PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT
GENERAL COMMITTEES

Public Bill Committee

FINANCE (NO. 2) BILL

(Except clauses 5 and 6, 7 to 9, 10 to 15, schedule 1, clauses 18 to 25, 27, 47, 48, 50 to 60, schedules 7 to 9, clauses 121 to 264, schedules 14 to 17, clauses 265 to 277, schedule 18, clauses 278 to 312 and any new clauses or new schedules relating to the subject matter of those clauses and schedules.)

Third Sitting

Thursday 18 May 2023

(Morning)

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not later than

Monday 22 May 2023

The Committee consisted of the following Members:

Chairs: Esther McVey, †Graham Stringer

† Atkins, Victoria *(Financial Secretary to the Treasury)*
† Bailey, Shaun *(West Bromwich West)* (Con)
† Baynes, Simon *(Clwyd South)* (Con)
† Bell, Aaron *(Newcastle-under-Lyme)* (Con)
Blackman, Kirsty *(Aberdeen North)* (SNP)
† Butler, Rob *(Aylesbury)* (Con)
† Chapman, Douglas *(Dunfermline and West Fife)* (SNP)
† Dalton, Ashley *(West Lancashire)* (Lab)
† Davies, Gareth *(Exchequer Secretary to the Treasury)*
† Dixon, Samantha *(City of Chester)* (Lab)
† Eagle, Dame Angela *(Wallasey)* (Lab)
† Gibson, Peter *(Darlington)* (Con)
† Jenkinson, Mark *(Workington)* (Con)
Mangnall, Anthony *(Totnes)* (Con)
† Moore, Robbie *(Keighley)* (Con)
† Murray, James *(Ealing North)* (Lab/Co-op)
† Oppong-Asare, Abena *(Erith and Thamesmead)* (Lab)
† Stephenson, Andrew *(Lord Commissioner of His Majesty's Treasury)*
Tarry, Sam *(Ilford South)* (Lab)
Tolhurst, Kelly *(Rochester and Strood)* (Con)
† Twist, Liz *(Blaydon)* (Lab)
Vaz, Valerie *(Walsall South)* (Lab)
† Vickers, Matt *(Stockton South)* (Con)
† Whittaker, Craig *(Calder Valley)* (Con)

Tom Healey, Kevin Maddison, *Committee Clerks*

† attended the Committee

Public Bill Committee

Thursday 18 May 2023

(Morning)

[Graham Stringer *in the Chair*]

Finance (No. 2) Bill

(Except clauses 5 and 6, 7 to 9, 10 to 15, schedule 1, clauses 18 to 25, 27, 47, 48, 50 to 60, schedules 7 to 9, clauses 121 to 264, schedules 14 to 17, clauses 265 to 277, schedule 18, clauses 278 to 312 and any new clauses or new schedules relating to the subject matter of those clauses and schedules.)

11.30 am

The Chair: We are now sitting in public, and the proceedings are being broadcast. I have a few preliminary announcements.

Owing to a printing error, Government amendment 9 was missing from the amendment paper issued earlier this morning. That omission was rectified, and the correct version of the amendment paper is available in the room, from the Vote Office and online.

Hansard colleagues will be grateful if Members could email their speaking notes to hansardnotes@parliament.uk. Electronic devices should be on silent. Tea and coffee should not be brought into the room. It is getting a bit muggy, so any Member wishing to take off their jacket may do so. We now continue line-by-line consideration of the Bill.

Clause 313

Transactions funded with the assistance of a public subsidy

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

The Financial Secretary to the Treasury (Victoria Atkins): It is a pleasure to serve under your chairmanship, Mr Stringer.

As a matter of housekeeping, I should say that the shadow Minister, the hon. Member for Ealing North, asked me questions on Tuesday regarding the implementation of changes to the company share option plan, and I committed to write to him with those details. That letter has gone to him this morning, with copies deposited in the Libraries of the Houses. Indeed, I have also arranged for it to be sent to the other Committee members, for their convenience.

