses that pay their fair share of tax being undercut by large multinationals that do not, and it would help to raise revenue to support British public services.

We are therefore glad to see provisions in this Finance Bill that will, as part of the international agreement fostered by the OECD, ensure that large multinationals pay a minimum level of 15% tax in each jurisdiction in which they operate. We have raised the need for such an international deal many times with the Government. It was in fact nearly two years ago, on 13 April 2021, on Second Reading of an earlier Finance Bill, that I first raised with Treasury Ministers the question of a global minimum corporation tax rate. In that debate, I pressed Treasury Ministers to confirm to the House that they and the Chancellor of the time backed plans for a global minimum corporate tax rate, and that they would do all they could to make it a reality. Ministers appeared lukewarm, so I pressed them again in subsequent debates on 20 April and 28 April, urging them to make a clear statement of support in favour of a global deal. They held back from doing so.

At the time, the Ministers' response seemed to lend credibility to a report by Bloomberg that implied that the real reason behind the Government's position might have been to disguise their real agenda—namely, a desire to keep alive the possibility of a race to the bottom in the future. In the end, however, plans by President Biden to set the global minimum rate at 21% did not receive wide enough support and a figure of 15% was agreed. That figure was welcomed by the then Chancellor, who began to support the deal in public. Now, however, the deal faces a new front of challenges, as the Minister acknowledged earlier in her comments. Her Back Benchers have begun to be open in their hostility towards the implementation of the deal.

Richard Fuller: The hon. Member is a very thoughtful man. I think one of the reasons that he might be hearing some questions from Conservative Back Benchers is that he has just positioned himself as the advocate for the policy that our Front Benchers are now implementing. I have a question of substance for him on his research. He has just mentioned the original position of 21%, and has been clear in saying that what business wants is clarity, so can he give us some clarity? Is it the intention, if there is a future Labour Government, that they will press OECD countries for an increase in that 15% to achieve the 21% that he has been advocating?

James Murray: It is always nice to have an intervention from the hon. Gentleman. We very much miss his being in his position on the Government Front Bench. The debate over the OECD agreement has been going on for several years. President Biden wanted 21%, but there was lukewarm support for that from this Government and we ended up with 15%. Our challenge now, frankly, is to make sure that the likes of the hon. Gentleman do not get in the way of its implementation, because we want to see this global deal in place and Britain playing its part.

The hon. Gentleman's intervention was timely as a reminder of the opposition coming from Conservative Back Benchers. In fact, this is an issue that I have raised with the Treasury Minister before. She might remember that on 7 February I asked her if the Government would keep their promise to implement the multinational top-up tax in the UK this year. We wanted reassurance that the Prime Minister's weakness in the face of his Back Benchers would not leave us missing out on this landmark global deal. The Minister might recall that she brushed aside concerns that her Back Benchers might oppose these plans, only for concerns to be raised moments later by the right hon. Member for Witham (Priti Patel). The former Home Secretary, who was here earlier, went on to write a piece in *The Daily Telegraph* on 24 February arguing against the Government's approach. In that piece, she claimed:

> "In the House of Commons, those now turning their attention to all this are beginning to bridle."

We believe it is crucial to get this legislation in place, so I hope the Minister can reassure us today that those parts of the Bill that introduce a multinational top-up tax will not be bargained away in the face of opposition from Conservative Back Benchers.

A fairer and more certain tax system, underpinned by a long-term economic plan, is crucial to helping businesses invest and grow, but an ambitious plan for growing our economy must go much further, and we have made it clear that this would be Labour's first mission in government. At the heart of our plan to grow the economy, to create jobs and wealth, and to make everyone in our country better off is the partnership we would build between Government and business. We understand, as do businesses, that growth comes from the Government supporting private enterprises to succeed in the industries of the economy of the future.

That is why our green prosperity plan is so important, as it would provide catalytic public investment to crowd in private sector investment and to grow our clean energy capacity and green industries across the country. We would support growth in the digital economy and the life sciences, we would update our planning system to remove barriers to investment, and we would improve access to capital for new and growing businesses. We would make sure that, under Labour, the Government and business work together and invest together, for the good of everyone in every region and nation of the UK.

This task is urgent, because the world economy is changing and other countries are pulling ahead. According to the CBI, we are investing five times less than Germany, and roughly half of France and the US, in green industries. The Institute of Directors has said that, on its present path

> "the UK will find itself left behind in the accelerating race to lead the green economy."

The Society of Motor Manufacturers and Traders said, following the Budget:

> "There is little…that enables the UK to compete with the massive packages of support to power a green transition that are available elsewhere."

[James Murray]

From President Biden's Inflation Reduction Act in the US to the programmes coming out of Europe, Asia and Australia, the rest of the world is chasing the opportunities of the future. We need to be in that race too. Once we are, the opportunities will be ours for the taking. Our British businesses already excel in so many sectors and, with the right support, we could be a world leader in the new and growing industries of the future, making full use of our geography, our advantage in high-tech sectors and our world-leading universities.

What British businesses and families need now is a credible, ambitious plan from the Government to grow the economy and to make everyone in every part of our country better off. The failure to do that is perhaps the greatest failure of this Finance Bill and this month's Budget. The Conservatives have had 13 years, and they have failed. As long as they stay in power, the vicious cycle of stagnation stays too. It is time for a new Government who will get us off this path of managed decline and make sure that people and businesses in Britain succeed.

3.2 pm

Craig Mackinlay (South Thanet) (Con): I will start with a depressing fact. We have talked about the Office of Tax Simplification, and I struggle because the Bill before us runs to 456 pages and the explanatory notes run to 679 pages. Perhaps we are not going in the right direction.

As I am sure Ministers are aware, I will air my views on this Finance Bill, both the bits I like and the bits I most certainly do not like. Starting with clause 2, we know that the income tax rates are 20%, 40% and the additional rate of 45%, but that does not tell the whole story, does it? We have this peculiar rate of 60%, as the annual allowance is taken away at £1 for every £2 of extra earnings over £100,000. The tax rate for those earning between £100,001 and £125,140 is, in fact, 60%.

At the autumn statement, we debated whether the 45% additional rate is the right measure at the right time, the right measure at the wrong time, or the wrong measure at any time, but I would have been more comfortable—this may surprise Ministers—if the 45% rate started at £100,000 and we got rid of the 60% band.

My entry in the Register of Members' Financial Interests notes that I am a chartered accountant and a chartered tax adviser, and I recommend that the Treasury considers the number of people in that £100,001 to £125,140 band. It is all very well once people push their way through the band, but there are behaviours that can enable people to avoid the band, not least with the expansion of the annual allowance for pension contributions. I foresee that there will be very few people in that band, because they will use pension planning to make sure their income is always below £100,000 if there is any threat of being in that band.

I suppose this comes down to the whole concept of tax. I am not talking about a spreadsheet in the Treasury; I am talking about people's behaviour. We sometimes forget that making such a change does not automatically spring a certain amount of tax out of the system, as people do other things. Additional money might be raised because people spend and pay VAT. We are all very familiar with the multiplier.

Anthony Browne: I thank my hon. Friend for his interesting speech.

Craig Mackinlay: Don't worry; there is a lot more yet.

Anthony Browne: I am sure there is, and I might intervene later.

My hon. Friend makes an interesting point about moving the 45% additional rate to £100,000, which I have previously recommended. Does he agree that it would be a good guiding objective for this Government, and indeed any Government, to try to reduce all marginal tax rates below 50%? It is a good, Conservative principle, but it applies to everyone, that people who work extra should keep at least half the money. People should never have to give more than half to the Government.

Craig Mackinlay: My hon. Friend speaks a truism that should not need to be spoken from the Conservative Benches, as it should be patently clear.

A sole trader who is running a good little business and doing quite well might be knocking on the door of £100,000 in profits—I would have thought that is not an unusual amount for some in the south-east of England, even in the building trades. Too many of them will say, "I'm not going to pay 60%, plus 2% national insurance. I will work four days a week and spend the fifth day on the golf course." We are losing out through the 60% rate.

Ministers will not be surprised by my objection to corporation tax being increased from 19% to 25%.

Richard Drax: Raising corporation tax from 19% to 25% is a 31% increase. That figure is not often used.

Craig Mackinlay: My hon. Friend makes a very good point. This 6 percentage point increase is actually very big in percentage terms.

The corporation tax increase is in clauses 5 and 6, and corporation tax has a story in this country. I went back to April 1973, a mere 50 years ago, and it was at 42% in those days. Corporation tax has generally fallen over time, both in the Conservative years and under the Labour Administration between 1997 and 2010. Peculiarly, the Labour Administration even introduced a 0% rate on small profits up to £10,000 between 2000 and 2006. I was more vigorously in practice at the time, and the 0% rate was a bizarre move that caused a rash of incorporations, which people did not need the wisdom of Solomon to foresee. The rate was deemed to be malused, shall we say, so things changed again.

Under us, since 2010, the maximum rate of corporation tax has reduced from 28% to 19%, and what have we seen? We used to have discussions about Laffer-curve economics, to which I am an adherent. There is a sweet spot at which reducing the rate raises more tax. That was behind the thinking of George Osborne, a previous Chancellor. I would not say that I agree with everything he did—I think he meddled rather too much with the tax system; hence, we now have a tax code that runs to about 23,000 pages—but he believed that reducing corporation tax would increase returns, which is exactly what happened. The money we are looking to raise to pay for the NHS, and to do all the good things that public services provide for us, was being delivered through a lower corporation tax rate. Is it any surprise that Ireland decided to put this on steroids by taking corporation

tax down to 12.5%? The rate per head of receipt in corporation tax is four times the rate in the UK. Ireland's corporation tax returns are way in excess of what is raised from one of our primary taxes, VAT.

We lived through the 19% rate era, however, which was very welcome. It attracted international business and, on the other side of this, made domestic businesses think that the risk reward was better and they therefore took their business forward. We had a lot of complications in the old days, when we had marginal rates and businesses had to go from the lower small company rate to the bigger company mainline rate. It was a complicated calculation, and my hon. Friend the Financial Secretary referred to that. It was not only that that was complicated; those with a number of associated companies had to divide the limits, and it was a dreadfully complex calculation. She said clearly that the lower rate of 19% will remain for companies on up to £50,000 of profits, which is welcome and will catch a lot of the numbers as a percentage of the entirety registered at Companies House, so many companies will not be affected.

Richard Fuller: I do not want to disagree with my hon. Friend, but we on these Benches must stop being grateful when some of our businesses are exempted from increased taxation. We are the party that believes people know best how to spend their own money. We should be arguing for the widest spread of low taxes. He is talking about history, and the other aspect of corporation tax is the ability to attract capital. Back in the 1970s and '80s, the largest source of capital to support our businesses was from a domestic pool of capital, but now we are competing for an international pool of capital. What effect does he think this increase in corporation tax will have on our ability to tap into those competitive global markets?

Craig Mackinlay: I do not think that was a criticism from my hon. Friend, but I was trying to be kind and find some good news in what is a fairly miserable story on corporation tax. He makes a good point: the world potentially has an almost limitless amount of global capital looking for a home, and I want that home to be here, and having a lower headline rate of corporation tax would be a very good way of achieving that. I want to develop the argument about the complication we have now added to the system.

Kit Malthouse (North West Hampshire) (Con): I draw attention to my entry in the register. My hon. Friend is making a powerful point and is right about the impact of thresholds on behaviour. There are a number of thresholds, including the VAT threshold and income tax rates, and these marginal rates have a massive impact. Does he think that during the passage of this Bill the Government should consider whether the threshold of £50,000 to £250,000 ought to be higher, not least because catching a company just as it makes £50,000, on an ellipse of growth, and taxing it more is effectively to punish it for success?

What is his view on the notion that not just the rate but also consistency has an impact on the national and international sentiment about investment? The fact that we do not muck about with our rates all the time and they do not vary very significantly from year to year has a big impact on businesses' ability to plan for the future. The Americans have a higher corporation tax rate than we do, but they have not touched it for years—it has been the same for many years—which allows businesses to trade a higher rate for a longer planning horizon. We might benefit from such a perspective.

Craig Mackinlay: My right hon. Friend makes a powerful point on the lower threshold for where 19% goes into the higher rate, and I am going to expand on what that rate actually is. He is right that £50,000 is not a king's ransom these days; this should be in the phase of growth of a company as it goes on to higher levels.

I have some sympathy with my Front-Bench colleagues on the stability point. We need only think of the journey we have been on in just the last year. The former Chancellor, now the Prime Minister, declared that the rate would be going up to 25%. Then in autumn statement No. 1, it was going to stay where it was at 19%, but then we had autumn statement No.2, which confirmed that it would be going up to 25%. I was hopeful—I am sure my right hon. Friend and others were in a similar camp. I thought, "I will have a yo-yo this time; I am happy with a yo-yo. Let's keep it at 19%." However, my right hon. Friend makes the powerful point that stability is good. The rate might not be the one we prefer, but we can at least see to the horizon of where rates are likely to be quite a few years hence.

I want to expand on the point made by my hon. Friend the Member for South Dorset (Richard Drax) that the rise from 19% to 25% represents a 31% increase. I am afraid it is far worse than that on the marginal pound—say, if a company earns £50,001. To start at a 19% rate for up to £50,000 and get to a 25% rate at £250,000, the rate has to be more than 25% in between. The real rate on that marginal pound above £50,000 is 26.5%, so it is actually far worse. As I have said, we are going back to the bad old days where we have to divide those levels by the number of associated companies involved.

The full expensing is, of course, very welcome. I am sure that the Treasury has offered that as a quid pro quo in trying to encourage behaviour, so that companies can invest or are encouraged to invest in new plant, machinery, equipment and all the other stuff that will perhaps help our productivity gap, which we all know has been fairly poor for some time.

My hon. Friend the Financial Secretary mentioned the seed enterprise investment scheme under clause 15. There is also the old EIS, which is even more attractive to the small investor and is a means by which growth companies in early phases can get some capital from investors who may be looking for a home. The new higher levels are welcome, but I hope HMRC has the administration to cope with the applications. As my hon. Friend will know, we have had some problems with HMRC recently.

What does the message on higher corporation tax say to international investors? Big international investors will probably have a global accountancy firm that will analyse the tax rates, the deductions, the super deductions and the weave of things that go on in different countries, but the headline rate of 25% is not appealing. If a company is doing a first sort through Europe deciding where to go, Britain will not be appealing with one of the higher rates.

I worry that we are going for a sugar rush today that will lead to a deferred tax loss in the future because of the lack of domestic and international investment that

[Craig Mackinlay]

otherwise might have come our way. That is a game of sliding doors—the title of a film I rather like—and one will never quite know what the future might have held, but this cannot be attractive to international investors. We raise taxes on things that are bad, such as cigarettes, to try to stop their use; why are we raising tax on something we want a lot more of?

I made a fairly lengthy speech on Budget day about the dividend tax—the dividend-free amount—and there is nothing on that in any of the clauses. I explained on the day that it has been through a story very much like the corporation tax story—up and down, with rates all over the place. We settled on the £5,000 amount of dividend-free allowance in about 2016. That did not last very long and went down to £2,000, and it is due to go down to £1,000 from next week. I stated on Budget day how I could live with £1,000 because it accords with other small amounts of income that HMRC is quite happy to disregard.

We have a disregard on trading allowance. Where someone has an eBay business that has advanced from selling the contents of the loft to doing a bit of trading, HMRC is not interested if it is under £1,000—it does not want to know and they do not have to do a tax return. A similar £1,000 allowance is in place for rent. Where someone rents their driveway out to a commuter or someone rents out their holiday home, if they are lucky enough to have one, for a couple of weeks a year, as long as the income is less than £1,000 they do not have to do a return, as no one is interested. A similar thing applies in respect of interest for basic rate taxpayers; £1,000 of interest may be earned and it does not need a tax return, as we are just not terribly interested.

The £1,000 level for dividends therefore has some common sense behind it. Obviously, as a low-tax Conservative, I would rather it were more, because this has already been taxed through the corporation tax system—it is not a deduction against corporate profits, so it is already a double tax. Reducing it further to £500 in 2024-25 breaks that £1,000 rate that we have established as reasonable. Not only that, but do we really want to drag in people who have been PAYE—pay-as-you-earn—all their lives?

We are talking about people with fairly simple affairs, who are perhaps retired and, for all the right reasons, have been in the Sharesave scheme. Let us suppose someone has accumulated a mere £10,000 over years of Sharesave in Lloyds Bank plc. The dividend from Lloyds, now that it is back paying dividends, is generally 5%. So for a mere £10,000 of Sharesave, which may have been accumulated over 20 years of work—hardly high amounts—these taxpayers, who have been PAYE all their lives, will now need to do a tax return in order to recover 8.75% on that marginal pound over £500. This seems to be unduly parsimonious, and I sincerely beg those on the Front Bench to look at it again. It will cost more for HMRC to administer these small amounts of tax receipts; there is no sensible intention here at all.

Clause 18 deals with the lifetime allowance for pensions. We are having a debate this afternoon, and Labour Members obviously think that this should be carved out just for those in the NHS and nobody else. We already have a carve-out for senior judges, and there is even a special one for the Leader of the Opposition. Why have this just for doctors? There is a saying in tax, which is that we should never allow the tax tail to wag the commercial dog, and that is exactly what has been happening with pensions: people have been retiring early and not taking up extra work because of this tax trap. I am delighted that we are getting rid of that trap. Surely a senior teacher who has been in employment for a number of years, a senior civil servant, or someone senior in the police or the armed services will be accumulating in excess of the old threshold of £1,073,000. Those very senior people are now likely to stay in post for longer, offering their services to the nation.

I could have lived with the £40,000 annual threshold, so I am delighted that it has gone up to £60,000. Why should a taxpayer—not a civil servant paid for by the public purse in any way—be penalised for good management of their pension fund? I have always found that bizarre. If they have been clever, they have had a great independent financial adviser or they have managed their own self-invested personal pension and they have exceeded that limit because of their own research and endeavours—and perhaps a bit of good luck—I say, "Good luck to them." Why should there be a tax hit on that? Clause 20 and the annual allowance increase from £40,000 to £60,000 are therefore very welcome. The £40,000 threshold has been in place from 2014-15 and I calculated that, with inflation, it would be at £52,000 today. We have therefore done something outside the fiscal drag here, so that must be very good news. I would have thought that the Labour party, which has mentioned fiscal drag, would be grateful for that.

May I pay a particular tribute to the Financial Secretary to the Treasury, because I believe that I have had a success in this Finance Bill, and I do not get too many of those? I spotted it! It comes in clause 29, which deals with estates in administration, and in parts 1 and 2 of schedule 2, under the heading "Low income trusts and estates". I am ignoring the complication of multiple settlements, so let us put that aside. There has been a concession by HMRC for many years that if someone had an estate in administration and the tax payable was £100 or less, HMRC did not want to know. What a lovely simplifying measure that is. However, it did not apply to small trusts, for example, where granny had left the Lloyds shares. I am being very nice to Lloyds this afternoon, so let us use a different share—

Kit Malthouse: Standard Life.

Craig Mackinlay: I thank my right hon. Friend for the prompt.

Let us suppose the Standard Life shares had been left for the grandchildren to get the capital when they are 18—I am talking about the usual little family trust. Under the changes that were made some years ago, any small amount of dividends required a full tax return, because 7.5% of dividend tax had to be found and the stopping of withholding tax on bank interest received required that to be returned. We therefore had the mad situation where people with the smallest trusts, created perhaps many moons ago for austere reasons and with parsimonious amounts, were having to do a full trust return.

I have been pushing on this since 2017, when my right hon. Friend the Member for Central Devon (Mel Stride) was the Financial Secretary, and I saw in the Bill that we are not going to have the £100 disregard on tax and that

there will be a £500 income in total disregard. Thankfully, these small trusts will be able to save their accountant's fees, if they had even thought they needed one thus far. I hope that this measure will have a degree of retrospection and HMRC will not be raising £100 fines and more all over the place for the granny trusts with a few Standard Life shares in them. This could have been achieved just by HMRC practice or an old-fashioned extra statutory concession, but it is being done legislatively and I am delighted about that.

So we are up to clause 29 of the 352 in the Bill. Members will be grateful to hear that I will leave it to others to comment on the alcohol duty changes, which range from clauses 44 to 120. So we have cut out a good amount there, Mr Deputy Speaker. What I am going to say now will perhaps be aired by others this afternoon. There was nothing on Budget day—not even the barest word—about these OECD pillar two proposals. To the Financial Secretary's credit, she did mention them, but perhaps rather more briefly than required, given that half the Bill relates to them. In easy terms, as the Bill mentions, this is about the "multinational top-up tax". It sounds cosy, does it not? Additionally, between clauses 265 and 312, there are measures on the "domestic top-up tax". The House might be pleased to know that I am now up to clause 312 of 352. I have, constitutionally, an extreme disquiet, not about the proposal itself, but about what such a major international treaty commitment is doing within a Finance Bill. This has far-reaching consequences for UK corporation tax rules, yet it has been barely mentioned before today, and it is in a Finance Bill when it should be standing alone as an international treaty.

What worries me further, and it has been raised in interventions, is that most of the rest of the world is saying, "Thanks, but no thanks." It seems that only the UK and South Korea are making substantial progress on this. I know that Switzerland, Holland, Germany and Japan have begun drafting, but 100 other countries are doing absolutely nothing at all at the moment and the EU has allowed a six-year run-on for the directive to take full effect. Four countries—Hong Kong, Thailand, Singapore and the USA—are saying that it is not for them at all.

Why, having had multiple years of Brexit battles, which were, at their core, over the sovereignty and independence of this nation, would we wish to outsource our own international corporation tax affairs to a supranational body? We are already having battles in the House with the Illegal Migration Bill about how the 1951 convention and the ECHR obligations are coming home to roost. Those conventions and treaties were signed with the best of intentions at the time, when the world was a rather different place, but they are now coming home to roost in ways that we perhaps did not expect.

The manifesto commitment on which I and every Conservative MP stood in 2019 was to take back control of our money and our laws. To see us almost unilaterally adopting this international accord on corporation tax seems rather strange. I am afraid that we are seeing rather a lot of this, including in terms of climate change commitments. We seem to be promoting a Betamax when the rest of the world is waiting for the VHS to come down the line. Being first in the field is not always the best place to be.

Perhaps it is thought that this will be a new tax-raising measure—I have seen it written that £2 billion could be raised by it. I stand to be corrected, but over many years Finance Bills have had substantial anti-avoidance legislation to stop transfer pricing. That has been the feature of much tax legislation over many years, which I would have thought would catch and overcome any mischief on low-tax profit shifting. But will this actually raise anything? I wonder what the OECD is trying to achieve. Will low-tax jurisdictions, particularly those involved in the insurance industry, just sit back and say, "Oh well, profits will be taxed up the line in the UK or elsewhere"—a very limited number of companies are taking this onboard—or will they raise tax themselves? That seems the obvious place they will go, but there is a conundrum. Much of the legislation is to do with how we calculate that profit. We have our means of calculating profit according to our corporation tax law, and other countries do the same. This is trying to overlay a determination of OECD profit out of the books and records of large, multinational corporations in the UK. That is what this is all about. It is about trying to create a new form of profit.

We have seen that—I have commented on it in the past—in something that is quite simple: whether one qualifies for support for childcare. We have three forms of calculation of profit in our tax code relating to the simple sole trader. That is the normal taxable profit in accordance with our tax law. We have a different assessment—it is marginally different—for calculation of profit to qualify for universal credits. Then there is something completely different, if someone wants to calculate their due profit for qualification of child help and support. Therefore, we are overlaying more complication on that OECD framework.

Kit Malthouse: Again, I draw attention to my entry in the Register of Members' Financial Interests. Does my hon. Friend think that there is a risk that countries may seek to manipulate their tax code in such a way that, while their headline rate might comply with the international minimum, the effective rate could be manipulated by the creation of all sorts of bonkers and crazy allowances, as we have seen in the past? We have full expensing of capital. That is fine for a capital-intensive company, but we have lots of items that are disqualified for corporation tax, which could be allowed if we wanted to make the effective rate lower than the minimum 15% in future. In many ways, that encourages even more gaming of the system by countries, rather than the system that we have at the moment, where it is a bit more transparent, if indeed complex.

Craig Mackinlay: My right hon. Friend highlights the problem that different countries could indeed game the system. The peculiarity here is the domestic top-up tax. Even if, under the UK calculation of profit, a business had a profit rate of more than 15%, it could be under 15% using the OECD way of calculating profit and therefore there would be a top-up tax. That is truly perverse. In accordance with UK tax law, perfect rates of corporation tax are being paid, but because it does not comply with these new strictures, of which there are hundreds of pages in this legislation, someone could find themselves paying a domestic top-up.

My concern is whether we will see a rash of new statutory instruments, as we have new external nation-UK tax treaties needing to be looked at and unwound.

[Craig Mackinlay]

I wonder, too, whether any thought has been given to potential trade deals; I am given to understand that the US is looking quite negatively at countries that are looking to implement the OECD pillar 2 proposals.

I am just about to conclude, which I am sure will be a great relief to many. What would I like those on the Treasury Front Bench to look at carefully before we get to Committee stage, Report and beyond? I recommend that we strip out the multinational top-up tax clauses, or implement what other hon. Friends have suggested, a start date more in accordance with when the rest of the world thinks this is a great idea as well. Otherwise, as I have said before, we could be buying the Betamax when we should be waiting for VHS.

These measures occupy half of the Bill. I would like to hear assurances that for 2024-25 we can have the £1,000 as a general disregard threshold applied to dividend taxes under a simplification measure. However, given that the Bill runs to such a huge volume, I would like to hear more about how we are going to replace the Office of Tax Simplification. I think it would be fair to say that I know many of the characters in there—there were a number of ex-presidents of the Chartered Institute of Taxation. I do not know quite how wide a remit they had, but one has to assume they did not really get very far with tax simplification.

When I qualified as a chartered accountant in 1991, there was big talk about the tax law rewrite to change seven pages explaining first in, first out with perhaps one word, FIFO. We have a lot of verbiage in our tax system, and to address and simplify the 23,000 pages would aid everybody. Those are my brief observations on the Finance Bill.

Mr Deputy Speaker (Sir Roger Gale): I notice that my two predecessors in the Chair this afternoon have paid tribute to Baroness Boothroyd, and I would like to do the same. Betty was one of the two great Speakers of my parliamentary lifetime, the other being Jack Weatherill—that is excluding the current Speaker, of course, who will no doubt take his own place in those annals. Not all Speakers have a facility with names and faces, and Betty freely admitted she was one who did not—something you may have noticed I sometimes suffer from myself. She just used to say, "You, lovey—no, no, not you, lovey; you, lovey." Happily, I can remember Stewart Hosie's name.

3.38 pm

Stewart Hosie (Dundee East) (SNP): That was a fascinating and wide-ranging speech from the hon. Member for South Thanet (Craig Mackinlay). Twice he used the analogy of being a Betamax waiting for the VHS video to arrive. I am sure I have heard that speech from the Conservative Benches so many times that it was like a worn-out Philips Video 2000—another plan that never quite made it.

The Financial Secretary made a number of remarks at the beginning of her address. She said debt servicing costs were down, and indeed they are—down from last November, but still massively up from one year ago. She said the fiscal targets were to be met, and indeed they are. The debt target in particular will be met in five years—it will be down by 0.2% of GDP. That is £6.5 billion out of a GDP of, at that point, £3 trillion. The margin for error is very small. She also said that employment will go up—that is to be welcomed—and the OBR certainly suggests that it will. It will go, over the next five years, from 60% to 60.4% of the available workforce. That is helpful, but it does not begin to touch the edges of the labour shortage and skills problems that we have.

The OBR has told us that living standards will fall by 6% or so over this fiscal year—the largest two-year fall since Office for National Statistics records began in the '50s. We know that there is a combination of reasons for that, particularly inflation, which was at 10.4% in February. I am sure that we have all seen in the last day or so the 17.5% inflation rate in groceries, which is really affecting people and was reported from February. We also know that the Government could have done more to ease people's cost of living pain. They should not simply have frozen the energy price cap at £2,500 but reduced it to £2,000. They could and should have maintained the £400 energy support payment, but they chose not to. Those measures would have borne down even more on inflation, which would have been helpful.

In a sense, what is more disturbing than the lack of immediate help is that the Government seem relatively content with the modest progress made towards tackling the long-term underlying issues in the UK economy. Productivity in particular remains a huge problem. The OBR forecast from the Budget said that productivity per hour would not even reach 1.5% growth in any year during the forecast period—that is below the 2% norm.

Of course, some aspects of the Budget and the Bill are to be welcomed and may well help with productivity issues. I am thinking particularly of the full expensing of capital allowance until March 2026, but as the hon. Member for Ealing North (James Murray) pointed out, that is temporary—it is only for three years—and the impact on business investment over the forecast period is not particularly clever. At the same time, the failure to increase the annual investment allowance means that businesses planning to benefit from £1 million of investment allowance will find that that £1 million of planned investment has been badly eroded by inflation.

Likewise, the intention to deliver £20 billion of research and development spending by 2024-25, which could certainly help with productivity, was not mentioned in the Budget, as I said on Budget day. I have done some digging about because there seems to be a lack of clarity on that. Is it because that £20 billion was actually meant to be £22 billion but that figure was quietly dropped? And was the 2024-25 goal pushed back to 2026-27? In either event—whether we get £20 billion or £22 billion of total R&D spend, and whether that is in in two, three or four years—the investment will not be of the same value as when it was first announced because of inflation.

Although references to R&D credits are certainly there in the Bill, part 2 of schedule 1 seeks to limit attributable expenditure on data licences or cloud computing in some circumstances. There may be good reasons for that, but I suspect, given that a large amount of future R&D work will be on cloud technologies, that we will have to probe very carefully indeed in Committee to find out whether the Government are justified in removing from R&D credits the attribution of such costs.

Likewise, we will also need to probe in Committee the decision to remove the cap on lifetime pension allowances, which will cost around £3 billion but benefit a tiny

number of already pretty comfortably well-off—or, indeed, very wealthy—people. If that measure is genuinely designed to lift certain categories of worker—doctors in particular—out of a pension and employment trap, the Government will, to be brutally honest, have to come up with a much better and narrower solution.

We also saw the decision to impose a huge 10.1% rise in the duty on Scotch whisky. The Scotch Whisky Association could not have been more stark in its response, saying:

"We have been clear with the UK Government that increasing duty would be the wrong decision at the wrong time"—

I agree with that—

"so it is deeply disappointing that one of Scotland's largest and longest-standing industries has been treated in this way."

It also said:

"This is an historic blow to the Scotch Whisky industry. The largest tax increase for decades means that 75% of the average priced bottle of Scotch Whisky will be collected in tax".

I welcome and support sensible duty measures—the Government know that I would welcome a duty regime based on alcohol content, with no other criteria—but the decision to put such a significant and substantial increase on Scotch tells me that the UK Treasury views this totemic industry as, frankly, no more than a cash cow.

The Financial Secretary spoke earlier about enhancing the environment. In the Budget debate I laid out the huge cost and almost unlimited financial risk to the taxpayer of nuclear energy. The reasoned amendment that SNP Members tabled was critical of not just the decision to invest in nuclear but the failure to invest fully in real green, renewable technologies. Nowhere was that more obvious, and more starkly demonstrated, than in the next contracts for difference auction, which will be allocation round 5, the budget for which has been reduced by 30%, from £285 million to £205 million. The tidal stream ringfencing has been halved to £10 million.

This all comes at a time when inflation in the price of materials and construction is in the order of 30% for established renewables and closer to 50% for projects such as the MeyGen tidal stream, which is the largest tidal stream project in the world. Although the budgets are now annual rather than biannual, the allocation means that fewer projects can be successful when they bid, which means we are likely to see reduced pipelines of orders in the UK and reduced investor confidence. We saw that in onshore and offshore wind projects, which became reliant on foreign manufacturing. By contrast, UK-based supply chains account for 80%-plus of tidal stream content. For example, Orbital Marine Power's O2 device was delivered with an over 80% UK supply chain spend. It was designed in Orkney and built in Dundee with steel from Motherwell, blades from the Solent, anchors from Anglesey and hydraulics from the midlands

With a bigger ringfenced pot for tidal, we have the opportunity to scale up the MeyGen site in particular; otherwise, we will end up cutting costs and being dependent on foreign manufacturing, and the technology will lose out, as did the wind technology when Denmark provided Government support for its sector and the UK lost out. At this point, if the UK Government do not increase the overall budget, the whole process could fail, like the most recent Spanish auctions, and all against a backdrop of massive investment through the Inflation Reduction Act in the United States.

Kirsty Blackman (Aberdeen North) (SNP): On investment in renewables, does my right hon. Friend feel, as I do, that the Government are missing out on an opportunity? This is the opportunity to capitalise on the move towards a just transition to renewable energy, and the Government are putting down exactly the wrong markers. When we want to build up investor confidence and the industry and to take advantage of it, the UK Government are choosing not to give confidence to those who are keen to invest.

Stewart Hosie: This is absolutely the opportunity to invest properly, to deliver the just transition that we all speak about and want to see, and to protect the jobs, abilities and skills of the hundreds of thousands of people in the oil and gas sector across the UK as they transition into renewables, so that Scotland is no longer the oil and gas capital of Europe but becomes the Saudi Arabia of renewables—what a thing we could achieve. However, some of the decisions that are being taken, including the obsession with nuclear and the reduction in funding for real green renewables, are deeply problematic.

I also want to address the lack of action on, and support for, trade. The OBR said that while it is true that

"additional trade with other countries could offset some of the decline in trade with the EU, none of the agreements concluded to date are of a sufficient scale to have a material impact on our forecast. The Government's own estimate of the economic impact of the free-trade agreement with Australia, the first to be concluded with a country that does not have a similar arrangement with the EU, is that it would raise total UK exports by 0.4 per cent, imports by 0.4 per cent and the level of GDP by only 0.1 per cent over 15 years."

As an aside, if this is the much-vaunted benefit of Brexit, it is very, very thin. What that means is that the OBR estimates the economic impact of the free trade agreement with Australia, for example, will raise the level of GDP by 0.1% over the next 15 years, while estimating that Brexit will cause a drop in GDP of 4%.

With families still burdened by high inflation, and also feeling the pinch from rising mortgage and rental costs; with energy costs still way higher than they should be; with the long-term problems of the economy, particularly poor productivity, inadequately addressed; and with the self-inflicted economic harm of Brexit hampering trade and GDP growth, I am afraid that this Budget and this Finance Bill simply are not enough.

3.51 pm

Nigel Mills (Amber Valley) (Con): It is a pleasure to follow the right hon. Member for Dundee East (Stewart Hosie). I will start where my hon. Friend the Member for South Thanet (Craig Mackinlay) did: people think that Finance Bills are a little dry, but somebody must have a sense of humour to produce a 456-page Bill and then hide in clause 346 the abolition of the Office of Tax Simplification, probably at the exact time that we really need it. When I used to practise as an accountant, I had a copy of all the tax legislation on my desk. I sense that if I were still working, I would need a much bigger desk for the successive Finance Bills we have had over the past 13 years. Perhaps at some point, we should stand back and think, "Do we really need to keep adding all of this stuff every year? At what point are we going to start taking away stuff that we have now effectively duplicated?" I suppose it would mean that

[Nigel Mills]

I could work from home, because I probably could not carry all of those books around, so maybe there are some bonuses there.

Much of the technical stuff in this Bill has been pre-consulted on—we have seen it for a long time—and most of it is to be warmly welcomed. I will quickly mention clause 25, which finally sorts out the net pay arrangement for pensions. We have been trying to find a solution for this for quite some years; to put people whose pension scheme has chosen the net pay arrangement, rather than the other way of doing it, into the position that they should have always been in. We have finally found a solution through which HMRC will make it good, which is to be warmly welcomed. I cannot quite see a start date for that in the Bill, though—I hope it is soon—and it would have been nice if HMRC had actually paid some back pay. People who are saving pretty small amounts, who are the ones on the very lowest levels of income, could have had the tax back that they should have been getting for the past decade or so, but perhaps we should not be too greedy.

I want to focus most of my remarks on the pensions tax changes, and then on the corporation tax and the multinational top-up tax. There is a theme in those things: we have some welcome measures, but we end up on a rather haphazard journey to a very strange place where things competing with each other everywhere, and I do not quite have an idea of what we are trying to achieve.

On the pensions tax stuff, we had clearly created a problem through the reduction and freezing of the lifetime allowance. The only solution to a problem caused in that way is to undo what we have done, and it makes sense to scrap that completely. I would have probably preferred to have a higher lifetime allowance and scrap the annual allowance: if we are aiming to limit how much tax relief people get on pensions saving, I am not quite sure why we need to do it on a year-by-year basis when we should probably be more worried about the overall total. It seems a bit harsh to me that somebody who starts a business, scrimps and saves, saves every penny and reinvests it, and finally sells that business for a decent amount now cannot get the same pension as somebody who has been employed for all that time, taking much less risk, because they are capped on the £60,000 they can put in per year and by how many years they can look back. I am not sure what policy objective we are trying to achieve there, but it is welcome progress.

On the Opposition's reasoned amendment, I am sceptical about the attraction of trying to have different tax regimes for different sectors. It becomes hard to work out which occupations we like and which we do not, and to which we want to give favourable status. Even if we wanted to do it, it becomes hard. Do I want a favourable tax regime for doctors regardless of where they work? I then have to define "doctor" and work out what sort of doctors I want to favour. Do I want it for people who work in the NHS, in which case it would have to include whoever is being paid large amounts, whether finance directors, human resources directors or diversity officers?

It would be slightly bizarre to give a more generous tax regime to a finance director in an NHS trust being paid a large amount of money, but not to somebody owning and running a business, trying to create jobs in the economy. That would be hard to do, and we would have to go through every senior public sector worker, as my hon. Friend the Member for South Thanet did, working out who to include. Even if we did that, how on earth would we work out which organisations to include? Most high-paid NHS staff are not employed by NHS England, but by God knows how many trusts around the country. If we wanted to apply the regime to GPs, too, they all have their own businesses. It would be phenomenally difficult to work out how to do that, if we think about how the lifetime allowance being set that way was causing a problem and driving people out.

Anthony Browne: My hon. Friend is making some excellent points about the problems of having sector-specific lifetime allowances, which would proliferate and become unbelievably confusing, as he says. We have all made the case about other public sector workers who would be affected by the lifetime allowance. We could introduce a regime where we exempt them one by one and effectively have a regime for all public sector workers, but does he agree that it would be unfair and economically irrational to have a completely separate pension regime for public sector workers and a far more punitive one for private sector workers, who are important for generating wealth in the country?

Nigel Mills: I agree with my hon. Friend. I remember the anger when I was first elected about people working in the private sector getting a very small pension and seeing the large generosity of the public sector ones that they could never dream of aspiring to. To have a more generous tax arrangement on top of a more generous pension that they were effectively paying for would be hard to sell to people. I think the Government have found a sensible fix on that.

Where has this situation left pension tax policy? We now have a regime where when someone earns the money and pays it into their pension, they do not pay income tax and national insurance on it, and when they draw the pension, they pay income tax, but not national insurance. We are not quite sure we like that. If someone is earning too much—more than £260,000 now—we start reducing the amount they can put in every year from the £60,000 cap down to a £10,000 cap. Then, if someone wants to draw their pension, they can have a quarter of it completely tax-free, even if they do that 10 years before they retire, but now we do not like that either, because that might be too much, so we have capped it at the level of the lifetime allowance that we have just scrapped. What are we trying to do? Added to that is the fact that if I have a defined-contribution pension that I do not draw and leave in my estate, there is no inheritance tax on it. I do not even pick up the tax at that point.

If we stood back and said, "What are we trying to incentivise and encourage people to do by the £50 billion or so of annual tax that we forgo"—or defer, strictly speaking—"on pension saving?", I am not sure we would design this system. The Government would be well advised to create some kind of commission or review to look in the round at all the various ways we incentivise pension saving and all the ways we tax it and try to work out what a coherent system that people have some hope of understanding would be. I suspect we would get far better outcomes if we did that. I encourage

the Government to do that. That would need to be on a long-term, cross-party basis. It cannot be done on a whim every few months.

The danger is that we get to a Finance Bill or Budget and we want a bit of money here, or we have found a little fire we want to put out there, or we want to make another tweak, and we end up building and building more and more strange bits on to this rather ugly looking house until it finally falls over. We should try to get it in some kind of shape before we get into that position.

Moving to the various corporation tax measures in the Bill, I am prepared to accept the rise in corporation tax. Given the fact we bailed out nearly every business in the economy three years ago in the covid pandemic, there is justification for saying that we need to pay those bills, and corporation tax, which businesses only pay when making a profit, is the right way to do that. It takes a little bit of believing to convince ourselves that we can raise the rate that businesses pay on all their future profits—all the fruits of their investment—and that that will not deter investment, but a short-term deferral of when they pay tax by having full expensing will somehow encourage loads of investment, even though they will end up paying the extra 6% on the profit they will earn from the use of new machinery at some point in the future. They will not pay it in the first year, but they will pay more in all of the subsequent years.

Kit Malthouse: My hon. Friend points to an argument that, I have to confess, has perplexed me. People say that raising corporation tax to 25% will not necessarily damage investment or, indeed, British business, but then why stop at 25%? Why is that the appropriate amount? If businesses are impervious to the tax rate and it does not affect their behaviour, why not have 30%, 35% or 40%? He understands my point. They are making a value judgment about where the line of damage is to be drawn, and I think he is quite right that it is hard to think that it will not have some kind of impact.

Nigel Mills: My right hon. Friend makes a fair point. I guess there is an attraction in that 25% is an easy calculation. We could go for 26%, which Labour had in its manifesto at the last election, and perhaps that could have been a submission. I think it also had a small companies rate rising to 21%, which it does not want to remember these days. I just think that we cannot really have it both ways—that deferring taxes encourages investment, even though businesses end up paying them, but raising them somehow does not. I think we should try to be a bit coherent about what we actually think in that situation.

Again, I have no idea what we are trying to do in giving people tax relief on their expenditure on capital assets. We now have a capital allowance regime that, for most assets, is generally 25% on a reducing balance, unless it is an asset for too long, for which the long-life regime is 4% a year, or it is a short-life asset, such as a computer, when they can choose a different regime over a shorter period of time. Then there is an up-front initial allowance, depending on whether we have one in place, and now we have a 100% initial allowance for a short period, but we do not give any tax relief at all for industrial buildings. If I want to build a new factory to bring some jobs back from China, I need to go through convoluted calculations—such as proving that the air-conditioning in my building is actually a piece of plant and equipment, not a part of the building—which makes huge amounts of work.

Could we just stand back at some point and think about what we are trying to incentivise business to do? I am not actually convinced that many businesses will really be able to use full expensing on large capital expenditure, because they just will not have the profit. It may give them some cash-flow advantage, but they will have the complexity of how much they can claim, and which company a loss gets trapped in to make sure they can use it all around the group. We are just creating difficulty. Most of the large businesses I ever worked with focused on the rate of tax they had to account for in their accounts—of course, having accelerated deduction does not change that—rather than the cash position, which was hugely complex if they were leasing an asset, finance leasing it, hire purchasing it or God knows what. So I would be a little suspicious or cynical about our actually getting the big change that the Government were hoping for here.

I would go back to an amendment I tabled a decade ago, when I said, "Why don't we just try to move to giving people tax relief in line with their accounting treatment, so if they think this piece of kit has a five-year life and they account for it over five years, let's just go for that? Why have all this hassle, and all the cost of all these different regimes? Let's be more generous on the assets you get relief for, and let's try to simplify it." I have a feeling that, if we could somehow get to that, it would be more attractive to most businesses than the annual tinkering of saying, "You can now do this and get a bit more", and no one knows where on earth they are in such a situation. I would recommend that.

On the multinational top-up tax, I actually support it, and I think I argued for it when it was being discussed. I have always been a little bit suspicious of the OECD—I once called it the organisation for excessively complex drivel, and if Members read the causes we have ended up with, they might think it was relatively complex. What I think we have started trying to do on base erosion is to stop people hiding profits in tax havens with very low rates of corporation tax. We generally know where they are and what their rates are. We could have gone back to what we used to have with our controlled foreign company regime, which was a list of naughty countries. If a business had a subsidiary in one of those, it had to go through some extra compliance to prove that real genuine trading profits were arising in that country, rather than that it was hiding passive income that should have been taxed somewhere else.

I think we could have found a way to have a regime that most countries accepted, where we just said, "If you've got a subsidiary in one of these naughty regimes then you have to pick up some tax on it," rather than having dozens and dozens of hugely complex clauses to effectively create a whole new corporation tax range applying to companies in every country in the world, which have to try to work out whether they are paying too little tax or not based on whatever the local tax differentials are on timing and rules, which we then have to adjust for to try to work out whether someone is being naughty or not, when we know damn well a company in the Cayman Islands is paying zero on the £100 million-worth of profit it has salted there, which is what we were after in the first place.

[Nigel Mills]

I welcome where we have got to and I accept that if this is the way we have to do it, it is better than not doing it, but surely if anything highlights how complex our corporate income tax regime has become it is the fact that we need to have 150-odd clauses to try to tax income that is being hidden in territories that have a zero rate. It really is almost beyond belief that we have made it that difficult.

We have to remember that a lot of our own overseas territories and Crown dependencies have seen some of the worst behaviours in this area. As it was when we had to have more transparent disclosure regimes, we need to set a lead on this issue to get the rest of the world to follow. If we are not doing it and not encouraging parts of our UK family to do it, there is a fair chance that the rest of the world will think, "Well, if they're not going to do it, we're never going to do it." So we end up moving at the speed of the herd, which will be standing still.

I welcome the fact that we are doing this. It is the right thing. We need to try to find a way of stopping profits being hidden in places where there is absolutely no justification for them being there. A 15% top-up rate is a good compromise. I would hope that most regimes would see the writing on the wall and up their rates to 15%, and not go for dubious reliefs, deemed deductions and so on to try to contrive their way of having a headline 15% but never applying it. Let us just say that this is the way that the world wants to go. This is what responsible ethical business looks like. This is what responsible ethical government looks like. We do not want money hidden where there is absolutely no justification for it being earnt there. We can try to end up not needing all these hugely complicated rules, which UK-headquartered companies might be having to apply to every territorial subsidiary they have, to try to catch some naughty things that they are not even doing in the first place.

Intriguingly, I do not see in the Bill the repeal of our controlled foreign companies rules. If we have a new regime that tops up the tax in every subsidiary owned by a UK group to 15%, do we need all the old compliance rules to stop UK companies hiding their profits offshore? It seems to me that we will end up with a collection of different regimes all trying to do the same thing. Maybe we could find at least a partial simplification to offset the 150-odd clauses here in the Bill.

My concluding remark on these key issues is that I welcome what the Government are trying to do, but at some point we need to stand back and think, "Have we got our tax code regime in a sensible place where we are realistically, and in as understandable a way as possible, trying to achieve these sensible aims; or have we, through quite understandable tinkering, ended up with some kind of hugely complex monstrosity that at some point will fall over and in the meantime is probably not incentivising the things we want people to do or disincentivising the things we really we do not want them to do?"

4.7 pm

Sir Stephen Timms (East Ham) (Lab): I am very pleased to follow the hon. Member for Amber Valley (Nigel Mills), whose pensions expertise we benefit from greatly on the Work and Pensions Committee.

I want to comment fairly briefly on two aspects of the Bill: first, the decision, at a time when the pension burden on ordinary families is rising so fast, to give a big tax cut to the wealthiest pension savers; and secondly, the abolition of the Office of Tax Simplification—and to reflect on the history of that initiative that led us to where we are today.

Table 4.1 in the Red Book tells us that the abolition of the lifetime pension allowance will cost the Government £1.8 billion in uncollected tax over three years. At a time when the tax burden on ordinary families is being raised to the highest level since the second world war, it seems extraordinary that the Chancellor thinks it is right to cut the tax on the 1% largest pension pots.