The clause will amend existing stamp duty land tax rules to ensure that registered providers of social housing are exempt from the tax when purchasing property using funding allocated under section 31 of the Local Government Act 2003. In December last year, the Government announced an additional £650 million for the Homes for Ukraine support package, which included giving local authorities in England an additional £0.5 billion to reduce homelessness by obtaining housing to reduce pressure on social housing and to help accommodate Ukrainian and Afghan refugees. On 28 March this year, the Government announced a further £250 million of funding, the majority of which will be used to house Afghan families in bridging accommodation. The rest will be used to ease existing homelessness pressures.

The additional funding, as I said, is allocated under section 31 of the Local Government Act, and the existing stamp duty land tax system includes an exemption for social housing purchases. However, not all social housing providers in receipt of the additional funding would benefit from those exemptions, so we are looking to correct that and to enable registered providers of social housing to benefit from the exemption when they use the new funding. It is a sensible clarification and I hope that the Committee will support the clause standing part of the Bill.

James Murray (Ealing North) (Lab/Co-op): It is a pleasure to serve in Committee with you as Chair, Mr Stringer.

The acquisition of certain properties by registered social landlords is exempt from stamp duty, provided that the purchase is funded with the assistance of public subsidy. As the Minister set out, in December last year the Department for Levelling Up, Housing and Communities announced an additional £500 million in funding for local authorities to secure additional housing stock for those fleeing conflict, including those from Ukraine and Afghanistan. We understand that that additional funding was allocated under section 31 of the Local Government Act, and the clause will add that section to the list of public subsidies that enable a purchase to qualify for the stamp duty exemption. For the purposes of the stamp duty exemption, we understand that local authorities that intend to register with the Regulator of Social Housing are treated as not-for-profit registered providers of social housing.

The explanatory notes state that £500 million was announced for the local authority housing fund in December 2022, and I welcome the Minister's assurance that the additional £250 million announced since will also be covered by this clause. We will not oppose the clause, as any support it offers to local authorities that buy homes to provide social housing is welcome.

Dame Angela Eagle (Wallasey) (Lab): It is a pleasure to serve under your chairmanship, Mr Stringer. This is not the first time that I have been on a Committee with you in the Chair.

Will the Minister give a view about how many extra homes this change to stamp duty land tax will enable local authorities to fund? Has any analysis been done? There will obviously be a positive effect, but how large will it be? Many Afghans are still in hotels and are unable to put down roots so that they can begin to establish themselves in this country and flourish. For large families living in hotels, this is a difficult time, so I would have thought that Members from both sides of the House are anxious to see this scheme work. Knowing the Treasury, it will have done some analysis of the positive benefit of the proposal, so will the Minister share it with the Committee?

How long does the Department for Levelling Up, Housing and Communities expect these extra moneys to last? Will the Minister come back to Parliament to extend this exemption further, or will that happen in a spending review?

Douglas Chapman (Dunfermline and West Fife) (SNP): It is a pleasure to serve under your chairmanship, Mr Stringer. The hon. Member for Wallasey just asked about the length of the funding. As MPs, we all have hard cases to deal with involving refugees from other parts of the world. What funding will be given to Scotland, Wales and Northern Ireland so that the devolved Administrations can implement their own schemes?

Victoria Atkins: I can answer yes to the question that the hon. Member for Ealing North asked about the £250 million.

On the question that the hon. Member for Wallasey asked about the number of houses, DLUHC has estimated that it will be about 1,300 homes. She will understand—indeed, we discussed this when I was Minister for Afghan Resettlement—that one of the complexities with Afghan families is that their larger family sizes mean that there is not the availability of housing stock that there is for slightly smaller families. That is why it is taking a bit of time.

The hon. Member for Dunfermline and West Fife asked about Scotland, and I commit to write to him. This is across the board, so I imagine the scheme will be UK-wide, but I will get that confirmation for him by the end of the sitting.

Samantha Dixon (City of Chester) (Lab): It is a pleasure to serve under your chairship, Mr Stringer. According to the Home Office figures that were issued at the end of April, there are 8,000 Afghans currently in UK hotels, half of whom are children. On the point about revisiting this at a future date, does the Minister think the Government have done enough?

Victoria Atkins: I must direct the hon. Lady to the Minister for Veterans' Affairs, who is now leading on that. He has overall control of the programme of rehousing for Afghan refugees, and the Homes for Ukraine scheme—obviously that is a very separate system. The scheme is one of the tools available to the Government, which is why we are making the stamp duty changes to assist local authorities in their efforts to find homes for refugees. It will not be the only way in which we find accommodation for those families; there are other ways, including the military helping with accommodation for those who formerly served or helped the armed forces when they were in Afghanistan. It is one tool, and we want to make it as easy as possible for local authorities to use. I encourage the hon. Lady to speak to the Minister for Veterans' Affairs, who is leading on the issue.

Dame Angela Eagle: Another question occurs to me: is the scheme only for Afghans and Ukrainians, or does it accommodate other homeless people who are fleeing conflict? It is clear that those who have fled Afghanistan and Ukraine are in a pretty unique position, with special schemes attached. Could the Minister put it on the record that the exemption may then also help others who are in a similar situation, but not in those categories?

Victoria Atkins: I am very happy to. The scheme is certainly not restricted to Ukrainian and Afghan refugees. It is designed to meet all local authority social housing needs. It is a measure to help alleviate overall social housing pressures on local authorities, precisely because we realise that the enormous generosity of the United Kingdom in helping Ukrainian and Afghan refugees has put increased pressures on local authorities when it comes to social housing. We want to ensure that this is sorted out for local authorities, as part of our humanitarian response to those crises—we are also long enough in the tooth to understand that there may be other humanitarian crises in the future.

Question put and agreed to.

Clause 313 accordingly ordered to stand part of the Bill.

Victoria Atkins: On a point of order, Mr Stringer. Before we move on, in relation to the clarification that the hon. Member for Dunfermline and West Fife asked for, stamp duty applies only in England and Northern Ireland. Scotland and Wales have their own land transaction taxes. Obviously, we are very happy to work with the devolved authorities if there is a point of clarification that they need on that.

Clause 314

Deposit schemes

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

Victoria Atkins: Clause 314 makes changes to the Value Added Tax Act 1994. Those changes will enable further secondary legislation designed to ensure that businesses only account for VAT on the price actually paid for bottles or drinks containers covered by deposit return schemes. Such schemes are being introduced across the UK to encourage the recycling of containers, and under existing law VAT is due on the full price paid for a drink, including any deposit.

Existing rules do not permit VAT adjustments for deposit scheme refunds. That means that under the current law VAT would be collected on drink deposits, even though they have been refunded. We do not want that to happen, because we want to support the environmental aspirations of such measures. The changes made by clause 314 will address that, by removing the need to account for VAT on the deposit amount when it is charged. The new rules will require VAT to be accounted for only on unreturned deposits.

To avoid complexity for both consumers and businesses, only the business that makes the first sale of the drink with a deposit will be required to account for VAT on unreturned deposits. What that means in practice is that producers and importers will be the ones liable to account for it on their VAT returns. We have tried to protect both consumers and small shops—corner shops, newsagents and the like—from having to deal with any VAT complexity from the measure. When drinks containers are returned, they will be scanned, and the consumers will receive a refund of the deposit. It will not touch them; they will get the money back that they put forward. Information on numbers of returned products will be collected and passed to the business that made the first sale of the product on which a deposit was charged.

11.45 am

The clause provides the commissioners of His Majesty's Revenue and Customs with a power to designate which deposit schemes are covered by the clause, to ensure that the special VAT accounting rules apply only to official Government deposit schemes, including those under discussion at the moment in Scotland. Consumers will not be affected by the VAT accounting, as they will pay a fixed deposit. If they return a container, they will receive the same amount back. I urge that the clause stand part of the Bill.

James Murray: As we have heard, the clause introduces rules for VAT accounting for deposit return schemes. As the Minister set out, it means that when making sales within the scope of the relevant deposit scheme, no VAT will be charged in relation to the deposit amount. However, VAT on unreturned deposit amounts will be paid by the first seller of a deposit scheme product.