It is a big challenge for pensions policy that tax relief support for pension saving is so massively skewed in favour of the wealthiest. There are suggestions from time to time about how to use that relief more progressively to encourage pension saving among lower-paid workers. Instead, the Chancellor has made the unfairness £1.8 billion worse. It is difficult to understand how that can be justified.

It is a problem that Chancellors, Prime Ministers and Ministers completely unavoidably spend their time talking to people who are in that 1% wealthiest group—they are the people who make representations, who they sit next to at their dinners and so on. By giving a £1.8 billion tax cut to that group, the Chancellor has chosen the wrong priority. The hon. Member for South Thanet (Craig Mackinlay) rightly made the point in passing that it is creating a large tax avoidance opportunity for a large number of people. They will simply not pay the tax that the Bill imposes on them, but will instead choose to put an unlimited amount of money over a lifetime tax-free into their pension.

The Work and Pensions Committee's report on saving for later life, published last September, highlighted the collapse of pension saving among the self-employed. In the late 1990s, about half of self-employed people were saving in a pension. By December 2021, that was down to 16%, compared with 88% of eligible employees, thanks to the success of auto-enrolment, which is not available to self-employed people. Pension saving for them is now at a very low level. Our report recommends that the Treasury and the DWP should set a date to trial ways to default self-employed people into pension saving, to work out how to replicate the success of auto-enrolment among self-employed people. Tax relief of £1.8 billion could have been a valuable incentive to make a success of an initiative along those lines. Unfortunately, the Government's response to our report rejected our recommendation. Instead, the Bill is giving away that support to those who already have the largest pension pots. It is difficult to understand how that can be justified.

I was elected to the Commons in June 1994. As is usual, I served on the Finance Bill Committee the following year—some of my recently elected hon. Friends will have a similar privilege with this Finance Bill. One of the other members of that Committee was the Conservative Back Bencher Tim Smith, the MP for Beaconsfield, who no doubt you will remember, Mr Deputy Speaker. He moved an amendment in that Committee to require the Inland Revenue to prepare a report on tax simplification and to lay it before Parliament. To the fury of the Conservative Front Benchers on that Committee,

not only did he move the amendment—that is a fairly normal thing to do—but he pressed it to a vote. Of course, all the Labour Committee members voted in favour of it, so it was agreed to and the Bill was amended in Committee. Ministers were absolutely livid. It was unheard of for the Government to be defeated in the Finance Bill Committee. I do not think that the relationship between Tim Smith and his party's Front Benchers ever recovered.

Within a few weeks, the then Chancellor Ken Clarke was making a virtue of the fact he would bring forward proposals for tax simplification. The idea rapidly gained currency and Tim Smith's idea was embraced. The spade work was done by Michael Jack, who became the Financial Secretary in 1995. What emerged from it—the hon. Member for South Thanet mentioned this—was the tax law rewrite project, which brought forward a series of five Bills under the Labour Government, which made tax law easier to understand. It certainly did not shorten tax law, but I think it made it easier to understand.

The Conservative party returned to the theme in 2010, with its manifesto commitment to set up the Office of Tax Simplification, which is abolished by the Bill. Michael Jack, a previous Financial Secretary to the Treasury, was the first chair of the project, and John Whiting of the Chartered Institute of Taxation did a lot of the spadework.

The Office of Tax Simplification was made statutory in 2016, so we understood it would be a permanent feature of the landscape. It had its first quinquennial review in 2021, when the current Prime Minister was Chancellor. That review concluded

"that the need for the OTS's statutory function to advise the Chancellor on simplification of the tax system remains undiminished."

What has happened in the past 18 months to mean that it is now being abolished?

PricewaterhouseCoopers makes the point that when Tim Smith's amendment was moved in 1995, the volume of tax legislation was 5,000 pages and his aim was to reduce it. The hon. Member for South Thanet is correct that it is now 23,000 pages, so it is not clear that the need for simplification has ended. PricewaterhouseCoopers says the Office of Tax Simplification has a "high level of engagement" with the tax profession and that when the office consults on issues, it receives a lot of ideas and contributions about how to do things. PwC goes on to say:

"It has produced a number of insightful reports… The response from the Government has been mixed, however, and whilst some of its recommendations have been accepted, many have been watered down or simply ignored."

The real reason that it is being abolished is that, in the end, the Government are not that interested and there are other priorities that have a higher weight than simplifying the tax system.

The closure was announced in the disastrous mini-Budget last September. For that reason alone, we ought to be a bit sceptical about whether it is a sensible thing to do. At the time, the then Chancellor, the right hon. Member for Spelthorne (Kwasi Kwarteng), said, rather as the Minister said in her opening speech:

"I have decided to wind down the Office of Tax Simplification, and mandated every one of my tax officials to focus on simplifying our tax code."—[*Official Report*, 23 September 2022; Vol. 719, c. 937.]

If everybody is responsible for something, in reality nobody is, so I do not think we will hear much about further progress on that in the future. It sounds very much like the end of the project.

The Chair of the Treasury Committee, the hon. Member for West Worcestershire (Harriett Baldwin), asked about that in her intervention on the Minister. She has written to the Chancellor on behalf of her Committee to ask why the Office of Tax Simplification is being abolished; we will all be interested to see his reply. The Office of Tax Simplification has done valuable work and, having followed the progress of work on the issue since 1995, I am sorry to see it go. I will be interested to hear the Minister's justification for the decision.

Several hon. Members *rose*—

Mr Deputy Speaker (Sir Roger Gale): Order. A significant number of right hon. and hon. Members still wish to take part in the debate. The debate is open-ended, but bitter experience has taught me that if you wish to retain the attention of the House, brevity is the order of the day.

4.18 pm

Richard Drax (South Dorset) (Con): Every time my late father—bless him—heard me speak, all he said was, "Too long, Richard," so on that basis I shall be brief. It is a pleasure to follow the right hon. Member for East Ham (Sir Stephen Timms). I refer to my entry in the Register of Members' Financial Interests. I will speak, probably for no more than five minutes, about the corporation tax rise and the international minimum level of 15%.

I turn first to the corporation tax rise. I have huge respect for the Chancellor, as I do for the Ministers on the Front Bench, so I do not want this point to be taken incorrectly, but during his 2019 leadership campaign, he proposed reducing corporation tax to 12.5%—the rate that, I believe, the Republic of Ireland has now. Corporation tax in the UK will now rise from 19% to 25%, which may look like a 6% rise, but is actually a 31% rise. I totally accept that smaller companies will not be affected, and I accept that there are various capital allowances that larger companies can go for, but as many colleagues have said, why complicate an already complicated tax system? Why not just keep it simple? As a former soldier, I remember the acronym KISS: keep it simple, stupid. I wish sometimes that politicians would do that.

I am very surprised that the international agreement on the minimum level of tax—the OECD scheme—is being pushed through in the Bill. I find that quite extraordinary, because the two do not sit comfortably together. Many Conservative Members and some Opposition Members fought very hard to get control of our country back by leaving the EU, so that we could have our own laws, our own taxes, our own money and so on. I am therefore completely bamboozled by this, and have yet to hear a very good reason why we are signing up to the very thing we were trying to escape: something that enables an unelected multinational organisation to affect how we set our own taxes. As my hon. Friend the Member for Amber Valley (Nigel Mills) said so well, why can we not set and control our taxes? Surely we could have dealt with this on our own.

[Richard Drax]

I find this move, which will subject us to a tax rate set outside our country, to be really extraordinary, and I will have great difficulty in supporting the measure on Third Reading. The Government have said that the effectiveness of the policy

"depends on a high degree of consistency in the implementation in different jurisdictions".

The Financial Secretary listed a whole mass of countries in answer to a question I asked earlier, but as I understand it, countries including Singapore, Hong Kong and Thailand have announced that they will be delaying implementation until 2025. I also understand—I hope I am correct—that the EU has broken a commitment that was agreed internationally by giving smaller member states a six-year delay before they, too, will have to implement the measure. That will disadvantage the competitiveness of UK-based multinationals against their EU rivals.

I remember campaigning for Brexit: it was a great thing. We were going to become an offshore, Singapore, low-tax, let's go, gung-ho place, and create business, create jobs and create wealth. That is what the Conservative policy is, so what on earth are we doing? We are signing ourselves up to a package that could once again see British courts overruled by foreign ones. The industry—I have read much about it in the press—has also called for the policy to be delayed, because UK growth will be stunted by unnecessarily burdensome administrative costs for business.

All this is being put forward in a rush. There was no mention of these plans either in the Chancellor's Budget statement, unless I missed something, or in the accompanying Red Book and costings document. HM Treasury documents confirm that the Government still intend to implement pillar two this year. Why are we having such minimal scrutiny of something with so huge a potential effect on the ability to attract business to this country? I thought that that was exactly what we wanted to do.

The role of a Government, particularly a Conservative one, is to create an infrastructure in which business can thrive. One of the key levers for that is low taxes—the lower, the better. On the whole, as the Exchequer Secretary well knows, the lower the taxes, the more money comes rolling into the Treasury.

The size of all this has already been mentioned. I have in front of me two massive documents. Pillar two takes up 169 pages of the Bill, across 156 clauses and five schedules. The Finance Act 2022 ran to only 222 pages, including schedules, and had 104 sections in total.

I really do ask the Government to rethink. I know that Opposition Members have already commented with glee that people like me are leaping up to oppose this measure. Yes, of course we are, because we are Conservatives. I have been here for 13 years; on three or four occasions during that time the whole House has agreed to a proposal, and every single time it has been wrong, so for me that is the clearest guide that something has gone seriously wrong here.

Let me say to the Ministers on the Front Bench that it is in the best interests of the United Kingdom to delay implementation of pillar two until 2025, or, even better, to bin it altogether.

4.25 pm

Hywel Williams (Arfon) (PC): The test of any Finance Bill should be this: will it improve living standards now and into the future? With living standards plummeting at the fastest rate since records began and incomes set to remain at pre-pandemic levels until 2028, this Bill is clearly inadequate. Indeed, set against these trends, the spring Budget was a clear missed opportunity to give people at the sharp end of the cost of living crisis some much-needed relief.

Instead, the Chancellor chose, for example, to prioritise a pension tax advantage for the few. Listening to the Chancellor, one would be forgiven for thinking that the crisis was over, but with four in 10 households in Wales not heating their homes, and typical energy bills set to be 17% higher next year, the lived experience of my constituents is very different from that of those whom the Chancellor is so keen to help: those who can afford to set aside up to £60,000 every year for their pension funds, and who are now able to do so without any limit on how big that fund can be.

Accepting the extraordinary pressures under which so many people are living as anything like normality is foolhardy in the extreme. There is an immediate need for additional targeted support, which the Government could deliver directly by, for example, extending the energy bills support scheme and guaranteeing off-grid homes and businesses in rural areas an additional round of the alternative fuels payment.

Immediate support should also be extended to struggling renters. The Government's failure to increase local housing allowance rates since 2019 means that housing is increasingly becoming unaffordable for low-income renters in Wales, and indeed elsewhere. According to research by the Bevan Foundation, last month only 32 properties throughout Wales were available at or below local housing allowance rates. That is equivalent to just 1.2% of the properties advertised on the formal rental market. Only 32 homes at affordable rents were available across the entire country!

An overwhelming proportion of renters receiving housing allowance are having to redirect money that is required for other essentials, such as food, heating and clothing, just to pay the rent. The UK Government should increase the local housing allowance forthwith to the 30th percentile of market rents, which would lift 32,000 people in Wales out of poverty and save up to £2.1 billion net by easing the pressure on public services that has been caused by chronic poverty. However, the UK Government seem to be uninterested in taking such an obvious positive step. If that is indeed the case, they should transfer the powers and the money to the Welsh Government so that they can do so.

The Chancellor could also have used the Budget to release the £1 billion owed to Wales so far in Barnett consequentials from the £20 billion that has already been spent—I would say "squandered"—on HS2. It is wrong that HS2 is held to be an England and Wales project. Not a single inch of the track is being laid in Wales and, what is more, diverting prosperity away from Wales to areas served by HS2 will actively damage our economy. Over time, Wales should receive £5 billion in Barnett consequentials, which could be spent on improving our dire public transport infrastructure. But worse, if reports are accurate, the Treasury now intends to reclassify HS3 as an England and Wales project, even though, again,

not a single inch of it comes anywhere near Wales. So the Chancellor can add a further £1 billion to the payments we are due.

Enough of that—what I at least consider to be—pie in the sky. Let us take a step back and look at the longer-term forecasts. This Finance Bill fails to address the broader questions of what we want our tax system to deliver and what constitutes a coherent delivery strategy. A ten-minute rule Bill tabled by my right hon. Friend the Member for Dwyfor Meirionnydd (Liz Saville Roberts) proposes establishing a tax reform commission to do just that. I think that might have been of interest to the hon. Member for Amber Valley (Nigel Mills), who spoke earlier. My right hon. Friend's proposal would provide an opportunity to have the required discussion, as a Parliament and as a society, about what we want our public services to deliver, how we are going to pay for it and what is the fairest way to raise the money and revenues to pay for it.

Personal taxation has been much discussed over the last week, and this has once again raised the question of why income from wealth is treated differently from income from work. If, for example, income from dividends and shares were treated in the same way as income from work, a certain Member on the Front Bench would have seen his tax bill for the last three years almost double. This is not about punishing the wealthy; it is about creating a system that raises money more fairly, to deliver our public services and reduce inequality. The wealth of the richest 1% is greater than that held by 80% of the population of the UK in total, while our public services are under severe pressure after a decade of cuts. It is clear that the tax system, as it is, is failing both to tax equitably and to tax adequately.

The spring Budget also missed the opportunity to remedy the dysfunctional Welsh fiscal settlement. A timely example this week is that Westminster has clawed back £155.5 million from the Welsh Government because of their underspending in 2021-22. That meant that they breached the Wales reserve—that is, how much funding the Welsh Government are able to carry forward from one year to the next. That reserve is currently capped at £350 million. At a time when so many are struggling and Welsh public services are so severely overstretched, that underspending is a damning indictment of the Welsh Government's ability to plan. It is also one of the many consequences for Wales of being tied to this broken UK system.

Wales's fiscal settlement not only allows the UK Government to claw back money; it also inhibits the Welsh Government's ability to deliver large-scale, long-term infrastructure projects by placing strict limits on their borrowing powers. It also ensures that most Welsh taxes collected by Westminster and then sent back to Wales are based on population share rather than on actual need. Money is raised not to meet need but according to a wholly discredited formula, the Barnett formula, and this Government, like their predecessors of both main parties, are doing nothing about it. They are failing to achieve a fairer economic balance between the nations and regions of the UK and deliberately failing to level up.

I have laid out some of the much larger case as to how this Budget fails Wales and will continue to fail Wales. This Government could act differently but, after 12 years of failure to meet the requirements of my country, they clearly have little intention of doing that. So, as more and more people in Wales are realising, one way forward is for us to take responsibility for our own affairs as an independent country.

4.34 pm

Richard Fuller (North East Bedfordshire) (Con): It is a pleasure to follow the hon. Member for Arfon (Hywel Williams). I am obviously not as familiar as he is with the arrangements between Wales and the Treasury, but I think he made his points very clearly. Another thing he said—I think I caught him correctly—was about taxation not being fair enough, or sufficient. I might have slightly more disagreements with him on that.

It is a pleasure to be called to speak in this debate. As you said, Mr Deputy Speaker, this is a debate without limit. Due to my concern, shared by many hon. Members, about the complexity of our tax code, I was tempted to read out the tax code from cover to cover, but reading out all 23,000 pages might test even your patience. I will not do so this year.

It was interesting to listen to the two opening speeches. The measures in this Finance Bill go back to the Budget, and we should not lose sight of the tremendous job the Chancellor did with that Budget. At a time when there were so many competing pressures on the public purse from Conservative Back Benchers, let alone from the Opposition, it is a tribute to the Treasury and its officials that they were able to craft a Budget that has, so far, stood the test of time.

The Opposition have been scrambling to find reasons to disagree with the Budget and have alighted on one: the pension changes. That is interesting because I distinctly remember responding to a debate from the Dispatch Box in which there was pressure from all political parties —from Scottish nationalists and, I think, representatives from Northern Ireland, and definitely from Labour and Conservative Members—to make precisely the change that the Government announced in the Budget. The Labour party obviously has nothing substantive to say in opposition to the Budget, which is a tribute to Treasury Ministers.

I enjoy my encounters with the shadow Minister, the hon. Member for Ealing North (James Murray). I remember the first thing he said on my appointment to the Treasury, which was that I should be sacked. The record will show that he did not quite get what he wanted, but I am pleased our relationship has improved over time.

I gently say to the hon. Gentleman that, if the Labour party wants to be treated seriously in the run-up to the next general election, the time has passed when it can say, "Just wait and see." It is reasonable for Members to ask him to be clear on whether Labour intends to harmonise capital gains tax with income tax, but he dodged that question. It is quite reasonable, as we are discussing the global minimum corporation tax, to ask whether Labour intends to push for the 15% rate, if it is enacted, to go up. Perhaps Labour can, in the winding-up speech, answer some of the questions put by my hon. Friend the Member for South Thanet (Craig Mackinlay) and me.

One of the Bill's most important aspects is whether it meets the challenges of today and prepares us for the challenges of tomorrow. I told my voters at the 2019 election that this country had one of the highest rates of

[Richard Fuller]

taxation since the 1960s, and it has since gone up because of the implications and effects of the covid support measures.

This is difficult and uncomfortable territory for Conservatives. Our intention and objective should be to lower taxation. Too rarely, in this House of Commons, do we hear voices for lowering taxation. It seems to be completely beyond the pale for the Labour party even to consider that there might be a time when it is right to lower taxes. Labour would certainly never dream of lowering taxes for those foolhardy enough to earn more than £50,000 a year. Correct me if I am wrong, but I do not see a shadow Minister standing up to say, "Hold on a minute. We are in favour of people earning more than £50,000, and there may be a day when we cut their taxes." We do not hear that from Labour, because it relies on making people not like the fact that people can make a lot of money.

That is a huge change from the days of Tony Blair and new Labour. In those days, Tony Blair recognised that the British people liked the idea that, if they could not make a lot of money themselves, perhaps their children would start a business and make some money, or get a good career—yes, in the health service—and make a lot of money. That is what the Labour party then stood for. Because it understood that natural instinct that people want their kids to have a better future and, if they make it, to be able to keep more of their money to make a better future for their families in turn, the Labour party under Tony Blair caught the attention of the British electorate. It is clear that the Labour party under the current leader will go into the next election with nothing like the agenda new Labour stood for in 1997. *[Interruption.]* Labour Front Benchers say that we have not seen the manifesto. Why are they waiting? If the Labour party manifesto is so good, let's see it; let us not hide behind it. *[Interruption.]* Don't tempt me too much.

On clause 2 and the main rates of income tax, I reiterate a point made by my hon. Friend the Member for South Thanet, who talked about the 60% marginal rate. The Treasury would be wise to look at that anomaly again. There is still time, perhaps not in this Budget, but certainly in a future Budget, to come forward with some simplification.

On corporation tax, the Government were caught, and my hon. Friend the Member for Amber Valley (Nigel Mills) made a reasonable point. There is a difference between the tax-raising powers we may wish to have and the signalling effect it will have for the attraction of international capital. The headline rates of corporation tax are usually what result in investment decisions getting a green or red light from multinationals.

On the OECD mutual multinational top-up tax, I welcome that the Government are at least putting in measures in the Bill. Perhaps that is not the right place, as my hon. Friend the Member for South Thanet said, but it is important that the UK has some response. It is, however, potentially foolhardy for us to progress at a pace that creates a competitive disadvantage for us. Many Members talk about the desire for economic growth and that is great, but economic growth comes because a country offers an environment that attracts international capital and talent, and part of that is how much tax people will pay. If the Labour party heralds the fact it wants to tax individuals at the highest rate possible—and to take away an exemption, when people might come here for the first time, to stop them being double taxed—and Labour party policy is to raise corporation tax to high levels, that sends all the wrong signals. I worry about that in relation to the multinational top-up tax. So let us not progress those measures in the UK ahead of our main competitors.

The right hon. Member for East Ham (Sir Stephen Timms) has left his place, but he asked questions about the abolition of the Office of Tax Simplification, a decision made during my time at the Treasury. He made some good points about how that office provided some points about tax simplification when it was allocated the task and I have no concerns or criticisms about the work it did but, if a Government of any stripe are serious about tax simplification, I do not think that process was going to achieve that objective. My view was it would be better to embrace that as a whole-Government effort. I hear the right hon. Gentleman's concerns about no one being in charge if everyone is in charge, but that was never the intention, of course; the intention was to move to have someone in the Treasury directly in charge to look at tax simplification on a much more holistic basis, rather than take the case-by-case approach of the OTS. That was the rationale last year. It would be fair for Front Benchers to give an update on that, but I thought I would mention that for the benefit of the right hon. Gentleman, for whom I have enormous respect.

I want to mention something that is not in the Bill but which we need to think about. On achieving net zero, we have made tremendous strides by asking our corporations to start accounting for carbon in their annual account reporting. We need to harness the power of the private sector if we are going to achieve our net zero goals. I saw reports in *The Times* that there are going to be some announcements tomorrow that may affect this, but we perhaps did not see enough from the Government about what the plans are on carbon taxes in the UK. If we want to achieve a social objective, the introduction of a carbon tax would be one effective way of doing it. If that could be combined with reductions in general corporation tax, it would be a helpful move. It cannot be done all of a sudden, but it would be an interesting addition to the mix for the Government.

I thank my right hon. and hon. Friends on the Front Bench for the Budget and these measures, and should I be selected by the Whips—it is a safe bet that that will not happen—I look forward to debating it line by line in Committee.

4.45 pm

Catherine McKinnell (Newcastle upon Tyne North) (Lab): The Chancellor heralded these proposals two weeks ago as "a Budget for growth", and thank goodness, after 13 years of a stagnating economy and with the OECD confirming that we are the only G20 economy that will shrink this year, with the exception of Russia—what a record. It is completely shameful.

I want to talk about the proposals on childcare and the extension of the free childcare entitlement, which is aimed at boosting growth and getting more parents of young children, particularly women, back into work. That is a welcome ambition. At the moment, about

1.7 million women are prevented from taking on more hours of paid work due to childcare issues, representing an estimated loss of £30 billion to the economy every year. Those numbers are as true now as they were before the Budget, because although the £1 billion tax cut for people making large tax savings on their pensions comes into effect straight away, the implementation of the free childcare arrangements is still a long way off being delivered. Parents will not receive the full benefits of the scheme until September 2025; a child who is two today will not see any of that entitlement.

The policy also risks embedding inequalities and widening the attainment gap. I worry that the Government are missing an opportunity to truly tackle the issues that are dragging growth in our economy, by not supporting parents into work, and are compounding the inequalities in our society, which are also holding people back from reaching their full productive potential. Some 80% of families earning less than £20,000 a year will not benefit from any of these entitlements—only one in five will. The north-east has the highest rate of child poverty in the country. One in five children live in workless households, and 38% of children live in households where someone has a disability, which might mean that they are unable to work. Yet those children will not receive any of this entitlement. We know that the poorest children are, on average, 11 months behind their peers when they start school. Leaving them out of this policy will just embed that inequality further. I fear that the policy confirms what we already know: levelling up is no more than a billboard announcement. If we scratch the surface, we find that there is very little underneath.

Even on the Government's own terms, the childcare entitlement falls short. If it is about getting parents back into work, why are those who want to train as nurses, paramedics, teachers or midwives, and those who want to be apprentices, not entitled to this childcare support? Parents are trapped in low-paid work and low-skilled jobs. They dare not take time out to train because if they do so, they will lose any childcare support that they might be entitled to.

As Chair of the Petitions Committee, I know that childcare is an issue that has been raised with us time and time again, with thousands and thousands of petitioners signing petitions calling on the Government to think again. Although the Government do seem to have finally listened, it is far from job done. The provision offered covers only term time—38 weeks of the year—so for the rest of the year parents need to find the money to pay for childcare. The long-standing problem with the Government's free childcare offer that is already in existence has been baked into these new provisions, with the risk that prices will be driven up even more.

The Government acknowledge that we have one of the most expensive childcare systems in the world. According to the Women's Budget Group, the current provision already falls short by £1.8 billion. The new proposals from the Government have a projected £5.2 billion shortfall—the shortfall is increasing, along with the promises. Without proper funding, childcare providers will have to drive up prices, because for every hour that they provide for which there is a shortfall in funding they have to find the money to top up the rest. We must be honest here: it is parents who are picking up the tab, because the hours that parents are paying for cost far more as a result. This really should not have to be said, but crashing the childcare sector and taking money out of the pockets of hard-working parents are the absolute opposite of helping our economy to grow.

Bob Stewart (Beckenham) (Con): I thank the hon. Lady for allowing me to intervene. I am getting a few cases now of people who are going to the Government to get the voucher for childcare, but the Government are taking far too long, which means that those people miss the deadline for giving the voucher to the local council—Bromley Council—so that they can get funded. This is a real problem, and it is increasing in my view.

Catherine McKinnell: I thank the right hon. Gentleman for raising his concern. That is just one of a number of complexities in the childcare system that are holding parents back. Adding more complexity in the system, which I fear some of these reforms will do, will only compound those problems. Parents, who are so busy, so stressed and so under pressure trying to work and bring up their children, are having to navigate the various Government offers of childcare. They call these offers free, but parents have to pay for so many hours. They also say that it is tax-free, but it is no such thing and parents need to apply for it and get the money back. It is an incredibly complex system. We could provide a much more simplified system that truly helps parents to reach their full potential and that also helps their children to reach their full potential in a quality early years environment.

That brings me to my next point, which, again, reflects my genuine concern about the Government's proposals. To make up for the inadequate funding that the Government know they are providing, they are looking to cut corners and, I fear, to drive down quality. Against the advice of parents, providers and childcare experts, the Government are proposing to amend the ratio for two-year-old children from one adult for four children to one adult for five children. I wonder whether the Prime Minister or the Chancellor has ever tried looking after four two-year-olds, but add another into that mix and it does not get any easier. Significant investment is required in training to enable staff to manage that larger workload. Furthermore, comparing us with other countries that have much higher regulatory and training standards for their early years education staff is just a false comparison.

I urge every Member to listen to parents such as the Steepers, who, tragically, lost their son while he was at nursery. They brought a petition to Parliament to raise awareness of the danger of increasing the ratios, because they are desperate that no parent will ever face the same pain. Nobody supports a reduction in childcare quality or safety, but many warn that that is what these changes will bring. The risk is as well that it will only compound the current challenges in the early years workforce, who are leaving in their droves. Seventy five per cent. of nursery and pre-school staff have said that they are likely to leave the sector if their childcare provider increases the ratios. They are already underpaid and under pressure. Adding another child into the mix will only tip them over the edge. That will not help the Government's target of finding 39,000 extra childcare staff to meet the needs of the new provision. That explains the delay in bringing it in, because the Government face a mammoth task to build up the workforce.

[Catherine McKinnell]

The only attempt I can see to tackle this—other than reducing the ratios, which people have said and I believe will have the opposite effect—is giving bonuses to prospective childminders. Here is the deal: if someone signs up as an individual, as people have for many years, they will get a bonus from the Government of £600. However, if they sign up with a private childcare agency, of which there are currently six in the country, all listed with hyperlinks to their websites on the Government website, they will get a double bonus of £1,200.

I asked the Prime Minister why the Government are driving people to go through an agency rather than sign up directly with their local authority. The answer I got was:

"I think it is a reflection of the fact that it is through intermediaries, so there are additional costs."

That rather sums up how backward this policy is; there is £10 million allocated to it, and we could get two for the price of one if we cut out the middleman. Why the Government are doubling bonuses for people who sign up with agencies, I do not know. The Prime Minister has promised to write to me with answers and I eagerly await his response.

Ruth Cadbury (Brentford and Isleworth) (Lab): Is it not something of a contradiction to appear to benefit nurseries over childminders when, in a Westminster Hall debate that I led on childcare, the Under-Secretary of State for Education, the hon. Member for East Surrey (Claire Coutinho), decried the loss of childminders and said how much the Government wanted to see the number of childminders return to previous levels?

Catherine McKinnell: I think there are many contradictions in the Government proposals, and I am attempting to set them out here. I admire the ambition, but I fear the reality does not match it. I would be interested if the Minister were able to shed some light on some of these issues when he sums up the debate.

I also want to focus on wraparound care. We know the crisis in childcare does not stop when a child starts school; the juggle only increases. Parents need help with breakfast clubs and after-school clubs and the Government must ensure that not only are they available, but they have funding to support them. Although the Government have announced an ambition to provide 8 am to 6 pm care for all primary schools, there is not much in reality to meet that ambition. The money that has been provided is for start-up funding. It runs out after 2025 and parents are left to pay the bill with no support with those costs.

The hon. Member for North East Bedfordshire (Richard Fuller) suggested that Labour is keeping its election plans very tight, but this is one policy that we shout loud and clear and are very proud of, and are disappointed that the Tories have not stolen. With our wraparound care offer we will guarantee breakfast clubs for all primary school children, paid for by abolishing the non-dom status. I would be delighted, and I think the country would too, if the Government were to steal that policy.

I will conclude, because I am aware that some hon. Members have gone on very long in this debate. The Government finally appear to recognise that childcare is part of our vital infrastructure. I welcome that. It is fundamental to our economy, to tackling the gender pay gap and to giving all children the best start in life—something that is too often forgotten in these conversations. Childcare is about not only helping parents into work, but giving children the best start in life, ensuring that they have good-quality early years provision so they are ready to start school in line with their peers.

I fear that driving down quality and a race to the bottom on ratios will not achieve those ends. The real test of the policy is whether it will make childcare more affordable and more available and whether it will deliver economic growth. We have heard from parents and providers that at best, these measures are just not enough, and at worst, they might make the problems worse. I hope the Government listen to those concerns and keep the policies carefully under review, because the childcare system in our country is so broken that sticking plasters will no longer do.

4.59 pm

Priti Patel (Witham) (Con): It is an honour to follow the hon. Member for Newcastle upon Tyne North (Catherine McKinnell), because I wholeheartedly support the principle of getting more parents into work and, importantly, we both became Members of Parliament at a similar time, when we both had small children. There is a clear understanding that the childcare system in this country has been dysfunctional and unaffordable for too long. I was a Minister in a Government who developed the policy of tax-free childcare, and we wanted to simplify it. I think she made some important references to simplification and making childcare much more accessible to and practical for parents—we need that.

I say that because our country and our economic prosperity are built not on the foundations of government, high taxes and regulations, but on the ingenuity of the human spirit and the British public going out to work and contributing. That is effectively what we need to be doing. Our economic strength comes from the entrepreneurial spirit of businesses—obviously, I say that as an Essex MP—and from the nation's wealth creators: our army of hard-working businesses. I come from a small business background myself—people know that I have worked overseas and all the rest of it. That is what builds economic foundations and protects us, allowing us to weather economic hard times.

We must recognise, of course, that we have seen economic hard times—certainly in my decade in this place—and we are not out of the woods; we have high levels of inflation. We also have challenges in the banking system, which could have long-term repercussions. We want to get the economy growing, and for the Government to meet their pledge to grow the economy, create more better-paid jobs—we all believe in better-paid jobs—halve inflation and reduce the national debt, we need businesses such as those in Essex. My hon. Friend the Exchequer Secretary to the Treasury is a Suffolk MP, and I am adding the entrepreneurial eastern region. We have to give people the bandwidth to invest. We need them to feel confident about the strength of our economy and that businesses will do a great deal to invest.

Of course, Governments do not create jobs—we need to recognise that—but they can help to generate growth. That is why we need the right economic foundations, fiscal framework and supply-side reforms—about which we do not talk enough—to encourage free enterprise.

So many of us in this place are old enough to remember that that was the approach that lifted our country out of the economic doldrums in the 1980s. As I said in the Budget debate, there are many positives in the Budget, but there is a strong sense among the business community that the Budget and the Bill could have gone further, and that we need to think about future-proofing where we as a country go on the economy and, as many of my hon. Friends have said, about addressing the high tax burden, which curtails our economic freedoms.

I could make many references to one great Conservative, the late Baroness Thatcher, who said:

"Our challenge is to create the kind of economic background which enables private initiative and private enterprise to flourish for the benefit of the consumer, employee, the pensioner, and society as a whole."

For me, those are the basic tests by which we should judge a Budget and a Finance Bill. Do they support private investment and enterprise? Do they ensure that we are internationally competitive? Do they help households and businesses by giving them economic freedoms?

I will touch on some measures that have already been mentioned. On the rise in corporation tax, there are measures to provide more relief, which can be welcomed, but I do not believe in increasing taxes and then providing relief to compensate for them. Too many risks come with relief. It can create complexities in the tax system, and small businesses in Essex will have to employ armies of lawyers, tax accountants and specialists. I just disagree with that; I do not think it is right, as I said in the Budget debate. I believe that we need a simplified tax code underpinned by lower taxes. We have been talking about that for years in this House but we struggle to deliver it. Of course, businesses are frustrated by that because they are the ones that have to pay the costs of it. Entrepreneurs and small businesses are subject to more regulatory costs and more restrictions, which stifles innovation. We need to do much more in that space.

The OECD minimum rate of corporation tax is a hugely complex change to our tax system that has so far progressed with very limited scrutiny, I am afraid. Given the extent of the 159 clauses, that scrutiny may happen in Committee, as colleagues have said. I hope the Minister can assure me that the time allocated to those clauses in Committee will reflect their complexity, and that key sections will be considered by the whole House, because we are deeply concerned about the impact of the change on the UK's economic future. I have concerns about the administrative costs of those measures for businesses. We need to look at the change in more detail, given that businesses are already paying above the 15% tax rate. That is of great concern.

Bob Stewart: Small businesses in my constituency are complaining hugely about the fact that they will have to employ more and more accountancy hours in order to do their work. It is a real problem because it costs them more and more money.

Priti Patel: My right hon. Friend is absolutely right, and that brings me to a point that I hope the Minister will seek to address. The Government's impact assessment suggests that the costs could be around £13 million initially, and then an additional £8 million annually to maintain. This is a total underestimation. When the lawyers, tax accountants and everything else—the layer cake—is included, the cost will be phenomenal. For example, the insurance sector believes that its compliance costs will increase by a minimum of 20% to 25%. Others say the increase could be as high as 40%. These are business costs—I do not need to spell them out any further.

To quote the Government, the effectiveness of the policy

"depends on a high degree of consistency of the implementation in different jurisdictions".

It has already been said this afternoon that although we are pressing on with implementation, other countries are not. As my hon. Friend the Member for South Dorset (Richard Drax) said, the EU has granted many member states the right to delay for up to six years. The US is not going to implement it at all. We know exactly what the White House and the US House Committee on Ways and Means have said. If the UK progresses ahead, how high a degree of consistency can we expect elsewhere? In America, the House Committee on Ways and Means is threatening retaliatory measures against any countries that attempt to collect additional taxes from US corporates. We need to understand the implications across Government, because this is about not just the Treasury but the Department for Business and Trade. What impact will the Bill have on the prospects of a UK-US trade deal?

Finally, we are legislating before a final international agreement has been reached. As we know, negotiations are ongoing in respect of several measures, not least the infamous international dispute resolution, which seems to have plagued most Government policy in many other areas. We are signing up to a deal when we do not know whether it will be so loosely policed that China and other countries can game it without thinking about the wider implications. I know that the Minister will pick up these points, and I thank the Front-Bench team and the Chancellor for their strong engagement on all these issues.

I wish briefly to touch on the point that has been made about the Office of Tax Simplification. Much more work needs to be done in this policy area. At the end of the day, it applies to issues such as personal taxation rates. We on this side of the House are Conservatives and believe in allowing people to keep more of what they earn, and we trust them to make more informed choices about how they spend their money. Notwithstanding not just this Finance Bill but previous ones, it is fair to say that since 2010 we have lifted many of the lowest-paid out of income tax by increasing the tax-free allowance to £12,570. We should be proud of that. It has doubled under us and, along with the introduction of the national living wage, we have helped those on low incomes, which is absolutely the right thing to do.

The previous Finance Act that we passed froze the tax-free allowances and respective tax bands until 2028. I want to see so much more done in this policy area to give people more freedoms and to let them keep more of the income they earn, rather than having the state continuously robbing Peter to pay Paul and then reallocating so much public money in difference schemes.

We now face a real problem with fiscal drag that we have to address. Middle-income earners have already faced the impact of fiscal drag, with little change in the 40% higher-rate threshold in recent years. We also know that in 1990-91 there were 1.7 million higher-rate income tax payers out of 26.1 million, which was less than 7% of all earners. Now there are 5.5 million higher-rate

[Priti Patel]

income tax payers out of 34 million, which is 16% of all earners. As Members can work out, over the past 30 years we have gone from one in every 14 income tax payers paying the higher rate to one in every six. That is very significant, so this is one area that I would say to the Government, to Treasury Ministers and to the Prime Minister has to be kept under review.

To conclude, I encourage Government Front Benchers to drive forward everything that will promote free enterprise and to look at good tax cuts that will really help people, including those who, quite frankly, are struggling: low-income earners in particular, but also small businesses around the country. This is not just about the large corporates, but those that employ people in our communities. Those businesses are the backbone of our communities and our societies, and if we do more of that, we will have stronger economic freedoms to grow our economy and make our country more prosperous again.

5.10 pm

Ashley Dalton (West Lancashire) (Lab): Over the past few weeks, Government Members have described the Opposition's objections to this Bill, and to the Budget that came before it, as "the politics of envy." Nothing could be further from the truth. It is not envy to understand that pension tax breaks for the very richest in society do nothing to provide the economic growth we all so desperately need. It is not envy to demand an economic strategy that prioritises growth and public services, and it is not envy to want good jobs and productivity across all of our communities. This is about tapping into the potential of our country to build the better Britain that we on the Labour Benches know is not only possible, but essential. It is about priorities.

This Government had an opportunity to unlock the massive potential of our country and target measures in a way that could drive growth, invest in public services, and facilitate jobs and employment in our key sectors. However, what they have again chosen to do is paper over the cracks of 13 years of economic failure. They have chosen to dress up a massive tax cut for the richest as some kind of economic freedom, when in fact it is one of the most regressive decisions they could have taken. They have chosen to vaguely manage ongoing decline, rather than take the bold and progressive steps required to unleash the potential of our economy and build a better Britain.

I am sure that Government Members will tell us that the plan is for inflation to come down and for financial growth, but all the evidence is to the contrary. Inflation was meant to come down this month, but it went up again. Rather than improving, growth forecasts have been downgraded, and the Office for Budget Responsibility tells us that wages will fall again this year in real terms. As for the Government's plan to abolish the pensions lifetime allowance, apparently to keep doctors in the NHS, it is a blanket measure that benefits only the very richest, and one that the former Pensions Minister Sir Steve Webb believes will actually lead to people retiring earlier.

Let us have a look at this abolition of the pensions lifetime allowance. The Government are keen to dress it up as a "keep more of what you earn" idea, as though it is going to help struggling people to save for their futures, but that is absolute nonsense. It is a common misconception that the lifetime allowance stops people from saving more than the limit—it does not. As it stands, people can save more than the lifetime allowance in their pension pots, but over that allowance they will have to pay tax on it. At first glance, anyone might think that it is a great idea that they can now save more without being taxed, but who does the policy actually benefit? In 2019-20 there were over 41 million people of working age in the UK. How many of those were fortunate enough to be able to save enough money that they went over the allowance in that year? It was 8,510. If we filled The O2 arena, four of the people in there would go over the limit. This policy will benefit at most 1% of people. How do the Government justify a policy that helps so few and costs everyone else so much? Even if it did encourage people to stay in employment longer, the IFS says it will cost the taxpayer £100,000 for every job retained. There is no guarantee at all that those people will be retained in the key sectors where we desperately them, such as doctors.

Moreover, this policy allows somebody to hoard huge unlimited wealth in pension pots tax-free. On their death, they can pass those on without having to consider inheritance tax. When Government Members claim this policy is about letting working people keep more of what they earn, we know it is a sham. When they claim it is about retaining doctors, we know it is a sham. When they claim it is about growth, we know it is a sham, because despite this so-called tax cut, the tax burden on ordinary working people is up. Not only is it up; it is at its highest in more than 70 years, and that comes on top of stagnating wages, rising inflation and rocketing interest rates.

There was a chance to put in place an affordable, targeted scheme to keep doctors, but the Government did not. There was a chance to give control back to communities through devolution deals, but 90% of us have missed out on that. There was a chance to end non-dom status and spend the money on the NHS, but it was missed. That is because the Government are out of ideas, out of steam and out of touch. It is time for them to get out of the way so that Labour can get on with building the better Britain that we not only need, but that Opposition Members know we can be.

5.16 pm

Siobhain McDonagh (Mitcham and Morden) (Lab): I wanted to start by saying a few words about the late Baroness Betty Boothroyd, because I think I may be the only Member currently in the Chamber who was here when she was Speaker. She was an extraordinary, indomitable, wonderful, tough and completely terrifying person to a new young MP—one of the 101 Labour women elected in 1997. She smashed her way through every glass ceiling that ever stopped her. She was a working-class woman, proud of her roots and of who she was, and she would let nothing get in her way.

Betty led a very different House of Commons. When you came here in the morning, you did not know what time the House would go on to in the evening. You would be terrified to get one of the invites to her many social occasions; you had to be sure you had the appropriate outfit on the back of your door in case she did invite you. Woe betide anyone who did not respond to her invites within 48 hours, because the invite would be

promptly withdrawn. I do not know whether it is apocryphal, but rumour had it that she stood at the door of her social evenings and watched you come in, and if you were not appropriately dressed, you were asked to leave.

I have one last story about Betty. It was an extraordinary time in 1997, and we were all invited by Queen Elizabeth to go to Buckingham Palace. I do not know whether my right hon. Friend the Member for Doncaster Central (Dame Rosie Winterton) recalls it, but we arrived terrified. I walked into a room and I saw Betty Boothroyd. I knew that I knew her, so I could talk to her. At that point, another Labour MP who is no longer in this House turned to the Duke of Edinburgh and asked him to take a photograph of me, Betty and himself. I thought I was going to die—at least, I thought I was going to stop breathing. Everybody was silent, until Betty opened her arms and sprang into a rousing chorus of "A Nightingale Sang in Berkeley Square", while one of the Duke's aides took him away so that he would no longer be offended. She was a character, and we all came along behind on her coattails.

Just because Betty achieved, it does not mean that everybody could achieve. We know that the number of working mothers in our economy is in decline in the 21st century. At a time when we know that we need more people in the workforce, mothers are not entering it because they cannot afford to do so, even if they want to carry on working to develop their skills, they hope for a better career in the future or they simply need the money.

Something that makes all of our constituents cynical about politicians and Government is when much is promised and little is delivered. When my friend Natasha and her husband Pete were watching the Budget, hoping for help with childcare costs for their two-year-old son Noah, they found none. They pay more in childcare than they pay on their mortgage. There will be many women who, as my hon. Friend the Member for Newcastle upon Tyne North (Catherine McKinnell) said, find nothing in these proposals that is going to assist them, because they really click in in September 2024 and September 2025. We could cynically ask whether those dates have been arrived at because they will be after the general election and the current Chancellor may not have to deliver on the promises.

More worryingly, the Sutton Trust has found that only 20% of the poorest third of families will benefit from the proposals. Those are the women and the families who need to work to improve their chances. We all agree that working is the best way out of poverty, or at least that it should be. In September 2024, there will be 1,369,000 children between the ages of nine months and two years. This scheme benefits only 600,000 of them, and more—729,000 of them—will have no benefit from these proposals.

However, it is not just the mums and the families who are going to have a problem. The nurseries—the providers themselves—already have problems. We know that 5,400 nurseries have closed since 2021, because they simply could not make up for the increasing cost of gas, electricity and staffing or for the fact that the current free hours are not free to the provider. It costs about £7.49 an hour to keep a child in a nursery, but that is only subsidised to the tune of £5.50 by the Government's plan. Promises have been made that the difference will be made up to prevent more nurseries from closing.

The money offered by the Government for the current proposal is £240 million, but the Women's Budget Group says it will cost £1.8 billion, and that famously Trotskyist organisation the CBI reckons it will cost £1.6 billion. The Women's Budget Group believes that the total cost in September 2025 will be £9.4 billion. The amount paid by the Government will be £4.2 billion, so it will need more than half as much again to make the scheme work. We are either going to collapse the nurseries that currently exist because they will not have anybody to cross-subsidise with, or the places will not be there for those children.

It is not about the mums and it is not about the nursery, so is it about the staffing? Our childcare works on the back of very young women being paid very little. One in eight of the staff in our nurseries is paid £5 an hour because they are too young for the national living wage. That is how nurseries manage to keep going.

Bob Stewart: I entirely endorse what the hon. Lady says. A lot of nurseries in my constituency are coming to me saying, "The people we employ are just not getting enough money and we can't afford to give them more. Please, please help."

Siobhain McDonagh: I completely agree with the right hon. Gentleman. I am sure that, like me, he gets emails from parents who are absolutely desperate because nurseries are closing at short notice and no alternatives are available. We think we have a problem in outer London, but the problem in Newcastle is even tougher.

Some 90,700 staff have left the profession since 2018. The Women's Budget Group—we thank it for all its efforts in getting these details—believes that for the Government to meet their plan, they need 38,000 more childminders and nursery workers. That does not happen by magic. It requires intervention. It requires the intervention of the businesses, but also the intervention of Government. We know, and we have known for years, that children benefit from the most well-qualified and well-trained staff. Well-qualified and well-trained staff need to be paid properly. Childcare should not be the service that is provided on the back of the least well educated and the least well paid.

Several hon. Members *rose—*

Mr Deputy Speaker (Sir Roger Gale): Order. There are still four Members waiting patiently to speak. We hope to start the winding-up speeches at 5.40 pm. It is a big ask. I expect you to be able to say what you need to say, but do your best.

5.26 pm

Sarah Olney (Richmond Park) (LD): Households across the country are under immense financial pressure. Mortgage bills are up, the cost of the weekly shop is up, taxes are up and energy prices are up, yet the Bill offers no immediate help with the cost of living.

The Prime Minister has repeatedly promised to halve inflation this year, but the Bill does nothing to deliver on that goal. Instead of using the measures available to

[Sarah Olney]

tackle rampant inflation, the Government are forcing countless shops, pubs and restaurants to pass increased costs on to their customers by slashing energy support for businesses by 85%. The price of clothes, food and a drink at the local pub will all go up because the Government are cutting support. Recent statistics emphasise the direct impact that increased costs for businesses have in fuelling inflation.

Last month, the rate jumped up to 10.4%, driven largely by the cost of food and alcohol in hospitality venues, but that jump was not mirrored globally. Inflation eased to 6% in the United States and to 8.5% in the eurozone, so why is the UK suffering from persistently higher rates of inflation than other large economies? The Government would like to pin the blame solely on external factors, but they are actively choosing not to tackle rising prices by supporting businesses with their energy costs. If the Government wish to be congratulated when inflation falls, they must also take responsibility when it rises.

The impact of the Government's failure to tackle inflation is not only felt through increased prices in the shops. Earlier this month, the Bank of England raised interest rates for the 10th consecutive time, causing further misery for millions of mortgage holders who face soaring monthly payments. In my constituency alone, 15,000 mortgage holders are now vulnerable to soaring costs because of the Conservative chaos.

The Government could be doing so much more to support families with the immediate pressures of the cost of living. The Minister claims the Government are extending support with energy bills, but that is simply not true. People will pay more for their energy this year than they did last year, not less, even though gas prices are falling. In three months' time, there will be no extra help in place whatsoever—the £400 discount is also gone. Fuel poverty will get worse, not better.

The Liberal Democrats would cut energy bills by £500, taking them back to the level they were at last April. The Government even had unspent funds available to do that, but they simply chose not to. The Liberal Democrats would also introduce targeted support for the most vulnerable households by doubling the warm home discount and the winter fuel allowance, as well as setting up an emergency home insulation programme to bring energy bills down in the long term. To fund additional support, we would implement a proper windfall tax on the super-profits of the oil and gas giants by raising the rate and abolishing the fossil fuel investment loophole—fair taxation that would redistribute windfall profits to directly benefit households.

Not only have the Government failed to get a grip of the cost of living crisis; they are hitting hard-working families with unfair tax rises, penalising people for every extra pound they earn at a time when wages are already declining in value. Meanwhile, households have seen no benefit from the increased taxes they pay. Schools and hospitals are stretched to breaking point, with no room left in their budgets to cover essential running costs, let alone to fund vital repairs to crumbling infrastructure. The Bill completely ignores our crumbling public services, condemning them to further decline.

The Chancellor has spoken of re-engaging economically inactive people in the labour market, but the Government have no plans to fix NHS backlogs and social care staff shortages, which is essential to reduce the nearly 2.5 million workers out of work due to ill health. They cannot fix workforce problems with people with ill health if they do not fix the NHS and social care. The Government just do not seem to get that.

Above all, the Bill fails yet again to implement measures that would deliver strong, sustainable and fair growth for the UK economy. Business investment in the UK is the lowest in the G7. We urgently need to boost private sector investment in our businesses to get on the path to sustained growth. The Conservatives' policy on that has failed badly. The lack of industrial strategy and their constant flip-flopping on tax and investment rules have not achieved the growth they promised us.

The business community has been vocal about the damage caused by the Government's decision to scrap research and development tax credits for SMEs in the autumn statement. I was therefore disappointed by the lack of movement in that area in the Bill. I urge Treasury Ministers to reconsider their policy and to reinstate the R&D tax credits for SMEs in full. Such incentives are vital to enable small businesses to fully explore the opportunities opening up, particularly in the digital sphere, artificial intelligence and robots, and to ensure that the UK can continue to be a powerhouse of technical innovation.

The Government should also explore other tax incentives proven to boost productivity, such as tax breaks for training, digital investment and upgrades to energy efficiency. Instead, we have another temporary measure that fails to give businesses the confidence to make investment plans for the future.

Despite its 450 pages, the Bill offers nothing to support households or businesses with immediate cost of living pressures. Families are looking to the Government for support, but they are met with unfair tax hikes and crumbling public services, all the while being left to suffer the effects of rampant inflation, soaring interest rates and declining wages. The Liberal Democrats are calling for more support with energy bills, both for households to deal with the cost of living and for businesses to help curb inflation. We are calling for a proper plan for fair and sustainable economic growth, and urgent action to clear NHS backlogs and to ensure that those suffering from ill health are able to access the care that they need to return to the workforce. The Bill fails to address those points, and the Liberal Democrats will vote against it.

5.32 pm

Ruth Cadbury (Brentford and Isleworth) (Lab): It is an honour to follow my constituency neighbour, the hon. Member for Richmond Park (Sarah Olney). However, I do not support her party's amendment.

I rise to speak about the Finance Bill by saying:

"there's no stability, no certainty and no sense of a wider plan".

That is not a comment on the revolving door of Chancellors that we have seen over the past year. They are the words of Paul Johnson of the Institute of Fiscal Studies on the Government's latest changes to the tax regime in the Budget. He is right, and his words could be applied to the entire Finance Bill and this Government's entire Budget. The Budget that preceded the Bill was the chance to unlock Britain's promise and potential, but it failed. Therefore, I speak in support of the amendment in the name of the Leader of the Opposition. There is a

lot I could say, but I want to focus on two things: the failure to ensure that we have a tax system that works, and the impact that is having on public services and my constituents.

The business rates system is outdated and antiquated—the Government themselves have said that. Whether I talk to businesses on Chiswick High Road or in the heart of Brentford, they say that the business rates system is clobbering them, especially small, family-owned businesses that are fighting to survive. Those businesses, in addition, face rising loan costs—a Tory tax on their loans because they decided to shoot a torpedo into our economy. The economy was already struggling after 13 years of low growth and failure. We have all seen how those 13 years of failure have impacted on our public services. In our constituencies, youth centres have been closed, police numbers have been cut, and health, education and care services have been cut to the bone. We feel these cuts every day. They rip the heart out of so many communities and are the reason that we live in a country where nothing seems to work. Ambulances do not arrive, the police do not turn up, the potholes get bigger and new homes do not get built.

The 13 years of Conservative misrule have had a devasting impact on households across Hounslow, Isleworth, Brentford and Chiswick, yet the Budget and the Bill show where the Government's real priorities lie: with the richest 1%. They were the only people to get a permanent tax cut in the Budget, through the changes to the lifetime pensions allowance. Labour called for a targeted measure, specifically to help NHS doctors, but the Government brought forward a blanket exemption for all high earners. To quote Alexander Pope,

"Who breaks a butterfly upon a wheel?"

That tax change brought a steamroller to our pensions system, when a far simpler and more targeted solution would have been the answer.

While the Government brought forward that tax break for the richest in society, the reality for families across my constituency is that living standards over the past two years have fallen by the largest levels since records began. Every week I hear from families living in small, cramped, temporary accommodation, parents working two or three jobs to keep a roof over their heads, and families worried about how they will pay the next gas bill, next month's rent or mortgage payment, or how they will fix the washing machine. On top of that, the tax burden on families across west London continues to rise, with 3 million taxpayers caught up in the Government's stealth tax rises.

Businesses and families in my constituency desperately want, and need, a Government who are on their side. My right hon. Friend the Member for Leeds West (Rachel Reeves) has set out how a Labour Government would be different: a comprehensive review of business rates, a proper windfall tax on oil and gas giants, a real industrial strategy that incentivises business investment, and a plan that would support our economy and give businesses and families the security they need. Heaven knows, after 13 years of Conservative rule, it is time for a change.

5.36 pm

Mick Whitley (Birkenhead) (Lab): I rise to speak in support of the reasoned amendment tabled in the name of the Leader of the Opposition, my right hon. and learned Friend the Member for Holborn and St Pancras (Keir Starmer), and the shadow First Secretary of State, my right hon. Friend the Member for Ashton-under-Lyne (Angela Rayner).

The amendment rightly raises the question of priorities. When the Prime Minister outlined his so-called five missions to the country early in the new year, he promised the British people that

"your priorities are our priorities".

But the Bill put to the House today, just like the Budget from which it derives, is the work of a Government who seem to be fundamentally adrift from the needs and priorities of the British people.

Indeed, looking at the measures that have been outlined today, people could be forgiven for thinking that this country was not in the midst of the worst cost of living crisis in a lifetime, that the price of basic foodstuffs was not rising at the highest rate since the late 1970s, and that the dilemma of whether to heat a home or eat was still the preserve of a few households in crisis, not a choice that is now depressingly familiar to hundreds of thousands of families across the country.

My constituents desperately needed the Chancellor to step up with a plan for progressive tax reform that would boost their disposable incomes, secure their standards of living and guarantee additional investment in our ailing public services, by asking the wealthiest few to pay their fair share. They needed action to tackle the soaring costs of food and rent, including price controls if necessary, and to close at long last the glaring loopholes in the Government's oil and gas windfall tax scheme, so that we can begin to move towards creating an energy system that serves the public need, not the greed of private shareholders.

They wanted Ministers to take inspiration from President Biden's Inflation Reduction Act, to recognise the importance of public finance policy in acting as a catalyst for green growth, and to begin to make up for what the Climate Change Committee has described as a "lost decade" on climate action, presided over by successive Conservative Governments. But from what we have seen today, it is clear that the Chancellor is not listening.

On the most recent reforms to the tax regime for businesses, Paul Johnson of the Institute for Fiscal Studies has rightly said:

"There's no stability, no certainty, and no sense of a wider plan."

He could well have been speaking for this Government as a whole. This is a Government who do not have a plan, a vision for the future of our country or the appetite to make the meaningful changes that the British people want to see. After 13 long years in power, it is time they stepped aside for a party that does.

5.39 pm

Grahame Morris (Easington) (Lab): Thank you for the chance to speak in this debate, Madam Deputy Speaker. I was quite taken by the Financial Secretary's remarks setting out the three pillars of tax: making it fairer, making it simpler and encouraging growth. I want to focus on the failure of the Budget, and of this Bill, to address the flaws in the Government's policy on levelling up that affect my constituency, because Easington has suffered and continues to suffer as a result of Government policy.

[Grahame Morris]

I am delighted that the Exchequer Secretary is on the Treasury Bench, because I want to touch on some barbed comments that he made to me and to my good friend, my hon. Friend the Member for Eltham (Clive Efford), in relation to allegations about wealth taxes, in a debate on the Budget. However, the main point that I am trying to make is about the failure of the levelling-up fund and of the Government to identify the resources needed to meet their primary objective of investing in and regenerating the poorest communities and most fragile economies in order to close the economic equality gap in the UK.

I also want to make a suggestion to Opposition Front Benchers: to develop a White Paper on investment and regeneration as part of our Budget strategy to be ready for the first days when we take office, as the Conservative party has been absolutely disastrous on supporting the poorest communities. In a previous speech, I highlighted some alternatives that the Government and my party might want to consider.

The Budget and the Finance Bill are all about political choices over tax. I am a great advocate, having looked into the matter in some detail, of a proportional property tax to replace council tax. It would be a tax cut for more than 75% of households—actually, in my constituency it would be for 100%—which would benefit from an average annual tax saving of £900. Regional economies would effectively receive a £6.5 billion economic stimulus annually, so that levelling up, rather than being a Government investment scheme, would be a feature of the tax system each and every year. It would streamline tax collection and make it more efficient, saving local authorities £400 million a year and meeting the Government's stated aim of simplification.

In the little time I have, I want to mention the impact on Horden in my constituency. My constituents in the village of Horden were very much involved in the partnership developing the levelling-up bid. Horden is one of the poorest communities not just in east Durham or County Durham, but probably in the whole country. A great deal of time and effort went into developing the bid.

Many of the problems that Horden and my constituency face have been fashioned by Government policy. Does anyone remember the introduction of the bedroom tax? It had significant consequences for my community that we are still living through today. Accent Housing, a social landlord, cancelled a multimillion-pound decent home investment scheme in Horden, citing the collapse in demand caused by the introduction of the bedroom tax: many of its tenants were renting two-bedroom properties and were single people. The consequence was that Accent sold on the properties in a fire sale, so we have a plethora of private landlords.

Sometimes making the wrong policy decisions, particularly on tax, is worse than doing nothing. To my mind, and in the experience of many of us, the Government gimmick of making levelling up a funding competition wastes time, money and resources that could be better spent in the community. There is no way to calculate the cost and time that have been lost on consulting on and raising expectations for the failed bids, but I want to point out to the Exchequer Secretary that all five bids from County Durham were rejected. These are resources that we can ill afford to lose after 13 years of austerity, and cuts of more than a quarter of a billion pounds in Durham's budget. My constituents are lobbying and protesting at County Hall—and, I should add, the council is now a Conservative-led coalition.

Things are very difficult, and my constituents, like me and like many other people across the country, have lost what little hope, faith and trust they may have had that a Conservative Government and Conservative policies could work in their interest, or indeed the national interest. As we have seen through their recent leaders, the Government are often more preoccupied with their own self-interest and short-term agendas. I am pleased to say that Labour is a Government in waiting, and only a general election away from restoring competent government.

I am seeking a commitment in relation to investment and regeneration. I do not want any gimmicks or games. Labour has set out our mission for government, which will guide policy and everything we do, and I therefore ask that we do not create games and competition on something as important as investment in our communities. Resources should be allocated to those in the greatest need, and I hope that the shadow Minister can confirm that instead of chaotic competition, Labour will produce a clear, targeted commitment with the purpose of closing the economic gaps and disparities and strengthening regional economies. I look forward to campaigning on such a manifesto.

Let me end by once again thanking my constituents from Hordern who are protesting and lobbying at County Hall and making their voices heard. I say to them that what this Government have done to our community is not fair or right, but together we will win, we will secure investment, and we will secure a Government who care and who represent the people.

Madam Deputy Speaker (Dame Rosie Winterton): I call the shadow Minister.

5.46 pm

Abena Oppong-Asare (Erith and Thamesmead) (Lab): Let me begin by paying tribute to Betty Boothroyd, who was a great female trailblazer. We should do all that we can to remember her as an inspiration to all of us in this place.

I am grateful for the opportunity to close this debate on behalf of the Opposition. The Budget was a chance for the Government to unlock Britain's promise and potential, but instead they decided to continue papering over the cracks of 13 years of economic failure. As my hon. Friends have illustrated so powerfully and persuasively today, the Government's economic record is appalling, and the Finance Bill does nothing to fix that.

I am particularly grateful to my right hon. Friend the Member for East Ham (Sir Stephen Timms) and my hon. Friend the Member for West Lancashire (Ashley Dalton), who expressed concern about the baffling tax cut for the wealthiest 1%. My right hon. Friend the Member for East Ham said that the Chancellor had chosen the wrong thing to prioritise, and I could not have put it better myself. However, it is not just Labour Members who think that. As my hon. Friend the Member for West Lancashire pointed out, Sir Steve Webb, the former Pensions Minister and a partner in Lane Clark & Peacock, has raised concerns as well. My right hon. Friend the Member for East Ham also expressed concern

about the abolition of the Office of Tax Simplification, which was announced in the disastrous mini-Budget. I should be grateful if the Minister could explain to him the justification for that decision.

My hon. Friends the Members for Newcastle upon Tyne North (Catherine McKinnell) and for Mitcham and Morden (Siobhain McDonagh) talked about the Government's childcare proposals. They represent a welcome ambition, but all of us on this side of the House know that the devil is in the detail. Parents will be waiting until September 2025 to see the real benefits when it is fully implemented.

The right hon. Member for Witham (Priti Patel) said that the Bill could have gone further on the economy. My hon. Friend the Members for Brentford and Isleworth (Ruth Cadbury) and for Birkenhead (Mick Whitley) spoke about the impact of the current business rates system and the cost of living crisis on their constituents, a problem with which we are all too familiar in our constituencies. My hon. Friend the Member for Easington (Grahame Morris) raised his concerns about the Government's failure to invest the levelling-up fund fairly.

The headline offering in the Budget was a blanket change in tax-free pension allowances, which benefits only those with the biggest pension pots and will cost about £1 billion a year. The Government claim that it will fix the NHS crisis, but let us be clear: this is not a targeted scheme to address pension issues affecting NHS doctors. It is a tax cut for the well off—a permanent tax cut for the richest 1% of earners that might even see workers retiring earlier, not later.

As several hon. Members have already mentioned, a former Pensions Minister has said that these changes could backfire and enable some people to retire sooner than expected. The Government could have designed a targeted scheme at a fraction of the cost, but they chose not to. As my hon. Friend the Member for Ealing North (James Murray) set out, that would have ensured value for money for the taxpayer. Perhaps the Minister can provide an explanation today for this blanket giveaway. Let us not forget that the only reason the Government have introduced a policy like this is to fix their own mess—the mess that 13 years of Tory failure has wreaked upon our national health service. Labour will continue to oppose these measures.

Let me turn to the wider economic climate facing people up and down the country. Under the Tories, growth has plummeted, leaving working people's living standards squeezed. Since 2010, the UK has grown more slowly than its peers. Out of the 38 countries in the OECD, our average growth of 1.4% is ranked 29th, behind countries such as Mexico, Germany and the USA. UK productivity grew by just 0.4% on average between 2010 and 2019, the second slowest in the G7 after Italy, and wages are lower in real terms now than in 2010.

Labour understands the scale of this challenge and is ready to fix the failings of this Tory Government. I think that Conservative Members recognise this, given the number of policies they appear to have taken from us, including the extension of the energy price cap, addressing the scandalous treatment of those on prepayment meters, cancelling the planned fuel duty increase, introducing investment allowances to reward firms for investing, and a narrative on getting people back into work. These are all areas where Labour is leading the way and generating ideas to grow our economy.

With our mission to secure the highest sustained growth in the G7, we will create good jobs and productivity growth across every part of the country. Our plan is to replace business rates to support our high streets; to implement a modern industrial strategy to help businesses succeed; to introduce start-up reforms to make Britain the best place to grow a business; and to fix the holes in the Brexit deal so that we can export more. That will be complemented by our green prosperity plan, which will create jobs across the country. We will deliver greater self-sufficiency in renewable energy by doubling onshore wind, trebling solar and quadrupling offshore wind, thus reducing people's energy bills and guaranteeing our energy security. We will create half a million jobs in renewable energy, and an additional half a million by insulating 19 million homes over 10 years—*[Interruption.]* Members may laugh, but this is more ambitious than what this Conservative Government have been delivering for 13 years.

We will make Britain a world leader in the industries of the future and ensure that people have the skills to benefit from those opportunities. As my hon. Friend the Member for Ealing North said, the world economy is changing and Britain is not grasping the opportunities to get ahead of the game. We see developments across the US and Europe that highlight the scale of the opportunity, and we see just how much Britain might miss out if we do not grasp the nettle. I know that this issue is serious, having met businesses up and down the country, including this morning. We should be at the forefront of the race to net zero, and there are individuals and innovative businesses across the UK who are working hard to play their part, but their question is: when will the Government back them and give them the tools they need to succeed? Labour's economic plan would do just that and put the UK at the head of the pack.

So—low growth, stagnant wages and no plan for growth. That is what the UK is facing with this Government, and for precisely that reason, as our amendment today sets out, we will decline to give this Finance Bill a Second Reading. It is time for a Labour Government: a Labour Government who would get us on the path to growth; a Labour Government who would enable the United Kingdom to reach its full potential; a Labour Government who would support people and businesses to thrive and succeed.

5.54 pm

The Exchequer Secretary to the Treasury (James Cartlidge): I join the hon. Member for Erith and Thamesmead (Abena Oppong-Asare) in paying tribute to Betty Boothroyd on the day of her funeral. I thank all colleagues who paid tribute to our great female Speaker, including in a fascinating anecdote from the hon. Member for Mitcham and Morden (Siobhain McDonagh).

It is a pleasure to respond to the many contributions from hon. and right hon. Members. I start with the Labour Front Benchers and the hon. Member for Richmond Park (Sarah Olney), who speaks for the Liberal Democrats. As at Treasury orals, they once again used the word "loophole" to describe our investment allowance for North sea oil and gas, which is an extraordinary thing to say. When we debated the autumn statement, the shadow Economic Secretary to the Treasury, the hon. Member for Hampstead and Kilburn (Tulip Siddiq), said that

"we need more oil and gas".—[*Official Report*, 22 November 2022; Vol. 723, c. 180.]

[James Cartlidge]

That was what she said, but it is clear from Labour's policy that it does not want that oil and gas to come from the United Kingdom. What an extraordinary position.

If we have learned anything from what has happened since Russia's invasion of Ukraine, it is surely that we have to maximise our domestic energy production. The windfall tax is raising significant funding so that we can pay for all the energy support our constituents are getting, but we are balancing that with an allowance so that we continue to maximise investment in our energy security.

The hon. Member for Ealing North (James Murray) lamented the fact that the Bill does not cover business rates. Well, I have news for him: Finance Bills never cover business rates, which are local taxes. If he were to pick up the Order Paper, he would see that, before this debate, my right hon. Friend the Secretary of State for Levelling Up, Housing and Communities introduced the Non-Domestic Rating Bill.

The hon. Gentleman, along with many of his colleagues, including the Chairman of the Work and Pensions Committee, the right hon. Member for East Ham (Sir Stephen Timms), and the hon. Members for Brentford and Isleworth (Ruth Cadbury) and for West Lancashire (Ashley Dalton), continued the narrative that our abolition of the lifetime allowance is somehow a tax cut for the rich. They talk of the beneficiaries as if they were oligarchs, but we do not see it like that. These people have worked hard all their working life, doing the right thing and paying into a pension.

My hon. Friend the Member for Amber Valley (Nigel Mills), in an excellent speech, like my hon. Friend the Member for South Thanet (Craig Mackinlay), made an important point about the complexities and issues that would arise if we tried to have a scheme purely for one profession. I said last Thursday that we would have to consult on such a scheme, and then we would have to respond to the consultation. All those things would take months, but our tax cut will come in on 6 April because we need these doctors on our wards now, and we do not want them to retire early. We are backing all our professions because we want to get Britain growing again.

Catherine McKinnell: It is interesting that the hon. Gentleman speaks with such passion about moving fast to help these very high earners. Could he explain why the Government are incapable of moving any faster than a snail's pace on providing childcare for some of the lowest earners in the country?

James Cartlidge: The hon. Lady knows why we need a staggered implementation, and I will return to that point.

At the beginning of his speech, the right hon. Member for Dundee East (Stewart Hosie) referred to our progress, or lack of progress as he sees it, on reducing debt, before setting out a load of spending requests and demands for more support. He wants more energy support and more support with the cost of living. He does not want alcohol duty to be uprated by RPI, and I understand why he makes that point, but it scores £5 billion. He cannot have it both ways.

Once again, the right hon. Gentleman spoke about our relative performance following Brexit. By definition, and we can have this debate, our growth compared with other nations must always be an estimate. This is not "Sliding Doors"—my hon. Friend the Member for South Thanet mentioned that film—and there is no parallel universe, but there is one area on which we can speak definitively, and that is the saving accrued by not paying our membership fee. I can confirm to the House that, net of the divorce settlement, £14.6 billion has been made available in the current spending review by not having to pay the membership fee. That is an absolute gain from Brexit that the Opposition would not have enjoyed.

My hon. Friends the Members for South Dorset (Richard Drax) and for South Thanet and my constituency near neighbour the former Home Secretary, my right hon. Friend the Member for Witham (Priti Patel), all spoke about corporation tax, and my right hon. Friend made the brilliant Conservative point that the Government do not create jobs—she also spoke very well about eastern region entrepreneurialism, which I obviously support her on.

On the corporation tax issue, I would make this key point: we legislated for the increase in 2021 when we were still in the pandemic, and one only has to look at the graph for borrowing that followed the pandemic, showing the most extraordinary surge, to realise that it is impossible to have such a surge in borrowing without fiscal consequences. So we had to take difficult decisions. Like my right hon. Friend, I ran a small business and I did not enjoy paying corporation tax. As Conservatives we do not want to put up taxes, but we also have a duty to run the public finances in a sound and stable fashion, so we have taken difficult decisions, but they have given us the platform to cut corporation tax in this Budget and Finance Bill for businesses that invest.

The right hon. Member for Dundee East asked about tidal stream energy. We recognise the opportunity of that, which is why we are allocating a ringfenced budget for the technology in allocation round 5. The hon. Member for Richmond Park complained about our performance on inflation relative to the EU; there are 12 countries in the EU with higher inflation than us.

My right hon. Friend the Member for Witham and my hon. Friends the Members for South Dorset and for South Thanet, and I think also my hon. Friend the Member for North East Bedfordshire (Richard Fuller), raised a point about pillar 2 and sovereignty, and I totally respect the points and arguments they make. I reassure them that pillar 2 is implemented through domestic legislation in each implementing nation, rather than as an international treaty. The UK has a primary right to impose any top-up tax due on UK-headquartered groups or on foreign groups' UK operations. If the UK does not exercise that right, the same top-up tax can be imposed by other countries, and businesses would therefore incur the same level of top-up tax but the tax would be paid to that nation, not to the UK.

I said I would respond to the hon. Member for Newcastle upon Tyne North (Catherine McKinnell) on childcare. As she knows, we are increasing support for those on low incomes. We are increasing support for those on universal credit, not least by paying it up front. We will be phasing in the childcare support—from April 2024 working parents of two-year-olds can access 15 hours per week. From September 2024 all working parents of children aged between nine months and three years can access 15 hours per week. *[Interruption.]*

There seems to be a cold going round or something, as there is a lot of coughing, so I will conclude by referring to the point of the right hon. Member for East Antrim (Sammy Wilson). He is not in his place but he asked an important question, especially in light of our announcement in relation to the Windsor framework. I can confirm that the Government have today published secondary legislation that will extend full VAT relief for energy-saving materials to Northern Ireland. The Windsor framework now enables the relief to be expanded to Northern Ireland, with a single UK-wide relief set to take effect from 1 May 2023. The relief supports households across the UK to improve their energy efficiency. I hope the hon. Member for Strangford (Jim Shannon), who is always present, will relay that back to the right hon. Gentleman.

To conclude, the Prime Minister has three economic targets. We want to halve inflation; this year we are forecast to more than halve it, but we know times remain challenging for households. We want to get debt down; that is why we are running public finances in a prudent fashion. Above all, we want to get the economy growing; that is why I commend this Finance Bill to the House.

Question put, That the amendment be made.

The House divided: Ayes 211, Noes 289.

Division No. 208] [6.3 pm

AYES

Abbott, rh Ms Diane *(Proxy vote cast by Bell Ribeiro-Addy)*
Abrahams, Debbie
Ali, Rushanara
Ali, Tahir
Amesbury, Mike
Antoniazzi, Tonia
Ashworth, rh Jonathan
Bardell, Hannah
Beckett, rh Margaret
Begum, Apsana
Benn, rh Hilary
Blackman, Kirsty
Blake, Olivia
Blomfield, Paul
Bonnar, Steven
Bradshaw, rh Mr Ben
Brock, Deidre
Brown, Alan
Brown, Ms Lyn
Brown, rh Mr Nicholas
Burgon, Richard
Butler, Dawn
Byrne, Ian
Byrne, rh Liam
Cadbury, Ruth
Callaghan, Amy *(Proxy vote cast by Brendan O'Hara)*
Cameron, Dr Lisa
Campbell, rh Sir Alan
Carden, Dan
Chapman, Douglas
Charalambous, Bambos
Cherry, Joanna
Cowan, Ronnie
Coyle, Neil
Crawley, Angela
Creasy, Stella
Cruddas, Jon
Cummins, Judith
Cunningham, Alex
Daby, Janet
Dalton, Ashley
David, Wayne
Davies, Geraint
Day, Martyn
De Cordova, Marsha
Debbonaire, Thangam
Dhesi, Mr Tanmanjeet Singh
Dixon, Samantha
Docherty-Hughes, Martin
Dodds, Anneliese
Doogan, Dave
Dorans, Allan *(Proxy vote cast by Brendan O'Hara)*
Doughty, Stephen
Dowd, Peter
Duffield, Rosie
Eagle, Dame Angela
Eagle, rh Maria
Eastwood, Colum
Edwards, Jonathan
Efford, Clive
Elliott, Julie
Elmore, Chris
Eshalomi, Florence
Esterson, Bill
Evans, Chris
Flynn, Stephen
Foxcroft, Vicky
Foy, Mary Kelly
Furniss, Gill
Gibson, Patricia
Gill, Preet Kaur
Glindon, Mary
Grady, Patrick
Grant, Peter
Greenwood, Lilian
Greenwood, Margaret
Griffith, Dame Nia
Gwynne, Andrew
Haigh, Louise
Hamilton, Mrs Paulette
Hardy, Emma
Harris, Carolyn
Hayes, Helen
Healey, rh John
Hendry, Drew
Hillier, Dame Meg
Hodge, rh Dame Margaret
Hodgson, Mrs Sharon
Hollern, Kate
Hopkins, Rachel
Hosie, rh Stewart
Howarth, rh Sir George
Huq, Dr Rupa
Hussain, Imran
Jarvis, Dan
Jones, Darren
Jones, Gerald
Jones, Ruth
Jones, Sarah
Kane, Mike
Keeley, Barbara
Khan, Afzal
Kinnock, Stephen
Kyle, Peter
Lake, Ben
Lammy, rh Mr David
Lavery, Ian
Law, Chris
Leadbeater, Kim
Lightwood, Simon
Linden, David
Lloyd, Tony *(Proxy vote cast by Chris Elmore)*
Long Bailey, Rebecca
Lucas, Caroline
Lynch, Holly
MacAskill, Kenny
MacNeil, Angus Brendan
Madders, Justin
Mahmood, Shabana
Malhotra, Seema
Maskell, Rachael
Mc Nally, John
McCabe, Steve
McCarthy, Kerry
McDonagh, Siobhain
McDonald, Andy
McDonald, Stewart Malcolm
McDonald, Stuart C.
McDonnell, rh John
McFadden, rh Mr Pat
McGovern, Alison
McKinnell, Catherine
McLaughlin, Anne *(Proxy vote cast by Brendan O'Hara)*
McMahon, Jim
Mearns, Ian
Miliband, rh Edward
Mishra, Navendu
Monaghan, Carol
Morden, Jessica
Morgan, Stephen
Morris, Grahame
Murray, Ian
Murray, James
Newlands, Gavin
Nichols, Charlotte
Nicolson, John *(Proxy vote cast by Brendan O'Hara)*
Norris, Alex
O'Hara, Brendan
Onwurah, Chi
Oppong-Asare, Abena
Osamor, Kate
Osborne, Kate
Oswald, Kirsten
Owatemi, Taiwo
Owen, Sarah
Pennycook, Matthew
Perkins, Mr Toby
Pollard, Luke
Powell, Lucy
Qaisar, Ms Anum
Qureshi, Yasmin
Rayner, rh Angela
Reed, Steve
Rees, Christina
Reynolds, Jonathan
Ribeiro-Addy, Bell
Rimmer, Ms Marie
Rodda, Matt
Russell-Moyle, Lloyd
Saville Roberts, rh Liz
Shah, Naz
Sharma, Mr Virendra
Sheppard, Tommy
Siddiq, Tulip
Slaughter, Andy
Smith, Alyn
Smith, Cat
Smith, Jeff
Smith, Nick
Smyth, Karin
Sobel, Alex
Stephens, Chris
Stevens, Jo
Sultana, Zarah
Tami, rh Mark
Tarry, Sam
Thewliss, Alison
Thomas, Gareth
Thomas-Symonds, rh Nick
Thompson, Owen
Thomson, Richard
Thornberry, rh Emily
Timms, rh Sir Stephen
Trickett, Jon
Turner, Karl
Vaz, rh Valerie
Wakeford, Christian
West, Catherine
Western, Andrew
Western, Matt
Whitehead, Dr Alan
Whitford, Dr Philippa
Whitley, Mick
Whittome, Nadia
Williams, Hywel
Wishart, Pete
Yasin, Mohammad
Zeichner, Daniel

Tellers for the Ayes:
Liz Twist and Colleen Fletcher

NOES

Adams, rh Nigel
Afriyie, Adam
Aiken, Nickie
Anderson, Lee
Anderson, Stuart
Andrew, rh Stuart
Ansell, Caroline
Argar, rh Edward
Atherton, Sarah
Atkins, Victoria
Bacon, Gareth
Bacon, Mr Richard
Bailey, Shaun
Baillie, Siobhan
Baldwin, Harriett
Barclay, rh Steve
Baynes, Simon
Bell, Aaron
Benton, Scott
Beresford, Sir Paul
Berry, rh Sir Jake
Bhatti, Saqib
Blackman, Bob
Blunt, Crispin
Bone, Mr Peter
Bottomley, Sir Peter
Bowie, Andrew
Bradley, Ben
Brady, Sir Graham
Brereton, Jack
Bridgen, Andrew
Brine, Steve
Bristow, Paul
Britcliffe, Sara
Browne, Anthony
Bruce, Fiona
Buchan, Felicity
Buckland, rh Sir Robert
Burghart, Alex
Burns, rh Conor
Butler, Rob
Cairns, rh Alun
Carter, Andy
Cartlidge, James
Cash, Sir William
Cates, Miriam
Caulfield, Maria
Chalk, Alex
Chishti, Rehman
Chope, Sir Christopher
Churchill, Jo
Clark, rh Greg
Clarke, rh Mr Simon
Clarke, Theo *(Proxy vote cast by Mr Marcus Jones)*
Clarke-Smith, Brendan
Clarkson, Chris
Clifton-Brown, Sir Geoffrey
Coffey, rh Dr Thérèse
Colburn, Elliot
Collins, Damian
Costa, Alberto
Coutinho, Claire
Crabb, rh Stephen
Crosbie, Virginia
Crouch, Tracey
Daly, James
Davies, rh David T. C.
Davies, Gareth
Davies, Dr James
Davies, Mims
Davis, rh Mr David
Davison, Dehenna
Dinenage, Dame Caroline
Dines, Miss Sarah
Djanogly, Mr Jonathan
Docherty, Leo
Donaldson, rh Sir Jeffrey M.
Donelan, rh Michelle
Dorries, rh Ms Nadine
Double, Steve
Doyle-Price, Jackie
Drax, Richard
Drummond, Mrs Flick
Duddridge, Sir James
Duguid, David
Eastwood, Mark
Edwards, Ruth
Ellis, rh Michael
Elphicke, Mrs Natalie
Eustice, rh George
Evans, Dr Luke
Evennett, rh Sir David
Everitt, Ben
Fabricant, Michael
Farris, Laura
Firth, Anna
Fletcher, Katherine
Fletcher, Nick
Ford, rh Vicky
Foster, Kevin
Fox, rh Dr Liam
Frazer, rh Lucy
Freer, Mike
French, Mr Louie
Fuller, Richard
Fysh, Mr Marcus
Garnier, Mark
Ghani, Ms Nusrat
Gibb, rh Nick
Gibson, Peter
Gideon, Jo
Goodwill, rh Sir Robert
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen
Grayling, rh Chris *(Proxy vote cast by Mr Marcus Jones)*
Green, Chris
Green, rh Damian
Griffith, Andrew
Grundy, James
Gullis, Jonathan
Hall, Luke
Hammond, Stephen
Hands, rh Greg
Harris, Rebecca
Harrison, Trudy
Hart, Sally-Ann
Hart, rh Simon
Hayes, rh Sir John
Heald, rh Sir Oliver
Heappey, rh James
Heaton-Harris, rh Chris
Henderson, Gordon
Henry, Darren
Higginbotham, Antony
Hinds, rh Damian
Hoare, Simon
Holden, Mr Richard
Hollinrake, Kevin
Hollobone, Mr Philip
Howell, John
Howell, Paul
Huddleston, Nigel
Hudson, Dr Neil
Hughes, Eddie
Hunt, Jane
Hunt, Tom
Jack, rh Mr Alister
Jenkin, Sir Bernard
Jenkinson, Mark
Jenrick, rh Robert
Johnson, Dr Caroline
Johnston, David
Jones, Andrew
Jones, rh Mr David
Jones, Fay
Jones, rh Mr Marcus
Jupp, Simon
Kawczynski, Daniel
Kearns, Alicia
Knight, rh Sir Greg
Knight, Julian *(Proxy vote cast by Craig Mackinlay)*
Kniveton, Kate
Kruger, Danny
Lamont, John
Largan, Robert
Leadsom, rh Dame Andrea
Leigh, rh Sir Edward
Levy, Ian
Lewer, Andrew
Lewis, rh Brandon
Loder, Chris
Logan, Mark *(Proxy vote cast by Mr Marcus Jones)*
Longhi, Marco
Lopez, Julia
Lopresti, Jack
Lord, Mr Jonathan
Mackinlay, Craig
Mackrory, Cherilyn
Maclean, Rachel
Malthouse, rh Kit
Mangnall, Anthony
Mann, Scott
Mayhew, Jerome
Maynard, Paul
McCartney, Karl
Menzies, Mark
Merriman, Huw
Metcalfe, Stephen
Millar, Robin
Miller, rh Dame Maria
Milling, rh Amanda
Mills, Nigel
Mohindra, Mr Gagan
Moore, Damien
Moore, Robbie
Mordaunt, rh Penny
Morris, Anne Marie
Morris, David
Morris, James
Morrissey, Joy
Mortimer, Jill
Morton, rh Wendy
Mullan, Dr Kieran
Mumby-Croft, Holly
Mundell, rh David
Murray, Mrs Sheryll
Murrison, rh Dr Andrew
Neill, Sir Robert
Norman, rh Jesse
O'Brien, Neil
Opperman, Guy
Patel, rh Priti
Penning, rh Sir Mike
Penrose, John
Philp, rh Chris
Poulter, Dr Dan
Pow, Rebecca
Prentis, rh Victoria
Pritchard, rh Mark
Pursglove, Tom
Quin, rh Jeremy
Quince, Will
Randall, Tom
Rees-Mogg, rh Mr Jacob
Richards, Nicola
Richardson, Angela
Roberts, Rob
Robertson, Mr Laurence
Rowley, Lee
Russell, Dean
Sambrook, Gary
Saxby, Selaine
Scully, Paul
Seely, Bob
Selous, Andrew
Shannon, Jim
Shapps, rh Grant
Sharma, rh Sir Alok
Shelbrooke, rh Alec
Simmonds, David
Skidmore, rh Chris
Smith, rh Chloe
Smith, Greg
Smith, Henry
Smith, Royston
Solloway, Amanda
Spencer, Dr Ben
Spencer, rh Mark
Stafford, Alexander
Stephenson, rh Andrew
Stevenson, Jane
Stevenson, John
Stewart, rh Bob
Stewart, Iain
Stride, rh Mel
Stuart, rh Graham
Sturdy, Julian
Sunderland, James
Swayne, rh Sir Desmond
Syms, Sir Robert
Thomas, Derek
Throup, Maggie
Timpson, Edward
Tolhurst, rh Kelly
Tomlinson, Justin
Tomlinson, Michael
Tracey, Craig
Trott, Laura
Tugendhat, rh Tom
Vara, rh Shailesh
Vickers, Martin
Vickers, Matt
Villiers, rh Theresa
Walker, Sir Charles
Wallis, Dr Jamie
Warburton, David *(Proxy vote cast by Craig Mackinlay)*
Warman, Matt
Watling, Giles
Webb, Suzanne *(Proxy vote cast by Mr Marcus Jones)*

Whately, Helen
Wheeler, Mrs Heather
Whittaker, rh Craig
Whittingdale, rh Sir John
Wiggin, Sir Bill
Wild, James
Williams, Craig
Wragg, Mr William
Wright, rh Sir Jeremy
Young, Jacob

Tellers for the Noes:
Mike Wood and
Julie Marson

Question accordingly negatived.

Question put forthwith (Standing Order No. 62(2)), That the Bill be now read a Second time.

Question agreed to.

Bill accordingly read a Second time.

FINANCE (NO. 2) BILL (PROGRAMME)

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

That the following provisions shall apply to the Finance (No. 2) Bill:

Committal

1. The following shall be committed to a Committee of the whole House—

(a) Clauses 5 and 6 (corporation tax charge and rates);

(b) Clauses 7 to 9 (capital allowances);

(c) Clauses 10 to 15 and Schedule 1 (other reliefs relating to businesses);

(d) Clauses 18 to 25 (pensions);

(e) Clause 27 (power to clarify tax treatment of devolved social security benefits);

(f) Clauses 47, 48 and 50 to 60 and Schedules 7 to 9 (alcohol duty: charge, rates and reliefs);

(g) Clauses 121 to 264 and Schedules 14 to 17 (multinational top-up tax);

(h) Clauses 265 to 277 and Schedule 18 (domestic top-up tax);

(i) Clauses 278 to 312 (electricity generator levy);

(j) any new Clauses or new Schedules relating to the subject matter of the Clauses and schedules mentioned in paragraphs (a) to (i).

2. The remainder of the Bill shall be committed to a Public Bill Committee.

Proceedings in Committee of the whole House

3. Proceedings in Committee of the whole House shall be completed in two days.

4. The proceedings—

(a) shall be taken on each of those 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
First day	
Clauses 5 and 6; Clauses 7 to 9; Clause 10 and Schedule 1; Clauses 11 to 15; Clauses 121 to 125 and Schedule 14; Clauses 126 and 127 and Schedule 15; Clauses 128 to 260 and Schedule 16; Clause 261 and Schedule 17; Clauses 262 to 264; Clauses 265 to 275 and Schedule 18; Clauses 276 and 277; any new Clauses or new Schedules relating to the subject matter of those Clauses and those Schedules	six hours after the commencement of proceedings on the Bill on the first day.
Second day	
Clauses 18 to 25; any new Clauses or new Schedules relating to the subject matter of those Clauses	two hours after the commencement of proceedings on the Bill on the second day.
Clauses 278 to 312; any new Clauses or new Schedules relating to the subject matter of those Clauses	four hours after the commencement of proceedings on the Bill on the second day.
Clause 27; Clauses 47 and 48 and Schedule 7; Clause 50 and Schedule 8; Clauses 51 to 54 and Schedule 9; Clauses 55 to 60; any new Clauses or new Schedules relating to the subject matter of those Clauses and those Schedules	six hours after the commencement of proceedings on the Bill on the second day.

Proceedings in Public Bill Committee etc

5. Proceedings in the Public Bill Committee shall (so far as not previously concluded) be brought to a conclusion on Tuesday 23 May.

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

7. When the provisions of the Bill considered, respectively, by the Committee of the whole House and by the Public Bill Committee have been reported to the House, the Bill shall be proceeded with as if it had been reported as a whole to the House from the Public Bill Committee.

Proceedings on Consideration and Third Reading

8. Proceedings on Consideration shall (so far as not previously concluded) be brought to a conclusion one hour before the moment of interruption on the day on which those proceedings are commenced.

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

Programming committee

10. Standing Order No. 83B (Programming committees) shall not apply to proceedings in Committee of the whole House, to proceedings on Consideration or to proceedings on Third Reading. —*(Joy Morrisey.)*

Question agreed to.

PETITIONS

Pedestrian safety at the junction of the A4 and Jersey Road

6.18 pm

Seema Malhotra (Feltham and Heston) (Lab/Co-op): I rise on behalf of residents of Heston to present this petition calling for urgent safety improvements to the Great West Road-Jersey Road junction following the tragic death of 84-year-old Heston resident Terence Gillard. Terence Gillard was a loving husband and father. He was also a much-loved pillar of the community and a generous man who supported everyone around him. He was hit by a car while crossing the A4 junction after posting a birthday card, and suffered serious injuries. He passed away seven days later. The petition, set up by his wife Chotti and son Arjun, to whom I pay tribute, calls for more safety measures for pedestrians and has been signed by 141 residents, while 734 people have supported a similar online petition. I am grateful to the my hon. Friend the Member for Brentford and Isleworth (Ruth Cadbury) for her support.

[Seema Malhotra]

The petition states:

"The petitioners therefore request that the House of Commons urge Transport for London and Hounslow Council to review the safety of crossing at this junction to avoid further loss of life.

And the Petitioners remain, etc."

Following is the full text of the petition:

[The petition of residents of Heston,

Declares that, following a tragic accident in which a Hounslow father, Terence Gillard, lost his life, the safety of the junction at the intersection of Jersey and Great West Road must be improved, notes that this junction is unsafe for pedestrians and more safety measures must be introduced as soon as possible.

The petitioners therefore request that the House of Commons urge Transport for London and Hounslow Council to review the safety of crossing at this junction to avoid further loss of life.

And the petitioners remain, etc.]

[P002819]

Children's centres

Mrs Natalie Elphicke (Dover) (Con): I rise to present a petition submitted by my constituents in Deal and Walmer, who are concerned by the potential closure of children's services at Blossom Children's Centre in Walmer by Kent County Council. The petition, led by Heidi Taylor and Michaela Barnes, has attracted around 1,000 signatures.

Children's services and family hubs have a vital role in our community. Kent County Council has received extra funding from the Government for family hubs. Families have greatly benefited from Blossom, including post-natal and breastfeeding support, as well as its popular sensory room. The petition states:

"The petitioners therefore urge the Government to encourage Kent County Council to ensure the vital importance of Blossom Children Centre is recognised and the provision of Children's services in Deal and Walmer continues to be fully supported.

And the petitioners remain, etc."

Following is the full text of the petition:

[The petition of the residents of the constituency of Dover and Deal,

Declares that children's centres have a vital role in the community and that the provision of children and family hub services should continue to be provided in Deal and Walmer and further that Blossom Children's Centre should be retained in recognition of its post-natal and breastfeeding support as well as its sensory room.

The petitioners therefore urge the Government to encourage Kent County Council to ensure the vital importance of Blossom Children's Centre is recognised and the provision of Children's services in Deal and Walmer continues to be fully supported.

And the petitioners remain, etc.]

[P002820]

Classical Music: Funding and Support

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

6.22 pm

Bambos Charalambous (Enfield, Southgate) (Lab): I thank the many constituents who contacted me to ask for this debate. I also thank my hon. Friend the Member for Worsley and Eccles South (Barbara Keeley), who cannot speak in this debate owing to her Front-Bench role. I know that she, along with my hon. Friend the Member for Cardiff South and Penarth (Stephen Doughty), has been campaigning on behalf of the BBC orchestras and the BBC Singers.

The subject of classical music is close to my heart, with a number of musicians living in my Enfield Southgate constituency. Classical music is a crucial part of the cultural infrastructure of London and the UK. Our orchestras are world renowned, as are our opera companies, chamber music groups and highly skilled freelance classical musicians. It is no coincidence that a large number of Hollywood and UK producers choose to have film and TV soundtracks recorded at Abbey Road Studios or AIR Studios in London. Producers choose to have recordings made in London because of the renowned ability of the UK's classical musicians to sight-read brilliantly and accurately. Classically trained musicians are therefore at the forefront of one of the sectors that is currently driving economic growth in the UK, despite the low overall growth of the economy.

The music sector adds significantly to the economy—£4 billion in 2021—and is part of our cultural backbone and national identity. Our classical music scene is rightly a source of pride here at home and a source of admiration abroad. Yet despite the UK's international reputation in the field, we have recently seen several devastating funding decisions for the whole of the UK classical music ecosystem. It is important to stress that the classical music industry is indeed an ecosystem.

In the UK, our highly trained classical musicians tend to move between freelance and employed roles in both commercial and less commercial employment. For instance, many forge their careers in orchestral positions before going freelance in the recording session world, or vice versa. Damage to one part of that infrastructure therefore damages all of it.

Jim Shannon (Strangford) (DUP): I thank the hon. Gentleman for securing a debate on this massive issue. He is right about the creation of jobs in classical music. I make this point for those who are at a very early stage—those who are school-age and in education. Some people back home in my constituency of Strangford forged their opportunity through education. They had the chance to play classical instruments in their formative years, and tuition and instruments were available as well. Does the hon. Gentleman agree that we should think about those who, had they not had that opportunity at school and in education, would never have reached the pinnacle of achievement they have reached? We look to the Minister and the Department to ensure that young people have that opportunity and can thereby forge that classical route for the rest of their life and give enjoyment to everyone else.

Bambos Charalambous: The hon. Gentleman makes an excellent point. Music education should also be part of this conversation. It may be outside the scope of the

Department for Culture, Media and Sport, but we need to make sure that young people have that musical education and also careers to go into. If we cut the orchestras, we cut the opportunities for people who pick up a musical instrument in school and want to progress in the field of music.

The recent devastating decisions to which I just referred are, of course, those taken by bodies such as Arts Council England and the BBC. They are going to negatively affect the funding of the English National Opera, the Britten Sinfonia, the Welsh National Opera, Glyndebourne's touring opera and, of course, all the BBC orchestras in England. In addition, decisions have been taken to reduce funding to established orchestras such as the London Symphony, the London Philharmonic and the Philharmonia.

Thankfully, we heard last week that the BBC Singers have been given a temporary stay of execution, but this reversal came only after a huge public outcry, and the reversal itself calls into question how such decisions have been taken. More than 150,000 people have signed a petition condemning the cuts, and there have been open letters from appalled global leaders in classical music, including more than 800 composers and many choral groups.

Sir Robert Neill (Bromley and Chislehurst) (Con): I warmly congratulate the hon. Gentleman on securing this debate. He and I were at a meeting yesterday with members of the company of the English National Opera. They are in the most precarious situation, because they simply do not know whether they will have sufficient work to keep their families in necessities after the end of this season. Does the hon. Gentleman agree that the behaviour of the Arts Council—the supposed promoter of excellence in the arts in England—has actually been the reverse of what is supposed to happen? By hitting companies such as the English National Opera, the most accessible of our opera companies, and touring companies such as Glyndebourne and the English tours of the Welsh National Opera, the Arts Council is reducing the spread of excellence in art to people outside London, rather than spreading it out. That is the exact reverse of what the previous Secretary of State, my right hon. Friend the Member for Mid Bedfordshire (Ms Dorries), told it to do. It makes no sense at all, does it?