We recognise that, under existing legislation, deposit return schemes may be introduced across the UK, and we recognise that the clause helps to facilitate the operation of such schemes by introducing VAT accounting rules. The clause ensures that no VAT will be charged at any point in the supply chain in relation to the deposit element of the price for a deposit scheme product. There will only be a requirement to account for VAT where suppliers make the first sale of standard-rated deposit scheme products that include a deposit amount.

More widely, we have been disappointed by the delays in the introduction of a deposit return scheme. It was only after multiple consultations that the Government finally announced in January 2023 that they would introduce a deposit return scheme for plastic and cans, but not for glass, in England, Wales and Northern Ireland from 2025. We will not oppose the clause. Indeed, we want to see a deposit return scheme introduced as soon as possible, so I would be grateful if the Minister could use this opportunity to confirm whether the Government are still committed to introducing one in England, Wales and Northern Ireland by 2025.

Dame Angela Eagle: Obviously, the VAT rules account for some of the most complex parts of the duties and excise that the Minister has to wrestle with on a day-to-day basis. When one talks to businesses of all sizes, often one of the biggest complaints is about the complexity of the VAT rules. Given how much revenue VAT brings in and how all-encompassing it is, perhaps that is not surprising, but I wonder whether the Minister is happy with increased complexity that the changes bring. Perhaps she could give us a flavour of her thoughts and considerations in dealing with the issue of deposit schemes and the complexity of the VAT rules.

Given that VAT will be levied only on the first seller, the Minister has clearly tried to make the rules as simple as possible. But how much complexity does she think the clause will introduce, given that it will be applicable to plastic and cans—presumably aluminium—both of which are easily recyclable, but not to glass? I assume that she is not introducing glass straight away because of the sheer number of glass bottles and the size of the task. Again, perhaps she could give us a flavour of the thinking behind excluding glass, and tell us whether the intention is to include it at a later stage. How complex does she think doing that might be?

I am old enough, as I am sure—I am going to put this politely—you are, Mr Stringer, to remember when we had deposit return schemes for glass, long before anyone thought about digitally scanning anything or any of the computer-based structures that I assume will facilitate the VAT inspectors' task. Perhaps the Minister could give us some indication of that. Again, how much revenue does she think will have to be forgone?

What assumptions have His Majesty's Revenue and Customs and the tax inspectors made about the actual cost of schemes such as this in revenue forgone? Clearly, the idea—to incentivise good behaviour that will assist in increasing recycling—is one we would all support. We all want that to work, but if it is not done properly, it could be an enormous fiddling thing that does not really have much effect at all. All of us would applaud the decision not to impact the customer and, clearly, we want to see the containers for recycling brought back.

Can the Minister say a little about whether she has considered how the scheme might interact with the packaging regulations? Again, they are a moveable feast, given that we have left the EU and they have had to be changed as well, but there is clearly a direct connection between the two. We must make certain that the way the packaging regulations work increases, if possible, the incentive for the recycling to work.

There is also the landfill tax, which might have an impact on behaviour. I am sure that the Minister has had a towel on her head thinking all that through to try to make certain that it works as intended. It is currently due to come into effect in 2025. Given the complexity, is she confident that that will happen, given that there have already been delays and the scheme itself is now smaller than most people want it to be, because it excludes glass?

Given the complexity of VAT—when it must be done, when the returns must be made and how difficult that can be for businesses—does the Minister think that moving on without a set timescale, and the uncertainty created by that, give the best background for a successful introduction? The delivery of the scheme in Scotland seems to have run into trouble. I do not know whether the hon. Member for Dunfermline and West Fife has insights that he can share with us—it is almost as late as a TransPennine Express train.

I am interested in what the Minister has to say about some of my questions. The scheme might seem to be a fiddling little thing, but it fiddles with a very complex tax and interacts with many other things. A bit more insight into the Minister's thinking and her confidence about whether the scheme can be delivered on time would be really welcome.