Bambos Charalambous: The hon. Gentleman makes an excellent point. I will address that issue later, but it is true that the companies that have been cut do a lot of touring work and provide access to parts of the UK that would not necessarily be able to access orchestras or opera.

It is important to note that the BBC Singers' future still remains highly uncertain, with no plan outlined for their future security. Meanwhile, the BBC is still planning to cut the budgets of its concert, philharmonic and symphony orchestras by 20%. I know that the Minister will argue that the Government do not have direct responsibility for the cuts I am referring to, made as they are by both the BBC and Arts Council England, but let us be clear: the relationships that the Government have with those bodies have a profound influence on the decisions that are taken. It is the Government who set the political environment and the cultural zeitgeist in which decisions are taken. While it is right that the arm's length bodies are operationally independent, it is also right that major decisions that impact on our cultural and artistic ecosystem can be challenged and questioned.

In the case of the Arts Council England funding announcement for 2023 to 2026, the then Secretary of State, the right hon. Member for Mid Bedfordshire (Ms Dorries), set a directive that told the body where its funding should go. That brings into question the arm's length principle on which Arts Council England was founded. There is a lack of transparency in how recent decisions at the BBC and the Arts Council have been reached. The Government can, if they choose, create an environment in which classical music is nurtured by the arm's length bodies taking decisions on the ground, but sadly, what we see at the moment is the opposite. Therefore, I would be very interested to hear from the Minister how the Government plan to support our classical music infrastructure against the recent onslaught of damaging decisions.

First, I want to speak in more detail about a couple of those decisions. Let us look at Arts Council England's decision to cut the English National Opera's annual grant of £12.6 million and replace it with £17 million over three years, with a stipulation that the ENO must move out of London. That decision was announced in November 2022, but in January of this year, Arts Council England announced a review of opera and musical theatre. That review is called "Let's Create", but some may think it would be better named "Let's Destroy" following Arts Council England's cuts to the ENO and other national portfolio organisations. What sort of chaotic organisation makes the decision to cut first and carry out a review later?

Following a large public outcry and campaigns by the Musicians' Union and Equity, it was announced in January that the national lottery would make an additional grant to the ENO of £11.46 million. That still represents a cut of 9%, and the uncertainty about the ENO's future and its need to relocate has meant that productions for this year have been cancelled. Redundancies have also been made in the ENO Chorus, which is one of the most diverse choruses in Europe.

Those decisions by Arts Council England appear to have been informed by the levelling-up agenda, plus the direct instruction of the then Secretary of State to move money away from London. However, the ENO has long been at the forefront of offering a commendable outreach programme to local communities and has a strong record of supplying free tickets to the young, as well as relaxed performances for those with sensory needs. Forcing the move of the ENO with the likely loss of its existing orchestra and technicians will not lead to levelling up, but to levelling down overall. The Government really need to step in to ensure that the cultural infrastructure of London is not damaged irrevocably by decisions such as this and the others I mentioned earlier. One area's cultural offer should not be damaged in the name of another's.

That brings me to another set of worrying decisions: those taken at the BBC. Again, these have taken place within the cultural climate and overall policy agenda set by the Government. As I stated before, the BBC's decision to take the axe to the BBC Singers appears to have been reversed for now, but how appalling it is to even contemplate dismantling one of the world's most renowned ensembles in what will be its centenary year.

Mr Jonathan Lord (Woking) (Con): Does the hon. Gentleman agree that the BBC needs to be very careful about the licence fee? My understanding is that we pay the licence fee so that the BBC can have top-notch news coverage and to support all of our most important cultural attributes as a nation, including classical music and opera. Is the BBC not treading on thin ice by taking these sorts of decisions? It is the breadth and depth of its cultural and news offering that makes the BBC what it is.

Bambos Charalambous: The hon. Gentleman is absolutely right: the BBC is a public broadcaster, and it therefore has a public duty to do things that are not available elsewhere. However, we have to look at that in the context of what the BBC has been forced to do. It, too, has had to make cuts because the licence fee has been frozen—something that I will come to later on in my speech. The hon. Gentleman is right, though, about the duty of the BBC to provide things that are not provided elsewhere, which I will also come to in a second.

The most serious threat to the BBC orchestras remains, which is the proposed cut to 20% of orchestral jobs across the BBC's English orchestras. It is important to note that these cuts come after more than a decade of successive Conservative Governments hammering the BBC's funding. Ever since 2010, the BBC has faced repeated and deep real-terms spending cuts, and in 2022 the licence fee was frozen for two years. The BBC has said that that is expected to create a funding gap of about £400 million by 2027. That is the important context in which the BBC has taken these decisions. While it is right that the BBC is operationally independent, it is also right that major decisions that impact on our cultural and artistic ecosystem can be challenged and questioned. As a public service broadcaster, the BBC has a public duty of care to its orchestras and ensembles, and it also has a duty to provide excellent, accessible and inspiring content to the public.

Make no mistake: the proposed 20% loss of jobs across the BBC's English orchestras is devastating to our classical music infrastructure. The cuts are of course damaging to the highly skilled musicians who face losing their jobs, but they also have serious implications for the wider classical music industry. The BBC has often nurtured new orchestral talent with the career pathway it provides for orchestral players. The BBC is also the largest employer of musicians in the classical music workforce, which is generally insecure and freelance.

Let us be clear about what these orchestras represent: the BBC Symphony Orchestra, BBC Concert Orchestra and BBC Philharmonic Orchestra are internationally renowned and made up of some of the world's finest musicians. They are loved across the country for their touring role and for performing at the BBC Proms, including opening and closing the festival. My hon. Friend the Member for Worsley and Eccles South has rightly praised the importance of the BBC orchestras to the quality of the UK's classical music output and the musicians' ability to adapt rapidly to new commissions and audiences.

The BBC also appears to be sending mixed messages; it says it is increasing investment in musical education, but it is cutting the jobs to which music students aspire. That makes no sense at all. Even the BBC's own classical music review has said that the BBC performing groups play a vital role in the pipeline of new talent. These cuts therefore have huge negative implications for future generations of musicians and our wider musical infrastructure.

The cuts also have negative implications for the cultural life of the regions. The BBC's classical music review has found that the BBC orchestras perform in parts of the UK that would otherwise not be covered by major orchestras. The loss of a fifth of orchestral jobs in the BBC orchestras can therefore have only a negative impact on the cultural experiences of people living outside London or other main urban areas. Again, as with the cuts to the ENO and all the other institutions I named at the beginning, the BBC orchestral cuts threaten a levelling-down effect and a serious downgrading of the cultural life of the UK.

Let us put all this into a wider financial context. As Charlotte Higgins of *The Guardian* pointed out last week, the BBC orchestras are being cut and the BBC Singers' future made uncertain for the want of a reported £5 million saving to the BBC. Meanwhile, the Government are trying to claw back £122 million from PPE Medpro, the company recommended by Baroness Mone as a supplier of personal protective equipment to the NHS during the pandemic. The sums of investment needed to secure key parts of our classical music industry are therefore small when compared with the vast amounts wasted by this Government. It makes absolutely no economic or cultural sense to allow the devastation of our classical music industry when it can be supported for a fraction of what the Government have wasted on PPE contracts. We need to remember, as I stated earlier, that the music sector adds significantly to our economy; it was £4 billion in 2021.

There are some other practical things that the Government could do right now to redress some of the damage done to the classical music industry. The following are just some suggestions, any of which would be a small step towards supporting our classical music infrastructure. For instance, VAT on live events, such as music and theatre events, could be reduced to bring the UK more in line with EU nations and to help to stimulate live music. The Government could look at measures such as reducing business rates on live music venues and studios. The classical music industry could be given help through extra support to venues, studios and music spaces hit by soaring energy bills. If they wanted to, the Government could create a new tax relief for the music industry, like those enjoyed by film and TV, to boost music production.

Jamie Stone (Caithness, Sutherland and Easter Ross) (LD): The hon. Member is making a thoughtful speech, to say the least. There is an international dimension to this, taking forward his point. Last year, two Ukrainian players, Oleksii and Igor, came to perform in St Finbarr's church in Dornoch in my constituency. That was an expression of determination that Ukraine would not be crushed and an opportunity for us to say, "We are with you, Ukraine." The Government could look at that—perhaps they do already—and say, "Let us have more Ukrainian players. Let us use this as our soft power." Music speaks to everyone. It is an international language, so there is a great opportunity here for us to do more and to stand with brave Ukraine.

Bambos Charalambous: The hon. Gentleman is absolutely right. Music is international and musicians perform internationally. The reputation that some of the orchestras and ensembles in the UK have is worldwide and they would of course show solidarity with the Ukrainians. We certainly welcome them here to hear them play and other orchestras playing abroad. That is one of the soft power things we can do. The reputation of the classical music world is first class across the world.

Many classical musicians have felt a negative impact from Brexit, with touring opportunities lessened. The Government could set up a new music export office to drive British music exports and help future talents to grow their international audiences. Classical musicians have been hit by a squeeze on salaries, as well as the cost of living crisis and the terrible impact of covid. On top of this, classical musicians are unfairly deprived of income from streaming platforms. As my hon. Friend the Member for Cardiff West (Kevin Brennan) has argued, there is a dire need for equitable remuneration for musicians. At the moment, classical orchestral musicians see all the profits from their work on streaming platforms hoovered up by big corporate record companies and the platforms themselves. The Government could change the law in this regard so that classical musicians get a fair share of the proceeds from their work.

There is therefore much the Government could do. The Government must support the call on the BBC to set the BBC Singers on a long-term footing as soon as possible and remove the threat to jobs in the BBC Philharmonic, Concert and Symphony orchestras. The Government should also closely examine the decisions by Arts Council England, and ensure the protection of the many fine classical music institutions that now face deep uncertainty. Future decisions must involve improved consultation with the musicians involved, and decisions should be more informed by classical music experts, musicians and our musical infrastructure. We know that investment made in the classical music industry will be repaid many times over by the economic and cultural contribution it makes. It is simply a false economy to stand back and allow the devastation of a classical music scene that contributes so much.

It is time for the Government to step up to the challenge of protecting and promoting classical music in the UK. It is time for the Government to pick up the baton and change the tempo for the final movement of this discordant cacophony, and to stop the irreparable damage being done to some of the finest orchestras and ensembles. I look forward to the Minister's response on all these matters.

6.42 pm

Sir Robert Neill (Bromley and Chislehurst) (Con): I only intervene briefly in this debate to repeat my congratulations to the hon. Member for Enfield, Southgate (Bambos Charalambous) on securing it, and to make a few quick points to the Minister to supplement those that he has already made.

I declare my interest as chair of the all-party parliamentary group on opera, and I have performers in my family as well. It is precisely because of that connection that I have seen at first hand the effect that the cuts imposed by Arts Council England have had on people who are dedicated professionals and who contribute to the economy of this country in a significant manner. We should not forget the value of classical music to the arts offer of this country, but it also makes a massive change in enriching lives—be it teachers in schools enriching the lives of children—and in enriching communities through community choirs and concerts such as the Bromley festival of speech and music, of which I have the honour to be joint president with my wife, bringing folk together and using music to pull them together.

However, all that needs an infrastructure and an ecosystem to support it, and some of that requires public support. By the nature of the profession, it cannot entirely operate from the ticket office. That is why the damage done by Arts Council England's behaviour is so extreme and egregious. To cut the very companies that have done more to promote access to the arts is perverse in the extreme.

English National Opera in particular performs in English—it is the only company that does—and it is more than willing to tour outside London, if given the chance, but it has not been. It has a more diverse audience and a more diverse workforce than any other company. It is much more user-friendly, if I can put it that way, to those who have not had an experience in classical music and the arts to get into. I have been to recent productions at the ENO. It has a much younger, more diverse and enthusiastic audience than might be seen in many other houses. Every one of its performances is selling at about 95% box office capacity.

We have the perverse situation of the director of music, heaven forbid, for Arts Council England claiming that she did not believe there is any longer an audience for "grand opera", whatever she meant by that. I always rather thought grand opera was in five acts by Giacomo Meyerbeer in Paris in the 1850s. It is not putting on La Bohème, Carmen or Akhnaten, a modern opera by Philip Glass that is sold out at the ENO. If the people who are supposed to be running the arts do not understand the art form themselves, where on earth are we going to get to?

The behaviour of Arts Council England has left Ministers exposed to criticism, because although it is an arms-length body, ultimately the blame will fall on Government. It also demonstrates that there are serious questions about its current viability as the guardians of arts in England. Its mission statement, when it was created, was to spread excellence in the arts throughout the country and to make excellence more accessible. As I pointed out earlier, and as the hon. Member for Enfield, Southgate rightly said, its decisions have actually been the reverse. The former Secretary of State, my right hon. Friend the Member for Mid Bedfordshire (Ms Dorries), condemned the way Arts Council England carried out her ministerial instruction. Ministers can give strategic instruction to Arts Council England, although, of course, they do not get involved in individual funding decisions. I say to my hon. Friend the Minister: that which is instructed can also be uninstructed. There is no doubt that Ministers can set the tone in the way in which Arts Council England supports things.

There is a way forward to save the ENO, with sensible compromise and a very modest injection of funds in the overall scheme of things, which will keep the company in being and enable it to continue to do good work. I hope the same will be done with such things as the Glyndebourne tour. It is bizarre that some of my friends in the corporate world—my corporate lawyer friends,

[Sir Robert Neill]

dare I say it?—will be able to pay the prices to go to the Glyndebourne festival, where there is no cost to the public purse, but the public funding that enabled Glyndebourne to go out to non-traditional audiences in places such as the Marlowe Theatre in Canterbury, or to Northampton or to Norwich, is the very thing that has been cut. It is exactly the reverse of what was intended. An organisation that does that has to answer serious questions about both its competence and its processes.

I hope the Minister will reflect on three points. First, Arts Council England announced it will have an independent review of its approach to opera and classical music. I think the Minister is entitled to say to it, as a matter of strategic importance, that that must be genuinely independent. At the moment, there is a real suggestion and concern that Arts Council England—its members have about 162 notes in their register of interests within the same sector—will be marking its own homework. There has to be a properly independent and rigorous review with the involvement of people—there are many of them in the UK—who are active professionals.

Secondly, Arts Council England itself needs a review. It is due for a departmental review before too long anyway, as it is some time since its last one. It ought to look at its transparency and decision-making processes. The board papers are never published. The information available would never pass muster in a local authority or health service trust, for example. That must change and the review should look at that, as it should at the composition of the board and the recruitment of its executive team.

Thirdly, if I might return to a separate matter, touring visas have been a real problem for many people. Now that we are in a much better position with the Windsor agreement and a better relationship with the European Union, there is the suggestion, which has been signed off as being entirely consistent with the trade and co-operation agreement by Sarah Lee KC, that we could have a bespoke visa-waiver agreement with the EU for touring artists for up to 90 days in a period of 180 days. That would be doable and we would not have to reopen the TCA. With the better atmosphere that the Prime Minister has now created, that would be a practical way forward.

Those are sensible points that I hope the Minister will say she will take away and act on.

6.49 pm

Valerie Vaz (Walsall South) (Lab): I thank my hon. Friend the Member for Enfield, Southgate (Bambos Charalambous) for securing this debate and for allowing me to speak. I knew that the hon. Member for Strangford (Jim Shannon) would be here, and I wish him a belated happy birthday for last Saturday. I, too, want to acknowledge the role that my hon. Friend the Member for Worsley and Eccles South (Barbara Keeley) has played in securing widespread support for the BBC Singers. The fight is not over; she will continue, and we will support her.

I add my voice to everything that my hon. Friend the Member for Enfield, Southgate, has said, although, hon. Members will be pleased to hear, not in song—I will stick to words. This is an extremely important topic. I start with classical music's large body of work. I was taught the piano by my mother Merlyn when I was quite young. My first piece was Bach's "Well-Tempered Clavier", prelude No. 1. I still empty the room when I practise it. My daughter Liberty plays the violin and piano. She did an extended project for her A-level, entitled "Does exposure to music make you more intelligent?" She came down saying yes, it does, but if we have active participation.

I appreciate that the Minister is going to give birth fairly soon. She does not need to buy "Baby Mozart", but I encourage her to listen to relax. It is important for children to hear music in the womb it, and later on. The brain waves change when people listen to music. The same can be said of classical Indian music—Ravi Shankar with the sitar, which takes years to learn how to play, has exactly the same effect.

We know how important music is for children. When I first came here in 2010, I asked the then Education Secretary to make sure that there is a piano in every school, because I grew up surrounded by music. José Abreu suggested that children can benefit from it and formed El Sistema, which has transformed children's lives in Venezuela. It has now been rolled out throughout the world.

We are lucky to have very good radio here. Classic FM is a must to listen to, and public broadcasting is important, as my hon. Friend the Member for Enfield, Southgate, mentioned, as did the hon. Member for Woking (Mr Lord) in his intervention. We have BBC Radio 3—I do not know whether other hon. Members listen to "Building a Library", but it is a fantastic programme. The Proms is the biggest music festival in the world—way before Glastonbury. It is so important that international artists come here from around the world. What our public broadcasters do is so important.

I stumbled upon a documentary about the amazing genius that is Daniel Barenboim on BBC Four last week. The BBC had captured him at 25, conducting a masterclass. It was amazing. Even if someone did not know anything about music, they could see how he explained to the two pianists how they could change and make their music sound better. Added to that, he formed the West-Eastern Divan Orchestra with Edward Said. That is how amazing he is. They brought together young people from Israel, Palestine, Egypt and all across the middle east to play together. Daniel Barenboim said that when they play music, they are all equal—they are just playing Beethoven. It is so important that that continues. I missed the Prom where Martha Argerich and Daniel Barenboim played the piano together, but it was captured at the end of the documentary. I suggest that everyone tries to listen to it.

Music is inspirational. We can see our achievement as human beings, because a few notes can show what creative people we are. It can start with classical music and move to other forms of music such as jazz and modern music. It forms the basis of every aspect of our life. We need to protect that, because music moves us—it moves our emotions and it speaks to our soul. I hope that the Minister will protect it.

The Minister of State, Department for Culture, Media and Sport (Julia Lopez) *rose—*

Madam Deputy Speaker (Dame Rosie Winterton): Order. I call Jonathan Lord to make a brief contribution.

6.54 pm

Mr Jonathan Lord (Woking) (Con): I am grateful, Madam Deputy Speaker. I rise to say two things. First, the funding cuts and the change of direction, particularly for the English National Opera, really affect some of our constituents, including musicians and singers in my constituency. Out of a clear blue sky, an organisation that is not just nationally famous but world famous and that undertakes all the tours that could be reasonably expected on the budget that it has, as well as performing happily at its home in London where it has made its name, has been subject to an Arts Council change that chucks everything up in the air. That is not acceptable, and I am pleased that there will be a review.

Secondly, I congratulate both the hon. Member for Enfield, Southgate (Bambos Charalambous) on securing the debate and my hon. Friend the Member for Bromley and Chislehurst (Sir Robert Neill) on his work and campaigning. My hon. Friend spoke eloquently about the ENO; I agree with what he said, with the key questions he posed to the Minister and with the remedies he set out. We are still looking for a reasonable and satisfactory outcome for this world-famous opera company, and we look to the Minister for answers to those questions.

We hope the Government will make the right recommendations and ultimately guide the House, but let us not take time over that. The problem is that now everything is up in the air and people are being made redundant. We need some certainty for the future, so let us have a review, but in the meantime let us ensure the support needed is there. I look to the Minister for replies that will help my constituents and, more importantly, help the opera-loving public and that wonderful opera company.

6.56 pm

The Minister of State, Department for Culture, Media and Sport (Julia Lopez): Madam Deputy Speaker, I apologise for anticipating my cue when one was not given.

I thank the hon. Member for Enfield, Southgate (Bambos Charalambous) for securing this debate on what is obviously a popular topic, and for highlighting some of the fantastic work that orchestras, choirs and opera companies are doing to bring classical music to people across the country. I too have been contacted by constituents about this issue. The hon. Gentleman is right to touch on the quality of our musicians as a selling point of our very successful film and television industry. The creative industries form part of my portfolio, and he is right to point out the contribution of film scores.

The hon. Gentleman covered a lot of ground, so I will try to cover the topics he included in his speech. As he said, classical music in Britain continues to be a source of national pride and inspires not just the people of our country but the entire world. As other hon. Members have pointed out, it feeds our souls. He rightly talked about the classical ecosystem. From the smaller but rapidly developing new orchestras, such as the Multi-Story Orchestra, to the long-established giants such as the London Symphony Orchestra or the Royal Philharmonic Orchestra, the orchestras of this country have a rich history of excellence and innovation. That has a profound impact on the world of classical music.

The classical music sector creates jobs, supports local businesses and generates revenue for the local and national economy. It attracts tourists from across the world who come to see performances by renowned orchestras and musicians. More importantly than any of that, classical music, whether performed by orchestras, choirs, quartets or soloists, whether professional or amateur, has the ability to fascinate, inspire and enthral us. That is why it is an art form that this Government support consistently, gladly and proudly.

I welcome the birthing tips from the right hon. Member for Walsall South (Valerie Vaz). Classic FM got a lot of us through lockdown; I shall be thinking of it and perhaps playing it when the moment comes, hopefully not too imminently. We published the draft Media Bill today, which includes provisions on radio that a number of hon. Members are calling for. I hope the Bill will support the growth and future of our radio sector, including Classic FM, and that it will continue to be a means through which people can access classical music.

I want to address up front some concerns that have been raised about recent announcements by the BBC in relation to its symphony, concert and philharmonic orchestras. As hon. Members have noted, the BBC is an operationally and editorially independent organisation, and the Government have no role in its strategy for classical music, so any decisions on the matter are for it to take independently. However, of course I recognise how valuable the BBC orchestras and singers are to many individuals and communities across the UK. Having encouraged in this House a response—

7 pm

Motion lapsed (Standing Order No. 9(3)).

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

Julia Lopez: The choreography of tonight's debate is intriguing, Madam Deputy Speaker. It is new to me, so I apologise if I am not playing my part very successfully.

Madam Deputy Speaker (Dame Rosie Winterton): It is always a surprise when the motion lapses at 7 o'clock. I assure the Minister that many Ministers are caught out slightly.

Julia Lopez: I appreciate that reassurance, Madam Deputy Speaker. It is all good exercise for me as I try to maintain my mobility over the coming weeks.

I was about to say that I encouraged, on the Floor of the House, staff members to engage vigorously in the consultation that the BBC was running on the recent announcement. I was very glad that the BBC said last week that it will now undertake further work, in discussion with the Musicians' Union, on the future of the BBC Singers. I also welcome the update that the BBC is engaging with the Musicians' Union and other unions on its proposals on its English orchestras.

We agree, however, that the BBC should focus on prioritising value for licence fee payers. We welcome the intent to pursue greater distinctiveness while increasing the regional and educational impact of the BBC's performing groups. As my hon. Friend the Member for

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Woking (Mr Lord) pointed out in relation to the licence fee, the BBC is required to deliver the remit set out in its charter, which includes a mission to serve

"all audiences through the provision of impartial, high-quality and distinctive output and services which inform, educate and entertain".

We think that the BBC should be prioritising using its £3.8 billion annual licence fee income to deliver that remit, which includes culturally distinctive content.

The hon. Member for Enfield, Southgate laments the £3.8 billion that the BBC gets. We think that it is a substantial sum. Given the cost of living challenges that our constituents face, we did not feel it right to increase the licence fee by more. There is also a balance to be struck in maintaining consent for the licence fee. We think there was a risk that if the licence fee had been increased substantially, it would have reduced the public support for the organisation.

I highlight again the fact that today we published the draft Media Bill, which is about underpinning our public service broadcasters in an increasingly competitive media environment. We hope that in doing so we will in turn underpin the future of British creativity. I hope that the hon. Gentleman will accept and welcome those proposals, which are substantial.

Beyond the recent discussion of the BBC's strategy for classical music, I want to recognise the wider support that the Government give to the arts. As has been highlighted, it is primarily delivered by an arm's length body, Arts Council England. The policy area is within the remit of the arts and heritage Minister, Lord Parkinson, on whose behalf I speak today; I know that he has engaged extensively with hon. Members' concerns, and I shall raise with him the suggestions from my hon. Friend the Member for Bromley and Chislehurst (Sir Robert Neill) about the potential Arts Council review and about transparency.

To read some of the public narrative around the Arts Council, one would think that funding or support for classical music had ceased altogether, so I would like to put some context around some of the concerns that have been raised. In November last year, ACE announced the outcome of its major investment programme, which is known as the national portfolio. It is the largest national portfolio so far: 990 organisations are receiving funding, compared with 814 between 2018 and 2022, and 663 between 2015 and 2018.

Overall, the investment programme is good news for orchestras and for classical music. Investment remains high in classical music and particularly in orchestral music organisations: 23 orchestral music organisations are being funded—an increase from 19 in the last round—at approximately £21 million per annum, which is £2 million more than in the previous year.

Those statistics do not include some of the largest and best-funded organisations, including the Southbank Centre, which are not specifically focused on classical music but which play an important role in its success. Organisations including the Multi-Story Orchestra, Orchestras for All, Paraorchestra, the People's Orchestra and Pegasus Opera are joining the national portfolio for the first time. We think that that will help to bring down barriers to classical music and celebrate the power that it can have in people's lives, which several hon. Members have referred to this evening. We think that the new portfolio has particular strengths in supporting young people in classical music. It has new funding for Awards for Young Musicians and the National Children's Orchestras of Great Britain. There is also an increase in funding for the National Youth Choirs of Great Britain and the National Youth Orchestra.

The Arts Council has been thinking about how to build a fairer, more diverse classical music sector, and has commissioned a study entitled "Creating a More Inclusive Classical Music" to help it to understand the workforce, examine talent pathways, and think about how we might improve inclusion. A great deal of work has been done, not least through the broadening of the national portfolio, but the Arts Council will produce an update on its plans in the coming months. Its support for classical music goes well beyond orchestras. Some recent Arts Council support through lottery money includes backing for the Schubert 200 project, which will see Die Schöne Müllerin, Winterreise and Schwanengesang—I apologise for my pronunciation; I am relying on GCSE German—performed in new arrangements using period instruments and animated with puppetry, and £50,000 for one of our leading professional chamber choirs, The Sixteen, to support its summer pilgrimage.

Concern has been expressed across the sector about the work of English National Opera and the outcome of the new portfolio. The Arts Council and ENO are working closely to reach an agreement on ENO's future funding and business model. As I mentioned earlier, Lord Parkinson has met representatives of ENO and Members of Parliament to discuss this issue, the context being that the Arts Council made all its decisions independently of Government.

Mike Kane (Wythenshawe and Sale East) (Lab): Let me say as a Mancunian that English National Opera would be more than welcome in Manchester, either to reside or to visit, but as a former director of the Hallé, I want to assure the people of this country that the classical ecosystem in our great city is well served. Will the Minister join me in welcoming Debbie Francis, OBE, as the new chair of the Hallé Concerts Society? She is the first woman to do that job in its 165-year history.

Julia Lopez: I do indeed welcome Debbie Francis to her position, and congratulate her on her success as the first female in the role.

Questions have been raised about the overall strategic direction from the Secretary of State. The view was taken that London has a huge number of incredibly important cultural organisations, but that the value to be obtained from them should be spread more fairly across the country. As a London Member, I am always anxious to ensure that levelling up does not necessarily mean removing a resource from London, which is a city of 8 million people consisting of a huge range of communities with different needs and different levels of wealth. I do not believe that this should be a zero-sum game. However, a range of organisations in the rest of the country do not have such a strong voice in this place, and I think it important that communities throughout the country are benefiting from this funding, some of them for the first time. We should accept that that will make a huge and enriching contribution to people's lives.

Sir Robert Neill: Let me add my congratulations to the Minister on what will happen in the coming weeks. I hope she will accept that there is a particular issue in relation to London, which professionals will clarify for anyone who talks to them. Most choristers in opera companies or orchestral players, for instance, will not rely entirely on their work for the opera company or orchestra concerned for their income; they top it up because they are able to do outside freelance work, such as session work, and also teaching work, sometimes at the colleges in London. There is an ecosystem that supports them and enables them to do their mainstream classical work, which is not the best paid. If they are taken out of the area where that ecosystem is, and where those alternative or additional employment opportunities are, it becomes much harder for them to survive. That is why plucking them out of London, or Manchester for that matter, does not work in practice in the way in which it may seem to work in theory.

Julia Lopez: I was going to make the same point about the importance of the ecosystem. However, these things can become self-fulfilling, and if we never attempt to spread the benefits of the arts beyond the capital city, they are always going to happen. This is about trying to achieve a balance. As London MPs, it is incumbent on us not to be over the top about the level of funding that has gone outside the capital. The capital still receives by far the lion's share of arts funding and we are grateful for the richness it gives our capital, but we should bear in mind that a lot of communities have no arts funding at all and it is important they should have access.

Bambos Charalambous: The hon. Member for Bromley and Chislehurst (Sir Robert Neill) and I made the point that many of these orchestras and opera companies tour, providing access to classical music in areas that would never otherwise have that access. By cutting or getting rid of some of these organisations, the Government are cutting back on the ability of people in other parts of the country to access the amazing classical work that they provide. It is not just about where the organisations are located; it is also about what they provide by touring.

Julia Lopez: I accept what the hon. Gentleman says about the importance of touring. I would also say that a lot of creators and musicians would like to have opportunities beyond London. London is not a cheap place to live, and they might welcome the idea that they might not have to concentrate their entire career in the capital, where housing is expensive and there are other challenges in relation to the cost of transport and so on. As the hon. Member for Wythenshawe and Sale East (Mike Kane) said in that context, Manchester is not all that far away. It is important not to forget that a lot of people want opportunity to be spread across the country rather than concentrated in a single place—notwithstanding the fact that I am also a London MP and I totally understand the importance of our capital thriving, as it should.

The hon. Member for Strangford (Jim Shannon) highlighted the importance of early music education. That is something that Lord Parkinson and I are working on with the Department for Education. Classical music ensembles play a crucial role in cultural education and the development of young musicians. The inclusion of so many organisations that run music education programmes in the Arts Council portfolio speaks to the importance of providing a strong foundation in music from a young age.

We have a refreshed national plan for music education. It launched last June and it aims to provide music opportunities for all children and young people, regardless of background, circumstances, need or geography. As part of the commitments we have made alongside that plan, £25 million of new funding has been made available so that we can purchase hundreds of thousands of musical instruments and equipment for young people, including adaptive instruments for pupils with special educational needs and disabilities so that they, too, can share the joy that music can provide. The refreshed plan also renews its commitment to the music hubs programme, which is delivered by the Arts Council and provides £79 million every year until 2025.

Alongside these programmes, the Department co-funds the national youth music organisation programme with the Arts Council. All 15 national youth music organisations will receive Arts Council funding for the next three years, and earlier this week I was pleased to hear that the Department for Education had recognised this outstanding work and agreed to commit a further £1.5 million over the next three years as well. That is fantastic news because this programme will lead the way in developing young musicians and music makers.

Mr Lord: With the indulgence of the House, I would like to make a point about young musicians. Towards the end of last year I went to the final of the Woking young musician of the year competition. The standard was extraordinarily high, and it is a competition that does not cost the council or the taxpayer any money. It gives mentoring and advice to all the young musicians who put themselves forward for the competition. The big final had an extraordinarily high standard of musicianship. It has provided finalists and also a winner of the BBC musician of the year competition. I would encourage colleagues to encourage that sort of support locally.

One other thing I would like to mention is that last year I attended the 100th concert of the Breinton concert series, in which a local family open their house to fantastic young and up-and-coming musicians of enormous talent. They have classical concerts and little bits of operetta, and as they are blessed with good grounds, in the summer people come and hear these amazing, normally young, musicians. Again, it is entirely self-funding. I would like to congratulate the organisers of the Breinton concerts, and it would be lovely to see that happen elsewhere in the south-east and in the country at large.

Julia Lopez: My hon. Friend does a wonderful job of highlighting all the wonderful activity in his constituency, including Woking young musician of the year. He highlights the joy of music and its huge impact on communities.

The hon. Member for Enfield, Southgate raised the issue of tax reliefs. He will be aware that, in the spring statement, the Chancellor extended the higher rates of theatre tax relief, orchestra tax relief, and museums and galleries exhibition tax relief for a further two years. This will help to offset some of the ongoing economic pressures and boost investment in our cultural sectors, which we have been supporting substantially through some very difficult times, not least through covid and

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the energy challenges. This will ensure that they can continue to showcase the very best of British talent, not only in our recognised concert halls and theatres but in the many museums and other arts venues across the nation. The changes made in the Budget are estimated to be worth some £350 million, which is as strong a signal as we can send of the Government's faith and support for our cultural sector.

A wide range of other topics have been raised, including grassroots music venues. Today I met Mark Davyd, who represents grassroots music venues, to discuss support for such venues. We are looking at a range of measures that we might be able to take to support him. He was particularly grateful for some of the things the Government did through the pandemic and beyond. We are also working closely with the Intellectual Property Office, and with the industry itself, on some of the streaming questions.

Exports have been raised, and we are considering the expansion of the music export growth scheme. We are also doing lots of work on touring, which was also raised in this debate. Discussions will continue on improving the touring offer, but we have already made quite substantial progress.

The hon. Member for Caithness, Sutherland and Easter Ross (Jamie Stone) talks about the importance of soft power and our relationship with Ukraine. It may have escaped his attention, but we will shortly host the Eurovision song contest on Ukraine's behalf. We also have a huge package of cultural partnerships with Ukraine, so we are already doing a lot in that space.

Of course, our flagship levelling-up fund is also supporting access to culture and the performing arts across the UK. The second round of funding was announced in January 2022, and it made 31 culture and heritage awards to projects across the country, to the tune of some £546 million. Chamber ensembles, soloists, orchestras and many more will now be able to perform in state-of-the-art spaces across our country, all because of that fund. This includes a new state-of-the-art site at Embassy Gardens in Nine Elms, which opened late last year and includes the first public concert hall to open in London in more than 13 years. We should recognise the huge investment we are making in our capital.

Our cultural development fund has just launched, and the right hon. Member for Walsall South (Valerie Vaz) will be pleased to learn that Walsall Council will receive £3.7 million in that round to refurbish a currently unused grade II-listed building in the centre of the St Matthew's quarter, and to deliver a three-year cultural activity plan that we hope will enliven and invigorate Walsall town centre.

I hope Members will feel reassured by the support we give to classical music, which takes many forms. By investing in music education, supporting classical music organisations and promoting the industry, we are ensuring that classical music continues to thrive in this country. It remains an important contributor to our economy and to our cultural and social wellbeing. We hope that, now and for many years to come, people can continue to experience its many wonders.

Question put and agreed to.

7.19 pm

House adjourned.

Westminster Hall

Wednesday 29 March 2023

[Mr Clive Betts *in the Chair*]

Human Trafficking and Modern Slavery

9.30 am

Mr Peter Bone (Wellingborough) (Con): I beg to move,

That this House has considered the matter of human trafficking and modern slavery.

I am grateful to Mr Speaker for rescheduling this debate. Unfortunately, I had flu when it was first scheduled; I am not entirely sure I am over it, so I might croak my way through my speech. It is a great pleasure to serve under your chairmanship, Mr Betts.

I thank the Under-Secretary of State for the Home Department, my hon. Friend the Member for Derbyshire Dales (Miss Dines), for appearing today to respond to this important and timely debate, and I also thank the shadow Minister, the hon. Member for Halifax (Holly Lynch), and the SNP spokesman, the hon. Member for Cumbernauld, Kilsyth and Kirkintilloch East (Stuart C. McDonald), for being here. I thank my exceptionally talented senior parliamentary assistant, Isobelle Jackson, for the preparation of this speech; my parliamentary assistant, Jack Goodenough, for his assistance; and Tatiana Gren-Jardan, the head of the modern slavery unit at the Centre for Social Justice and at Justice and Care, who has helped me a lot with the research for this debate and over many years on the issue of human trafficking. I know that they will be watching this debate closely.

When I was first elected a Member of Parliament in 2005, I had a letter posted to my constituency office. It was anonymous, but the person who wrote it was a prostitute from Northampton. She was very concerned about what was happening to young women who were being brought into this country and forced into prostitution in Northamptonshire. That was the first time I had come across human trafficking, and from that moment on, I began to campaign on the issue. I have served as the chairman of the all-party parliamentary group on human trafficking, and I am the chairman of the parliamentary advisory group on modern slavery and the supply chain. Given that the House is considering a Bill that will affect provisions of the Modern Slavery Act 2015, this debate could not be more relevant. Having said that, its purpose is not to scrutinise the Illegal Migration Bill; it is about the crime of human trafficking.

In debates concerning small boat crossings or modern slavery laws, I often hear the terms "human trafficking" and "people smuggling" used interchangeably. In fact, each has a distinct meaning, and the language we use when describing these criminal activities matters. I sometimes throw things at the TV when I hear Ministers using the wrong terminology. Let us get this sorted out. According to the United Nations, migrant smuggling is

"the facilitation, for financial or other material gain, of irregular entry into a country where the migrant is not a national or resident."

The people being smuggled have willingly paid smugglers—often large sums of money—to help them enter a chosen country. In so far as a country can be defined as a victim of crime, the victims of smuggling are the countries where the borders have been breached.

On the other hand, human trafficking is defined as

"the recruitment, transportation, transfer, harbouring or receipt of people through force, fraud or deception, with the aim of exploiting them for profit."

Victims of human trafficking are individuals who are coerced into being exploited in the most horrendous conditions. They often arrive in the UK legally, with valid visas and passports. However, the largest group of people referred to the national referral mechanism are British nationals. Some 80% of the British nationals referred are children exploited for criminal, labour and sexual purposes in their own country, and one in five—3,337—of the potential victims found in the UK last year was a British child.

The national referral mechanism is the Government's mechanism for supporting the victims of human trafficking. When I started to campaign on the issue of human trafficking, alongside Anthony Steen, the former Member for Totnes, human trafficking was not recognised as a crime in this country. It was not even recognised as happening. Anthony Steen has gone on to set up the Human Trafficking Foundation, which serves as a secretariat for the APPG. It was a pleasure to meet up with Anthony last week. He almost single-handedly brought the issue of human trafficking to the attention of this Parliament, and we are greatly indebted to him for that. He is an absolute star. Some of the things he used to get up to even I would blush at. He would somehow talk his way into a Romanian prison to speak to traffickers—just amazing.

During my time as chairman, the all-party parliamentary group on human trafficking and modern slavery travelled to Europe and further afield to understand and learn from existing frameworks relating to modern slavery. The group visited Europol so as to understand the international approach to identifying traffickers, and we met with the Dutch rapporteur, who was a former judge.

National rapporteurs are an initiative originating in the Council of Europe, under which Governments are encouraged to appoint an independent rapporteur to report on the Government's actions against human trafficking. In the case of the Dutch rapporteur, once the office was established, it was recognised that she had helped the Government, because she did not just criticise; she promoted the good things that were being done.

When I started campaigning for a national rapporteur in this country, we had to overcome two problems. First, the name clearly sounded too French, so there was no way I could recommend that, but that was easy to fix. We changed the name to independent commissioner—job done. The second problem was much more difficult. It was to explain to the Home Office that it needed to do this. The Home Office resisted.

Initially, the Home Office created what it considered to be an equivalent to a rapporteur, an interdepartmental ministerial group. Sir Humphrey would have been proud. The group proved largely ineffective and met infrequently, normally with a large number of ministerial absences. Eventually, however, pressure from the APPG forced

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the Government to appoint an Independent Anti-Slavery Commissioner, and the Modern Slavery Act 2015 imposed a duty on the Home Secretary to make such an appointment. The first commissioner was Kevin Hyland. He was replaced by Dame Sara Thornton, who was appointed in May 2019. She left in April 2022. Since then, there has been no Independent Anti-Slavery Commissioner. At the same time, suspected cases of human trafficking have hit an all-time high, and Parliament is scrutinising the Illegal Migration Bill, which clearly has implications for human trafficking.

Andrew Selous (South West Bedfordshire) (Con): My hon. Friend is making a fantastic speech on important issues. I wonder whether I might lift his gaze to the global situation. The International Labour Organisation estimates that there are 50 million people in modern slavery, a large number of whom are in south and south-east Asia and involved in textiles, construction and fishing. Many of them will never leave, for example, the same brick kiln. Does my hon. Friend agree that it is incumbent on the UK Government to challenge Governments in the countries concerned to look at what is happening, and to challenge businesses here to ensure that goods produced in this way do not end up in UK supply chains? Does he agree that we all have a role to play in that important work?

Mr Bone: My hon. Friend raises an important factor, and there are more slaves in the world now than in Wilberforce's day. That is an issue that Parliament is looking at in particular, so as to ensure that nobody in the supply chains for this Parliament is a slave. However, a year or so ago, we did find a product that was produced by slaves, so it is important that we use our soft power. If I were spending our overseas aid budget, that is where I would put a lot of the money, because there would be real benefit for everyone involved.

Andrew Selous: Does my hon. Friend agree that that story had a good ending? We went back to that business in Malaysia, and the conditions for the workers are now improved. We effected real-world change for the better, and we should count that as a positive result.

Mr Bone: My hon. Friend is absolutely right. If we discover something in this House, as he says, we correct it. We do not just say, "We are not going to use that product." We go back and improve the situation, which is entirely the right approach.

It is not good enough that we do not have an Independent Anti-Slavery Commissioner. The only conclusion that people can draw is that the Home Office does not want independent scrutiny of human trafficking. I cannot see any other reason for it. In 2022, almost 17,000 potential victims of human trafficking were referred to the national referral mechanism—an increase of 33% on the previous year. Last year, the average number of days that a victim waited for a conclusive grounds decision was 543. That is an improvement on the previous year, when it was 560-odd days. In about 100 years' time, we will probably get it down to an acceptable level. We are creating a huge backlog in the system and stretching the resources available to support survivors of human trafficking.

In last year's Queen's Speech, the Government promised a new modern slavery Bill. In addition, a new modern slavery strategy had been promised in spring 2021. That was in response to the 2019 independent review of the Modern Slavery Act 2015, which suggested improvements. To date, neither the Bill nor the strategy has been forthcoming. The independent review had four main topics of focus, one of which was the safeguarding of child victims of modern slavery. That issue has long been a source of personal frustration to me.

As I have said, almost 80% of UK nationals referred to the NRM are children. The situation regarding the safeguarding of children who may have been trafficked is unique, in that the provision of care for trafficked adults is far better than that for trafficked children. Where else in Government do we look after adults better than children? I made that point during my Westminster Hall debate over 10 years ago. I recounted how in 2010 I went to a safe home in the Philippines, where there were children who had been trafficked and had experienced the worst kind of abuse—in the Philippines it was largely prostitution. They received specialist support and went to school. They were in a safe environment, and after a few years, they left a changed person. In fact, I had the great pleasure of attending a wedding of a former trafficked child who had gone through that process. There is no reason why this country could not offer the same standard of care. We should learn from best practice elsewhere, and could offer more specialist support and rehabilitation to trafficked children in this country.

Sarah Champion (Rotherham) (Lab): I thank the hon. Gentleman for securing this debate and for everything that he is saying, which I reinforce. I had a meeting with the International Justice Mission a couple of weeks ago, which has been working in India for 20 years. It has created child advocates—effectively magistrates. When they find a trafficked child, they go into the care of the advocacy group, which makes sure that all the support services, police and justice services do their duty by that child. Does he agree that that is a really useful model that we could learn from?

Mr Bone: I will talk a little about that, and what the Government are doing for children. Unfortunately, it is not working. I will come to that.

In this country, child victims of trafficking are treated similarly to any other at-risk child, and are under the primary care of local authorities. That often means that they are placed in care with non-trafficked children, where security and staff observation is limited. They are supposed to have an independent child trafficking guardian. That does not work, and still does not apply in all areas of the country. I say it does not work; I will explain further a little later, but too many of the children disappear and are re-trafficked. They go missing from local authority care. That does not happen under the system for looking after adult victims of trafficking. In 2020, Every Child Protected Against Trafficking UK, which originally provided the secretariat to the APPG on human trafficking and modern slavery, found that one third of trafficked children go missing from local authority care. The average number of "missing" episodes per child was eight—significantly higher than for other children in local authority care.

I am describing a system where a child who has been subject to trafficking and horrific child abuse is put into a children's home with other non-trafficked children

and has no increased security. The child abusers can locate the child and traffic them all over again. The criminal gangs have got even smarter: if there is good access to the home, they bring it into their business model. They leave the children in the children's home—that is free accommodation and food—and take them away on demand to be used as prostitutes. Then they return them to the home. How can that possibly, in any way, be right? In effect, local government is inadvertently becoming a partner of the human trafficking business. That is frankly a scandalous failure in our duty of care to some of the most vulnerable people in our society.

By contrast, when it comes to adults, the Salvation Army has been the prime contractor for what is apparently called the Government's modern slavery victim care contract for the last 11 years. When that started, the Salvation Army became the overarching body in charge. The trick that the Government did—this is a great credit to them—was not to give the money to the Salvation Army to spend, but to ensure that it worked with partners across the UK, including groups interested in looking after victims of human trafficking and, quite often, faith groups. That added value produced a really successful way of looking after adult victims of human trafficking. They get support with accommodation, translation services, financial subsistence, and transport, as well as bespoke support based on victims' needs, which is administered by the Salvation Army and its partners. Without doubt, we look after adult victims better than child victims.

It is absolutely crucial that we give world-leading care to both adult and child victims, both from a compassionate perspective, and to prevent re-trafficking and encourage survivors to help bring the evil criminals to justice. The charity Justice and Care has pioneered the introduction of victim navigators. Importantly, victim navigators are independent of but integrated with police officers working on modern slavery cases. Victim navigators have access to the relevant police systems and can share information with victims, which builds trust and frees up police time. Victim navigators take on the responsibilities related to survivor support, meeting survivors' needs and keeping them updated on the criminal investigation. The navigators have helped to safely repatriate 32 survivors to 17 different countries, and find local contacts in those countries that can continue to provide support.

Justice and Care victim navigators benefit from the relationship and partnership with the police but retain their independence, giving survivors a more assessable ally at the point of rescue. This work has been extraordinarily successful: 92% of victims supported by a navigator were willing to engage on some level with police, and victims who had access to the services of navigators were five times more likely to engage in supporting a prosecution than were victims in a sample of non-navigator-supported cases. Hon. Members should not take my word for it. One survivor said:

> "He's done everything for me. Every bit of support I've needed. If it weren't for"

the navigator,

> "I would have been lost honestly…If I didn't have"

the navigator,

> "I wouldn't have gone through with the case. I wouldn't have had the strength I had to do it…I couldn't have done it without him."

An awful lot of people—from the left, I have to say—want to look after the victims of human trafficking, and that is an honourable thing to do. Having a right-wing chairman was a problem for the left-wing members of the all-party group, but I said to them: "Let's stop people being victims. I would rather stop them becoming victims than look after them after they have gone through huge abuse." One way of doing that is prosecuting these evil criminal gangs. The victim navigator service was independently evaluated between September 2018 and June 2022 and was found to be so successful that the independent evaluators recommended that it be rolled out nationwide.

In 2021, there were 93 prosecutions and 33 convictions for modern slavery offences, as a principal offence, under the Modern Slavery Act. On an all-offence basis, including where modern slavery charges are brought alongside more serious charges, there were 342 prosecutions and 114 convictions. Hon. Members might say that that is good, but it is actually shockingly poor. There were 9,661 recorded modern slavery crimes in 2021-22; in fact, the National Crime Agency estimates that between 6,000 and 8,000 offenders are involved in modern slavery crimes in the UK. Victim navigators will clearly help to increase the prosecution rate, but modern slavery is currently a low-risk, high-reward crime, and low prosecutions are not the only indicator of that.

Analysing sentencing is crucial to understanding the outcomes for modern slavery offenders. In 2021, fewer than one third of offenders with modern slavery as a principal offence received a custodial sentence of four years or more. In the past five years, no offender with modern slavery as a principal offence has received a life sentence, and only one has received a sentence of more than 15 years. The average custodial sentence for modern slavery offences in 2021 was four years and one month. That is less than half that recorded for rape, yet the young women forced into brothels as victims of human trafficking are, effectively, repeatedly raped. On a sentence of four years and one month, the person will probably be out within two years. If we do not get serious about prosecuting, the police can break up more modern slavery networks, which they are very good at, and the victim navigators can support victims properly to bring the case to trial, but their hard work will be undermined by poor prosecutions.

I said that this debate is not about the Illegal Migration Bill, but I hope you will forgive me for going back on that a bit, Mr Betts. Without getting too entrenched in a discussion of the Bill, I must say that I fully support the Government's ambition to end the small boats crisis. That is the No. 1 issue for my constituents in Wellingborough, and it is absolutely vital that we stop the boats. Although I established a clear distinction between people smuggling and human trafficking, there are some things that unite them. Those running both evil trades regard people entirely as commodities; they care nothing for the lives they destroy or endanger.

Returning those who have been illegally smuggled into the UK to their country of origin or a safe third country is essential to dismantling the business model of the evil people smugglers. However, in doing that, we must be careful that we do not undermine protections for genuine victims. Victims of modern slavery who are rescued from abuse in this country must have the security that they will not face deportation as a consequence of coming forward. Many foreign nationals rescued from modern slavery in the UK want to return to their country of origin and familiar support networks, and

[Mr Bone]

have done so, and that is fine; they should be supported in doing that. However, the threat of deportation may undermine efforts to bring about prosecutions, by deterring victims from coming forward.

Some survivors' immigration status may have become irregular while they were under the control of traffickers, perhaps due to a visa expiring. Others may have arrived in the country illegally, and their abusers may use the threat of deportation to continue to exert control over them. The Illegal Migration Bill needs to make a distinction between those who are identified on arrival at the UK as having been trafficked, and those who are identified as such later. We must not do anything that stops support being given to those who have been moved to the UK and suffered abuse, who have clearly been trafficked.

The Nationality and Borders Act 2022 established temporary leave to remain for confirmed victims of human trafficking, as is absolutely right. That should not be, effectively, overridden by the Illegal Migration Bill, and I hope the Minister can reassure me on that point—my right hon. Friends the Members for Maidenhead (Mrs May) and for Chingford and Woodford Green (Sir Iain Duncan Smith) raised similar concerns yesterday in Committee on the Bill. Will the Minister be so good as to meet me and other concerned Members before the Bill's Report and Third Reading?

Finally, I thank the Government for the Modern Slavery Act 2015 and all the things we have done to protect victims of human trafficking. We lead Europe in this regard, and that is fantastic. I just want to ensure that that continues and that we do not move backwards in any way.

Several hon. Members *rose—*

Mr Clive Betts (in the Chair): Four Members wish to speak, and we have 30 minutes, so if hon. Members could divide that into seven and a half minutes each, and stick to that, it would be really appreciated. I call Sarah Champion.

9.57 am

Sarah Champion (Rotherham) (Lab): May I put on record my deep thanks to the hon. Member for Wellingborough (Mr Bone)? He has championed this cause for years, when many others really did not want to. We are talking about a dirty and disgusting business—and it is a business. I am grateful for all that he has done and continues to do to put the profile of this awful crime exactly where it needs to be.

I rise to raise my concerns about the Government's current approach to tackling modern slavery and human trafficking, particularly through the so-called Illegal Migration Bill; regrettably, it completed its Committee stage yesterday, which makes today's debate timely. I could have chosen so many topics. The hon. Member spoke about prostituted women; I completely agree that we have to stop the pull factor, which is the fact that it is still legal to buy sex in this country. I could have spoken about child sexual exploitation, which unfortunately I know far too much about, or child criminal exploitation. The hon. Member for South West Bedfordshire (Andrew Selous) spoke a little about child labour in the supply chain, and children working at brick kilns. I was in Nepal with the International Development Committee a couple of weeks ago, and we met those very children. I am really proud that some of our foreign aid goes on supporting those children and letting them know their rights, and, most importantly, on working with the employers, because it tends to be small businesses that still use children in modern slavery. Our aid goes on educating employers and encouraging them to change their practices.

However, let me focus on the UK. Many professionals are troubled by the Government's rhetoric, as well as the Illegal Migration Bill, which conflates modern slavery with migration, asylum and smuggling. The International Justice Mission states that conflating those issues risks hindering efforts to assist survivors and ensure traffickers are held to account. It only makes this problem worse.

I was very proud in 2015, when the UK was genuinely a world leader in tackling modern slavery, with the unprecedented Modern Slavery Act. I was on the Bill Committee, and it was genuinely world-changing. People came from all over the world to see what we were doing, although the hon. Member for Wellingborough is right that children were always an omission and not supported properly.

That pride feels light years away from where we are today. The measures in the Illegal Migration Bill, particularly in relation to modern slavery survivors, are deeply disturbing, cruel and lacking in compassion and common sense. I cannot imagine how terrifying it must be to be trafficked to this county against one's will, as well as, in many cases, being a victim of sexual exploitation or modern slavery.

We must remember that modern slavery and trafficking also happen in the UK. I referred to child exploitation: in Rotherham, the police innovatively used trafficking legislation, because it says that moving a person from one side of the street to the other is trafficking. We have strong legislation in place for that; it is just not being enforced as often as it should be, and nor is the national referral mechanism. I was disappointed in the early days of that scheme that many local authorities were not referring local people into that support network.

The Government now want to refuse vulnerable people vital protections that we put into law less than eight years ago. The Illegal Migration Bill would disqualify victims of trafficking and modern slavery from protections under the national referral mechanism and deny crucial support to those who arrived in the UK through irregular means, allowing them to be removed entirely from this country. That includes child victims of trafficking whose family members meet those conditions.

Almost 90% of modern slavery claims are found to be valid, meaning that these new provisions will remove support from genuine victims who need our help. The reality is that this will not prevent traffickers, and it certainly will not help victims of modern slavery. I am especially worried about the impact that this will have on victims and survivors of sexual and gender-based violence. Researchers at the University of Birmingham found that survivors are unlikely to report crimes of sexual and gender-based violence or trafficking, without legal protections or safe reporting mechanisms that protect them from immigration exposure.

If the Government really want to stop the boats, they must first protect victims and survivors of trafficking, slavery and sexual exploitation, to end the traffickers'

business model. Instead, this Bill will punish only the victims. Case studies from the University of Birmingham's SEREDA project demonstrate why survivors of sexual violence, in particular, must be exempt from removal to other so-called safe countries.

Samiah fled Algeria after being raped by an influential man in the Algerian army and, facing pressure from her family, married her rapist. Her sister sold her jewellery to pay for Samiah's passage to safety. Samiah passed through France on the way to the UK but, given the large Algerian population there, and the threat from both her family and the man who attacked her, she did not feel France was safe enough to offer her protection.

When she arrived in the UK, she had no idea of her rights, and slept rough in Victoria station. She was befriended by a man who gave her alcohol for the first time in her life, and she was raped again, becoming pregnant. She was taken in by a stranger, who helped her find a lawyer, and told she should put in a claim for asylum. Samiah's case illustrates why it is vital that victims of sexual and gender-based violence must have access to support, no matter how they arrive here. Not all forced migrants feel safe in the first safe country they pass through. The vulnerability of survivors of sexual and gender-based violence will be preyed on even more without the relative protections of the asylum and national referral mechanisms.

The previous Independent Anti-Slavery Commissioner warned repeatedly that denying trafficking victims support makes it harder, not easier, to catch criminal traffickers. Why will the Minister not listen to experts, and protect the victims, rather than the traffickers? Such vast changes to our modern slavery policy should not take place at a time when the UK's new anti-slavery commissioner has not been appointed. With the role remaining vacant for almost a year, it is deeply concerning that we have lost an independent voice, expert insight and essential scrutiny of the UK's approach to tackling modern slavery and human trafficking.

Will the Minister confirm in her response when the new Independent Anti-Slavery Commissioner will be appointed? Will the Home Office commit to consult the new commissioner before pushing ahead with these new measures? I am proud that Labour voted against some of the measures in the Bill, because we are on the side of the victims. I am one of those people from the left who want to support victims, but I am also one of those people from the left who want to stop the business model of these traffickers and modern slavery owners. We have to do all we can, in a united way, to make that happen.

10.5 am

Priti Patel (Witham) (Con): It is a pleasure to serve under your chairmanship, Mr Betts. I thank all Members here today, and particularly my hon. Friend the Member for Wellingborough (Mr Bone), who is such a stalwart campaigner and a champion of everything to do with tackling human trafficking. I remember the day he was elected as chair of the APPG, and his reaction, and the comments he has made today about someone with right-wing political views working with others, show that there really is no political divide on this issue. We are here to build bridges, and there is so much collective experience in this room in terms of people who have fought for the victims.

The debate is timely. We have heard reference to the Illegal Migration Bill, and today we will also see the introduction of the Victims and Prisoners Bill in Parliament. I have been campaigning for a victims Bill for many years, and I stand alongside those who have stood up, compassionately, for decades, for victims of the most appalling and abhorrent crimes. My hon. Friend made an outstanding speech and unpacked many of the complex issues associated with human trafficking, some of which are often conflated.

Our priority must always be the victims. My remarks will focus on dismantling human trafficking criminal networks, tackling modern-day slavery and supporting victims. Some of these matters touch on my time in Government, most recently in the Home Office, but also in International Development. Many colleagues will know some of the work we have collectively done and what we have achieved in the past.

Taking action on human trafficking and modern-day slavery requires continued focus, both at home, which is incredibly important, and abroad. As has been noted in the debate, there is ongoing legislation in this House, and future legislation coming. This is both a domestic and an international issue.

Jackie Doyle-Price (Thurrock) (Con): Does my right hon. Friend share my concern that the fact that modern slavery has become part of the debate on the Illegal Migration Bill, which is before the House, means that we are forgetting some of the most vulnerable victims in our society right now? I particularly highlight the cuckooing of people with learning disabilities, who are perhaps the most discriminated community in our society. If we let the debate continue to be seen through the prism of migration, we will be letting down the most vulnerable.

Priti Patel: My hon. Friend is absolutely right. If I may, Mr Betts, I would reflect on the fact that, when I was Home Secretary, we saw the most appalling act of people trafficking, in a lorry in my hon. Friend's constituency; that was the Purfleet incident, and 39 individuals—victims—passed away. It was one of the most horrific incidents, but we have had strong criminal prosecutions, and other work has taken place. I will come to that in a minute.

On my hon. Friend's point, cuckooing, children being exploited through drug gangs, and other vulnerable people have dominated much of my work over three and a half years. There is a fundamental link here: criminal gangs showing contempt and disregard for human life and dignity. This is a big tragedy, which we are all here discussing today.

The latest figures from the ILO estimate that in 2021, 28 million people worldwide were forced into labour and 22 million were forced into marriages. These issues are more prevalent than ever today, despite the fact that we think the world and society have moved on and there is greater awareness. That 50 million is more than the population of Spain, so we should just think about the scale of the challenge we face. The ILO also estimated that that number had increased by 10 million between 2016 and 2021. That demonstrates the nature of the criminality, which my hon. Friend touched on, and that is why we have to be relentless.

I recognise the Home Office footprint in this as well. We do need an anti-slavery commissioner; there are reasons why that was delayed last year, which are mainly

[Priti Patel]

down to the changes in Government that took place more than once. In reality, however, this should be a whole-of-Government effort. That is why my right hon. Friend the Member for Maidenhead (Mrs May), who deserves every credit and tribute for the work she led on securing the Modern Slavery Act 2015, was fundamental in this area because she recognised that. During my time in the Department for International Development, we worked internationally on this matter, and I had the privilege of working with my right hon. Friend when she was Prime Minister to develop that call to action to end forced labour, modern slavery and human trafficking. Under her leadership, that went straight to the United Nations General Assembly in 2017, and its impact was significant. It was a major moment for the United Kingdom and one we should be proud of. It brought together 37 countries to introduce commitments to strengthen law enforcement activity, galvanise international co-operation and support victims. We rightly funded that and put aid into that. That investment helped tackle modern-day slavery upstream in transit countries, tackling trafficking at the source. It absolutely shows how development assistance safeguards people and safeguards people's lives. Over recent years, because this is no longer integrated in the way it once was, we have gone backwards and, with that, our international standing on this issue has also regressed. Sadly, I do think this is right.

There are many issues around illegal migration that rightly need to be tackled, and the Government have to find all the right ways to do that. That is why, through the Nationality and Borders Act last year, we brought in temporary protection measures because it is right that we give the care and support to genuine victims. This was down to hon. Friends who spent time with me as Home Secretary, including my right hon. Friend the Member for Chingford and Woodford Green (Sir Iain Duncan Smith), my hon. Friend the Member for Wellingborough and others, who made this case. I worked with the Centre for Social Justice on this matter, and the various commissioners obviously made this point clearly.

In the interests of time, I want to make two quick points. We must work comprehensively and thoroughly to bring offenders to justice, and our laws are too weak on this—they really are. On the level of prosecutions, there was a targeted measure in the Nationality and Borders Act last year to ensure that small boat pilots would be focused on for prosecution, obviously through the right way. Our National Crime Agency, which my hon. Friend mentioned, deserves great credit. Much of the work it does is based on securing intelligence information that can be disclosed only in court for prosecution purposes. The agency's work in this country must be reinforced and bolstered at every single level.

My last point is about supporting the victims. They are victims of horrendous and heinous crimes. I am delighted that the Victims and Prisoners Bill will come forward today—I have been going on about it for over a decade. This is where we must work together to ensure that the victims of human trafficking and modern-day slavery are given support in the criminal justice system, and that the laws are strengthened to ensure the prosecutions take place. My hon. Friend highlighted the frankly derisory figures on sentences and prosecutions. We must change that, and this House can do that.

The other area to touch on for victims is statutory services. The care for adults is good, but we have institutional state failure on the approach for children where local authorities are allowing children to abscond. It then becomes a policing issue, and it should not just be about the police. Our statutory services must step up. Mental health services, housing services and trauma-informed approaches must be embedded.

I know the Minister has been working assiduously on this issue, but we must start to hear further details on what work is taking place across Government to ensure that victims are given support and to bring forward the reforms required to give them justice.

Mr Clive Betts (in the Chair): It is seven minutes each for the remaining speakers, so that we start the wind-ups at 10.28 am.

10.14 am

Jim Shannon (Strangford) (DUP): It is a pleasure to follow the right hon. Member for Witham (Priti Patel) and I thank her for her contribution. I especially thank the hon. Member for Wellingborough (Mr Bone) for securing this important debate and powerfully setting the scene. It is a grave injustice that abuses such as human trafficking and slavery persist in the modern world, being used as weapons against already marginalised and vulnerable communities. I will focus on human trafficking and its relevance to freedom of religion or belief—two distinct but overlapping areas of human rights where much more work could be done by our Government. I declare an interest as chair of the all-party parliamentary groups for international freedom of religion or belief and for religious minorities of Pakistan.

It is a grave injustice, heaped upon other injustices, that where girls and women are persecuted for their faith, they are also at risk of human trafficking. Such targeting threatens to dismantle entire communities, as women are no longer present to pass their faith on to their children. Should women escape their captors, as others have referred to, they face stigma and ostracism from their community.

Reports by Open Doors on gender and freedom of religion and belief find that in many countries where Christians are the most persecuted, marriage documentation is often used to cover up human trafficking. It is estimated that in the 50 countries with the highest level of Christian persecution, forced marriages of women have increased by 16%. It is a real issue, and, through the APPG, we know of many cases and incidents. Those women are at a heightened risk of human trafficking and sex trafficking as a result. Open Doors' research notes that traffickers often attempt to cloak the associated sexual violence behind a claim that the girl is now married, when clearly the girl has had no choice. In reality, it is often a forced marriage or one resulting from targeted seduction. We should be under no illusion what this means; evil people—evil men—target ladies for that purpose.

Where religion forms a dimension of human trafficking and modern slavery, the motivating factor of profit no longer applies to those who exploit other humans. Material gain may come from the trafficking of those who belong to a different religious group, but the driving motivators are religious factors and the eradication of a religious group different from one's own. That is a clear issue that we have identified. Sex trafficking serves as a primary

tool for the persecution of religious groups, be that Boko Haram targeting Christians—as happens regularly—or Daesh targeting the Yazidis. Those are just two examples; there are many more across the middle east and the world.

Freedom of religion or belief is a cornerstone human right, one that I adhere to and often speak about in this place, as do others. That cornerstone right also lays the foundation for other human rights; we cannot divorce the two—the two are married. Human rights and religious persecution go hand in hand. The prevalence of human trafficking in countries where freedom of religion or belief is not realised bears witness to that, as Open Doors, Christian Solidarity Worldwide and others have indicated. Similarly, modern day slavery correlates with places where freedom of religion or belief is not realised. In Pakistan, religious minorities are ghettoised into squalid conditions, and forced to do jobs under the most disgraceful conditions just because they do not belong to the Sunni branch of Islam.

I was very privileged to be in Pakistan in February as part of the delegation on behalf of the APPG for international freedom of religion or belief. We were able to witness first hand some of the ghettos that Christian groups and other small ethnic minorities live in. A garage or shed has better conditions than the places where they were living. They are pushed into small portions of land with squalid conditions and little or no opportunity for education and healthcare. They are a caste group, and it concerns me. The APPG will be doing a report on the visit, and hopefully we can make recommendations, highlight the negatives and positives and then look at the solutions. As always, I am solution based. Solutions are how we make things better.

To conclude, I ask what the Government and the Minister are doing to mainstream freedom of religion or belief in their international development and aid policy? I am a great believer that if we are going to give aid we should tie it in with human rights, ensuring the opportunity for people to practice their religion, whatever that may be. That opportunity should be there, and when it comes to giving aid to Pakistan or any other country across the world, we should ensure that.

Against a worldwide background of worsening religious-based persecution, how can the Government be sure that their programmes are successful when they operate religion-blind? I seek some assurance from the Minister; I hope she can give it to me. If not, I will be happy for her to follow through with a letter. I feel that sometimes the grasp of the civil servants and the Foreign Office officials may not be as real as we would like it to be. We seek some assurance on that. The most vulnerable and persecuted groups are often defined by their religious beliefs. We cannot divorce the two. They are very clear in my mind, and the evidential base would prove that. How are the Government—my Government—responding sensitively and effectively to this?

10.20 am

Giles Watling (Clacton) (Con): It is an honour to serve under your chairmanship, Mr Betts. I congratulate my hon. Friend the Member for Wellingborough (Mr Bone) on bringing forward this important debate and speaking so powerfully. Since Kindertransport and before, right through to those coming from Afghanistan and Ukraine today, we are proud in this country to give people safe haven, and we must continue to do so.

I will focus on the boats. As a yachtsman, I am well aware of the dangers of crossing open waters. On 23 September last year, I was crossing the channel—quite legally—and I saw the French warship Athos behaving in the most extraordinary fashion. I looked on the navigation device and saw that it was circling, and it kept circling as it left the French coast towards the UK coast. It was circling around a very small boat crowded with people. When we got closer, we could see those people; they were in a desperate condition. What horrified me about that particular incident was that the French warship was just circling them. I am a yachtsman; I am a seaman. That is what I do. What we do is take desperate people off those boats and make sure they are safe. I have the evidence on my phone right here.

We must stop that sort of thing happening. Stopping illegal boats is a matter of common humanity. As my right hon. Friend the Member for Witham (Priti Patel) said, 39 people lost their lives in the back of a trailer, so it is not just the boats in south Essex. That is because of our weak borders. The cost to the taxpayer is enormous because of this Home Office malfunction, as I see it. It is not acceptable. I believe something like £7 million per day is spent on hotel fees, which is outrageous, but we are looking to address this. We have to show humanity about it.

Locally, at a party conference last year I was contacted by the chief executive of my local council. He told me that he had been given 24 hours' notice, at a weekend, that we were going to have a migrant hotel suddenly opened upon us. The council did not have time to get services in line. Those people would need help. It was a question of putting desperate people in a deprived place. This was not nimbyism; the local council had identified other, more suitable sites, but the company that the Home Office had employed had decided to open that site within 24 hours.

Fortunately, by working with officials and asking an urgent question in the Chamber, I was able to get that particular incident stopped. We are dealing with this with a scattergun approach. We are being reactive as the incidents happen. We cannot go on like this. We cannot keep fighting a rearguard action. For the sake of humanity, and for the sake of the taxpayers of Clacton and elsewhere, we must stop the boats. That means backing the new Government measures, which have been laid out here today, and making the Home Office more logistically competent. In my view, and I have said this several times before, that means liaising with our French counterparts and getting British boots on the ground in France. We can do this. I am sure our French counterparts would like to see it. That would stop the boats leaving those beaches, and prevent the horror that so many people go through. We saw a child on a beach in Kent, and we never want to see that again.

Mr Clive Betts (in the Chair): I thank all hon. Members for keeping to time. We will move on to the wind-ups now. Each Front-Bench speaker has 10 minutes, or effectively 11, given that we have a bit of extra time.

10.24 am

Stuart C. McDonald (Cumbernauld, Kilsyth and Kirkintilloch East) (SNP): I, too, start by congratulating the hon. Member for Wellingborough (Mr Bone) on securing what he quite rightly described as a very timely debate. I hope that he is restored to full health very

[Stuart C. McDonald]

soon. I also very genuinely thank him for all his work over many years, which I think is recognised across the House; he has been a real champion for victims of trafficking.

The starting point for this debate—unusually, I agree with the right hon. Member for Witham (Priti Patel)—should be recognition that we have in place across the United Kingdom some genuinely world-leading pieces of legislation that are designed to tackle trafficking and slavery. The problem, as a couple of hon. Members have already said, is that the message coming from those who work with trafficking victims is that we are in danger of going backwards and that these are truly worrying times for people caught up in those appalling crimes.

That is because—again, as has already been alluded to in this debate—the Government are increasingly conflating trafficking and immigration. That is despite the fact that, as other hon. Members have also already said, since 2018 over 16,000 British nationals have been referred to the national referral mechanism. That is a clear reminder that modern slavery is a crime of exploitation and not immigration. Despite that, however, the Government now seem to be consciously stripping away rights and protections from trafficking victims as a tool of immigration policy. So, the first and most important call that I make today is that we need the Government to recommit to eradicating modern-day slavery, because at the moment the Government's commitment is increasingly being seen as playing second fiddle to immigration policy. Indeed, I almost think that we are at a point where we have to ask whether we should have trafficking policy being decided by the same Department that is in charge of immigration policy, because I think that one is dominating the other and that is not good for victims.

I will address three issues today. First, I will briefly consider the impact of the Illegal Migration Bill; secondly, I will take a quick look at some of the so-called "evidence" being used to justify that Bill, which the hon. Member for Rotherham (Sarah Champion) has already spoken about a little; and, thirdly, one issue that has not been touched on already is some of the updates to the modern slavery statutory guidance, which was implemented on 30 January 2023.

First of all, in relation to the Illegal Migration Bill, it is fair to say and Members will be aware that there were widespread and deep-seated concerns raised right across the House yesterday about the impact of that Bill on victims of trafficking. Members will be aware that I absolutely reject the logic of deterrence. However, even if someone accepts that premise, the logic of deterrence that permeates the Bill just does not apply when it comes to trafficking, because the simple point is that we cannot deter a trafficking victim from coming here; it is not a free choice, as the hon. Member for Wellingborough pointed out. So it makes no sense for the Government to massively undermine the various UK modern slavery laws through the Bill in the way that they propose to do.

The carveout in the Bill for situations where there is assistance with an investigation is worthless. That is because the result of the Bill will be that trafficking victims simply will not come forward to seek help at all, particularly if they are simply going to be discarded as soon as they have served any useful purpose in the criminal justice system. Consequently, I suspect that the Bill may well deliver a reduction in the number of possible trafficking victims being referred into the NRM, but that will simply be because fewer victims are coming forward and not because there are fewer victims.

Indeed, the Anti-Trafficking Monitoring Group is clear that the Bill will increase the number of victims and reduce the number of prosecutions against traffickers, driving the modern slavery system underground, meaning that survivors will no longer be able to report trafficking and access the assistance that they genuinely require.

Secondly, like the hon. Member for Rotherham, I will speak about all these allegations that people are "gaming the system", to quote the current Home Secretary. I think that that narrative is quite simply not backed up by evidence, so the Home Office and the Home Secretary herself should provide the evidence to back up those claims, if there is any. The Home Office has already been reprimanded by the Office for Statistics Regulation and in December 2022 three UN special rapporteurs also expressed alarm at the UK Government's increasing use of unsubstantiated and unevidenced claims.

The simple point made by those working in the field is that abuse of the modern slavery system is barely possible, and that point was made several times yesterday as well in the debate in the main Chamber, because someone cannot just claim to be a modern slave and enter the NRM in that way; someone has to be referred by an approved first responder. The Home Office must trust its own system, which prevents people with fraudulent claims of modern slavery from accessing support. The reasonable grounds decision within the NRM is designed exactly for that purpose.

So what are the actual statistics that are available to us? Based on Home Office figures, of the 83,000 people who arrived in the UK on small boats between 1 January 2018 and 31 December 2022, only 7% were referred as potential victims of modern slavery. In the calendar year 2022, it was only 6% and the percentage subsequently recognised as victims of modern slavery or trafficking was 85%. There is also no evidence of an uptick in those being referred into the NRM and receiving a negative decision. The calendar year 2022 is absolutely consistent with earlier years in showing that 90% or more of those being referred into the NRM received conclusive grounds decisions that are positive.

This is the issue for the Minister: if the Home Office is going to persist in arguing that the modern slavery system is being abused, it must produce evidence. It would be useful to know what evidence and data the Government have.

I agree with the hon. Members speaking yesterday that the Illegal Migration Bill, which is now before Parliament, risks pushing victims away from seeking support and back into the arms of traffickers. We should improve the NRM and trafficking assessments. We should improve access to support and not drive people away from it.

The modern slavery statutory guidance, which was operationalised on 30 January 2023, was designed to remove what the Prime Minister referred to as the "gold plating" in our modern slavery system. Those updates include changes to the decision-making thresholds, which require survivors to provide unreasonably high levels of evidence in unrealistically short timeframes. New exclusions

for bad-faith claims have been applied, but without sufficient safeguards built in. Victims and first responders will not be able to gather the necessary evidence in the five-day timeframe, meaning that genuine trafficking victims will be prevented from entering the NRM. There is no data yet available to determine the impact that the new guidance has had, so it would be useful to hear from the Minister what early analysis the Department has done about the impact of the new guidelines.

In implementing these guidelines, it seems to have been forgotten that the whole premise of the NRM and the two-tier decision-making process is to allow people to get a reasonable grounds decision fairly easily in order to access a recovery and reflection period. At that stage, evidence can be gathered in order to receive a conclusive grounds decision, if that can be reached.

Upping the reasonable grounds threshold will directly affect first responder organisations. They will have to provide a higher level of and more complex evidence, meaning that the amount of evidence and casework required to get a positive reasonable grounds decision, when compared with the situation previously, will put further extensive pressure on organisations that are already at breaking point. One designated first responder organisation has commented:

"The update puts additional burden on an already collapsing First Responder system, with capacity for referrals dangerously low."

Concerns have been raised by modern slavery and trafficking organisations that the changes are building on previous regressive changes, including when the recovery period was reduced from 45 days to 30 and the multi-agency assurance panel process was removed. There are significant concerns that, together, those changes will make it harder for survivors to be identified and to access support, and that this represents a regression in efforts to increase identification and trauma-informed support for modern slavery victims.

We could have said a lot in this debate about where we should go with our modern slavery policy. There are calls for more evidence-led policies; for collaborative approaches; for investment to fix the NRM and the huge backlog there; to improve training for first responder organisations; and to recognise more first responder organisations. There are calls for better and longer support for survivors that is tailored to their individual needs. That helps them and it helps us to prosecute criminals. We must improve prosecution rates and, as many hon. Members have said, we must have an independent anti-slavery commissioner in place.

The problem is, however, that before we can move forward, we must stop moving backwards. Sadly, things appear to be getting worse, rather than better. At the very least, we must take out the modern slavery provisions in the Illegal Migration Bill. We must also reconsider some of the recent changes to modern slavery guidance. We have to consider whether we can continue to have one Department responsible both for looking after trafficking victims and for immigration policy, because it seems to be delivering absolutely the wrong results.

10.33 am

Holly Lynch (Halifax) (Lab): It is always a pleasure to follow the hon. Member for Cumbernauld, Kilsyth and Kirkintilloch East (Stuart C. McDonald). I will start, as others have, by paying tribute to and thanking the hon. Member for Wellingborough (Mr Bone) for securing the debate. In addition, I thank him for all the campaigning work that he has done in this policy area. He shared powerful examples of where the failures in the system have further compounded the risk, particularly for children, of being re-trafficked. I also join him from the outset in paying tribute to the incredible work of Justice and Care, which has had a transformative effect. I have had the opportunity to see their victim navigators in West Yorkshire and the tremendous impact that they have had in supporting victims and securing prosecutions.

We know that the number of victims of these heinous crimes is increasing. My hon. Friend the Member for Rotherham (Sarah Champion), like almost every Member who has contributed to the debate, made the point that we were once so proud of our modern slavery laws, but, as we have just heard, we seem to be taking backward steps in identifying victims and supporting them through to the prosecution of their abusers. Nearly 17,000 potential victims were referred to the NRM in 2022—a 33% increase on the previous year—but charities have predicted, using police data, that there could be at least 100,000 victims in the UK.

I want to share the story of Sanu, who was tricked into living and working in slave-like conditions in the UK. For seven years, he was beaten, threatened and given no wages for the constant work he did in his trafficker's shop. He had had to beg for money and food. Now he is living in a Salvation Army safe house where the support he is receiving is helping him to overcome his ordeal.

Sanu told the Salvation Army:

"I came to the UK to study. That was my goal…I worked at least 50 to 60 hours a week and sometimes 90 to 100. I would start at 8 o'clock and have to carry on until he said I could leave. I wasn't allowed to go anywhere; no mobile phone. I couldn't go to the GP. He said if you talk to anyone then the police will come and get you…My trafficker knew I had nowhere to stay and no other friends. He knew how to control me. He controlled me like in a video game with a remote controller…Every minute every second he took from me. Even now I can still be scared. What happened to me is all wrong. I still have trauma and nightmares…I try to sleep but I still see his face, it is like he's still chasing me."

I do not need to tell the Members who are here in Westminster Hall that when we talk about victims, we are not solely talking about foreign nationals. The reporting of British victims to the NRM is rising, and 2022 saw the highest number of British possible victims identified since the NRM began. Most of those, as we have heard, were children. In 2022, one NRM referral in five was for a British child, and many more British children are thought to be vulnerable. Research suggests that there is a failure to refer many British victims to the NRM because they are not identified as victims of modern slavery or because of missed opportunities to safeguard them.

In the face of such a crisis, we need a system that finds victims, protects them, supports them and helps them to rebuild their lives, but as things stand that is not happening. Many victims never access the NRM support system, and if they do, there are huge delays in decision making. That means that many are stuck in the system, receiving wildly varying quality of care and unable to move through. Once people are confirmed as victims, there are few meaningful support mechanisms to help them rebuild their lives, and the impact of that on their mental health must not be understated.

[Holly Lynch]

How do we ensure that those vulnerable victims are reached and receive help once they have been identified? We desperately need to improve the first responder role. Effective, informed training and safeguarding procedures are needed to ensure that victims do not slip through the net. Training and policies need to include increasing understanding of the specific needs, circumstances and entitlements of British national victims, improving the transition from child to adult services, and the development of professional modern slavery risk assessment tools for British nationals.

Let me look at how we can improve the decision-making process. Decision makers must have modern slavery understanding, expertise and experience. Evidence from pilot schemes that have devolved the decision making away from the Home Office shows that the pilots look to have generated impressive results. The processing is speeded up, and any conflict of interest for the Home Office is removed. A multi-agency approach, and the broad knowledge and wisdom that come with it, could improve decision making for victims—certainly those with complex needs.

The key to truly ending these terrible crimes is to lock up the traffickers—a point about which the former Home Secretary, the right hon. Member for Witham (Priti Patel), spoke powerfully. We know that the number of victims is increasing, but prosecution rates are shamefully low. Ministry of Justice statistics show that in 2021 there were only 93 prosecutions and 33 convictions in cases in which modern slavery was the principal offence.

Proper support enables modern slavery victims to engage in securing the prosecution of traffickers. Support for victims, including victim navigators, whose incredible work I have had the opportunity to see, is central to successful convictions.

I want to talk about a case study that was shared in *The Guardian* this week by investigative reporter Annie Kelly. Julia is a Ukrainian survivor of human trafficking and sexual exploitation. She was tricked into coming to the UK under the false promise of legitimate hotel work. For five years, she was controlled by criminal gangs who had seized her passport and forced her to engage in prostitution. She had no control over who she saw or what she was expected to do. Desperate to support her child back in Ukraine and unable to speak English, Julia says she felt trapped by her immigration status and her debt. When she was rescued by the police, she began to build a relationship with a victim navigator, who supported her. Julia, with the victim navigator's support, worked with the police, and her bravery has resulted in the establishment of an international taskforce, the identification of 120 other female victims and the conviction of five exploiters. Julia is now recovering and rebuilding her life.

Julia's story and research from charities on the frontline make it clear that consistent support means that victims engage with police investigations. That support needs to come first, to create stability and confidence, and the evidence backs this up. The final evaluation of Justice and Care's victim navigator pilot scheme found that between September 2018 and June 2022, 92% of survivors who were supported engaged with police, compared with just 44% of survivors without a victim navigator. Twenty exploiters were convicted, 38 prosecutions of accused exploiters were supported and the total sentences for convicted offenders amounted to 178 years and eight months. Between 2018 and 2020, all 62 adult survivors receiving long-term support through one of the Home Office local authority pathways pilot schemes supported a police investigation.

The public are very much ahead of the Government on this; they recognise the connection between supporting victims and bringing offenders to justice. Recent polling for the CSJ and Justice and Care revealed that 82% of the people asked agreed that more Government support for victims of modern slavery is needed to bring more criminal gangs to justice. All of this goes to show that if Government were serious about convicting traffickers, they would be serious about support for victims, but as others have said over the past two days, the Government's legislation will make it much worse.

The Illegal Migration Bill will have a devastating impact on victims of modern slavery. This is a quote from a letter by the CEOs of organisations that support people through the modern slavery victim care contract:

> "Were this bill to come into effect, we fear that many of these survivors would be denied the opportunities to rebuild their lives and reclaim their autonomy.
>
> This bill will do nothing to break cycles of exploitation or help people break free of modern slavery. Instead, it will feed the criminal networks who profit from the lives of vulnerable people. It is essential that genuine victims of modern slavery are afforded the right to seek support.
>
> Furthermore, by closing the route to safety and support, the Illegal Migration Bill risks strengthening the hands of trafficking networks. Traffickers keep people under their control with threats that they will not receive help if they reach out to the authorities. This bill will substantiate this claim and further dissuade survivors from coming forward…Failure to support survivors will result in an undermining of criminal investigations and prosecutions."

Modern slavery referrals are only a small proportion of overall illegal migration and asylum claims. As the Centre for Social Justice states, only 7% of small boat arrivals since 2018 have been referred to the modern slavery national referral mechanism.

I join the hon. Member for Wellingborough in stressing how disappointed we are that Dame Sara Thornton, who was incredibly effective as the Independent Anti-Slavery Commissioner, left the post in April last year and it has been vacant for nearly a year. That is unacceptable, and I urge the Minister to update the House on why it has not been a priority for this Government and how they intend to correct that.

We agree with the hon. Member for Thurrock (Jackie Doyle-Price) that cuckooing is an abhorrent crime. We welcome the Government's commitment this week to engage with stakeholders on a new offence, but I urge them to move forward as a matter of urgency to protect people who might be subject to such a degree of abuse.

It is right that we try to stop the dangerous crossings—the human cost is so great—but brutal and cruel targeting of vulnerable victims is not the right path, and I hope the Minister has understood that.

Mr Clive Betts (in the Chair): Could the Minister finish by 10.58 am to allow Peter Bone to do a short wind-up at the end?

10.44 am

The Parliamentary Under-Secretary of State for the Home Department (Miss Sarah Dines): I shall do my best. It is a pleasure to serve under your chairmanship, Mr Betts. I am very grateful to my hon. Friend the

Member for Wellingborough (Mr Bone) for securing this debate. As he made abundantly clear, he has a long-standing interest in this issue and has done a lot of work on it over the past decade. I welcome this opportunity to respond, and I will address as many of the points that he and others made as I can in this reduced time.

First and foremost, I want to express my total disgust at cases of modern slavery and human trafficking. The Government are steadfast in our determination to prevent these heinous crimes from happening, to support genuine victims and to bring perpetrators to justice. This is an ever-evolving threat, and our policy levers need to keep pace with changing trends.

I pay tribute to the previous Prime Minister, my right hon. Friend the Member for Maidenhead (Mrs May), and the former Member of this House, Anthony Steen. I second the comments from my hon. Friend the Member for Wellingborough, who thanked my right hon. Friend the Member for Maidenhead for all her work on the landmark Modern Slavery Act, and Anthony Steen, who was one of the early advocates in this field and is now the chair of the Human Trafficking Foundation. I thank them and all others who have contributed to our efforts in this space.

The former Home Secretary, my right hon. Friend the Member for Witham (Priti Patel), worked very hard on this issue for three and a half years. I recall that in one of the first meetings I had with her when I was a new MP, she talked about upstream work and about looking internationally. Her work in this field required foresight and effort. We must not forget to thank those who have worked hard on this issue.

I was going to outline in detail the difference between human trafficking and people smuggling, but I do not need to because my hon. Friend the Member for Wellingborough did that most eloquently—I will save half a minute by skipping over that page. Instead, I will talk about the progress that has been made on prosecutions. Many Members have emphasised the need to increase prosecutions. It is shocking that there were only 188 live operations in 2016, as my right hon. Friend the Member for Witham will recall. That rose to 3,724 live investigations in February 2023. The Government have made real progress, and we continue to be committed to improving the criminal justice response to modern slavery and to ensuring that law enforcement has the right tools and capability to identify victims and tackle offenders.

Prosecutions have increased since the MSA came into force, other than in 2020 when there was a decrease due to courts closing during the covid pandemic. In 2021, the Government prosecuted 466 individuals for modern slavery crimes, with a conviction rate of more than 70%. Those with an interest in criminal justice will know that that is high. The Government have granted more than £1.3 million of funding to the Modern Slavery and Organised Immigration Crime unit, which operates out of Devon and Cornwall police, and have supported the development of national infrastructure to bring consistency across forces. There has also been a significant increase in activity since the Modern Slavery Act came into force, leading to better identification, information and evidence, and an increase in live investigations, prosecutions and, importantly, convictions.

Notwithstanding that success, there is a great deal more to do. The Government recognise that there are still challenges in the criminal justice system, which is why we are continuing to do more with law enforcement generally and the Crown Prosecution Service, including identifying ways of supporting victims to engage with prosecutions to help bring the exploiter to justice.

In addition, the Human Trafficking Foundation's lived experience advisory panel will work with the Modern Slavery and Organised Immigration Crime unit. I hope that this collaboration will help to enhance guidance and ensure that the police take account of victim and survivor experience. I am grateful to Justice and Care for its work in this field, and to the victim navigators. We welcome their use by law enforcement agencies across the UK.

It is hoped and expected, through intense preparation, that the Online Safety Bill will assist in this area. The Government will add section 2 of the Modern Slavery Act to the list of priority offences in the Bill. That section makes it an offence to arrange or facilitate the travel of another person, including through recruitment, with a view to their exploitation.

Right hon. and hon. Members said that sentencing needs to be looked at and raised concerns about the low level of sentences handed down by courts relative to other offences. The Modern Slavery Act 2015 gives law enforcement agencies the tools to tackle modern slavery, including a maximum life sentence for perpetrators and enhanced protection for victims, and following consultation in August 2021, the Sentencing Council published new sentencing guidelines for those convicted of modern slavery in England and Wales, but further progress is needed. Judges and magistrates now have clear dedicated guidelines when sentencing adult offenders who are guilty of offences under the 2015 Act, including slavery, servitude, forced or compulsory labour and trafficking for the purposes of exploitation. The new guidelines came into effect in October 2021 and aim to promote consistency of approach, improve the general area and help the courts to pass appropriate sentences when dealing with modern slavery offences.

Sarah Champion: Will the Minister give way?

Miss Dines: I will make a little progress. I will mention at this point that I listened carefully to the hon. Member for Champion—*[Interruption.]* Sorry, the hon. Member for Rotherham (Sarah Champion)—I will be reminded about that later by my hon. Friend the Member for Rother Valley (Alexander Stafford). The hon. Lady has done some hard work on this subject, and I took a clear note of what she said. I will give way to her briefly, but there really is not much time.

Sarah Champion: The focus on sentencing is very welcome, but is the Minister also focusing on the pull factor? Women coming over tend to be sexually exploited, and men are going into, for example, cannabis farms. If we could be tougher and put legislation around the pull factor, rather than just dealing with the outcomes, that would be really helpful in preventing this awful crime.

Miss Dines: The hon. Lady makes an important point. It is exactly about the pull factor, and not necessarily just because of gender-specific professions or exploitation, such as cannabis farms or the sexual arena. We must be careful about the pull factor; when he was giving evidence yesterday, the Prime Minister said that the pull factor is a big factor and we must be careful. When concerns are

[Miss Dines]

expressed about changing the present regime, as has been elucidated over the past two days in the main Chamber, we must be cautious because, as the Prime Minister said, we do not want to create a pull factor, whether it is for children or a particular class or group of individuals who may be running the criminal activities or being exploited in the way that the hon. Lady said. That is really important.

I know that cuckooing is close to the hearts of several Members who have spoken today, particularly my hon. Friend the Member for Thurrock (Jackie Doyle-Price). The Government fully recognise the exploitation and degradation associated with that pernicious practice and are determined to tackle it. The Home Office-funded National County Lines Co-ordination Centre has identified all national law enforcement initiatives designed to tackle cuckooing, and the Government are actively considering whether new legislation is needed. It is an important item under consideration, because it is a most dreadful crime. We really need to protect the most vulnerable in our society. The Government's recently issued antisocial behaviour action plan will engage stakeholders, and I am hopeful that there will be a new criminal offence in this area.

I know that hon. Members also feel keenly about victim support. The United Kingdom continues to meet its obligations to support victims of modern slavery as a signatory of the Council of Europe convention on action against trafficking in human beings, or ECAT. The support given by this Government is unparalleled, and indeed a world leader, valued at over £300 million over a five-year period. As we all know, the Home Office funds the modern slavery victim care contract, which supports victims in England and Wales to give them access to vital support they need to assist with their recovery. That includes, as has been mentioned today, access to safehouse accommodation, financial support and a dedicated support worker.

The Government are committed to ensuring that the national referral mechanism effectively supports both victims to recover and the prosecution of their exploiters. Statistics show that the better someone is supported, the more likely they are to give evidence and bring their exploiter to justice through the Crown. We made it clear in the Nationality and Borders Act 2022—as a former Home Secretary, my right hon. Friend the Member for Witham, is keenly aware of this—that where a public authority, such as the police, is pursuing an investigation or criminal proceedings, confirmed victims who co-operate and need to remain in the UK in order to do so will be granted temporary permission to stay for as long as they are required to be in the UK to support the investigation.

I will turn briefly—I have only three minutes left—to child victims. Concern has been voiced that adults get better care, and there appears to be some evidence of that and of care being patchy across the country. That must be addressed by local authorities, other stakeholders and mental health services. As the safeguarding Minister, I am concerned if young people are less effectively protected when they are in the care of the state. Sometimes children are less protected than adults and that cannot be allowed to continue. The Government are working very hard and other options are being considered.

The Government have, to their credit, rolled out independent child trafficking guardians to two thirds of local authorities in England and Wales, but more needs to be done. Those guardians are an effective and additional source of advice for trafficked children, and they can advocate on the children's behalf. We know from the debate that that approach has been successful. A staggered approach to roll-out has been adopted, with robust built-in evaluations along the way to make sure the service meets the demands of vulnerable children. That must evolve to do better.

We will continue to review how the needs of individual children are best met through the programme. We must not allow children to be taken away from a place of safety—a children's home or a foster placement—to be abused and then brought back in. That simply cannot be tolerated. Local authorities must work harder and in close co-operation with the police. Across the country, there must be no area—ethnic or geographical—where standards are not good. We will work harder to protect child victims.

In the debate, right hon. and hon. Members said clearly that a commissioner must be appointed. The Home Secretary recognises the importance of the role of the Independent Anti-Slavery Commissioner and has launched a new open competition to recruit for the role. The advert for the role went live last month and the advertising has just concluded. The process is going as quickly as possible. It is hoped that all necessary steps will be taken in a short period and that the best person for the role will be recruited. There will be news very soon. The position has improved from a few months ago when there was not even a competition. I can reassure the House that there is movement in that area.

In our modern slavery strategy, we are still regarded as a world leader. The Illegal Migration Bill is essential to make sure that our borders are properly protected and that criminal gangs do not bring people into exploitation. There is a need for reform. I need to wind up, so I cannot say as much as I wanted to, but I will say that there will be protection, and vulnerable people will not be removed unless the disqualifications under the Nationality and Borders Act apply. I am able to commit to a meeting, as hon. Members asked.

The points raised by my right hon. Friends the Members for Maidenhead and for Chingford and Woodford Green (Sir Iain Duncan Smith) were addressed in yesterday's debate by the Minister for Immigration, who stated that there is evidence that, unfortunately, the Modern Slavery Act has enabled some false applications. The 3,500 referrals envisaged on the passing of the Act have risen to 17,000 referrals and there is evidence of abuse of the system. In 2021, 73% of people who arrived on small boats and were detained for removal made modern slavery claims, so more needs to be done, but I can commit to ensure that genuine victims are discussed in a meeting with the Immigration Minister and interested parties.

Mr Clive Betts (in the Chair): Peter Bone has less than one minute to wind up.

10.59 am

Mr Bone: This is wonderful, Mr Betts. I get to sit in the Chair that you have, and when we come to Westminster Hall we have a debate that is non-political about an important issue. I have learned from people's contributions today, so I thank everyone for attending. The Minister

dealt with her speech on an important subject at rapid speed. I am grateful that she has agreed to a meeting to look into the problems of the Illegal Migration Bill and modern day slavery. I thank her for that and I thank everyone for attending.

Question put and agreed to.

Resolved,

That this House has considered the matter of human trafficking and modern slavery.

Fuel Costs: Rural Households and Communities

11 am

Angela Crawley (Lanark and Hamilton East) (SNP): I beg to move,

That this House has considered the cost of fuel on rural households and communities.

It is a pleasure to serve under your chairship, Mr Betts, and to bring this debate to Westminster Hall this morning. Around 2 million people across the UK are reliant on off-grid gas supplies to heat their homes, including heating oil, liquefied petroleum gas, coal and biomass. According to the latest fuel poverty statistics, rural homes are much more likely to be reliant on off-grid gas and more likely to be less energy-efficient. That has made rural households across my constituency of Lanark and Hamilton East, and across the UK, much more susceptible to the impact of the rising cost of fuel. In 2022, households in rural areas had the highest rate of fuel poverty, at 15.9% compared with 11.1% for those in urban areas.

In summer last year, I was contacted by Roy, a constituent from Lanark who was worried about heating his home over the winter. In June 2022, the price of kerosene for Roy was £1 plus VAT per litre, with further increases on the horizon. With a minimum order of 500 litres as the industry standard, it was becoming unaffordable to keep up with the price increases. For Roy, the £400 energy bill support, the warm home discount and the alternative fuel payment simply do not go far enough. Paying for fuel up front with the exponential price increases that this winter brought is a significant hurdle for rural households and communities. Issuing alternative fuel payments months after households have already put their fuel order on their credit cards or taken money out of savings to cover the cost simply does make sense.