Douglas Chapman: I will take the towel off my head before I reply. There have been difficulties in Scotland with the implementation of the deposit return scheme. In general, I am reading that this is a simplification, and it maybe brings a bit of clarity to what is possible in a DMS scheme. The important point is that, as pointed out by the previous speakers, it would be fantastic if we could operate across the whole UK. It is not often I say that, but there are opportunities with such a big environmental project that we could all share in.

Although this is not for debate as part of the Finance Bill, I hope that the Minister will take the opportunity to listen to some of the comments made and see whether

we can work with other Departments—and Wales, Northern Ireland and Scotland—to see what combinations can be brought to bear. I notice that the Nordic Council, for example, had a discussion session not so long ago where it talked about operating almost a Scandi food waste policy, which would cover all the various countries in the Nordic Council. I do not see why we cannot be working in a positive way like that across the whole UK, albeit that we in the SNP have other ambitions to take our country in a slightly different direction.

Samantha Dixon: Clearly, this is a complex piece of work that has taken a great deal of time, but I get the sense that the Government may be kicking the proverbial recyclable can down the road. Taking it piecemeal without a comprehensive view across the whole UK does not seem to be the best approach. Could the Minister speak to that?

Victoria Atkins: On the last point, I gently redirect the hon. Member's observation about a piecemeal approach. That is probably more for the Scottish Government to answer because we would very much like to be acting in tandem. By the way, I am responsible for only the VAT elements, so questions about the wider design of the scheme, including whether glass is included, must be directed to the Department for Environment, Food and Rural Affairs.

I have been holding that wet towel over my head at night thinking about this. For example, what happens if somebody buys their bottle of drink just north of the border, pops over to visit Newcastle for the day and wants to get rid of that bottle? There are practical considerations. With some of this—and the Scottish Government are in this position as well—we will have to see how consumers behave. I hope that the scheme will be an enormous success and that the producers will pay the VAT on returned bottles, but it will take us a bit of time to get used to it.

Douglas Chapman: Would it not be a good idea to have a consistent approach that the UK Government could get behind? We have had to push on with our DRS to actually achieve some of our net zero targets and a better environment for our citizens, so the Government could back us up on that and bring in their own scheme.

Victoria Atkins: Again, I am trying to be terribly tactful about how I put this. There has been so much discussion between officials behind the scenes. Scotland has wanted to run ahead with its scheme. Frankly, there were some significant intellectual debates about how VAT is dealt with in this scenario. If the hon. Member—I am not pressing him because I know this is not his portfolio—or others in the Scottish Government want a little breathing space to check that we are all going in the right direction, that is of course a matter for them.

We are committed to implementing the scheme in 2025, but it will need a lot of publicising as to the impacts for consumers. We will all want to encourage our constituents to either use their own drinking vessels wherever possible or to return their bottles and cans when they can, but we have tried to simplify the VAT so that the larger producers will be the target of that first stage of VAT accounting.

On the complications, as I say, we have tried to simplify the scheme. One can imagine the scenario where if we were accounting for VAT at every single stage of the transaction process, that would be a nightmare for the tiny retail shops that we all care so much about. That is a good example of two of the three objectives that I set His Majesty's Revenue and Customs and the Treasury to ensure taxes are fair and simple so that there is a little tension between them, but we have tried to ensure it is as simple as possible for consumers and smaller businesses.

Just to make it clear, we are not making any money from this scheme. Indeed, we hope that tiny amounts of VAT will be paid to us, because that would mean that the overwhelming majority of people were returning their bottles. I hope we make as little money out of this as possible, which is perhaps unusual for me to say.

We will deal with the plastic packaging tax later in the Bill. The latest figure is just over £200 per tonne. As with the landfill tax, it will sit alongside this scheme and the whole point is to, first, cut down on plastic and secondly, make sure that less of it goes to landfill. I very much hope that people will see this as a holy trinity of environmental measures to try and achieve the ends that we are all so keen to achieve. Unless there are any further takers, I will sit down.

Question put and agreed to.

Clause 314 accordingly ordered to stand part of the Bill.