Helen Morgan (North Shropshire) (LD): Some households have still not received payments because they are having difficulty with their electricity supplier or their landlord. The delay in accessing support for off-grid households is causing real hardship in rural areas. It seems unfair that people who have to pay for their energy up front—often the most vulnerable people—are still waiting in some cases for Government support with their household bills.

Angela Crawley: The hon. Lady is absolutely right. Although I welcome the fact that the Government recognised that there is a need, the response has been too slow. In reality, people, especially pensioners, had no more money on which to draw to pay up front. That has had a knock-on effect on many households, in particular many of mine in rural Clydesdale.

Jim Shannon (Strangford) (DUP): I commend the hon. Lady for bringing this subject forward. I agree with her, but it is not just about fuel; it is also about rural isolation. Does she agree that rural social isolation in the farming community is compounded by the rise in fuel costs? Going to young farmers' club events, or something similar, does not boil down to finding time; it is about whether people have the resources to go.

[Jim Shannon]

We need not only look at rural households and their fuel costs, but offer greater support to the farming community than it currently receives.

Angela Crawley: I thank the hon. Member, as always, for his intervention. He makes an important point. I am truly blessed to be the representative for Lanark and Hamilton East, which is home to a very wide and diverse community, including Clydesdale, the Clyde valley, which has a large population of farms. That community has been adversely affected by these costs.

With all due respect to the Government, there is little that can be done in retrospect to ease the impact this issue has had on livelihoods. Issuing alternative fuel payments months after households have already put fuel orders on credit cards or taken money out of savings to cover the costs does not make sense. It is all well and good for households that have wriggle room or back-up savings, but many do not, as we all know. Rural households are often occupied by pensioners reliant on their pension as their only source of income. They may not have the means to stretch their budget any further.

There are still households that are eligible for the alternative fuel payment but have not yet received it. The picture is even bleaker for those who are not connected to the gas grid and rely on electricity to heat their homes. They are not eligible for the alternative fuel payments, despite the latest fuel poverty statistics indicating that households using electricity as a main source of fuel for heating have the highest likelihood of experiencing fuel poverty.

Tim Farron (Westmorland and Lonsdale) (LD): The hon. Lady is being generous, and I congratulate her on securing a really important debate. Families in rural communities face excessive costs for fuel not only to heat their homes but to get about. There is no public transport for many of us in places such as Cumbria, and when there is, it is very expensive. People need a car just to get to work or study, and to shop. The coalition Government brought in the rural fuel duty relief scheme, but only 10,500 residents in the whole of England qualify for it. People from Brough, Appleby, Kirkby Stephen, Shap, Ambleside, Coniston or Hawkshead who need to travel are not able to benefit from the scheme. Would the hon. Lady advise the Minister to expand the scheme to ensure more communities can take advantage of it?

Angela Crawley: The hon. Member has made a compelling case in his own right. I acknowledge that transport is devolved in Scotland, but he makes an important point. Will the Minister say what she is doing to ensure that the remaining households who are eligible for the payments receive them as soon as possible? How does she intend to ameliorate the impact the rising cost of fuel is having on households who are off the gas grid and reliant on electricity to heat their homes?

After facing increasing pressure to introduce a price cap to help domestic fuel customers with high fuel prices, the Government, unsurprisingly, fell on the side of big business. They were too concerned about the impact that placing a price cap on heating oil and liquefied petroleum gas would have on market competition, rather than the impoverishment of households struggling to afford to heat their homes. My office has had the unfortunate job of forwarding the Government's position on to concerned constituents who are struggling to keep up with the cost of being off grid. One constituent said:

> "My concern is that my future financial security will be damaged just to keep my off-grid gas supplier making a healthy profit."

This year, I have been surveying my constituents to gather their experiences and opinions on the cost of living. When asked what the one thing I could raise in Parliament for them would be, an overwhelming majority of responses were concerned with the immense profits of energy suppliers. This week, there have been increasing rumours that the windfall tax the Government have already put in place may be relaxed. What would the Minister say to my constituents and the many other people who are calling for a more stringent windfall tax regime to be implemented, rather than relaxed?

The winter may be drawing to an end, but the issue remains. For Roy, the price of kerosene in April is estimated to be around 71p per litre excluding VAT. This month, according to the Office for National Statistics, the price sits at around 81p, which is still 35p higher than this time last year, and 32p higher than it was before the pandemic in 2020. I am sure the Minister will be quick to reel off all the support measures the Government have put in place throughout this crisis, and I recognise that a number of measures have been put in place, but many people fell through the gaps, and Roy and many of my rural constituents are among them.

The reality is that the measures introduced simply do not go far enough for those who are off the grid. On top of the pressures of the rising cost of fuel, increases to standing charges have been allowed to happen under the radar. Because of that, while households across the UK may receive some relief through the support measures put in place this winter, they are still feeling the pinch. Will the Government commit to taking more meaningful action to reduce the exponential increases to standing charges? What support is she prepared to put in place to support those reliant on off-grid gas to heat their homes, outwith the context of a cost of living crisis?

I will close my contribution by discussing the picture in Scotland. The Scottish Government's recent statistics show that one third of households in remote rural areas are classified as experiencing extreme fuel poverty. In Scotland, 65% of rural dwellings are not covered by the gas grid, and our remote and rural communities are facing annual energy bills of more than double the UK average. That discrepancy was ignored in the UK Government's energy support package this winter and in the spring statement. Scotland is abundant in clean, green and renewable energy and, indeed, oil, but we cannot reap the benefits while under Westminster control. Rural households, which have contributed so much to the export of renewable energy, pay exponentially for being off the grid. That cannot continue. In my opinion, Scotland needs full powers of independence to truly equalise the energy price discrepancies between rural and urban communities. I hope that the Minister will respond with action.

11.10 am

The Parliamentary Under-Secretary of State for Energy Security and Net Zero (Amanda Solloway): May I first say what an excellent speech that was, and what thought-provoking words have come from this debate? I express my gratitude to the hon. Member for Lanark and

Hamilton East (Angela Crawley) for initiating the debate, and for her additional work on supporting rural households and communities.

The Government have implemented several comprehensive support schemes across the United Kingdom to assist our rural households and communities. In particular, I would like to address the issue of the support being provided in Scotland, given the importance of these communities to Scotland, as well as the wider United Kingdom. I am aware of the significant proportion of Scottish domestic properties not on the gas grid; as the hon. Member said, it is estimated to be about 65% of homes in rural Scotland. These communities face significant challenges. The number of households classed as being in extreme fuel poverty is about three times higher in rural areas than in the rest of Scotland. As hon. Members will know, many factors influence that, including a longer heating season, exposed conditions, and historically poor housing stock. As a result, the Government's energy schemes have rightly offered much-needed support to rural communities over the winter in the face of high energy costs.

A range of domestic and non-domestic support has been provided to rural communities, and particularly off-grid users. The alternative fuels payment is available to households that use as their main heating source alternative fuels, such as heating oil or liquefied petroleum gas. That includes many Scottish rural households. More than 85% of relevant customers in Great Britain will have received their payment automatically via their electricity supplier in February 2023. Those who have not received the payment automatically will need to apply to the AFP alternative fund via a short online form on gov.uk.

Helen Morgan: On that point, I cannot reiterate enough how many people might not be able to access that online portal. I am aware that there is a phone number, but the messaging on and advertising of that number have been quite poor. Constituents have come to us asking about this, and we have pointed them in the right direction, but there will be people out there who are not aware that they can access that support, because they cannot get online.

Amanda Solloway: I thank the hon. Member for a very valid point. As she points out, we have been engaging. We have the helpline; we have a contact number. We are trying to reach out as much as possible. I encourage all hon. Members, on the record, to reach out and encourage people to go through the website portal or, indeed, through the helpline.

The energy bills support scheme is being delivered as a £400 discount on electricity bills, provided by suppliers in monthly instalments from October 2022 to March 2023. It has been delivered to 2.6 million households in Scotland. As March is almost over, may I use this opportunity to again urge hon. Members to join the Government in highlighting to their constituents that it is important that traditional prepayment meter users redeem their vouchers for that scheme now? Electricity suppliers can reissue expired or lost vouchers, but they must all be used by 30 June, when the scheme closes. It is vital that households in Scotland that use traditional prepayment meters and receive EBSS in the form of vouchers make use of the support being provided to them. Our latest transparency publication data shows that as of 1 March, almost 340,000 vouchers in Scotland remain unused—a point to which hon. Members have referred.

Households in Great Britain that do not have a domestic electricity supply, such as off-grid households and park home residents, and who have not been able to receive their support automatically, can now apply for their £400 support through the energy bills support scheme alternative funding. I encourage households that are eligible to apply for support before the scheme closes on 31 May 2023, either through the online application form on gov.uk, or by calling our contact centre helpline. I would be happy to share this information with MPs following the debate.

The final aspect of domestic support that we have provided is the energy price guarantee, which reduces electricity and gas costs for domestic customers. It helps to lower annual bills, combat fuel poverty and maintain supplier market stability. The scheme covers approximately 2.5 million households across Scotland and 29 million households across the UK in total. I hope the hon. Member for Lanark and Hamilton East was pleased to hear the recent announcement that the energy price guarantee will be kept at £2,500 for an additional three months from April to June, providing more savings to households.

Tim Farron: I am grateful for the Minister's comprehensive answers. The support that businesses get will expire, which is a problem that we could address. Lumped under the category of "businesses" are our hospices, which have seen a 350% increase in fuel bills. Not only are they getting insufficient support now, but they will soon get nothing. Will the Minister consider a special package to support hospices, which clearly cannot turn the heating down?

Amanda Solloway: I thank the hon. Member for that question. I assure him that I am reaching out to a whole host of stakeholders, and am talking to a variety of groups about that very issue. Alongside the support we are offering to households, there is the energy bill relief scheme, introduced in October 2022 for the winter; we will continue to run it until the end of the month. The support offered by this package is worth £7.3 billion and is available across the United Kingdom.

It is right that we balance continued support with energy costs with our duty to the taxpayer. Energy prices are coming down, but we must also recognise that prices remain above historical levels. For that reason, although the energy bill relief scheme is coming to an end, we have pledged to provide further support to non-domestic customers, including our farming industry, from April onwards, through the energy bills discount scheme. Under this support package, energy and trade intensive industries and domestic customers on heat networks will receive more than the baseline element of support.

I thank again the hon. Member for Lanark and Hamilton East. I give my assurance that I am reaching out to a variety of stakeholders, including suppliers. This has been an incredibly important debate, and I sincerely thank her for securing it. It is important to raise awareness of the support for rural communities in these challenging times.

Question put and agreed to.

11.19 am

Sitting suspended.

Spring Budget: Wales

[Mr Philip Hollobone *in the Chair*]

2.30 pm

Mr Philip Hollobone (in the Chair): Prynhawn da. I call Ruth Jones.

Ruth Jones (Newport West) (Lab): I beg to move,

That this House has considered the Spring Budget and Wales.

Diolch yn fawr iawn, Mr Hollobone, and thank you for your introductory remarks in Welsh. I am sad to say that I will not be able to continue in that vein, but it is a pleasure to serve under your chairmanship, and I do so with the voices, views and concerns of the people of Newport West and the whole of Wales at the forefront of my mind.

This afternoon is an important opportunity for colleagues representing Wales to speak up and speak out about the failing economic policies of this Government. The recent Budget could and should have been a unique opportunity to unlock Britain's promise and all the potential that we see in and around our communities. Instead, it was more decline and decay. It is clear to everyone—and, I suspect, to the Minister too—that this Government have decided to continue papering over the cracks after 13 years of Conservative economic failure, rather than giving us the change we need. Indeed, as I have said in the House, that papering over the cracks was exemplified by yet another handout for the richest 1%. There was no regard for the livelihoods and wellbeing of my constituents in Newport West, or the livelihoods of people across Wales, whether they call home Ceredigion or Conwy, Bangor or Bridgend. Wales is a nation of people who work hard, pay their taxes and simply need real change and real investment in their communities.

I noted from a report that the UK Treasury has recently taken back more than £155 million from the Welsh Government. The reason the Treasury gave for this smash and grab was that the Welsh Government had not spent it fast enough, which is an arbitrary change of tune from previous years. This callous approach is both unacceptable and unwise, and I echo the Welsh Government Finance Minister, Rebecca Evans MS, in calling on Westminster to give Wales our money back.

Stephen Crabb (Preseli Pembrokeshire) (Con): I must respond to that point about the £155 million. Has the hon. Lady actually read the report that the Senedd Committee produced? It was pretty scathing about the performance of the Welsh Government in managing their money. She describes it as a "smash and grab" raid. The truth is that it was a failure on the part of Welsh Government Ministers to spend money given by UK Government to alleviate the effects of the pandemic at its peak.

Ruth Jones: I disagree with the right hon. Member. Obviously, the report can be read in several ways. The fact that the money was taken back in such an arbitrary way, and that what happened was different from what happened in previous years, means that the rules were changed this year to suit the Government. I am afraid we disagree on that.

Liz Saville Roberts (Dwyfor Meirionnydd) (PC): Does the hon. Member agree that there is a discrepancy here? If UK Departments do not spend all their money within the financial year, it goes back to central UK Government. Surely, under any rational devolution settlement, there should be the same arrangement for Wales, so that if money is not spent by certain Departments in Welsh Government, it remains in Wales.

Ruth Jones: The right hon. Member makes the point perfectly well; that rule would be fair. Opposition Members will pick this issue up in the coming days, along with the issue of the inadequacies of the spring Budget, because it is a new case of robbing Wales to pay Westminster, and it cannot go on. We have seen this before with High Speed 2, an England-only project that should, according to a Welsh Affairs Committee report of 2021, be classified as such. The acknowledgment of this simple truth, which I and cross-party Welsh MPs spelled out to the Government nearly two years ago, would give Wales the £5 billion it is owed. We are seeing the same thing play out again with the Northern Powerhouse Rail project; that is another £1 billion that could and should have gone to Wales. That money would have a real and substantial effect there, but it has been withheld. The Secretary of State for Wales may have entirely ducked responsibility for his Government's role in this matter, but we will not let this go.

Growth was downgraded in this Tory Budget. That will surprise nobody in Wales who is battling with rising inflation, rising energy bills and rising food costs. That is why Labour will not allow Wales to keep bumping along this path of managed decline from Westminster. I mentioned my constituent Dawn Jones in the Budget debate in the Chamber last week, and I mention her again here. She is a pensioner living in Caerleon who has worked all her life and now cannot afford to put the heating on. She has not had it on all winter because of the expense, and every time she goes to buy anything in the supermarket, she finds it has increased in price. She wrote to my office and said:

"I am really struggling now with all these increases and do not know how I am going to pay my way; I am worried to death!"

It seems like every other day my constituency office receives more cases of desperate people who have found themselves at the end of the options for help and support. It is heartbreaking, and to be quite frank, it makes me deeply angry with those who have made the political choice to put my constituents in that position.

Wayne David (Caerphilly) (Lab): Is my hon. Friend aware of the Bevan Foundation report? Only last month, its in-depth analysis showed that it is the poorest people, the elderly, the disabled and people who are renting socially who are suffering most from the cost of living crisis.

Ruth Jones: Absolutely. My hon. Friend has made a perfect point; the Bevan Foundation in Wales is very clear and accurate in its reporting. I pay tribute to Victoria Winckler and the other staff there. That is why I welcome Labour's mission to secure the highest sustained growth in the G7; that will be good for Wales, the Welsh economy and the people of Wales.

Stephen Kinnock (Aberavon) (Lab): My hon. Friend is making an excellent speech. On the point around growth, does she agree that a vibrant and competitive steel industry has to be at the heart of any growth strategy,

and that the UK Government's continued dithering and delay when it comes to stepping up and showing the Welsh steel industry the support that it requires is a massive issue? Does she also agree that UK Labour's £3 billion clean steel fund is exactly what we need to ensure that we get our economy firing on all cylinders?

Ruth Jones: Absolutely. My hon. Friend makes a powerful point, because steel is integral to the industry and heart of Wales. In my constituency, in the last week we have had issues with a steel company, which I will be talking to my hon. Friend about shortly. We all want steel to thrive and grow in Wales.

Only with strong, inclusive growth, including in the steel industry, will Wales get the good jobs and productivity gains for which our people are crying out. It is not rocket science; in fact, it is pretty simple. Despite all the claims from the Chancellor, the Office for Budget Responsibility downgraded the UK's long-term growth forecast; there are downgrades in each of the last three years of the forecast period. We will be the only country that will see negative growth. No other G20 economy, apart from Russia, is forecast to shrink this year. The OECD has confirmed that the UK will be the weakest economy in the G7 this year. What a ringing endorsement of 13 years of Tory Government! The blame for that lies squarely with the Tories, their Prime Ministers, and the current Chancellor—and the one before, obviously. They are the party of economic mismanagement.

It is worth noting that the average French family is now a 10th richer than their British counterparts, while the average German family is a fifth richer. After 13 years of Tory Government, and a failed spring Budget, our people are paying more, earning less and bearing the overwhelming brunt of this Conservative cost of living crisis. This Government have let down the people of Newport West, and of Wales. The spring Budget was a wasted opportunity for Wales; it delivered a tax cut for the richest and nothing for the many. It continued a Conservative agenda of delay and decline. As my constituent Dawn Jones wrote in her heart-rending correspondence:

> "This should not be allowed to happen in this day and age, these conditions are not acceptable."

The best way—the only way—to change course, to deliver for our people and to move forward is with a UK Labour Government, and the sooner the better.

Mr Philip Hollobone (in the Chair): Diolch yn fawr. The debate can last until 4 o'clock. I am obliged to call the Front-Bench spokesmen just after half-past 3, but until then we are in Back-Bench time, and I am determined that everybody will get in. There is no need for a time limit if everybody is sensible.

3.9 pm

Virginia Crosbie (Ynys Môn) (Con): Prynhawn da. It is a pleasure to serve under your chairmanship, Mr Hollobone, in this important debate. I would like to say congratulations—llongyfarchiadau—and put on record my thanks to the UK Government for a Budget that is good news for my constituents on Anglesey, for Wales, and for the UK.

Before the Budget was announced, the Finance Minister in the Labour Government in Cardiff stated that:

> "The Chancellor has the powers to…ease the challenges being experienced by households and businesses",

and to

> "support those most vulnerable—including practical actions to support people with energy costs, housing needs and welfare benefits."

The Chancellor delivered. The energy price guarantee was kept at £2,500. There were new childcare plans to help working-age people get back into work, with 30 hours' free childcare for children aged from nine months to four years—in England, at least; I understand there is still some doubt about what Wales will do with its share of the funding. I hope the Minister will enlighten us in his closing remarks. There is a new universal support scheme to help disabled people who want to work to do so, worth up to £4,000 per person.

Housing is a devolved matter. However, the Labour Government in Cardiff could have used some of their £155 million underspend, instead of always asking UK taxpayers for more and more money. I am delighted that the Chancellor delivered way more for Welsh people in the spring Budget than would have been delivered under the relatively low aspirations of Labour.

Liz Saville Roberts: The hon. Lady raised the matter of housing. It is worth considering the local housing allowance, the perimeters of which are set by the UK Government. Does she share my concern about a constituent of mine at Aberllenfenni, who faces an increase of £150 month in rent set by her landlord? No more can be paid in local housing allowance, because that is set at a lower level, at 25% of private rents. Does she agree that that should be raised by Westminster to 30%, to support people in private rental arrangements?

Virginia Crosbie: I thank the right hon. Member for her intervention. My concern is that Labour in Cardiff should be building more homes that people want, in locations where they want to live, including for young people starting off their life.

In addition to delivering the day-to-day support that people need with the cost of living crisis, caused by Russia's illegal war against Ukraine, the UK Government have delivered hope, and a promise of long-term prosperity in Wales. We need to grasp that with both hands and work together for the benefit of the Welsh people. We have seen what working together in a constructive way means for Wales. It means a freeport on Anglesey, with 13,000 new jobs and £1 billion in economic investment.

The Budget is an example of how this Conservative Government are investing in Wales, and levelling up communities both north and south. Families across north Wales see that the UK Government, rather than the Labour one in Cardiff, are supporting the region with long-term investment and good-quality jobs. I was delighted that £20 million for the refurbishment of the Holyhead breakwater was announced in the Budget. That investment in a vital piece of infrastructure is important if we are to keep Holyhead from flooding, and are to attract new investment to the port—the second busiest roll-on, roll-off port in the UK. That follows the announcement of £17 million from the levelling-up fund to regenerate Holyhead town centre.

The funding will attract new investment and good-quality, long-term job opportunities for local people across the whole island. It will give Ynys Môn a new lease of life, and turbocharge the island's economy. My island has one of the lowest levels of gross value added in the UK,

[Virginia Crosbie]

with high levels of temporary and seasonal work. Every year, we lose young people, who move in search of decent employment elsewhere. My dad had to leave Wales to find work. These investments will ensure that other young people do not have to leave Wales. The UK Government are investing to protect our island's communities and our Welsh language.

It is the nuclear energy announcements in the Budget that will have the greatest long-term impact on the people and economy of Ynys Môn, and across the whole of north Wales. That point was highlighted when the Chancellor mentioned Ynys Môn in his speech. Earlier this month, I wrote a letter to the Prime Minister, co-signed by 57 of my right hon. and hon. Friends, asking him to push ahead with Great British Nuclear, and to make new nuclear energy part of our green taxonomy. The steps the Chancellor took in the spring Budget underline the Government's commitment to our long-term energy security and net zero. With energy independence and jobs in new nuclear, alongside renewable energy production, this country can become a more prosperous and balanced economy.

The Budget was overwhelmingly positive for nuclear in the UK: there was the launch of Great British Nuclear, and the labelling of nuclear as environmentally sustainable in the green taxonomy. It was also great to hear the Chancellor's commitment to nuclear providing a quarter of Britain's electricity. That means a massive ramp-up of new nuclear projects on a scale that we have not seen for a very long time. What does that mean for Wales? It means opportunity. GBN will make the delivery of new nuclear projects, including in Wales, much more efficient, enabling us to build vital new stations more quickly than ever before.

Wayne David: I welcome the announcement by the Government on Great British Nuclear, belated though it is, but does the hon. Lady think it is certain? If so, perhaps she would like to say on what date nuclear on Wylfa will be given the go-ahead.

Virginia Crosbie: The last time a nuclear power station was invested in and built was under a Conservative Government. As the hon. Member will know, we have a huge energy statement tomorrow in the Chamber; I would not want to pre-empt what the Minister will say.

GBN means jobs and investment in areas that are calling out for them, including my constituency of Ynys Môn. I want good jobs for hard-working people—jobs that support Welsh communities—and nuclear can deliver that. Wales can be a centre of energy innovation. In the Budget, we learned of plans for a small modular reactor competition. There is already a long list of companies looking to Wales to house these game-changing stations, which will help decarbonise not only the power grid, but energy-intensive users in the heavy industry sector. We need these projects to come to Wales, but of course we need to attract investment.

Giving nuclear the green label will drive crucial investment. Nuclear has the lowest life-cycle carbon intensity, lowest land use and the lowest impact on ecosystems of any electricity source, according to the United Nations Economic Commission for Europe. If that does not attract investment, I do not know what will. Wales has a world-class site in Wylfa and Trawsfynydd at its disposal. It is essential that we make the most of those sites; it would be a huge missed opportunity if we did not. Over the next decades, there will be a significant ramping up, with new nuclear projects across the UK, facilitated by Great British Nuclear. Wales can and should be part of these plans, and the Budget was a big step forward, but there is much to do.

This Budget has delivered for Wales; it is way more than the hand-to-mouth support that the Labour Government in Cardiff asked for. It has paved the way for long-term sustainable growth and employment in Wales, for levelling up parts of Wales that have seen little interest or investment from Cardiff in the past 20 years, and for an economic revolution in Ynys Môn.

Beth Winter (Cynon Valley) (Lab): It is clear from the evidence provided by the Welsh Government that we receive substantially less funding via the levelling-up fund than we did as a member of the EU. The Minister for Economy quoted a figure of £1.1 billion less. What does the hon. Member have to say about that?

Virginia Crosbie: That is simply not the case. I will highlight the way that north Wales has been treated by Labour. In the past six months, it has been deprived of one of the two bridges connecting it to the mainland. It has seen abject failures in the devolved health service, and suffered over 700 job losses with the closure of 2 Sisters in Llangefni. While Labour MPs sit there and complain about our Budget, let us look at the actions their own Welsh Government, in co-operation with Plaid, have taken to support my already deprived community through these challenges. They have refused to compensate the businesses that suffered significant losses as a result of the closure of the Menai suspension bridge—a closure that, I hasten to add, resulted from failures in its maintenance programme. They stalled on funding a much-needed GP co-location in Holyhead, which would have helped people who have struggled for years with a health board that is in and out of special measures. With their £155 million underspend, they could have stumped up the funding for some of those 700 people who lost their job at 2 Sisters in Llangefni to travel to another plant and continue working for a few months. They chose not to.

The only reason why Labour MPs are unhappy is because they cannot face the fact that the UK Government are delivering on their promises to the Welsh people in a way that Labour has abjectly failed to. I commend the Budget and the difference it will make to people across Wales, particularly in my constituency of Ynys Môn. Diolch, Mr Llefarydd.

Mr Philip Hollobone (in the Chair): I call Beth Winter.

2.48 pm

Beth Winter (Cynon Valley) (Lab): Diolch yn fawr, Mr Hollobone. I wonder if I am living in an alternate universe to the previous speaker, the hon. Member for Ynys Môn (Virginia Crosbie). This time last year, I undertook a research study on the cost of living in my constituency. I will share a copy with Conversative Members because the evidence about the levels of deprivation was stark, with people going without food and unable to pay their gas and electric bills. The responsibility for that lies squarely with the UK Government, and my contribution will evidence why I feel so strongly that

that is the case. So I beg to differ with the hon. Member. I congratulate my hon. Friend the Member for Newport West (Ruth Jones) on securing the debate.

Wales fired the UK industrial revolution through our coal and steelworks, and we are now leading the green industrial revolution through onshore and offshore wind. The United Kingdom's wealth was built on Wales, but it now resides in London and southern England. There is a lot of research to evidence the fact that there is a disproportionate amount of money in the south-east of England.

Wales has been let down by Westminster—by Tory Governments—for many years, and this month's Budget continues that theme. The reality is that under this Tory Government, households in Wales and in my Cynon Valley constituency are worse off, despite the Welsh Government's significant efforts to put in place a range of measures to help households. We have seen the largest fall in living standards since the 1950s, wages are lower in real terms than they were 13 years ago—that is a fact—and public services, including local government services, continue to be cut in real terms.

Ahead of the Budget, the Welsh Government called for increased support for households in the cost of living crisis, including increased public spending to ensure public sector workers are paid a fair wage, increased funding for public services and investment to boost growth in the economy. Wales TUC called for a boost to pay across the economy, with decent pay rises and a path to a £15 an hour minimum wage, alongside a plan for strong public services, fair taxation and protection from hardship for workers.

After the Budget, the Welsh Government said:

"The Chancellor has chosen to hold back funding at a time when extra investment is desperately needed to ensure our hard-pressed public services can respond…and to ensure public sector workers are paid a fair wage."

The Institute of Welsh Affairs said that the Budget

"puts money into the hands of well-off high earners",

and that it "represents a political priority" that is completely "at odds with the needs" of the vast majority of people in the country.

The Bevan Foundation said that

"the fact that there is so little direct action on the cost-of-living crisis is a source of concern",

and that the Chancellor's focus is

"starting to drift from this very real problem."

I was fortunate, about 18 months ago, to commission the Bevan Foundation to undertake a piece of research on our economy in the Cynon valley and come up with an action plan based on community wealth building to address the appalling levels of deprivation and inequality. We are on the path to implementing that at a grassroots level. I am really encouraged by the work that people in Cynon Valley are undertaking to provide an alternative future, but that is no thanks to the UK Government.

The reality is that Wales is constrained from offering more by the UK Tory Government, who routinely withhold fair, needs-based funding for Wales to meet the increasing pressures on our communities. After more than a decade of austerity and the pandemic, Wales's economy and public services, including local government services, have been absolutely stripped to the bone.

Wales is yet again being starved of funds. We heard news this week that, as my hon. Friend the Member for Newport West said, the UK Government have taken £155 million from the Welsh reserve fund, despite the Welsh Government making proposals that would see the money retained, which has been agreed many times before—there was a precedent. It is—I will use the term—theft from the people of Wales, and it demonstrates the Tories' complete contempt for our country.

Stephen Crabb: The hon. Lady talks about local government services, but how would she respond to the point that local authorities across Wales—all of them, and especially some of the Labour councils not far from her constituency—are sitting on billions, or at least hundreds of millions, of pounds of reserves, seemingly with very little intention of dipping into them to invest in the kinds of priorities that they need to at this time? They might say, "Well, we're waiting for a rainy day," but it is pouring outside, for all the reasons the hon. Lady set out. Why will they not spend that money?

Beth Winter: I beg to differ. If we look at local governments, there are very few with any significant reserves. For example, my local authority has experienced cuts in excess of £90 million since the start of austerity, and it has tapped into reserves significantly to meet the shortfall. I think the figure was about £30 million in the last year, although do not quote me on that. That is already happening, and local authorities do not have the reserves to which the right hon. Gentleman referred.

In terms of EU structural funds, Wales faces a £1.1 billion shortfall in funding—so much for "not a penny less, not a power lost". I am interested to hear the Minister's explanation for the significant shortfall in funding post EU.

On the levelling-up fund and the shared prosperity fund, the Tories' record is one of failure, and the announcements in the Budget do very little to reverse more than a decade of austerity. One year on from the levelling-up White Paper, most places have lost out in the scramble for levelling-up funding. Millions have been wasted in the application process. Bids have been eaten up by inflation. My constituency has not received a penny, nor have other valley constituencies such as Blaenau Gwent or Torfaen. The UK Government's shared prosperity fund was to replace EU structural funds, but funds have been cut, and the Welsh Government have been completely cut out of that process.

Liz Saville Roberts: I am sure that the hon. Lady shares my concerns and those of Welsh universities, which face a risk to 1,000 jobs and 60 research projects because European structural funds are coming to a close. I am sure she will join me in asking the Minister whether the Government intend to come up with a £71 million bridging fund to enable Welsh universities to survive the period in which they are waiting for funding.

Beth Winter: I am just coming on to the university sector, where I worked for 10 years as a researcher and a trade union representative. Indeed, universities in Wales have been at the forefront of green growth and research in Wales and internationally, but with EU structural funding coming to an end, they face the loss of more than 1,000 skilled jobs, as the right hon. Lady said.

[Beth Winter]

Swansea University, where I worked for many years, has been delivering on 50 projects awarded total grants of £150 million from EU structural funds. We have only to look at some of those projects—ASTUTE 2020 and SPECIFIC 2—to get a sense of that cutting-edge research. I was involved in lots of those projects; outstanding work is being undertaken. Universities have written to the Welsh Affairs Committee to say that there is little emphasis on research and innovation within the shared prosperity fund, and wider reforms of the funds are needed.

However, there was absolutely nothing in the Budget to deal with the failings of so-called levelling up and the shared prosperity fund. As the right hon. Member for Dwyfor Meirionnydd (Liz Saville Roberts) said, I am interested to hear the Minister's response on how the Government will address the shortfall, with all those jobs at risk from the end of this month, as I understand it. Over 1,000 jobs could be lost in Wales.

Moving on to the legacy of the coal mines, the UK Government continue to benefit unduly from their share of the national mineworkers' pension scheme. They should be paying that money to former mineworkers and their families, many of whom live in Cynon Valley. It is a continued failure of this Government that they have not funded the £600 million legacy costs of making the coal tips safe in Wales. As I said, we created the wealth in the south Wales valley. People sacrificed their lives in many instances. We deserve our fair share of that wealth back.

The UK Government's record on housing is one of failure. The Bevan Foundation, which has been cited, has undertaken comprehensive research. Evidence shows that there is a shortage of properties to rent, and the local housing allowance rates set by the Tories do not cover real-world market rents. The data found that 75% of Welsh local authorities did not have a single property available at LHA rates, and just 1.2% of rental market properties advertised across Wales were available at LHA rates. The Bevan Foundation has called for rates to be uplifted, and for the collection of better, more comprehensive data from the private rental sector, yet the Budget again said nothing. I want to hear the Minister's response to the issues with the LHA in Wales, which is a reserved matter.

On transport, the UK Government have continued the lie of designating not only HS2, but now Northern Powerhouse Rail as England and Wales projects, which should result in a total of £6 billion for the Welsh economy.

The Budget shows how urgently we need a change of Government in the UK. We need a completely different economic approach to deliver a new funding settlement for public services, and fully funded, inflation-proof pay rises for workers. We need the wealthiest in society finally to pay their fair share of tax. While the Tories will not do it, Wales requires fair, needs-based funding to be able to do what we want to do, which is to address the levels of inequality that are completely unacceptable and completely avoidable. The UK Government need to stop riding roughshod over the devolution settlement. The Budget showed why we need a UK Labour Government, who will work hand in hand with the Welsh Government to deliver and level up, lifting incomes and living standards and building an economy for future generations. Diolch yn fawr.

Mr Philip Hollobone (in the Chair): I call Jonathan Edwards.

3.1 pm

Jonathan Edwards (Carmarthen East and Dinefwr) (Ind): Diolch, Mr Hollobone; it is a pleasure to serve under your chairmanship. I congratulate the hon. Member for Newport West (Ruth Jones) on securing this debate and on her opening remarks.

During my time as a Member of Parliament, I have often found that the key document to read following any Budget is the Office for Budget Responsibility report that accompanies it. This often provides a more sober analysis of the state of the economy, as opposed to the offerings from Ministers at the Dispatch Box. The OBR analysis indicates a future of a stagnating economy, which should worry us all. Economic growth by the end of the forecast period in 2028 is projected to be a pathetic 1.75%.

Let us remember that the projections are for UK economic growth. Over many decades, the Welsh economy —as a result of the sectoral and geographical priorities of UK economic policy—has lagged the UK average, meaning that economic performance in Wales will in all likelihood be even more anaemic. The old problems of low business investment and low productivity haunt economic policy. The hard Brexit policy of the British Government makes the situation worse. The OBR is clear that nothing that the British Government have done has changed its forecasts that productivity will be 4% lower in the long run than if the UK had remained in the EU's economic frameworks.

Weak economic growth has inevitable consequences for living standards. The OBR analysis estimates that real household disposable income is expected to fall by 2.6% in 2023, following a fall of 2.5% last year. That is the largest two-year fall in real living standards since records began in the 1950s, as we have heard. Economic stagnation and falling living standards—that is where the UK economy is heading following the Budget. Those are the hallmarks of a failing economy, and they should set off alarm bells among not only Ministers, but the official Opposition, who I suspect will inherit that legacy shortly.

Of the UK Government's five priorities announced at the beginning of the year, three were economic: reducing inflation, reducing Government debt and getting the economy back into growth. The pledge on inflation was particularly cynical for two reasons: first, inflation was always likely to normalise due to global factors, so the pledge could be achieved without any sort of Government intervention; and secondly and more importantly, the reduction of inflation over the remainder of the year—notwithstanding the worrying acceleration last month to a rate of 10.4%—is being spun as if the cost of living crisis were over, as if somehow prices were falling. Of course, that is not the case.

The increases in prices over recent years are now baked in. Without people's incomes increasing to compensate, it will mean that the squeeze on living standards will become embedded, with its effects felt more acutely in those areas of the UK—like Wales—where incomes are lower than the UK average. The Institute for Fiscal Studies estimates that the real inflation rate for the poorest-income 10th of households was an eye-watering 14%, proving that the disproportionate impact of inflation depends on a household's income situation.

As I have more time than I was expecting, I will caveat what I said about inflation falling during the next year. We are acutely aware of events in the financial

sector at the moment, with the turmoil in the banking sector. I had never heard of Silicon Valley Bank before two weeks ago, but it appears that issues with that bank in the US are affecting other banks across the world. We know what happens when the financial sector is under duress. What do central banks do? They ease monetary policy and, if we ease monetary policy at this time, what would that mean for inflation? I have never wanted to be a central banker, and I fear that unless the situation in the financial sector stabilises, they may find themselves with a very difficult choice: do they preserve the financial sector, or do they squeeze the living standards of ordinary people?

Given that I have more time than I thought, I should perhaps mention the Edinburgh reforms, which were really pushed by the British Government before Christmas. They should set off massive alarm bells for us all, considering what is happening at the moment. The British Government's approach is to minimise the regulation of the banking sector at a time of banking turmoil. In 2008, it was not the bankers that paid for the financial sector's business model going wrong; it was ordinary people who have faced over a decade of squeezed incomes and reduced public services. History often repeats itself as farce; I hope that I am wrong.

On all the UK Government's priorities—the three that I mentioned on the economy, and the other two on NHS pressures and small-boat crossings of the English channel—they would benefit from closer collaboration with the European Union and its economic frameworks. Although I understand the politics of the situation for Labour as we approach the general election next year, I sincerely hope that, when it is in power, it will take a far more rational approach to European relations for all our sakes.

Most of the post Budget commentary has focused on the announcement about abolishing the cap on the lifetime allowance on pension contributions. In several debates over the years, I have called for flexibility for NHS consultants to help ease NHS pressures, but what I had in mind was a specific carve-out, as is already available to judges. I am uncomfortable with the universal nature of this policy, as it is clearly a tax cut for the wealthiest in society. At the same time, the Chancellor has introduced tougher sanctions for those on universal credit. Why is it always carrots for the rich and sticks for the poorest?

I turn to the investment zones announced in the Budget. The OBR analysis indicates that their impact would be negligible. However, it would be useful if the Minister, in winding up, outlined how the policy will work in Wales, and specifically whether an equitable amount of funding will be made for any investment zones in our country.

Meanwhile, as the right hon. Member for Dwyfor Meirionnydd (Liz Saville Roberts) mentioned, we know that 60 Welsh university projects, which support 1,000 research jobs, face immediate threat next month when the European structural funds come to an end. The Budget would have been an ideal opportunity to announce the bridge funding needed to preserve those jobs and projects. It is disappointing that the warnings of several Welsh representatives have gone unheeded.

The Welsh Government's overall budget in 2023-24 will be £900 million less in real terms than it was expected to be in 2021. The Welsh Government have also rightly criticised the Budget for awarding only £1 million extra in capital funding for 2024-25. We all know that capital funding is vital if we are to tackle low productivity and business investment.

If the UK Government are to address the sluggishness of the economy, which will last for the remainder of this decade as projected, I propose three main priorities. First, forget the Brexit fantasies and rejoin the European economic frameworks. Secondly, channel investment into geographic areas with low productivity, as that would have a far greater impact on overall UK productivity levels, as opposed to prioritising investment in London and the south-east. Lastly, follow the United States, where President Biden has thrown a trillion-dollar kitchen sink at improving US transport links and public utilities, such as broadband and telecommunications, and investing in renewables, electric vehicles and research into the technologies of the future. Diolch yn fawr iawn.

3.9 pm

Ben Lake (Ceredigion) (PC): Diolch, Mr Hollobone; it is an honour to serve under your chairmanship. I congratulate the hon. Member for Newport West (Ruth Jones) on securing this important debate. It is a pleasure to follow my hon. Friend the Member for Carmarthen East and Dinefwr (Jonathan Edwards). I fear that I need not reiterate many of his points in my own speech because he made them so eloquently and effectively.

Before I address the substance of the spring Budget, it would be remiss of me not to comment on the report published earlier this week by the Senedd's Public Accounts and Public Administration Committee, which found that due to a budget underspend in 2021-22, the Welsh Government breached the limits of the Welsh reserve. Other Members have commented on that this afternoon. I would just add, echoing the point made by my right hon. Friend the Member for Dwyfor Meirionnydd (Liz Saville Roberts), that it cannot be right—it is certainly inconsistent and illogical—that any underspend in a UK Government Department returns to the UK Government, but the same does not apply to any underspend in Welsh Government Departments.

I turn to the issues facing the spring Budget. High on the agenda was the rising cost of living. Much has been made of the measures included in the Budget that aimed to support households and businesses with energy costs. We have heard comments to that effect this afternoon. The Chancellor was right to identify that as a key concern, but given that energy bills are still expected to increase by some 17% next year, the Budget did not go far enough. To help families see out the spring, the Government could and should have considered extending the energy bills support scheme.

I do not dismiss the extension of the energy price guarantee, which will be a great service to a lot of people across Wales, but the measure does not offer the 74% of my constituents living in off-grid homes support with their fuel costs. There should be further support for off-grid households; I would welcome a further round of the alternative fuel payment, for example. It is difficult to deny the inconsistency in the level of support offered to off-grid households compared with those connected to the mains gas grid, and I am sure the Government would want to address that.

Meanwhile, small businesses have been left without any additional support with energy costs. We know of the increased percentage of business insolvencies last

[Ben Lake]

year in England and Wales. I fear that we will see a further escalation in insolvencies this year, unless the UK Government expand the energy bills discount scheme or at least require energy companies to allow small businesses to renegotiate their contracts early in order to reflect falling prices.

I mentioned that 74% of properties in my constituency of Ceredigion are not connected to the mains gas grid. Much has been made of the plight of households and rightly so, but for off-grid businesses, the situation is quite acute. They have been offered only a one-off payment of £150. We do not need to be experts in business to know that that falls woefully short of reflecting the increase in energy prices that these off-grid businesses have experienced over the past 18 months to two years.

Let us remember that these off-grid businesses are local post offices, village shops, swimming pools, and rural factories in Ceredigion—key pillars of rural society and economy, and the lack of meaningful support has placed them at a competitive disadvantage to those companies connected to the mains gas grid. When we consider that most off-grid businesses are located in rural areas, that failure surely flies in the face of the UK Government's professed levelling-up agenda.

Of course, part of the long-term solution to bringing down energy bills for both households and businesses is to improve the energy efficiency of our buildings. I have previously called for the £6 billion committed to energy efficiency in the autumn statement last year to be brought forward in the term of this Parliament, but it is critical that the current energy company obligation schemes—the ECO schemes—are delivered properly.

E.ON Energy estimates that as of December 2022, only 11% of the ECO4 scheme obligation had been delivered, compared with an expected delivery rate of some 19%. By comparison, at the same point during the ECO3 scheme, it estimated that 29% of the obligation had been delivered.

The company has suggested that inflation is partly to blame for this underperformance, having escalated costs beyond the funding assumptions originally set for the installations. But it is also important to note that the scoring limitations of the scheme have set the bar far too high for the minimum improvements required for a property to be eligible for support under the scheme. The result is that many eligible households fail to secure an installer willing to undertake work on their properties. This is something the Government need to review with some urgency.

I now want to take a step back from the immediate issues facing households and society more broadly, and look at the longer-term problems. I echo many of the points that the hon. Member for Carmarthen East and Dinefwr made in his very eloquent speech. I agree that this Budget wasted an opportunity to tackle some of these longer-term productivity issues that have hampered prosperity in Wales for decades. I am concerned that businesses in Wales, particularly in rural areas, risk being left behind due to poor digital connectivity. For example, gigabit connectivity in Wales stands at some 50% compared to the UK average of 68%, and—as always—the problem is far more acute in rural areas, with only 27% of Ceredigion connected to gigabit internet.

We cannot allow rural areas to miss out on productivity-boosting technologies, whether that means simple broadband connectivity or the integration of new AI technologies. I therefore urge the UK Government to release the funding allocated to Project Gigabit without delay and in accordance with recommendations set out in the report of the Select Committee on Digital, Culture, Media and Sport. In addition, the Government should consider accelerating the timescales for the roll-out of gigabit broadband in very hard-to-reach areas, which often lack both fast broadband and a 4G signal. Sadly, many are located in my constituency of Ceredigion, and I know that the Minister is deeply aware of the impact of such notspots on the people living there.

The National Infrastructure Commission for Wales estimated that it would cost about £1.3 billion to connect every property in Wales with fibre-to-the-home technology, yet the Government have only released £1.2 billion of Project Gigabit funding so far for the entire UK. There is a real opportunity to boost productivity in all parts of the United Kingdom, if only the Government were willing to bring forward some of the funding that they have already allocated for this purpose. If fibre-to-the-home technology is too challenging in the short term, let us instead see greater effort made to expand projects designed to target very hard-to-reach areas, such as the rural small cell projects or work on gigabit-capable, fixed wireless access technology.

There must also be a way to reform the self-defeating systems that currently see fibre taken to the curtilage of some rural properties only for residents to be forced to pay exorbitant excess construction charges if they want that connection extended to their actual home—in other words, if they actually want it to work. In rural areas, where the curtilage of a property may lie some distance from the house, this is proving a real barrier to improved connectivity.

Another key area that should be prioritised if we are to boost the Welsh economy is, of course, renewable energy. Others are far more informed than I am on this topic and could make contributions, so I will just say that we have considerable generation potential along the Welsh coastline in both marine renewables and offshore wind, and an opportunity to seize a first-mover advantage in technologies such as offshore floating wind and become a world leader in the manufacture of components, and in the export of skills and expertise into a growing global market.

Liz Saville Roberts: There is a risk that we keep repeating ourselves, but there is a reason for us to do so. In Scotland, the Crown Estate 12 miles out to sea is devolved to Scotland, so that policy can be made in relation to it and the profits that arise from the Crown Estate remain in Scotland. Why, if it is good enough for Scotland, is it not good enough for Wales?

Ben Lake: I am grateful to my right hon. Friend for posing that question. It is indeed a question that keeps me up at night. Why is it good enough for Scotland but not good enough for Wales? Perhaps the Minister will address that point when he winds up.

The Welsh Affairs Committee recently published a report setting out that offshore floating wind technology could represent the single biggest investment opportunity

in Wales for decades, and recommended that the UK Government take the necessary steps to ensure that its potential is realised. I very much hope that they do.

Wales desperately needs an economic strategy capable of providing adequate funding for its public services, reducing poverty, improving incomes and ensuring that we realise our potential contribution to the global effort of tackling climate change—a strategy that, I am afraid to say, the spring Budget did not deliver.

3.19 pm

Christina Rees (Neath) (Ind): It is an honour to serve with you in the Chair, Mr Hollobone, and I congratulate my hon. Friend the Member for Newport West (Ruth Jones) on securing this important debate.

To help people survive the cost of living crisis in Wales, the UK Government must reform local housing allowance and universal credit. Local housing allowance was introduced in 2008, and it is the amount of housing benefit or the housing element of universal credit available to those who are renting from private landlords. The amount of support provided is based on the area in which the individual lives and the number of bedrooms they require. There are a number of determining factors, including allowing a tenant to rent in the cheapest third—the 30th percentile—of properties within a market area, which depends on the location of the property. Wales is divided into 23 broad rental market areas.

Despite the good intentions behind the local housing allowance when it was introduced in 2008, the scheme has been the subject of criticism and controversy in the last decade. In many areas, it does not cover the full cost of renting a property, leaving individuals and families in a precarious financial situation. The issue has been exacerbated by the UK Government freezing local housing allowance rates since 2020 at 2018-19 private rental rates.

Research by the Bevan Foundation found that in my Neath constituency, 51 properties were advertised for rent in February 2023, but not one property was fully covered by the local housing allowance rate. Furthermore, the gap between market rents and the rate in my constituency is £95 for a one-bedroom property, over £110 for a two-bedroom property, nearly £150 for a three-bedroom property and over £250 for a four-bedroom property. That means many people in Neath face the prospect of homelessness, and some are being forced to choose between paying their rent and putting food on the table. This is an unacceptable situation that the UK Government need to address urgently.

The Welsh Government have already taken steps to address this issue, with the introduction of the Welsh housing quality standard and the Housing (Wales) Act 2014. Low-income tenants may face more barriers when looking for properties in the private rental sector, and many may find them difficult or impossible to overcome—for example, deposits of more than one month's rent, guarantors, credit checks, minimum income checks and professional-only tenants.

The Bevan Foundation found that only 32 properties in Wales were at or below the local housing allowance rate. Twenty-three properties had one or more of the barriers that I just mentioned, so only nine properties fully covered by the local housing allowance did not ask for one or more of the additional qualifications. Seven were in Cardiff, one was in Ceredigion, and one was in Rhondda Cynon Taf, but there was none in Neath. The Chancellor could have used his spring Budget to uplift local housing allowance rates to the contemporary 30th percentile and keep it at that rate, providing housing security, which would improve mental and physical health among those struggling to pay their rent in Wales and the UK, but he did not.

The Joseph Rowntree Foundation recently launched its research on an essentials guarantee, which would reform universal credit to ensure that people can afford the essentials during hard times. It tested public opinion and worked out the cost of basic non-housing essentials in Britain today—food and non-alcoholic drink, electricity and gas, water, clothes and shoes, communications, travel and sundries such as cleaning materials—to be £120 a week for a single person aged over 25, which is £35 a week more than universal credit, and £200 for a couple aged over 25, which is £66 more than universal credit. Those figures are for April 2023, and the gaps for under-25s are bigger. It is clear why so many people have to go to food banks.

The Joseph Rowntree Foundation, with Trussell Trust support, proposes that the UK Government should introduce an essentials guarantee, which would embed in our social security system the widely supported principle that, at a minimum, universal credit should protect people from going without essentials. Its research shows that 90% of households on universal credit are going without essentials, and that universal credit is now at its lowest level as a proportion of average earnings. Over 66% of the public believe it is too low, and almost 50% of households have their universal credit reduced by benefit deductions and caps.

Inadequate social security is the main driver of food bank need, with the Trussell Trust giving out 1.3 million parcels between April and September 2022. The essentials guarantee, which would be developed in line with public attitude insights and focus groups, would enshrine in legislation an independent process to regularly determine the essentials guarantee level based on the cost of essentials—such as food, utilities and vital household goods, but excluding rent and council tax—for the adult in a household. Universal credit's standard allowance must at least meet that level, and deductions such as debt payments to the UK Government, or as a result of the benefit cap, should never pull support below it.

The cost of implementing the essentials guarantee would be an additional £22 billion a year in 2023-24, assuming there is a full roll-out of universal credit. The devastating effect of people going without essentials has a profound effect on our society and economy, and there would be savings to public services as a result of improved incomes.

The Chair of the Work and Pensions Committee, the right hon. Member for East Ham (Sir Stephen Timms), has stated that social security benefits are reviewed every year but are not updated. In real terms, the current level is the lowest in 40 years. Furthermore, low benefits are a problem for the economy because people take the first job they are offered, irrespective of whether it matches their skills, so economic productivity is a problem. The benefits levels are not linked to anything logical; they are arbitrary figures, which are actually set at the deep poverty level, not at the poverty level. Universal credit

[Christina Rees]

needs reforming because it is not preventing widespread poverty, but the Chancellor did not use his spring Budget to do so.

Wayne David: Not only is poverty bad in itself, but it also creates enormous pressure on the health service, because there is a direct correlation between low income and poor health.

Christina Rees: I completely agree with the hon. Gentleman, who has made his point succinctly. I was about to say that the Chancellor could have at least restored the £20-a-week uplift that recipients of universal credit received during the covid pandemic. That would have been a good start.

The Minister will know how important rail investment is in Wales. On several occasions, I have raised the issue of Barnett consequentials coming to Wales as a result of HS2, as is happening in Scotland and Northern Ireland. The same has happened with Northern Powerhouse Rail being classified as an England and Wales project, so Wales does not get a consequential. The cross-party Welsh Affairs Committee, which has already been mentioned, has recommended that HS2 be reclassified as an England-only project so that Wales can receive the £5 billion it is entitled to. There is precedent for this: when Crossrail was classified as an England-only project, Wales received a consequential.

Wales has around 10% of the UK rail network, which includes some sections going into England, such as the Marches line and the Severn tunnel, but it has historically received 1% to 2% of rail enhancement investment. Right hon. and hon. Members can see why the people of Wales feel unfairly treated when it comes to investment in their rail network.

The Minister will be aware of the global centre of rail excellence being developed in my Neath constituency, which will become the UK's first net zero rail-testing facility. It will be a shared campus for rail innovation, research and development, testing and verification for main-line passenger and freight railways, developing next-generation solutions for the rail sector. The UK Government have pledged £30 million for the global centre of rail excellence, of which £20 million has been received for the construction phase. Will the Minister confirm when the remaining £10 million will be paid, so that the centre can be completed?

In summary, the Budget delivered nothing beyond the bare minimum for Wales, and was specifically lacking in support for local housing allowance and universal credit reform, and the investment in rail that we are entitled to.

3.30 pm

Gerald Jones (Merthyr Tydfil and Rhymney) (Lab): It is a pleasure to serve under your chairmanship, Mr Hollobone. I congratulate my hon. Friend the Member for Newport West (Ruth Jones) on securing the debate, and the passionate way she opened it.

We can all agree that, when the Chancellor of the Exchequer presented his Budget, it was an opportunity to address the worsening impacts of the cost of living crisis, and to drive economic growth in Wales and across the United Kingdom. The Budget is also a statement of priorities, but it was clear from the lack of extra funding for our public services, as well as the bare minimum of additional support for people and businesses who need help now, that the UK Government do not have a grip on the bigger picture and are content to tinker around the edges.

The Chancellor announced that Wales would receive an additional £178 million over the next two years, as a result of spending decisions made in England, but the settlement in 2023-24 is still up to £900 million lower in real terms than expected at the time of the 2021 spending review. This was meant to be a Budget for growth but, while the London School of Economics Growth Commission, the OECD and others have highlighted the vital importance of additional public investment in the infrastructure to improve productivity and growth, the Budget contained a derisory £1 million extra in capital funding in 2024-25 for Wales.

We have had a wide-ranging debate. My hon. Friend the Member for Newport West rightly highlighted the UK Treasury's callous clawback, which I will return to later. She also talked about the downgrading of growth, and highlighted the case of her constituent Dawn Jones. I am sure many others across Wales will relate to the concerns raised by her constituents and their experience in dealing with the Tory cost of living crisis.

My hon. Friend the Member for Caerphilly (Wayne David) raised the excellent report of the Bevan Foundation, and the evidence that the most vulnerable are affected by this Government's policies. My hon. Friend the Member for Aberavon (Stephen Kinnock) highlighted the importance of the steel industry, its being the heart of economic growth. The hon. Member for Ynys Môn (Virginia Crosbie) picked highlights; in response to an intervention by the right hon. Member for Dwyfor Meirionnydd (Liz Saville Roberts) about the level of local housing allowance being far too low to meet housing needs across Wales, the hon. Member continued to talk about the Budget being overwhelmingly positive. That is definitely a matter of opinion, and not one shared by many of my constituents or others.

My hon. Friend the Member for Cynon Valley (Beth Winter) talked about the reality check of work on the cost of living crisis that was carried out last year, and about the need for fair wages for our public sector workers. In an intervention, the right hon. Member for Preseli Pembrokeshire (Stephen Crabb) talked about the use of local authority reserves. As an ex-local councillor of 20 years, I think people often do not differentiate between free reserves and committed reserves. The vast majority of reserves held by most local authorities tend to be committed reserves, rather than reserves that they can use freely. Many do use free reserves to plug the gap, and there is more of that at the moment.

My hon. Friend the Member for Cynon Valley also mentioned that the Welsh Government were cut out of the process around the shared prosperity fund, something that many colleagues have called out and said should be rectified. It is not right that the Welsh Government are cut out of discussions of such a significant investment in Welsh communities.

Wayne David: Does my hon. Friend share my concern that local authorities believe there is, unfortunately, a distinct possibility that they will be unable to spend the moneys that have been allocated, and we will see yet another clawback by the Government up here?

Gerald Jones: I absolutely agree. The arrangements with local government about the timescales for the funding have been woeful. Given everything that local authorities have to contend with at the moment, it is unfair to expect them to meet the unrealistic timescales set.

My hon. Friend the Member for Cynon Valley also talked, like other Members, about the local housing allowance rates. I will return to that later. The hon. Member for Carmarthen East and Dinefwr (Jonathan Edwards) talked about the OBR analysis of the woeful spring Budget, and the impact of rising inflation. He raised concerns about the universal tax cut through the pension allowance benefiting the wealthiest 1%, and about plans for investment zones.

The hon. Member for Ceredigion (Ben Lake) highlighted the energy companies and the call for early renegotiation of contracts, which could significantly help many people across the country who are dealing with rising energy costs. He raised specific concerns about off-grid customers and the need for an economic strategy.

My hon. Friend the Member for Neath (Christina Rees) joined other Members in raising concerns about the local housing allowance rates in her constituency. All the evidence suggests that, across Wales, the rate is woefully inadequate. Change has been called for many times, and the Government would do well to listen to the concerns raised by the Bevan Foundation and address the issue. My hon. Friend also highlighted her concerns about universal credit and the rising use of food banks.

Earlier this month, the Senedd passed the Welsh Government's budget for 2023-24, which provides significant investment for the NHS, social care and schools. The Welsh Government will, of course, consider how best to use the small amount of additional funding announced by the Chancellor to meet the needs and priorities of Welsh people.

Ahead of the Budget, the Chancellor was asked to provide support for households, to increase funding for public services and to invest to grow the economy. While it is positive that he listened to the many calls to maintain the energy price guarantee at £2,500 from April, it is disappointing that he refused to take the other practical actions that were called for—measures that could have made a real difference to those most exposed to the cost of living crisis.

The reality of the Chancellor's Budget is that it represents sticking-plaster politics, with no growth for the many. The OBR has confirmed that the hit to living standards and working people's pay over the past two years is the largest since comparable records began. In fact, the only permanent tax cut in the Budget, as we have heard, was the £1 billion cut for the richest 1% of earners, via changes to pension allowances. The Resolution Foundation found that a high earner with a £2 million pension pot will get a tax cut of almost £250,000. How utterly unfair, yet it is probably not a surprise, coming from this Government.

Compared with the forecast in 2021, the OBR now thinks the average interest rates on outstanding mortgages will be twice as high. The Tory mortgage penalty has hit £1,950 for a typical household remortgage, thanks to the Tories crashing our economy with their kamikaze Budget last September.

The OBR revealed that the Government have left £10.4 billion on the table last year and this through holes in the windfall tax. Labour announced a form of windfall tax on oil and gas producers in January 2022. The Government announced an ineffective windfall tax in May 2022. Just think what that £10.4 billion left on the table could have made to the lives of people in Wales, and across the UK, supporting them against rising energy costs and other cost pressures. Is it not the case that Tory MPs looked at the state of the nation after 13 years of Tory Governments, and at the cost of living crisis that families are facing, and chose not to vote with Labour against the pension changes, but to benefit those with the biggest pension pots?

The Welsh Labour Government have put in place a range of measures to help people through the Tory cost of living crisis. The Welsh Government fuel support scheme extends to 400,000 homes, with eligible households receiving a £200 payment to help them pay their energy bills. The council tax reduction scheme helps more than 270,000 households in Wales with their council tax bills; around 220,000 households pay nothing at all. More than 300 warm hubs have been set up across Wales thanks to Welsh Government funding.

The hon. Member for Ynys Môn mentioned the Holyhead breakwater. The Holyhead port is one of most important economic drivers in north Wales. The £20 million funding for the breakwater in the Budget follows Welsh Government calls and underlines the importance of the port. The announcement is welcome but long overdue, and the proposal is viable only because of Welsh Government commitments.

Hon. Members also raised freeports. Wales has a better deal on freeports thanks to the Welsh Labour Government, given that the Tory Government proposals were for freeports in Wales with no extra funding, and there was a threat to impose a freeport from the centre without involving the Welsh Government. Through grown-up politics, hard work and negotiation, the Welsh Labour Government convinced the UK Government to deliver a better deal for Wales, which means that UK Ministers will provide at least £26 million of non-repayable starter funding for any freeport established in Wales. The Tories tried to rip off Wales and ride roughshod over the devolution settlement, but Labour in Wales stood up for Welsh communities and businesses. Welsh Tories in Cardiff and Westminster did not fight for them.

I raised the callous clawback from the Welsh Government with the Minister yesterday, and my hon. Friend the Member for Newport West, the right hon. Member for Dwyfor Meirionnydd and the hon. Member for Ceredigion spoke about it today. I hope the Minister shares our concerns. The Welsh Finance Minister has made it clear that the actions of the UK Treasury were wholly unacceptable, as the Welsh Government stayed within their overall budget. The UK Government refused to switch between the revenue and capital budgets—a process that, as the Minister knows, has been agreed many times before. It is all the more questionable given that Welsh Government underspends during the exceptional financial year 2020-21 were significantly below those of UK Departments. The Treasury's arbitrary application of its guidance in this instance remains deeply regrettable, and has left Wales deprived of £155 million.

As of last month, only £392 million of the levelling-up fund—just 8% of the total—had been spent since November 2020. Many of the projects that have been promised to local communities are a long way from being delivered.

[Gerald Jones]

Labour believes in the importance of bringing power closer to communities. The Government's replacement for EU structural funds has been a disaster that has left the poorest communities in Wales empty handed due to unfair formulas, and the distribution of funds is in the hands of Departments that are not even trusted by the Treasury.

Labour is committed to working in partnership with the Welsh Government to set the policy agenda for the use of structural funds. When we were part of the EU, Wales was in receipt of EU structural funds that contributed to a number of programmes, in particular on regional development and employment. The shared prosperity fund was announced in 2017, partly to replace the EU structural funds, but, as we have heard, the governance was changed to cut out the Welsh Government from that process. The effect of that decision is that the Tories have failed to provide an equivalent replacement regime to EU structural funds. They have centralised decision making, cut funds and allocated the remaining resources inefficiently.

As a number of Members said, universities in Wales have been at the forefront of innovative ideas that could change the way we live, thanks to £370 million of EU structural funds that have been invested in university-led projects in Wales. The structural funding from the EU is suddenly coming to an end, so Wales is at a cliff edge. Welsh universities face the loss of 1,000 skilled jobs from 60 projects focused on generating green growth. Hopefully, the Minister will enlighten us about what the Government intend to do to prevent that.

Labour is committed to bringing power closer to communities, and therefore believes that we should work in partnership with the Welsh Government to deliver structural funds in the future. A UK Labour Government would restore Wales's role as decision maker and budget holder for the relevant structural funds. We would work with Wales to set the UK policy agenda and the use of structural funds, allocate money and agree a robust evaluation process.

The 2023-24 Welsh Government budget has been one of the toughest since devolution because of the significant financial pressures caused by the UK Government's mismanagement of the UK economy, made worse by the kamikaze mini-Budget last September. The UK Government hold many levers relating to energy costs, and there must be greater support for businesses—particularly energy-intensive industries—and charities. Sadly, the Chancellor's spring Budget misses the big picture, lacks ambition and fails to demonstrate how he intends to grow the economy.

The Welsh Government settlement in 2023-24 is, as I have said, still £900 million lower in real terms than expected at the time of the 2021 spending review. This was meant to be a Budget for growth, but the derisory £1 million in capital funding for Wales shows that the UK Government really have no interest in building their way out of the current financial crisis. For the Welsh Government to deliver further on behalf of the people of Wales we need a strong partnership between the Welsh Government and a UK Labour Government, working together to deliver on the priorities of the people of Wales and ensuring that Wales has a strong part to play in a strong United Kingdom. To that end, the general election cannot come soon enough.

3.45 pm

The Parliamentary Under-Secretary of State for Wales (Dr James Davies): It is a pleasure to serve under your chairmanship, Mr Hollobone. I congratulate the hon. Member for Newport West (Ruth Jones) on securing this important debate, which has triggered many views from opposing directions. I am grateful to all those who have contributed, including my hon. Friend the Member for Ynys Môn (Virginia Crosbie), the hon. Members for Cynon Valley (Beth Winter), for Carmarthen East and Dinefwr (Jonathan Edwards), for Ceredigion (Ben Lake) and for Neath (Christina Rees), and of course the Opposition spokesperson, the hon. Member for Merthyr Tydfil and Rhymney (Gerald Jones).

I am pleased to have this opportunity to discuss the recent spring Budget and my right hon. Friend the Chancellor's plan for long-term, sustainable, healthy growth in Wales and across the United Kingdom. I will come to the questions raised by hon. Members in due course.

I was incredibly pleased to see my right hon. Friends the Prime Minister and the Secretary of State for Wales on Ynys Môn last week announcing not just one but two new freeports for Wales. The jobs and investment that will come as a result of that announcement will help deliver on our commitments to level up Wales and grow the economy. The fact that we have been able to deliver two freeports for Wales jointly with the Welsh Government is a testament to what can be achieved when the two Governments work together. We saw friendly competitors from Ynys Môn and Preseli Pembrokeshire sitting next to each other earlier, and both of them had a critical role to play in that development, so many thanks to them.

Earlier this month, my right hon. Friend the Chancellor set out a Budget that ensures that the benefits of economic growth are felt everywhere, including in Wales. It promotes the conditions for enterprise to succeed and encourages the inactive back into employment. At the autumn statement in 2022, the Government took the difficult decisions on tax and spending needed to restore economic stability, support public services and lay the foundation for long-term growth. At the spring Budget two weeks ago, the Government built on that foundation with a plan to deliver on three of the Prime Minister's five key priorities: to get debt falling, halve inflation and grow the economy.

I want first to highlight the funding that the Budget included for multiple projects that will specifically benefit Wales. We are supporting the restoration of the grade II* listed Holyhead breakwater with £20 million of funding for the Welsh Government to ensure the long-term viability of that vital transport hub and, through it, trade links with Ireland.

My right hon. Friend the Chancellor set out that the Government will provide up to £20 billion over the next two decades to support the development of carbon capture, utilisation and storage. That is not something we have heard about today, but the HyNet cluster in north-east Wales and north-west England is already benefiting from our existing £1 billion commitment through the cluster sequencing programme. Decarbonising heavy industry is vital to driving economic growth and creating high-quality, sustainable jobs across the region, while helping us meet our climate commitments. The increased

£20 billion ambition will further expand CCUS across industry, which will be vital for economic growth across Wales.

The Government are launching Great British Nuclear to address constraints in the nuclear market and support new nuclear builds as the Government work towards net zero.

Liz Saville Roberts: It has already been mentioned that an SMR at the Trawsfynydd site, as well as at Wylfa, is very much in the anticipation. The Minister will be aware that there are proposals for a national medical isotope centre at Trawsfynydd, known as Project ARTHUR. What discussions have there been with the Welsh Government about bringing that forward? There are concerns that there will be a shortage as reactors across Europe and the world cease to produce. When it comes to the medical security of the United Kingdom, there is real potential here.

Dr Davies: The right hon. Lady is right to raise that point. If I may, I will write to her with the latest position on that, but she may find that there will be announcements in the relatively near future on Great British Nuclear and its plans, which might assist in that regard. We know that Wales has the best British sites for new nuclear, including Trawsfynydd in her constituency and Wylfa Newydd. I look forward to working with GBN to champion a revived nuclear future for north Wales.

Investment zones were mentioned. Wales, too, will benefit from the Government delivering 12 investment zones across the UK, including at least one in Wales. The programme will provide each successful area with up to £80 million over five years to grow a cluster in one of our key future sectors, bringing investment into areas that have traditionally underperformed economically.

The UK Government are working with the devolved Administrations to develop an investment zone programme for each of Wales, Scotland and Northern Ireland. In addition, the UK Government and devolved Administrations will work together to explore potential options for delivery of new levelling-up partnerships in Wales, Scotland and Northern Ireland, such as those announced for England by the Chancellor in the Budget.

The Budget set out a number of measures that will create the right conditions for enterprise in Wales in all sectors, based on competitive taxes, access to capital and smarter regulation. We will support growth in Wales by attracting the most productive companies to set up, invest and grow in Wales and in the rest of the UK. We expect about 220,000 businesses in Wales to benefit from a range of administrative changes to simplify the tax system, allowing Welsh small and medium-sized enterprises to spend more time on their business and less on meeting their tax obligations.

During the debate, there were a multitude of questions on all sorts of issues. I will do my best to address as many of those as possible. I should declare first that I am a member of the British Medical Association, although I do not expect to benefit from the pension changes myself. Last week, I met the chair of the BMA, Philip Banfield, whom I know from his time as a consultant at Glan Clwyd Hospital. Glan Clwyd, like many in Wales, is struggling, as the Healthcare Inspectorate Wales report has detailed yet again today, so anything that can help to retain senior doctors' hours and their presence in departments is certainly to be welcomed.

Wayne David: Is it not the case that the people who will benefit from the new arrangements are not just doctors, but many other wealthy people?

Dr Davies: Inevitably, those at the pinnacle or conclusions of their careers often earn a lot more, but they also have a great deal to offer the economy and society in general. It is difficult to be too black and white about those who are of benefit and those whom we need to retain in the workforce. As the hon. Gentleman knows, in some respects the Budget centred on trying to ensure that the workforce are there for the economy that we need.

My hon. Friend the Member for Ynys Môn referred to childcare. I hope that the Welsh Government will replicate our offer to parents of 30 hours' free childcare for children between the ages of nine months and four years, and that they will not, as the First Minister appeared to suggest the other day, be different for the sake of it.

The shared prosperity fund has been raised. This is a complicated matter, but the Welsh Government have alleged that Wales is being short-changed. However, I argue that they are making flawed and hypothetical assumptions, and it is my understanding that Welsh Government officials in the Finance Committee in Cardiff Bay have broadly accepted that. It is important to compare like with like. The SPF is intended to replace the European regional development fund and the European social fund, while the remaining funds, covering agriculture and fisheries, are accessed through other means. Different time periods can be looked at as well—it is not just about when the funding is received, but about when it is spent. The funds do ramp up and down in the UK Government's intentions, as they did with the EU. The Institute for Fiscal Studies has validated the UK Government's approach. I also emphasise the fact that the local growth funds, including the levelling-up fund and the community ownership fund, are in addition to the shared prosperity fund, so actually Wales has a record level of investment coming from the UK Government.

Gerald Jones: The Minister mentioned the shared prosperity fund, which is significant investment that could transform communities across Wales. He also highlighted the positive joint working of the Welsh and UK Governments on freeports. Why does he think that the UK Government have frozen out the Welsh Government in the case of the shared prosperity fund, when there is an example of good working together? Why can that not apply across the board?

Dr Davies: My understanding is that the Welsh Government have been feeding into the general approach on shared prosperity fund allocation. In my local area, there is a Welsh Government representative on the body that advises on the funding. There are a range of contributors, as there should be. Proper devolution is the key point, in that local authorities are taking a leading role.

Hon. Members are right to raise the issue of universities, because of course universities in Wales have been dependent on European structural funds. My understanding is that Universities Wales has consistently expressed concerns that the Welsh Government do not invest an equal amount in Welsh universities compared with England. It has also highlighted that the lower level of core

[Dr James Davies]

funding places Welsh universities at a disadvantage compared with their counterparts in England when competing for UK-wide research and development funding opportunities. To be constructive, I emphasise that the Secretary of State for Wales has asked universities to provide details of the economic value of programmes that were previously funded by the EU structural funds. He and I are very interested in trying to assist on that.

Beth Winter: Can the Minister categorically assure us that the £71 million bridging fund that is urgently needed to plug the gap will be provided in time to save the more than 1,000 jobs at imminent risk in the higher education sector in Wales?

Dr Davies: The hon. Member will know that devolution is in place and that the Welsh Government have a role to play here. I assure her that this is an issue that I and the Secretary of State take very seriously, and we are working with universities to assist them.

Time is marching on, and I must make some progress. To support employment in Wales and across the UK, the UK Government are helping parents on universal credit who are moving into work or looking to increase their working hours by making sure they have support for childcare up front. We are also increasing support for those parents on UC by increasing the childcare maximum entitlement to more than £950 for one child and more than £1,630 for two children.

I had hoped to go on and talk further about the comprehensive cost of living support in place for large numbers of people—everyone, in fact—as well as the assistance with the cost of energy. I do not have time to do that, but I am always happy to liaise directly with right hon. and hon. Members on their specific questions.

I thank the hon. Member for Newport West once again for bringing forward this important debate. It is useful to have a discussion of all the matters raised. I look forward to doing my bit to help support the people of Wales as we continue through this difficult period.

3.57 pm

Ruth Jones: I thank everybody who has taken part in the debate this afternoon. I thank the Minister and the shadow Minister, my hon. Friend the Member for Merthyr Tydfil and Rhymney (Gerald Jones), and everyone who has intervened and made speeches. It has been good to have an informed and, by and large, good-humoured debate. We are all passionate about Wales. We all want Wales to get on, and we want to make sure that we do that in the best way possible. The issues will not be going away. I assure the Minister that we will come back again and again on the issues that we have raised today. I thank everybody for taking part.

Question put and agreed to.

Resolved,

That this House has considered the Spring Budget and Wales.

Electronics Technology Skills: North Lancashire

3.59 pm

David Morris (Morecambe and Lunesdale) (Con): I beg to move,

That this House has considered electricity technology skills in North Lancashire.

I rise to speak about electronics skills in my constituency of Morecambe and Lunesdale, which is an exciting place to be at this time, especially since I secured the funding for Eden Project North, and nearly £3 million with the Friends of the Winter Garden Theatre, which is straight across the road. Morecambe is definitely turning the corner, and we are now regenerating our fortunes, but we are also hiding another gem in my constituency: our high-tech workforce.

Today I want to speak about electronics technology businesses in my constituency and the workforce skills they need to thrive. I have spoken with my businesses in my community, and they have highlighted the need to give graduates in a lot of degree-level curriculum areas the practical electronics experience to get them work-ready. They feel that these practical skills should be part of those qualifications, so that skills such as soldering and hands-on fault finding on a circuit board are already mastered. These skills are crucial to developers and engineers, as they form the basis for all problem solving needed for the role.

Those businesses see IPC-A-610, IPC J-STD or IPC-7711—standards certified by the Institute for Printed Circuits—as representing a good skills basis that should be incorporated into qualifications. There is also a shortage of radio frequency/analogue electronic skills. Graduates do not have experience in this area, and engineers with these skills are usually not readily available, so graduates need significant training in them for companies to employ them. Another area where skills can be lacking is software development. Proficient use of C and C++ is vital, but is often not included.

In the face of this skills gap, electronics businesses in my constituency have formed what they have called "electech clusters". They have decided to come together as a group of businesses with the same skills and expansion needs to try to address these gaps and grow the whole sector locally. The electech skills pledge is particularly helpful, as it ensures that electech businesses are providing feedback and directly interfacing with academic institutes to ensure that vital real-world skills are understood and can be used to shape the curriculum.

Forsberg, a company in my constituency, provides industrial projects to Lancaster University to help to ensure contextual learning, and also works to identify students who could be future employees, giving them vital work and experience during their degrees so that they are ready to join the workforce as soon as they graduate. This has been particularly successful at Lancaster and Morecambe College, which is extremely employer-focused and ensures that its courses reflect the needs in the labour market. This is not only good for employers, but good for students, whose qualifications give them invaluable skills that enable them to go straight into the workforce.

Lancaster and Morecambe College, headed by Wes Johnson, to whom I extend an open invitation to come and visit us, Minister—I know we have talked about

this—is working closely with the electech innovation cluster to address the skills needs and progression opportunities with the world-beating electronics businesses in the LA postcode. Through extensive employer engagement, including active participation in the recent catalyst project, the college has, over the last academic year, co-created a brand-new electech innovation lab—which I visited only a couple of weeks ago on my regular visit to the college—to broaden the learning experiences of our engineering students going into electronics, robotics and green-collar jobs.

This work has generated significant new interest among students in electronics and local career opportunities, with a particularly focus on the electech businesses. The college electech provision has benefited from the time and expertise of local business leaders, as well as the donation of specialist resources and equipment from local companies to enhance the learning experience and the skills development that is required. The innovation cluster has developed and now runs business-led boot camps to directly provide the skills these businesses need. This is already having a positive impact, as graduates using the course, in addition to their university education, move on to full-time jobs with businesses in the cluster after university.

North Lancashire will soon be an exciting place for electronics technology, as the National Cyber Force moves up to Samlesbury, next to where BAE Systems is already based. We see this as an opportunity to put Lancashire on the map as a hub for electronics, and somewhere that can attract graduates from all over the country. We are giving our young people a reason to stay in Lancashire instead of moving away. All the work I have done so far with companies as a Member of Parliament to get investment in projects locally is so that our young people have the opportunity to stay in the area and do not feel that they have to move away to get a good skilled job.

We have a real opportunity with the National Cyber Force to build on the work that our education institutions are already doing and to use the expertise it will bring to the area to enhance our local high-tech businesses, but only if we do this right. It would be great if the Government could work with local businesses, colleges and universities on the recruitment process for the new centre to draw talent to the area not just for the National Cyber Force centre, but to sell the area as an area of excellence for electronics.

In conclusion, I would like to see more practical skills being implemented into electronics qualifications. My area has so many job opportunities in this sector that it would benefit the young person, the business and the local economy if practical workplace skills were being taught as part of the curriculum. I congratulate Lancaster and Morecambe College on its forward thinking on the issue, and I ask the Minister to use its business-led model as an example of best practice in how education can shape business growth in an area. I would like to see more Government incentives to businesses to train new staff in this discipline, and I would like to know what the Government can do to help encourage and promote electronics as a career and ensure that more people are interested in going into this workforce. Again, I extend an invitation to my hon. Friend the Minister to visit us at Morecambe at his convenience.

4.6 pm

The Minister for Skills, Apprenticeships and Higher Education (Robert Halfon): It is a pleasure to serve under you, Mr Hollobone, and I extend special congratulations to my hon. Friend—a real friend—the Member for Morecambe and Lunesdale (David Morris) on securing the debate. He is a champion of skills. He has spoken about electronic skills needs in his constituency and the work going on to tackle it, such as the electech clusters established by businesses in the area. I congratulate him on securing £50 million for Eden Project Morecambe in the second round of the UK Government's levelling-up fund. In all my years as an MP, I do not think I have been to a parliamentary event without him campaigning for that project. He is an extraordinary campaigner and his constituents are lucky to have him. He has worked for five years to secure the funding, which will be transformative. Importantly, it will also boost skills hugely in the region, especially construction skills and other related areas, so he deserves great credit for that success.

My hon. Friend knows that technological change and the future economic direction of the country means that, as he has highlighted, demand for STEM skills—science, technology, engineering and maths—such as electronics, in the economy is growing. STEM will be at the heart of the UK's transition to a net zero economy. That is not just about saying that we need to get to net zero; it is because many of the skills of the future will be green skills. Our aim in the net zero strategy is to support 440,000 green jobs across green industries in 2030. To meet STEM skill needs, we know that intervention is needed at every stage of the pipeline, so that we can ensure that individuals can climb the skills ladder of opportunity by having access to high-quality STEM education and training. Of course, we must take action to expand access to these opportunities. Key to that is ensuring that we get students into STEM across all stages, right from early years to higher education. Whenever I visit schools or colleges around the country, I always ask and encourage people to go into STEM subjects. It is important for them and it is important for our country—it is the future.

It is worth highlighting that in schools we have increased spending on maths, digital and technical education to try to increase the uptake of better teaching of STEM subjects. We have the Stimulating Physics Network and science learning partnerships to help improve teaching quality, and the STEM ambassadors programme. Through activities in schools and colleges, they raise awareness of the diverse range of STEM careers. That is working: A-level entries for maths and sciences are increasing. There were 269,525 total STEM A-level entries in 2021-22, a figure that has increased year on year since 2015. In order to meet the skills needs of our country and to ensure that people can have high-quality education and training that addresses skills gaps and boosts productivity, we will invest an additional £3.8 billion in further education and skills over this Parliament.

Knowing my background, my hon. Friend the Member for Morecambe and Lunesdale would expect me to say that apprenticeships are central to our plans. We have transformed apprenticeships, driving up quality and making them more flexible so they better meet the needs of employers and individuals wanting to progress to successful STEM careers. We have had more than 5.3 million starts since 2010; I looked up the figures for

[Robert Halfon]

his constituency and there have been close to 11,000 since 2010. That is 10,900 apprentices in his constituency, most of whom have had their lives transformed and who will have developed the skills they need in Morecambe and Lunesdale. Over 90% of the apprentices who complete get good jobs, usually in the companies that have trained them, or they go on to additional education. That is an achievement in itself.

My hon. Friend asked what we are doing for STEM. We have more than 650 apprenticeship standards in general, which replace the old frameworks. They aim to ensure that we have high-quality apprenticeship qualifications and that we build the prestige of apprenticeships so that it is the same as that of academic qualifications. He will be pleased to know that more than 350 of those apprenticeship standards are in STEM, including many opportunities in electronics, such as level 3 electrical, electronic product service installation, engineer level 6 and electronic technical support engineer.

By chance, yesterday I met a great man called Ray Olive. My hon. Friend might know him; he is from Morecambe and is chairman of the national T-level ambassador network. He is promoting T-levels across the country as well as in Morecambe. I had not realised that he was from Morecambe, but I told him about the debate and said that we were talking about skills. He was very interested to hear what we would have to say. Just so my hon. Friend knows, we will invest up to £500 million a year in T-levels once they are fully rolled out. They will boost access to high-quality technical education for thousands of young people. We have 11 T-levels available in STEM subjects; T-levels in engineering, manufacturing and construction will give the students the core knowledge and skills they need to enter a range of careers in the electronics sector.

My hon. Friend mentioned his Lancaster and Morecambe College; I would love to visit. I have been to Morecambe and it is such a beautiful place. I was not there for work, I was there for my holiday in that neck of the woods, and it is one of the most beautiful parts of England. He has a fantastic college, clearly. It had a "good" Ofsted rating in 2020 and will deliver T-levels that include technologies in the electric/electronic fields. It is doing a lot of work that is very important on disadvantage; it has developed a schools and community engagement programme from years 7 to 13, with a wide range of activities. That creates a pipeline that helps disadvantaged young people and encourages them to do the subjects that my hon. Friend is rightly keen on.

I looked up the figures, and I am pleased that Lancaster and Morecambe College has received a total of £1.5 million since 2020 through the Department for Education capital transformation fund, and £484,000 in 2021-22 and £193,000 in 2022-23 through the skills development fund. I will also talk about the Lancaster and Morecambe energy hub that my hon. Friend mentioned. I am glad the Government have invested in this college, which is clearly a key centre for promoting skills in his constituency and the surrounding areas.

I want to mention higher technical qualifications: level 4 and level 5. At the moment in our country, there are very low numbers of level 4 and 5 qualifications—just 4% of under-25s in England have a level 4 or 5 qualification, while just 10% of adults in general have them. With more and more employers asking for these qualifications, we have introduced higher technical qualifications—the next stage up from T-levels—which are employer-designed and approved, just like T-levels and apprenticeships, to deliver the skills employers need.

In essence, to ensure that the UK retains its position as a world-leading economy, we need to ensure that through places such as Morecambe and Lunesdale—a skills centre for my hon. Friend's region in the United Kingdom—people of all ages can develop the skills the country and businesses need and climb the ladder of opportunity. We are therefore investing more in adult education and skills, underlining our commitment to ensure that adults at any age can upskill to reach their potential.

What does free courses for jobs mean? We are giving access, free of charge, to high-value level 3 qualifications in priority areas such as engineering, building and construction and manufacturing. There were 35,000 enrolments reported between the launch in April 2021 and January 2023. My hon. Friend will be pleased to know that level 3 electrical installation and engineering courses are offered by providers that serve areas such as Lancaster and Morecambe College.

We have introduced a scale of quality qualifications, including bootcamps, which, again, are free. Everyone who goes on these flexible courses, which last up to 16 weeks, is guaranteed a job interview at the end. Employers and providers work together through the bootcamps to build up sector-specific skills. There are 900 skills bootcamps all over the country, offering training in STEM, software engineering, data analytics, mechanical engineering and engineering diagnostics, to name but a few. In north Lancashire, Tech Lancaster offers key industrial experience in electronics for adults to acquire the skills local businesses need. My hon. Friend will be pleased to know that skills bootcamps have a high rate of success in his area, with 61.5% positive outcomes from delivery in 2020-21. Tech Lancaster has six bootcamps related to electric, three on electric vehicle charging-point installation and one on domestic electrical. I know how important that subject is.

If my hon. Friend does not mind, I will mention my own college in Harlow, where, with Essex County Council and many others, I recently opened an electric vehicle centre—a multimillion pound investment—which forms part of the college's advanced manufacturing and engineering centre, where students will learn all about electric vehicles and green skills. I am pleased to see that what is going on in Harlow is also going on in Morecambe and Lunesdale. I am very proud of Harlow College for all its achievements, just as my hon. Friend is proud of his college, and rightly so, for the reasons I have mentioned.

My hon. Friend also mentioned electronic technology skills in his area. Areas across the country will clearly have different skills needs, which will be determined by the employer and learner market. We have introduced local skills improvement plans, or LSIPs—these things always have tongue-twister names—which identify and address those needs. They include colleges, the local chamber of commerce, the council and other people, particularly businesses and providers, to ensure the provision for the area, identify the skills gaps and ensure that the skills that are needed are delivered. There will be a local skills financial plan that goes alongside each LSIP.

In order to deliver the high-quality technical training that is needed, we must also ensure that that providers have high-quality state-of-the-art facilities and equipment. I mentioned some of the funds that Lancaster and Morecambe College has received. Overall, we are investing £2.8 billion in capital, including on T-levels, which are really important; on more post-16 places; and on improving the condition of FE estates over the next three years. Lancaster and Morecambe College is in my hon. Friend's area. I said I would mention an additional thing. He will be happy with it. He touched on it in his speech. Learners at the college are benefiting from facilities supported by over £600,000 from the DFE's skills development fund in its new sustainable energy hub.

I hope that my hon. Friend is pleased with the amount of investment. It is very much due to his incredibly hard work and his championing of skills all the time he has been a Member. Money is going to support skills, and the energy hub delivers a range of new courses. Again, we are ensuring that green skills are embedded in the curriculum.

That same development fund has enabled the college to create one of the five electric and hybrid vehicles skills centres across Lancashire, such as the one I was talking about at Harlow College, through a regional contribution of more than £1 million. That has led to the upskilling of staff in colleges across the area in a range of qualifications, including those relating to electric, hybrid and motor vehicles; electric motorsport; battery technology; and electric vehicle infrastructure. Providers now offer wide-ranging provision to employers, students and apprentices across the region in these subjects. The college has received more than £1.5 million from the DFE's capital transformation fund since 2020.

Other colleges in the region that serve my hon. Friend's constituents have benefited from capital investment. Many of them have STEM-assured accreditation and deliver a range of science, technology, engineering and maths provision. I am very happy to write to him with all those details. With all the different moneys received by colleges, I think we would be here for a very long time, and I do not think the Chair would approve because there is another debate after this one.

We are investing £300 million in a network of 21 institutes of technology, which are state-of-the-art, employer-led provider organisations that will work in collaboration with colleges and universities. They are incredible institutions of the future because they work with FE, they are part of HE and many are placed at FE colleges. I have seen some myself. They specialise in the skills of the future, such as infrastructure, digital, energy and transport—all the things that my hon. Friend spoke about. There will be 21 around the country. He has one; Lancashire and Cumbria Institute of Technology will be launching in the summer. I am sure he will be at the opening because it is a very exciting skills development in his region.

For those seeking world-class STEM education at a higher-education level, we are investing more than £750 million from 2022 to 2024-25. That will support high-quality teaching and facilities, including in science and engineering. In 2022-23, more than half of the £1.3 million strategic priorities grant budget will be directed towards the provision of high-costs subjects, such as science, engineering and technology.

I hope I have assured my hon. Friend that there is a lot going on in his constituency and in the region to champion technical education and skills in STEM and in electronic skills. To achieve our ambitions, we are expanding opportunities for engagement in STEM subjects, investing more in both further and higher education, and giving people the opportunity to train, retrain and upskill throughout their lives. We have just introduced the lifelong learning entitlement, which will start from 2025. That will allow people to do flexible modular learning from levels 4 to 6, move around from institution to institution and do those shorter courses at a times their choosing. We are doing everything possible to invest in skills, infrastructure and resources and make that significant capital investment so that providers have the high-quality facilities and equipment to deliver those skills.

My hon. Friend asked me to visit his college. Subject to parliamentary duties, I would love to do so. There is nothing more I would like to do than go to Lancaster and Morecambe College to see the incredible work that it is doing to promote skills and T-levels, and to give younger people and adults brilliant qualifications. Subject to parliamentary duties, I would be very happy to visit—not just to see his beautiful constituency, but to learn about the skills and see the never-ending work that my hon. Friend is doing not just to see the implementation of the Eden Project, but to champion apprenticeships, skills, technical education and STEM across his constituency.

Question put and agreed to.

Unpaid Work Trials

4.25 pm

Stewart Malcolm McDonald (Glasgow South) (SNP): I beg to move,

That this House has considered the matter of the use of unpaid work trials.

It is always good to see you in the Chair in Westminster Hall, Mr Hollobone. You will remember, because I think you might have been present, that I introduced in the previous Parliament a Bill to amend the National Minimum Wage Act 1998 in order to outlaw the practice of unpaid work trials. I will come back to the substance of that Bill, which is now a piece of history, but I want to begin with the genesis of this entire issue and why I decided to take it up as a Member of Parliament in the private Members' Bills selection.

There is a bubble tea company called Mooboo, which had an outlet in Glasgow that was offering unpaid work trials—the practice of inviting applicants to apply for a job and making them work for a trial period for which they are not paid. Although there are many variations on what an unpaid work trial looks like, this was perhaps the most extreme version that I have come across, because the applicants were invited to work for a full 40 hours without payment, at the end of which they were or were not offered a job. That is a particularly egregious and extreme example, but when I decided to take up the case on behalf of a constituent who went through that process, I started to find that this practice was rife and much more common than I had first thought. As I mentioned, it presents itself in many guises.

Although that example is at the extreme end of the practice of unpaid work trials, there are many intricacies and differences in the way it presents itself. When I started to talk about this issue publicly and wrote to Ministers and His Majesty's Revenue and Customs, I started to gather in my inbox various horror stories about the practice of unpaid work trials across the country. A study in November 2017 by Middlesex University and the Trust for London, called Unpaid Britain, shows that unpaid work trials contribute to about £3 billion in missing wages in the United Kingdom. That figure is six years old, and I do not know what it is today—perhaps the Minister has a better idea—but I would wager that it is probably higher now than it was then. Polling from YouGov shows that 65% of Brits say that such a practice is unfair and only 24% think it is fair.

The way in which unpaid work trials present themselves is often different, as I mentioned, but it is none the less insidious. Quite often an applicant will apply for a job where the trial period may be an hour or two, so that they can come in and show what they are made of—whether that is in a restaurant, a cocktail bar, a hotel, a retail setting or whatever it might be. I discovered that quite often those trials were being offered to applicants for jobs that did not actually exist. Applicants were being exploited to cover staffing shortages and busy periods, such as Christmas trading. Those poor people had often spent hours applying for jobs, sending in CVs and filling out application forms, often going through the soul-destroying process of hearing nothing back. They were being invited to unpaid trials for jobs that did not exist, that were never going to materialise and that they would never be offered.

I suspect the Government position is the same as it has always been—that legislation is not required. I think we can all agree that that it is an egregious thing to ask somebody seeking employment to go through. It is fraud; it is morally fraudulent and must almost certainly be legally fraudulent—except it is not. I have no ambition to relitigate the Government talking out my Bill. The Minister who did so is no longer a Member of Parliament, and I am, so I like to think I won that fight with that Member at the time. When I talked to Ministers and officials about this at the time, we all agreed it was an abhorrent and unacceptable practice, but the Government position was that legislation was not required to fix it.

I would say to the Government today that the fine guidance they produced for employers on unpaid work trials has not had the effect that we all wanted, which was that they would not be used at all and certainly not used in the egregiously fraudulent way that I described. At the time, there was some good will on the Government side, among Labour colleagues and on my own side, which even in today's Scottish National party environment still exists.

The fact that the practice is still going on and partly contributing to billions of pounds in missing wages that people should rightfully receive—

The Parliamentary Under-Secretary of State for Business and Trade (Kevin Hollinrake): I am listening carefully to the hon. Member's speech, and he is making some very valid points. I agree that such behaviour is egregious. Is the £3 billion he quotes for unpaid work trials or unpaid work? There is an important difference between the two.

Stewart Malcolm McDonald: Yes—and no, in terms of the Minister's final point about there being a difference. The unpaid work trials contribute to the figure of £3 billion. I am not saying that the trials are worth £3 billion, but the study by the university concluded that that was part of the bigger £3 billion picture. I confess I do not think there has been an updated study. I do not know if the Government have anything to share with us this afternoon. I would be amazed if that figure had not grown since that study was done six years ago.

Among all the good will to try to stop this miserable exploitation, the Opposition and the Government arrived at different conclusions. I was of the view, supported by colleagues in the Opposition, that legislation was required —an amendment to the National Minimum Wage Act 1998—to outlaw the practice. The Government took the view that guidance was adequate, but it is not. It was proven not to be as recently as December last year in a court ruling. The ruling in Ms P Karimi and Ms C Patricio *v.* Fadi Ltd, published by His Majesty's Courts and Tribunals Service on 2 December 2022, found that the claimant was entitled to the minimum wage for all hours worked during the trial period. Reasoning the judgment, the employment judge, Judge D Wright, stated that the

"legislation does not give explicit guidance"

as to how long these unpaid trial shifts may last.

An exploitation had taken place, whereby someone had worked in an unpaid trial, and the tribunals service determined that they should have been paid for it, but the judge said that the guidance is not sufficient on the regulation of work trials. I am not against work trials.

I entirely support an employer's right to say to someone, "Come in and show us what you are made of. Come in and show us that you actually have the skills and experience that you set out in the interview process." What I do not support is exploiting people for jobs that do not exist, or for covering staffing shortages and doing so for 40 hours, as in the extreme examples that I mentioned at the start of my remarks.

Forty hours is an extreme and unusual example. What I thought I would find initially was that the norm would be two or three hours—half a shift or a morning. What I found more often than not was that the time was longer, and the physical experience of the unpaid work trial was demeaning. The number of people—mostly young people—who would work their unpaid trial shift and then just be left, not told whether they had a job, confused as to what was supposed to happen next, clearly tells us that better regulation of trial periods needs to be forthcoming from the Government. I do not think that that is too much to ask in this day and age. A fair day's work for a fair day's pay; it could even be said that it is a broadly Conservative value. It is something that even my colleague, the hon. Member for Glasgow South West (Chris Stephens) can rally around.

Let us be clear about what my proposed legislation was not; it was not about banning trial periods, and it did not concern itself with things like unpaid internships. Although I find them objectionable, I felt that would require its own piece of separate legislation. The aim of my proposal—the banning of exploiting people through unpaid work trials—remains an entirely just one.

Chris Stephens (Glasgow South West) (SNP): I thank my good friend and constituency neighbour for giving way. There is another way of dealing with this issue. As my hon. Friend will be aware, the Government have been promising an employment Bill for the last six years. For some reason it is yet to become a reality. Does he agree that if the Government were to put forward an employment Bill, that would allow both of us to table amendments to address this topic?

Stewart Malcolm McDonald: With all things around employment law, in my party I defer to my hon. Friend. He has a strong history of standing up for employment practices and a knowledge that surpasses mine when it comes to the detail of modern-day employment law.

To conclude my remarks, I think the aim of my Bill —although I suppose it is now an ex-Bill—was entirely just and reasonable. It has been shown in the time that has passed since the falling of that proposed legislation that the guidance the Government produced, although perfectly sensible and reasonable, is not enough. I still get emails, as do many Members from across the House, from people who are being exploited by unpaid work trials or, worse, fake work trials for jobs that do not even exist.