Clause 315

Dumping, subsidisation and safeguarding remedies

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

12 noon

The Chair: With this it will be convenient to discuss the following:

That schedule 19 be the Nineteenth schedule to the Bill.

That schedule 20 be the Twentieth schedule to the Bill.

Clauses 316 and 317 stand part.

Victoria Atkins: This grouping can be summarised as further tools to defend UK businesses in international trade disputes or where the rules are not clear or could be interpreted in a variety of ways. The Department for Business and Trade leads on this work, but it is my pleasure to bring these measures into the Finance Bill to help it assist UK businesses in taking full advantage of our Brexit freedoms and ensuring that they continue to flourish in exporting their goods and services around the world.

Clause 315 and schedule 19 deal specifically with existing trade remedies legislation and create new processes for bilateral safeguards. At the moment, we have only two choices when making decisions on trade remedies: we either accept a Trade Remedies Authority recommendation in full or we reject it entirely. That means that we have a limited ability to consider the

[Victoria Atkins]

broader public interest, which the Trade Remedies Authority cannot consider. The changes made in schedule 19 will allow for a greater flow of information between Government and the TRA by requiring the TRA to notify Ministers before initiating new investigations.

The other changes will maintain the TRA's expert, independent, analytical and investigative role while giving Ministers greater flexibility when making decisions about trade remedies. It will provide Ministers with the power to request that the TRA reassess a recommendation and give them the flexibility to apply a different remedy to that recommended by the TRA and to revoke a measure without a TRA recommendation, provided there is supporting evidence to do so and it is in the public interest. The TRA will have the power to provide alternative options of recommendations to Ministers where justified.

Currently, the TRA can only recommend a measure if it meets the economic interest test, which goes beyond World Trade Organisation requirements. Schedule 19 makes that test advisory, meaning that Ministers can consider the overall economic impact of a measure alongside the broader public interest. It makes technical provisions to allow for the reimbursement of trade remedies duties, the backdating of trade remedies exemptions and the claiming of unpaid duties by HMRC in certain circumstances.

Clause 315 also introduces schedule 20, which concerns bilateral safeguards: another type of trade remedy that may be used when domestic industries are suffering from the adverse effects of increased imports as a result of a free trade agreement. The changes made in the schedule create a new process for the investigation and application of bilateral safeguards, extending the role and responsibility of the TRA and aligning the process to the wider UK trade remedies framework. That will ensure that the UK can adequately protect UK industry and fulfil provisions in our free trade agreements.

Clause 316 introduces customs advance valuation rulings. Those will enable UK traders to apply for legally binding rulings from HMRC on how to calculate how much duty and tax for a specific good is due. That will facilitate trade flows by giving businesses importing to the UK certainty on the amount due before their goods are shipped and will therefore help to support financial planning. We already issue advance rulings in respect of tariff clarification and origin of goods, but we have not provided advance rulings on customs valuations. That is a legacy of such rulings not being provided in the EU, so we are correcting that through the Bill. Indeed, customs authorities worldwide offer them outside the EU. All traders with an economic operator registration and identification number will be able to apply for such a ruling.

Clause 317 updates customs legislation to ensure that decisions by HMRC to require a financial security as a condition of releasing imported goods from customs control are subject to appropriate safeguards. It also brings together all legislation relating to customs guarantees into a single framework. As I say, those are a variety of tools to help Ministers, the TRA and HMRC ensure that we have what we need to protect UK business and to help the flow of goods between the UK and other countries.

James Murray: As we heard from the Minister, clause 316 introduces schedules 19 and 20, which relate to the Trade Remedies Authority. When the UK left the EU, the UK Government established their own UK Trade Remedies Authority to undertake work on trade remedies previously carried out by the EU. The organisation was established in June 2021 to carry out investigations and recommend remedies related to dumping, foreign subsidies and safeguards for internationally traded goods.