I will end with the example of a young Glasgow student, Ellen Reynolds, who petitioned Parliament a few years ago. She successfully gained the number of signatures required to have a debate in Westminster Hall on an unpaid trial shift that she was asked to take part in. There was no guarantee of a job at the end of it and she even had to buy here own uniform to take part in that unpaid trial shift. That is not an uncommon experience. All across Britain today, there are people working a couple of hours, half a shift, or half a morning —whatever it is—to show what they are made of, and they are not being paid for it, and they should be paid for it. They are not getting expenses for it, and they should be, at the very least.

We have a quirk of the system here, where exploitation is rife. I would bet that every person who can hear the sound of my voice knows somebody who has gone through an unpaid work trial at some point in their life, especially if they know groups of young people. The Government and this House have a duty to bring this exploitation to an end. That would not cost industry enormous amounts of money. It would bring in a bit of regulation that is right and proportionate. It would give some dignity to applicants, and some dignity into the workplace that is currently missing.

This is a small gap in the broad structure of employment law, but one that very much needs attention and could very easily fixed be with an amendment to the National Minimum Wage Act 1998. When the Minister gets to his feet today, I suspect he will not be able to furnish the House with new legislation, but I hope he will be able to say something positive on statutory changes to end the exploitation of unpaid work trials and closing that loophole, which at the minute means that people do not get a fair day's pay for a fair day's work.

4.41 pm

Jim Shannon (Strangford) (DUP): I apologise for being a few minutes late, and I thank you, Mr Hollobone, for giving me the opportunity to contribute. I thank the hon. Member for Glasgow South (Stewart Malcolm McDonald) for leading today's debate and for setting the scene so well. He referred towards the end of his comments to anyone who can hear the sound of his voice having had experience of this situation. As I always do, I will give an example of someone I know back home in Northern Ireland, to add a regional perspective to the debate—one that is replicated right across this whole great United Kingdom of Great Britain and Northern Ireland.

Unpaid work trials have proven incredibly common among some employers—sometimes I wonder whether they do it on purpose—especially in industries like hospitality, where young people tend to get their first jobs as young teenagers. There are a great many people across this United Kingdom who have good jobs now, but this is what happened when they first began. We must do all we can to enforce paid work trials and make young people aware of their employment rights. When someone is starting off, and has the excitement of a trial that might lead to a first job, they say, "I'll definitely go and I'll endure a wee bit of hardship or pain to get this job." If they get it, that is good. If not, they feel a wee bit taken advantage of.

The advice from His Majesty's Revenue and Customs is that using unpaid work trials does not contravene any current legislation for businesses, if they are part of a genuine recruitment process, do not last longer than a reasonable amount of time and are required to demonstrate the applicant's suitability to the work. Are they part of a genuine recruitment process, or are they are a way of taking advantage of some people?

The hon. Member for Glasgow South outlined the issue very well. We look to the Minister, the Under-Secretary of State for Business and Trade, the hon. Member for

[Jim Shannon]

Thirsk and Malton (Kevin Hollinrake), for a response; I am pleased to see him in his place. It is good to see the shadow Ministers for the SNP and for Labour here too, the hon. Members for Glasgow South West (Chris Stephens) and for Ellesmere Port and Neston (Justin Madders).

In Westminster Hall, in a past life for the Minister if not for me, we would have been on the same side, debating issues like banking. We were both lowly Back Benchers then. He has been elevated to greater heights, whereas I am still a lowly Back Bencher. He has reached heights that I will never be able to achieve, and that is a fact—I am not a member of the Conservative party, so it is highly unlikely to happen. I say that in jest!

Work trials are commonly used to allow an employee to see how a business is run and for an employer to see how the employee will settle in. When they are done right, they give the employer a chance to see just what a person can achieve. The problem is that, more often than not, people work an extensive shift and are not paid a penny for it.

One of the young girls who works in my office told me a story similar to that outlined by the hon. Member for Glasgow South, who set the scene so very well. My youngest member of staff recalls a work shift that she did when she was 17 years old—before she ever came to me—for a café in her local area, where she worked from 10 o'clock until 4 o'clock and was entitled to no pay for the shift. Now, that situation was understood between the employee and the employer. However—here's the story—for the trial she was required to wear a black shirt and black trousers, which she did not have. If she wanted to do the trial and be considered for the job, guess what? She had to go and buy the black shirt and trousers. That cost an additional sum, which would ultimately be wasted once she got her uniform. I found that a bit hard to understand. On certain occasions, these trials just do not seem worth their while when the whole matter is taken into account.

Although there is no legal obligation to pay someone for a trial, I would certainly put forward the argument, as did the hon. Member for Glasgow South, that the individual, by working a trial, is still making money for that company, so they should be reimbursed. That is the crux of the matter. Some employers choose not to take staff on after trial periods, so they should—I was going to say "perhaps", but they really should do this—offer the minimum wage for the day or for the number of hours worked. That would be fair and justifiable, given the time that the person has provided to make money for the company in their trial period.

I am also shocked to hear plenty of stories of people having been made to work not one day, but a week's trial at zero payment, only to learn that if they leave that employment within the year, they must pay back the money they made in the trial period. Again, that is immoral, wrong and a disgraceful way to treat employees. Although the legalities around paying people for trial shifts represent a grey area, individual employers should have discretion to ensure that their employees are treated properly.

We know the stories. I gave one example and the hon. Member for Glasgow South has given examples. I am quite sure that my friend the SNP spokesperson, the hon. Member for Glasgow South West, will give more examples than anybody else, because—I agree with hon. Member for Glasgow South—he has a knowledge of these matters, and I look forward to hearing his contribution. Some of the stories we hear are disgraceful, distasteful and just awful.

We have a role to play in ensuring that all employees of or at small, medium or large companies have a good outcome. That is really not too much to ask: simply fair play and fair moneys for time and effort spent. At the moment, that is not the case. There is a duty on the Minister and the Government to sort out the legalities, and ensure that employers pay their employees the wages they should be getting. I very much adhere to and believe in the saying, "A fair day's work for a fair day's pay," which is why I fully support the hon. Member for Glasgow South.

4.48 pm

Chris Stephens (Glasgow South West) (SNP): It is a pleasure to see you in the Chair, Mr Hollobone, and to follow the hon. Member for Strangford (Jim Shannon). I hope he enjoyed his birthday celebrations at the weekend; I noticed that he was a social media sensation, with all the well-wishers wishing him a happy birthday.

I congratulate my good friend and constituency neighbour, and fellow left winger—I use the definition loosely—my hon. Friend the Member for Glasgow South (Stewart Malcolm McDonald) on securing this debate on an important issue that affects far too many people in these islands. My good friend talked about one of the more extreme examples, the tea company Mooboo, but he undersold what was going on at that particular workplace. That situation really did go from the bizarre to the ridiculous. I recall that when this story hit the headlines, myself and my good friend were actually sitting next to each other in the Chamber of the House of Commons on a Thursday morning at business questions—the Minister was usually at business questions in those days—as we discussed this great matter.

Those of us who were contacting Mooboo tea on the social media platform Twitter were finding ourselves blocked for asking why unpaid work trials were happening in that workplace. Members of the pubic who were asking Mooboo, "Why are you blocking Members of Parliament for asking basic questions?", were finding themselves blocked. It was getting to the stage where Mooboo was blocking more people than it had followers. It was one of those ridiculous situations. Even journalists were asking Mooboo those questions and finding themselves blocked, until Mooboo relented and started to engage with Unite—Bryan Simpson, who is a fantastic trade unionist and a constituent of my hon. Friend the Member for Glasgow South, and who does great work in organising trade unions in such areas, where exploitation takes place.

I want to make it very clear that the SNP is still calling on the UK Government to ban exploitative unpaid work trials and to protect workers, but we should not have to wait for the Government to act. As I alluded to in my intervention, we have waited six years for this employment Bill to appear before us. In 2017, the Government said they would bring forward an employment Bill to ban exploitative practices that were happening in the workplace, and then we were told, "Well, Brexit's taken over." Recently we have been told, "We'll bring forward an employment Bill if there's sufficient parliamentary time," but that does not stop

them introducing immigration Bill after immigration Bill. They can find parliamentary time for that, rather than for the very real issue of the exploitative practices that are happening in far too many workplaces across these islands. Will the Minister update the House on when we will finally see an employment Bill tabled by the Government to address unpaid work trials and all the other issues that come with it, which I will come to?

As my good friend, my hon. Friend the Member for Glasgow South, said, he introduced an Unpaid Trial Work Periods (Prohibition) Bill in July 2017. Guess what, Mr Hollobone—I know you will be shocked when I say this—it was talked out by a Minister. How many private Members' Bills have been talked out by a Minister? I hope that we will review how private Members' Bills are put forward in this place and that we stop the practice whereby Ministers are allowed to keep talking until 2.30 pm on the button, when the Bills disappear. That is really disappointing, and that view is shared by others across the House.

My hon. Friend has led in a number of debates and been a consistent campaigner on unpaid work trials. I hope that the shadow Minister, the hon. Member for Ellesmere Port and Neston (Justin Madders), and indeed the Minister, will praise him for his work in shining a light on these issues.

In response to a written parliamentary question from my hon. Friend the Member for Glasgow South about legislative proposals, the UK Government said:

> "Existing legislation already bans unpaid work trials that are not part of a legitimate recruitment process",

yet he has given example after example, as did the hon. Member for Strangford (Jim Shannon), of unpaid work trials happening all over the economy and not being part of a recruitment process. As my hon. Friend and constituency neighbour said, they are being used to deal with staff shortages or fill in for people who have been off sick, which is a scandalous practice. Then there are those who are having to buy uniforms to go to unpaid work trials, which is an absolutely ridiculous practice—I hope the Minister noted what my hon. Friend and the hon. Member for Strangford also said about that. The Minister will need to answer for how we can deal with that kind of exploitation, because that is what it is.

As my hon. Friend said, trial periods can be a legitimate way to assess a candidate's skills and suitability. They also give individuals the opportunity to assess whether a workplace suits them, which can be just as important. I note that the Department for Work and Pensions is trying to force people to take up more hours, and there are issues in relation to that. However, if an employer offers someone a trial period, it should be paid. There should also be feedback. Many examples have been given of unpaid work trials where nobody hears anything afterwards—whether it is a day, a couple of days or even a couple of hours, they do not hear anything from the employers. That practice needs to end. Perhaps an employment Bill could deal with some of that.

It is interesting that the UK Government have confirmed that unpaid working time, which can include unpaid trial shifts, was a factor in 29% of cases when 208 employers were named for failing to pay £1.2 million to around 12,000 workers, and ordered to pay £2 million in penalties. If there is adequate legislation in place, and the practice is still happening to the degree outlined by my hon. Friend and the hon. Member for Strangford, perhaps there is an enforcement issue.

Perhaps the Minister can tell us what enforcement is taking place within Government to ensure that unpaid work trials are not exploitative. Perhaps he could start by telling us how many vacancies currently exist in the national minimum wage compliance unit. If we had more workers employed by the state to enforce the national minimum wage, as the Government said in their parliamentary answer to my hon. Friend—if we had more enforcement officers—perhaps we would find out that the practice is as the two hon. Members suggested: still widespread, and still happening in too many workplaces.

The UK Government could have supported my constituency neighbour's private Member's Bill, or they could have brought in their own legislation. Perhaps the Minister will tell us what legislation is proposed and what timetable will be allowed for an employment Bill. We might not agree with every single provision in that employment Bill, but it would give every single Member of the House an opportunity to raise other issues, put forward amendments and deal with this issue.

Stewart Malcolm McDonald: My hon. Friend speaks to an important issue that he touched upon earlier, which is the practice of talking Bills out. I got an assurance from the then Minister that the Bill would not be talked out, and that it would be given a fair hearing and allowed to go through the process, but he then rather dishonourably did the opposite of what he had told me. We ended up with the Bill not having a fair hearing in the House, and not being given the proper readings that it ought to have been given as a Bill from a Member of Parliament. The result is that we are back here six years later, discussing the same problem.

Chris Stephens: I thank my hon. Friend for that intervention. As I recall, it might very well have been in the debate on his private Member's Bill when the then Minister rose to his feet and said, "I will be concluding my remarks at 2.30 pm." That was at the beginning of his remarks. That is a completely scandalous way of dealing with it, but my hon. Friend is right. We have had assurances before that Bills would not be talked about and then, lo and behold, on the day that the Bill is up for discussion, that is exactly what happens.

We firmly oppose this practice. Because of the sectors of the economy that my hon. Friend referred to, we also oppose the inappropriate use of zero-hours contracts. Sometimes they go together, where there is an unpaid work trial for a zero-hours contract job. They are both exploitative practices. These non-standard types of employment that offer workers minimal job or financial security really have to end, particularly in a cost of living crisis. If the Government are really serious about helping people to earn more money, they need to put forward legislation to stop unpaid work trials and exploitative zero-hour contracts.

Jim Shannon: When that Bill was introduced approximately six years ago, we anticipated that it would go through Westminster and address this anomaly. Does the hon. Gentleman, like me, feel aggrieved—I am sure he does—that, in the six years since this legislative change, people have been exploited and thousands have lost out on what was rightly theirs?

Chris Stephens: I agree.

I will remind the House why the promise of an employment Bill came about: it was because of the Taylor review. It was the Government's own task. Matthew Taylor reviewed the working practices taking place across these islands, and the Taylor review listed a whole series of recommendations, many of which have still not been dealt with through legislation. If the Government are going to ask people to carry out that sort of work, we would expect them to back it with action. As the hon. Member for Strangford said, it is quite extraordinary that they have refused to do that.

The Scottish Government and the other devolved Administrations can do their bit, but they can do only so much, because employment law is reserved to this place, unfortunately. I would suggest that if employment law was devolved, including to the Scottish Parliament, work practices across the board would be a lot fairer.

I am conscious of the time. Let me end by saying that if the Government viewed trade unions as a key social partner in this country, these sorts of practices would come to an end in the workplace. I wholly support what my constituency neighbour, my hon. Friend the Member for Glasgow South, is trying to do in this area.

5.2 pm

Justin Madders (Ellesmere Port and Neston) (Lab): It is a pleasure to see you in the Chair this afternoon, Mr Hollobone. I thank the hon. Member for Glasgow South (Stewart Malcolm McDonald) for securing the debate and for the work he has done over six years to try to deal with this wholly egregious situation.

We can probably start on a note of common concern, because every right-minded person would regard it as wrong that workers should be expected to work for free. In many cases, as we have heard, they actually end up out of pocket after working a trial shift. I firmly believe that we should all adhere to the principle that there should be a fair day's pay for a fair day's work, and any action to stop exploitation—whatever form it takes—should be welcome.

As we have heard, there clearly ought to be means by which an employer can test an individual's suitability for a position, but—call me old-fashioned—I have always thought that that was what a job interview was for. If not that, what about a paid probationary period for someone to be assessed for their suitability? Let us not forget that people have to work somewhere continuously for two years before they get any protection against unfair dismissal, which could be seen as a very long trial period, albeit one that is paid. When we consider the many options available to employers to assess the suitability of potential employees in the round, we inevitably get drawn to the conclusion that, in the main, trial shifts are not necessary—certainly not unpaid ones. When we are confronted with the evidence that we have heard today and on previous occasions, the suspicion continues to grow that they are often used as a quick way to get free labour.

We have to ask what is being done to stop jobseekers being exploited. Although it is welcome that the Government have published guidance on the practice of unpaid trial shifts, it is not worth the paper it is written on without proper enforcement. There is a problem with both the wording of the guidance and the Government's general attitude to upholding UK employment law. In particular, I have concerns about the fact that, as the guidance notes, there are no definitive rules or tests for whether a trial shift is legal.

As we know, there are six factors in the guidance that a court or tribunal will consider when making a judgment about whether a trial shift should be paid. I ask the Minister to consider how many people have the legal knowledge, patience, time or money to pursue an employer for a handful of hours of lost earnings at the tribunal, particularly if they are in a legally vulnerable position from having no employment protection at that point. Does the Minister agree that the threat of being taken to a tribunal for an unpaid trial shift is self-evidently a hollow threat to employers, and that the Department should be much more proactive in pursuing complaints on behalf of workers? Does he agree that, given that the majority of people in these sectors are young people, because of the nature of the work, and are unlikely to be members of a trade union, they need support in enforcing their rights?

Let me give an example from my own family of what is probably a pretty typical situation. My son has plenty of experience working in bars—quite often in Glasgow, actually. He has applied for various jobs in bars, including one at a bar in Chester. He had an interview. He has all the experience needed to work there, but was offered a trial shift despite the fact that he clearly could do the job. It transpired that the trial shift would run for eight hours and finish in the early hours of the morning, when there is no public transport, so he would have to pay for a taxi out of his own pocket to get home. That looked to me like blatant exploitation. Luckily for him, his father was the shadow employment rights Minister so he could be guided on what to do in that situation, but it begs the question: how many other times have they gotten away with that? How many hours each week are young people being asked to work trial shifts for which they get no payment? The Minister should be tasking his officials with trying to find out exactly how many times this happens each week, because we are probably seeing only the tip of the iceberg.

Kevin Hollinrake: What guidance did the hon. Member give his son in that situation? I would be interested to know.

Justin Madders: I am not sure *Hansard* can record in a polite way the suggestion that I conveyed to him. Let me put it this way: the employment relationship did not continue.

The six factors contained in the guidance are useful, but a lot of subjectivity is applied to them. For example, how is observation—which is one of the criteria—defined? How long is a reasonable period of observation? Ultimately, how can a jobseeker be expected to know if their employer has acted in line with the guidance, given how ambiguous it is? The ACAS website does not make any reference to trial shifts at all. People need a lot more support to understand when they are being asked to do something that is unlawful.

Ambiguities aside, the guidance needs to be properly enforced. As has been mentioned, we have this figure of £3 billion for unpaid work in various forms—it is probably is an even greater figure now. The continued reliance on an underfunded and overstretched tribunal system is

failing our workers. Surely it is time for a single enforcement body to follow through for workers to ensure that their rights are enforced. I know the Government promised that along with an employment Bill, which we unsurprisingly have touched on. Will the Minister give us a timescale for when this single enforcement body will emerge?

The Government's record on national minimum wage enforcement in recent times has been concerning. A naming and shaming list has not been published since December 2021, and I know the Minister has expressed his support for that as an important pillar of enforcement. As I have mentioned to him on previous occasions, a number of Departments have awarded lucrative contracts running into the hundreds of millions of pounds to companies that have appeared on the list of shame. What kind of message does it send to companies about the importance that the Government place on enforcement of the national minimum wage if they are then rewarded with Government contracts? I hope the Minister can give us an update on when the next list will be released.

In conclusion, the debate is a useful reminder that this is unfinished business. We can see very clearly how current ambiguities are being used to exploit workers. I want to hear from the Minister about what more can be done to ensure that people get paid for the work they do, and to ensure that these ruses, in all their forms, are put to an end, so that we get to a point in this country where a fair day's work means a fair day's pay.

5.10 pm

The Parliamentary Under-Secretary of State for Business and Trade (Kevin Hollinrake): It is a pleasure to speak with you in the Chair, Mr Hollobone. I congratulate the hon. Member for Glasgow South (Stewart Malcolm McDonald) on introducing this important debate, and on his persistence. I think it is his seventh year of talking about this issue. He rightly feels strongly about it. He, like me, the rest of Government and probably every parliamentarian, absolutely believes that people who are at work should get paid the national living wage. I am delighted to be the Minister responsible for national living wage policy and workers' rights.

Broadly, I agree with the points the hon. Member made. As others have said, if employers are engaging in the behaviour to which he referred—I accept that there is some evidence that some are—that is a scandalous practice. It is absolutely our case that all workers should be fairly rewarded for their work. Most people think that. Who would not agree with the point that a fair day's work should mean a fair day's pay? We are all on the same page on that.

We are also all on the same page on a related and very important point. As Minister responsible for national living wage policy, I am pleased to see the largest ever increase to the national living wage: a 9.7% increase to £10.42. That applies from Saturday. It is great to see it go over that £10 mark. Some 2.9 million people across the country will benefit from that measure, including 210,000 in Scotland and 160,000 in Northern Ireland. It is a very welcome move.

We should pay tribute to the vast majority of businesses and employers who—I think we all agree—are decent, do the right thing and do not engage in these scandalous practices. It is really important that we reiterate that, as well as the fact that lots of businesses are already struggling in the cost of living crisis, not least because of high energy bills, for example. They are suffering because of numerous cost pressures, and their paying this increase in the national living wage will not only affect the people on the bottom rung of the pay ladder, but have a knock-on effect on others in their workforce. We are determined to build the high-skill, high-wage economy that most people would like to see.

We have further ambitions. We want the national living wage to reach two thirds of median pay by 2024. That remains our ambition. It is the right thing to do. We are putting in place other measures that reinforce our point that we are absolutely protecting and indeed strengthening workers' rights. The hon. Member for Glasgow South West (Chris Stephens) made an interesting point about finding parliamentary time; we are effectively finding parliamentary time for a number of pieces of legislation, including six private Members' Bills for which I am personally responsible. Those Bills include measures to ensure workers get full allocation of tips and service charges; to protect neonatal care for new parents who have difficulties with a newborn, ensuring more leave—up to 12 weeks; to entitle everybody to at least a week's carers' leave, which could help many people in the workplace look after dependent relatives; and to ensure redundancy protections pre and post maternity, which, again, is a welcome change.

A further change, and a key measure in the Taylor review, to which the hon. Gentleman referred, is the right to request predictable terms and conditions. It will give people on, for example, zero-hours contracts the right to request predictable hours. We support legislation on that, and on making flexible working something that people have the right to request on day one. Those are all things that we are doing to strengthen workers' rights and make the workplace more attractive.

Chris Stephens: I have been listening to the Minister very carefully, and I welcome what he says about the right to request, but a right to request does not necessarily mean that the right will be given. Will the Minister talk about how he intends to enforce that legislation, and increase enforcement around unpaid work trials?

Kevin Hollinrake: I do not want to get too distracted from the issue at hand, but I am happy to address that point in detail afterwards. We think those measures strike a balance. The recommendation from Matthew Taylor was not that there be a right to insist; it was the right to request. The employer could reject that request only on one of eight grounds, and in doing so, has to adhere to a process. We think that strikes a balance and meets the needs of businesses. For example, businesses can refuse a request in order to ensure that they have the right customer service availability and are not put under an undue burden. Those criteria have been set out, and I am happy to have that discussion with the hon. Member after the debate.

On the issue that the hon. Member for Glasgow South raised, there are two things that the Government would question about his policy: is it necessary, and what is the extent of the problem? It is important that we reflect the actual extent of the problem. He said that there is £3 billion of unpaid work; clearly that is a different issue. Following my intervention, he clarified that unpaid work trials are an element of that. The figure of 29% is

[Kevin Hollinrake]

also about unpaid work; the hon. Member for Glasgow South West said that among the 29% of employers that use unpaid work, work trials were a factor. The extent of the problem is not clear. I would describe people who are abusing the system as rogue employers, rather than something to benchmark.

Anybody who is defined as a worker should receive the national living wage. We updated the guidance in 2018, probably prompted by the work of the hon. Member for Glasgow South. The guidance is clear on the time that someone is allowed to have a work trial for. It says:

"in the Government's view an individual conducting work in a trial lasting longer than one day is likely to be entitled to the minimum wage in all but very exceptional circumstances".

Employment tribunals, for example, have a basis on which to make a judgment, and there are other bases.

Stewart Malcolm McDonald: I am unclear. Do the Government and the Minister's Department collect data on the use of unpaid work trials?

Kevin Hollinrake: I do not have access to that data. The hon. Member refers to a survey that was done some years ago. It is our belief that unpaid work trials are not widespread, and there are measures to deal with the problem, which I will set out shortly. As the hon. Member for Ellesmere Port and Neston (Justin Madders) said, there are six criteria applied to unpaid work trials.

Jim Shannon: Some of the responses have been very positive. The Carer's Leave Bill, which I have been following, is really welcome. The Minister mentioned the outcome of tribunals, but a person cannot take a case to a tribunal if they have not been in the workplace long enough, which means that a tribunal may not be an option. Can the Minister also give some direction on the uniform issue?

Kevin Hollinrake: I thank the hon. Gentleman for all the good work he does in this House. In all the debates he speaks in, he is a champion for doing the right thing. As he said, we have been on the same side of the fence in debates on many occasions, and I am sure that will continue despite my ministerial position. I will come back to both of those points shortly.

Six different criteria apply in deciding whether an unpaid work trial is appropriate. The first is the length of time. The trial should be no longer than a day. Observation is another: is the employer observing, or is somebody just working unobserved? Other criteria relate to the nature of the work, and the value to the employer—is there a value to that work? That would be inappropriate. If the worker is observed, the work would have less value, because somebody has to observe them, and they might as well be doing the work themselves. All those things are taken into account in judging whether that shift should be paid.

There are reasons for having an unpaid work trial; for example, a teacher might be required to do a model lesson. It might be appropriate to ask teachers who are being interviewed to show what they would do in the actual situation. It would not be right to ban the practice altogether.

On having more specific guidance, which the hon. Member for Glasgow South mentioned, the problem is that being too specific in guidance could result in a race to the bottom by some employers—something that he is looking to clamp down on. If we said, "This categorically is the perimeter of work trials," rogue employers may well take advantage. There needs to be a balance of judgment, rather than exact criteria.

The Government think that work trials can be a legitimate recruitment exercise at times, which is why we are not legislating in this area and do not intend to. I know the hon. Member disagrees, and I respect his opinion, but we do not think it is right to legislate further in this area. What we already have strikes the right balance.

Chris Stephens: On the one hand, the Minister says that the Government do not collect data, and on the other, he says that legislation is not necessary. That seems a bit confusing to those of us in the House who study these matters. Before the Government decide whether to legislate, would it not be better to do some investigation into the root of the problem to see how widespread it is?

Kevin Hollinrake: Of course, we will always look at information and evidence. As parliamentarians, we get information and evidence from lots of different sources, but we tend to work by seeing where there is obvious detriment and therefore loopholes that we need to close. I do not think it is practical for the Government to look at every single problem and then decide where to legislate; it is usually the other way round. I think we disagree on that, but we will always look at information. If the survey was updated and specified unpaid work trials as an issue, the hon. Gentleman would have a more compelling case.

On uniforms required for a place of work, deduction of the cost of the uniform should not take a person's earnings below minimum wage. If it did, the employer would be guilty of an offence under the National Minimum Wage Act 1998. It can be appropriate for an employer to say that there is a uniform that an employee must wear, at the employee's cost, but that must not take that employee below the minimum wage.

Jim Shannon: The example I gave was a true one—I bring all my examples with honesty. The person had to buy a black shirt and black trousers to have the trial. If they did not get the job, they were out of pocket. Where is the comeback? It might be better for the employer, who will probably have spares, to make them available.

Kevin Hollinrake: I agree with the hon. Member, but that is a different point; I am speaking more to uniforms and how they relate to the minimum wage. It would be entirely inappropriate for an employer to say, "I want you to come on an unpaid work trial, and I want you to buy a new shirt and a new pair of trousers to do that." I would define them as a rogue employer for taking that approach. As I have said, I was an employer for 30 years, and we would never have even considered that kind of behaviour.

The hon. Member for Strangford talked about awareness. His Majesty's Revenue and Customs undertakes a programme on best practice for employers. It is an enforcement body, as well as one that tries to help employers meet the relevant employment conditions.

A number of contributors said that an employment tribunal is the only way to deal with the issue. I quite understand that employment tribunals can be expensive and time-consuming. There are other processes; if people feel that they have been wrongly and inappropriately asked to do an unpaid work trial, they can report that to ACAS or His Majesty's Revenue and Customs, through its online form. All reports are investigated.

We are keen to expand the reach of HMRC's enforcement capability. We have doubled our investment in national minimum wage enforcement since 2015-16. We spend nearly £28 million every year on ensuring that employers meet their legal responsibilities. Employers who are found to underpay their staff must repay all arrears that they owe to their staff and a penalty of up to 200% of the underpayment, and may be eligible to be publicly named by the Department for Business and Trade.

In 2021, HMRC returned more than £6.7 million in arrears to over 155,000 workers, and issued fines totalling more than £14 million to businesses that had failed to pay the minimum wage.[1] Since 2015, the Government have ordered employers to repay over £100 million to more than 1 million workers, which demonstrates that it is never acceptable to short-change hard-working employees. The shadow Minister rightly asked when we will do the next naming and shaming. It has been too long. The last one was in December 2021. I have absolutely met my officials and said, "We need that list out very shortly." It will happen very shortly.

I conclude by again thanking the hon. Member for Glasgow South. We absolutely agree that it is vital that the right of workers to be paid the minimum wage continues to be upheld. That is why the Government listened to concerns relating to work trials, and issued new guidance in 2018—prompted by his work, I would say, though I was not in this role at the time. That revised guidance, combined with strong enforcement of existing legislation, will continue to ensure that workers are not exploited through unpaid work trials.

5.26 pm

Stewart Malcolm McDonald: We have had a good debate, with all the obsequiousness that is customary in the House. I thank the Minister, who I know to be diligent, but I briefly have to pick up on a couple of things that he said. He cannot have it both ways: he tells the House that he does not have data on the issue, but also that the problem is not widespread. I promise you, Mr Hollobone, that the problem is widespread and very real. The Minister cited the amount of money that HMRC has forced businesses to repay to workers. That is not the sign of a system that is successful. It is the sign of an unsuccessful system when the Government have to go around forcing people to pay money that they should have paid. It is welcome that the Government have done the enforcement, but this should never have been allowed to happen in the first place.

I accept entirely that the Minister does not see the need for legislation, but I think that he is wrong; legislation would be entirely proportionate and is necessary. He tells me to be specific; the title of the Bill was the Unpaid Trial Work Periods (Prohibition) Bill. I cannot think of a more specific title for a Bill trying to solve a very specific problem, via an amendment to the National Minimum Wage Act 1998. The Minister mentions various Bills that he is seeking to bring in. I think he will agree that his job is one of the best in Government, because he can make a material difference. He is choosing not to, and that needs to change.

Question put and agreed to.

Resolved,

That this House has considered the matter of the use of unpaid work trials.

5.29 pm

Sitting adjourned.

1. *[Official Report, 17 April 2023, Vol. 731, c. 1MC.]*

Written Statements

Wednesday 29 March 2023

BUSINESS AND TRADE

Investment Treaty Negotiations: Singapore

The Secretary of State for Business and Trade (Kemi Badenoch): The Government will shortly commence negotiations with Singapore to deliver a new, modern investment treaty. Negotiations build on the strong investment relationship between our two nations and represent the United Kingdom's Indo-Pacific tilt.

As of 2021, the stock of UK investment in Singapore totals £11.4 billion and the stock of Singaporean investment in the UK totals £12.0 billion, up from £4.1 billion in 2012. The United Kingdom and Singapore share a joint ambition to further strengthen our trade and economic relationship, deepening trade and increasing investment flows for the benefit of both countries.

That is why we are pursuing a new, modern investment treaty. This will fulfil a commitment made in the free trade agreement between the United Kingdom and Singapore, and it is an opportunity to put the UK at the forefront of international best practice. This follows on from the successful UK-Singapore digital economy agreement last year.

His Majesty's Government remain clear that, in addition to guaranteeing clear standards of fair treatment to investors, any deal we sign will be in the best interests of the British people and the United Kingdom economy. We will not compromise on our high environmental, public health, animal welfare and food standards, and we will maintain our right to regulate in the public interest.

We are also clear that this negotiation will not open the NHS to further competition and overseas companies will not be able to take legal action to force us to do so.

The Government will update Parliament as we reach key milestones in negotiations.

[HCWS687]

CULTURE, MEDIA AND SPORT

Draft Media Bill

The Secretary of State for Culture, Media and Sport (Lucy Frazer): Today the Government are publishing a draft Media Bill. This will ensure that we can deliver on key aspects of the Government's vision for the broadcasting sector, set out last year in our landmark White Paper, "Up next". The Media Bill will reform decades-old laws to turbocharge the growth potential of our world-leading public service broadcasters (PSBs), allowing them to better compete with global giants. It will give PSBs the tools to adapt to changing viewer habits as people now increasingly watch TV on demand via smart TVs and other connected devices, instead of traditional "linear" services such as terrestrial TV.

The draft legislation will bring video-on-demand (VoD) services such as Netflix, Disney+ and Amazon Prime Video under new Ofcom content rules, ensuring that children and vulnerable viewers are better protected from harmful material and that these on-demand, online-only streaming services platforms are properly accountable to the UK regulator. The draft Bill also has new rules to make streaming content more accessible to those with seeing and hearing impairments, bringing them in line with existing broadcasting standards.

The draft Bill reflects the Government's decisions to proceed with a package of reforms to support Channel 4 to meet the sustainability challenges it faces. Channel 4 will have greater freedom to make and own its own content, should it choose to do so. A new legal duty will also be introduced on the corporation to consider its long-term sustainability alongside the delivery of its public service remit. This will ensure that this globally renowned broadcaster can continue to produce high-impact, distinctive shows long into the future. The Government have already committed to raising the level of Channel 4's independent production quota and will continue to work closely with industry to consider additional protections that will safeguard Channel 4's important role supporting the production sector following these changes.

The Bill now also includes measures that are vital to the future of UK radio services. These long called for reforms will help protect radio's long-term position on connected audio devices, including smart speakers, and ensure the continuation of the huge public value that radio provides for listeners across the UK. It will also include legislation for radio deregulation, which will reduce burdens and the costs on commercial radio.

The Media Bill will:

Deliver a new public service remit for TV while making sure public service broadcasters continue to service audiences across the UK with universally available, high-quality programming;

Make sure public service broadcast content is always carried and easy to find for UK audiences on connected devices and major online platforms, including on smart TVs, set-top boxes and streaming sticks, so audiences can easily access this content in the way that best suits them;

Introduce a sustainability duty on the Channel Four Television Corporation (C4C) and remove the existing publisher-broadcaster restriction on C4C so it has a greater ability to produce and monetise its own content, if it chooses to do so, ensuring Channel 4's long-term future in public ownership;

Update the public service remit of S4C (Sianel Pedwar Cymru), the Welsh language television service, to include digital and online services. Removing the current geographical broadcasting restrictions so that S4C can broaden its reach and offer its content on a range of new platforms in the UK and beyond, demonstrating the Government's commitment to the future of Welsh language broadcasting;

Bring video-on-demand services such as Netflix under UK regulation, ensuring that larger, TV-like services are subject to the same high standards as broadcast TV channels, by giving Ofcom powers to investigate and take action if it considers it appropriate;

Reduce regulatory burdens and costs on commercial radio stations that are no longer needed due to the decisive shift towards digital listening, while also strengthening protections for the provision of national and local news and local information for listeners;

Introduce measures to protect the position of radio accessed via smart speakers—for example, "Alexa" devices—by ensuring that listeners are able to find the content they expect in an unaltered format, without additional or substituted advertisement; and

Repeal section 40 of the Crime and Courts Act 2013, which would—if commenced—force news publishers to pay the costs of any court judgment if they were not a member of the approved regulator, regardless of the outcome of the court judgment.

In recognition of the importance of getting these reforms right, and delivering the best outcome for audiences, the Government are publishing the Bill in draft to facilitate a period of technical engagement with industry prior to introduction.

The Government are today publishing the draft Bill and associated documents on www.gov.uk. I will deposit copies of the draft Bill and these documents in the Libraries of both Houses.

Alongside publication of the draft Media Bill, I am also issuing my response to Ofcom's report on the licensing of Channel 3 and Channel 5 submitted under section 229 of the Communications Act 2003. This response confirms that I do not intend to block the renewal of these licences, acknowledging the valuable role that ITV, STV and Channel 5 continue to play within the PSB system. A copy of my response will be available on gov.uk.

[HCWS685]

EDUCATION

Post-16 Qualifications Review

The Minister for Skills, Apprenticeships and Higher Education (Robert Halfon): Today, as part of phase 2 of the post-16 qualifications review of English qualifications, we have published an update to the final list of qualifications that overlap with wave 1 and 2 T-levels, to include qualifications that overlap with health and science T-Levels. These qualifications were included in the provisional list published in May 2022 but confirmation was not included in the final list published in October 2022, due to the Institute for Apprenticeships and Technical Education's review of the outline content of the health and science T-levels. This review has now concluded. Today's update adds 28 qualifications to the list and as previously stated these will have 16 to 19 funding removed from 1 August 2024.

The removal of funding from these qualifications follows rigorous assessment by independent assessors and an opportunity for awarding organisations to appeal their decisions. The awarding organisations who will have funding removed from these 28 qualifications have been notified, as have the Federation of Awarding Bodies and Joint Council for Qualifications. My Department will also engage with further education providers on this matter.

T-levels are rigorous qualifications that provide a great progression route into a range of occupations in the health and science sector. They are based on the same standards as apprenticeships and have their content set by employers. Students that take a health and science T-level are well placed to progress into careers in the sector, including as health professionals, technicians and researchers.

We have backed providers with significant additional revenue and capital funding so that they are well prepared and have the resources to deliver T-levels to a high standard. We have made around £400 million available to improve buildings and buy state-of-the-art equipment. We recently announced a short-term 10% uplift in T-level revenue funding to help providers as they transition from study programmes and scale up and a new £12 million employer support fund to help providers deliver quality industry placements. This comes alongside a range of practical support measures that we have put in place to support providers to implement T-levels, including investing over £31 million in the T-level professional development programme (TLPD) to provide free training and support to FE providers, teachers and leaders to successfully plan and deliver T-levels.

The changes to post-16 qualifications at level 3 and below are designed to ensure that our qualifications system provides a ladder of opportunity for young people from all backgrounds. T-levels are a key part of that ladder of opportunity, helping young people climb rung by rung toward a fulfilling career. The T-level transition programme provides a high-quality pathway onto T-levels.

In addition to T-levels, students will also benefit from a range of choice in order to access careers in the health and social care and science sectors. This will include high-quality reformed qualifications at level 2 designed to support progression to apprenticeships, further study, and employment. At level 3, students will also be able to choose to study a health and social care-related qualification as part of a mixed study programme.

I am pleased that we have taken this next step in ensuring our post-16 qualifications system provides young people with the skills employers need and which are fit for the future.

[HCWS684]

HOME DEPARTMENT

Hong Kong Veterans' Settlement Route

The Minister for Immigration (Robert Jenrick): I am pleased to announce that, from autumn this year, eligible Hong Kong veterans of His Majesty's Forces and their families will be able to apply for settlement in the UK.

Many Hongkongers served in His Majesty's Forces throughout the 20th century, supporting the administration of Hong Kong along with important military operations around the globe, including the liberation of Kuwait from Iraqi forces in 1991. It is right that we continue to recognise this service and ensure that veterans from Hong Kong are placed on an equal footing with other members of His Majesty's Forces who were also stationed in the territory prior to the handover to China in 1997.

Successful applicants will be granted indefinite leave to enter, allowing them to live and work in the UK without restriction and putting them on a path to full British citizenship.

Further information about this settlement route and how to apply will be published on gov.uk in due course. The Government look forward to welcoming applications from those Hong Kong veterans and their families who wish to make the UK their home.

[HCWS688]

SCIENCE, INNOVATION AND TECHNOLOGY

Artificial Intelligence Regulation White Paper

The Secretary of State for Science, Innovation and Technology (Michelle Donelan): I am pleased and excited to announce that today, the Government are publishing their Artificial Intelligence Regulation White Paper.

AI is one of this Government's five technologies of tomorrow—bringing stronger growth, better jobs, and bold new discoveries. As a general purpose technology, AI is already delivering wide social and economic benefits, from medical advances to the mitigation of climate change.

The UK has been at the forefront of this progress, placing third in the world for AI research and development. For example, an AI technology developed by DeepMind, a UK-based business, can now predict the structure of almost every protein known to science. This breakthrough has already helped scientists combat malaria, antibiotic resistance, and plastic waste, and will accelerate the development of life-saving medicines. There is more to come. AI has the potential to transform all areas of life and energise the UK economy. By unleashing innovation and driving growth, AI will create new, good-quality jobs. AI can also improve work by increasing productivity, and making workplaces safer for employees.

Through the national AI strategy, this Government are committed to strengthening the UK's position as an AI powerhouse. For example, to boost skills and diversity in AI jobs, the Government have announced £23 million towards 2,000 new AI and data science conversion courses scholarships; £100 million towards AI centres for doctoral training at universities across the country; and over £46 million towards Turing AI fellowships, developing the next generation of top AI talent. Through the technology missions fund, we are investing £110 million in missions on AI for health, AI for net zero, trustworthy and responsible AI, and AI adoption and diffusion. These are part of our £485 million investment in the UKRI AI programme to continue the UK's leadership in AI and support the transition to an AI-enabled economy.

We want the whole of society to benefit from the opportunities presented by AI and we know that to achieve this, AI has to be trustworthy. While it offers enormous potential, AI can also create new risks and present us with ethical challenges to address. We already know that some irresponsible uses of AI can damage our physical and mental health, create unacceptable safety risks, and undermine human rights. Proportionate regulation which mitigates these risks is key to building public trust and encouraging investment in AI businesses.

Businesses have consistently asked for clear, proportionate regulatory requirements and better guidance and tools to support responsible innovation. When we set out our proposals for a proportionate and pro-innovation approach in July last year, they received widespread support from industry. Our approach is in stark contrast to the rigid approaches taken elsewhere which risk stifling innovation and putting huge burdens on small business.

The recent report led by Sir Patrick Vallance—"regulation for innovation"—identified that we have a short window for the UK to take up a position as a global leader in foundational AI development and create an innovation-friendly approach to regulating AI. We know we need to act now. I am proud to set out a proportionate and future-proof framework for regulating this truly exciting, paradigm-shifting technology.

Our framework for AI regulation is outcome-focused, proportionate, and adaptable. It will be sensitive to context to avoid stifling innovation, and will prioritise collaboration—between Government, regulators, industry, academia, civil society and wider stakeholders. The framework will be underpinned by five principles. These five principles are a clear statement of what we think good, responsible, trustworthy AI looks like—reflecting the values at the core of our society. These are: safety, security and robustness; appropriate transparency and explainability; fairness; accountability and governance; and contestability and redress. We will work with the UK's highly regarded regulators and empower them to apply the five principles using their sector-specific expertise.

As automated decision-making systems are increasingly AI-driven, it is important to align the article 22 reforms in the Data Protection and Digital Information Bill with the UK's wider approach to AI regulation. The reforms in the Data Protection and Digital Information Bill cast article 22 as a right to specific safeguards, rather than as a general prohibition on solely automated decision making and also clarify that a "solely" automated decision is one that is taken without any meaningful human involvement. Meaningful involvement means a human's participation must go beyond a cursory or "rubber stamping" exercise—and assumes they understand the process and influence the outcome reached for the data subject.

AI opportunities and risks are emerging at an extraordinary pace. We need only look to the sudden increase in public awareness of generative AI over recent months as an example. As such, the framework will initially be introduced on a non-statutory basis and we are deliberately taking an iterative, collaborative approach—testing and learning, flexing and refining the framework as we go. This will allow us to respond quickly to advances in AI and to intervene further if necessary.

We will establish central functions to make sure our approach is working effectively and getting the balance right between supporting innovation and addressing risk. These will monitor how it is operating but also horizon scan so we understand how AI technology is evolving and how risks and opportunities are changing. Taking forward Patrick Vallance's recommendation, they will also support the delivery of testbeds and sandbox initiatives to help AI innovators get AI technologies to market.

We are deliberately seeking to find the right balance between more rigid approaches to AI regulation on the one hand, and those who would argue that there is no need to intervene on the other. This position and this approach will protect our values, protect our citizens, and continue the UK's reputation as the best place in the world to be a business developing and using AI.

Alongside this White Paper, we are also committed to strengthening UK AI capability. We are establishing a foundation model taskforce, a Government-industry team which will define and deliver the right interventions

and investment in AI foundation models—a type of AI which looks set to be transformative—to ensure the UK builds its capability.

We recognise that there are many voices to be heard, and many ways that we can learn from across the whole of society, industry, academia, and our global partners. We have been engaging with regulators and a range of stakeholders as we develop our proposals and I actively encourage colleagues and stakeholders across the whole of the economy and society to respond to the consultation. I will be placing copies of the White Paper in the Libraries of both Houses, and it is also available on gov.uk.

[HCWS686]

WORK AND PENSIONS

Supporting People Nearing the End of their Lives

The Minister for Disabled People, Health and Work (Tom Pursglove): The Government are committed to providing support to people who are nearing the end of their lives. For people in this position, special rules allow simple and fast access to financial support through the benefits system.

Today, I am pleased to announce the commencement of the Social Security (Special Rules for End of Life) Act 2022, which will apply from 3 April 2023.

The Act enables more people nearing the end of their lives to get fast-tracked access via the special rules. It applies to three key disability benefits: personal independence payment, disability living allowance and attendance allowance.

This change means that people nearing the end of their lives who meet the eligibility criteria for one of these benefits, can receive vital support in their final year, six months earlier than they can currently. Those eligible under the "special rules", get their claims fast-tracked, which means they do not have to wait as long to start getting payments. They are not required to take part in a medical assessment and, in most cases, those claiming will qualify for the highest rate of benefit.

The new 12-month special rules criteria align with the end-of-life approach in the NHS where, for those with 12 months or less to live, clinicians are encouraged to think about what help their patient may need, including financial help.

The Government introduced similar changes to universal credit and employment and support allowance on 4 April 2022. The Act ensures a consistent approach across five key health and disability benefits.

These changes to the special rules for end of life are a culmination of many years of work since the then Secretary of State launched an in-depth evaluation of how the benefits system supports people nearing the end of their lives in 2019. I would like to pay tribute to her and my predecessors in my role, the hon. Member for North Swindon (Justin Tomlinson) and my right hon. Friend the Member for Norwich North (Chloe Smith).

I would also like to thank the many people nearing the end of life, groups and charities that have supported the Department for Work and Pensions. Their input has helped improve the support provided by the benefits system in this area.

I am proud to say that when someone is in their last year of life, they can now benefit from improved support from the benefits system. By expanding eligibility, we will provide thousands more people with financial support to allow them to focus on sharing the valuable time they have left with the people who matter most to them.

[HCWS689]

Petitions

Wednesday 29 March 2023

PRESENTED PETITIONS

Petitions presented to the House but not read on the Floor

Onshore energy connections along the Suffolk Coast

The petition of the people of Suffolk Coastal and the wider Suffolk area,

Declares that the UK was the first G7 country to legislate for net-zero by 2050, which coupled with an even stronger need for energy independence means a Government commitment to provide 40GW of offshore wind electricity by 2030; further declares that emerging government policy including the subsequent review of the national policy statements for energy sets out that a more co-ordinated approach to the delivery of onshore electricity transmission infrastructure is required recognising cumulative impact; further declares the concerns of the petitioners, that through a mixture of already granted planning consents, proposed landfall sites, cable corridors & convertor stations the huge impact these connections would have on the communities and precious landscape of the Suffolk coast, much of which is in the AONB.

The Petitioners therefore request that the House of Commons urges the Government to review all onshore energy connections along the Suffolk coast and carry out a comparative study, including already suggested brownfield sites, properly assessing the environmental impact of these connections before proceeding any further.

And the petitioners remain etc.

[P002825]

Sunday Trading Act 1994

The petition of Dick Lucien Chitolie,

Declares that the Sunday Trading Act 1994 conflicts with the fourth commandment, that the sabbath day be kept holy; and further that it also contributes to harmful climate change.

The petitioners therefore request that the House of Commons urge the Government to rescind the Sunday Trading Act 1994.

And the petitioners remain, etc.

[P002823]

Uprising in Iran

The petition of residents of the United Kingdom,

Declares that the protests and anti-regime uprisings in Iran led by women and youth are incredibly powerful and have spread across the country; notes that the signatories support the effort to help bring democracy to Iran; furthermore that at least 700 protestors have been killed and another 30,000 have been arrested in the first two weeks of the uprising and that this is an injustice to the people of Iran and their human rights; further declares that more support to Iranian protestors is required.

The petitioners therefore request that the House of Commons urge the Government to support the Iranian people's uprising and their desire for democracy.

And the petitioners remain, etc.

[P002824]

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not later than
Wednesday 5 April 2023

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