The explanatory notes to the Bill explain that schedule 19 is intended to allow the Secretary of State to exercise a great deal of flexibility when making decisions on trade remedy cases. The notes also explain that schedule 20 extends the TRA's remit to include bilateral safeguards in some of the UK free trade agreements. It also seeks to enable Ministers to request that the TRA open an investigation to determine whether the criteria to apply a measure has been met and what form a potential measure should take. It further provides Ministers with the power to apply a measure to ask the TRA to reassess its determination and recommendation, and to enable Ministers to take a different decision from the TRA's recommendation.

It seems clear that the schedules represent a significant increase in the power of Ministers over the Trade Remedies Authority, which was established just two years ago. Despite its short life, the Trade Remedies Authority found itself at the heart of a political storm in Downing Street last year. Right hon. and hon. Members might recall that in June 2022 Lord Geidt resigned from his position as the ethics adviser for the right hon. Member for Uxbridge and South Ruislip (Boris Johnson) when he was Prime Minister. In his resignation letter Lord Geidt wrote:

"I was tasked to offer a view about the Government's intention to consider measures which risk a deliberate and purposeful breach of the Ministerial Code. This request has placed me in an impossible and odious position."

In his response, the then Prime Minister confirmed what the dispute concerned. He wrote to Lord Geidt:

"You say that you were put in an impossible position regarding my seeking your advice on potential future decisions related to the Trade Remedies Authority."

Despite that brush with the former Prime Minister, the Trade Remedies Authority has continued to exist. The measures being introduced by the two schedules that we are discussing will have a significant impact on its relationship with Ministers. This is a fair amount of change for an organisation that has existed for less than two years.

To help members of the Committee put the proposals in context, will the Minister explain the Government's reasoning behind the initial arrangements for the Trade Remedies Authority two years ago, and how the changes to the arrangements that we are considering today were decided? Will she explain whether there has been any international benchmarking of similar authorities in other countries? What are their levels of independence and their relevant relations with politician?

Clause 316 would allow customers to apply to HMRC for advance valuation ruling decisions. Advance rulings provide traders with a legally binding decision from customs authorities in advance of a shipment, which gives them certainty about how their goods are treated with implications for duty levied. The UK currently issues advance rulings in respect of tariff classification

and origin of goods but has not provided advance rulings on customs valuation. That is because customs valuation rulings were not provided for in the EU. However, as the Minister said, they are widely offered by customs authorities worldwide.

We understand that the measures would allow HMRC to provide businesses with more certainty when they are deciding on the most appropriate method of customs valuation for valuing their goods for import. Anything that gives businesses greater certainty is to be welcomed, so we will not be opposing the clause. On a specific point of clarity, however, I would be grateful if the Minister could confirm that the clause's advanced rulings provision is required as a condition of the UK's accession to the comprehensive and progressive agreement for trans-Pacific partnership.

Finally, clause 317 updates legislation to permit HMRC to require financial guarantees to be given for duty amounts payable on imported goods and ensure that decisions to require such guarantees will be subject to review and appeal rights. Since January 2021, section 119 of the Customs and Excise Management Act 1979 has been used to require a financial guarantee from importers as a condition of releasing imported goods from the control of an HMRC officer where the amount of customs duty due for the goods is unclear. However, there has been no statutory right for an importer to request a review of, or an appeal against, such a guarantee requirement. Those appeal and review rights were inadvertently omitted when EU legislation was transposed into domestic legislation, which seems to have been an oversight by the Government. We will not oppose the clause, which seeks to remedy the Government's mistake, but will the Minister explain what impact that mistake has had? Specifically, how many appeal and review requests by importers have been lodged but denied consideration since January 2021, and what steps are being taken to rectify any individual grievances that have arisen as a result?

Dame Angela Eagle: The clause seems quite mild, but it seems to have many implications for the policing of import duties; the prevention of widespread dumping or misuse of products on our markets, which could destroy establishing domestic industries; and the regulation of free trade agreements that we make around the world. Will the Minister give us some indication of how the Trade Remedies Authority changes that are encompassed in clause 315 and schedules 19 and 20 will impact on its independence? From listening to the Minister, it seemed to me that that was one of the most important aspects of the changes, and the Committee needs to understand it as we continue to scrutinise the Bill.

Clearly, a trade remedies body must be independent of those it oversees, so that it is seen as an appropriate body to make decisions that might have serious economic consequences for one side or the other. It is, effectively, a trade judiciary; if it is to be effective, it has to be seen to be independent and widely respected for its independence. The changes made by the clause seem to eat away at some of that. The Minister was talking about different changes to the way in which the authority can pursue its job, including increases in different kinds of information and having to notify Ministers before initiating reviews. It is a quite a big step to put that in legislation, rather than have it as memorandum of understanding. Reading between the lines, that implies that Ministers are not happy with the way in which the Trade Remedies Authority is behaving. Why have the Government decided to put these changes in legislation, rather than in a memorandum of understanding, and why do they think that the Trade Remedies Authority needs to be constrained by law? Is it because there has been a breakdown in the relationship between Ministers and the people who run the authority? Is because there is a lack of trust, or is it simply because Ministers want more direct control over the way in which the authority behaves? That would have implications for the TRA's independence, and it would certainly have implications for how its independence would be perceived by those wishing to approach it for a jurisdictional reason or for decision making.

12.15 pm

I understand why the Minister wants to change the approach taken to Trade Remedies Authority judgments. At present, it is a binary choice, with the judgment either accepted in full or rejected in its entirety, and the Government seem to want to change that. The European Parliament deals with the European Union budget in the same way, and many of us remember how frustrating that rubber-stamp power could be. How will the changes to how the Government can respond to a judgment work in practice? Will the Government and a Secretary of State use their power to go behind the scenes, muscle in on what the TRA has said and try to change the judgment? Will that process be open and transparent, or will it be done behind the scenes, which would put at risk the authority's independence? Could the Minister put a bit more flesh on the bones of how it is going to work?

Clearly, economic interest tests are important. I wonder why they were not put in place in the first place. Why did the Government set up the Trade Remedies Authority in such an awry way, such that they are now having to return to Parliament to completely change its structures? Is the Minister going to get up and say that a predecessor of hers did not do a very good job in designing it? Why is this change being made so soon after its establishment? This fundamental change to how it works suggests that the Government failed to set it up properly.

Will the Minister say something about the relationship with the World Trade Organisation? I presume that the WTO is staying at the back, as a backstop, and that it can be approached by anyone involved in a dispute who does not accept what is happening. In the end, we remain involved with the WTO, so will she say something about that relationship? Will she also explain whether similar authorities are run in similar ways? The way in which the Government chose to set up the TRA was so off beam that this Bill now has to make major reforms to how it works.

Victoria Atkins: I hope I will be able answer some of the questions that the hon. Member for Wallasey asked about why the changes are being made. We announced our decision to reform the trade remedies framework in June 2021, and this is the end of a review process to look at how our framework is working. As I suspect Members across the House, not just this Committee, might expect, we have been talking and listening to industry, asking it for its views on how the trade remedy system could be improved. Consultations on including

[Victoria Atkins]

bilateral safeguard provisions have taken place as part of new free trade negotiations, and those will continue to occur for each negotiation. Importantly, we have asked not only the industry but the TRA, and we will work with it to ensure that the changes are implemented effectively.

The hon. Member for Ealing North asked about international comparators. I confirm that all the changes we are making are in line with our obligations under the WTO. Advance rulings are a key component of the UK's accession to the comprehensive and progressive agreement for trans-Pacific partnership and other key free trade agreements, but they also help business. Those are some reasons for introducing them. On clause 317, no statutory right of appeal for traders has existed since we left the EU, but we continue to offer the trader the right to be heard scheme, which gives a trader a period of 30 days to present additional information before HMRC confirms the decision.

The hon. Member for Wallasey asked some important questions about the TRA and its independence, including why this has to be done through legislation. The TRA very much remains an independent body, and we genuinely value its expertise and advice. Its core objective will be to investigate allegations of unfair trading practices and unforeseen surges in imports, and to make recommendations to Ministers. It will continue to run fair, impartial and evidence-based investigations. The Secretary of State will then decide whether a measure should apply based on the evidence provided.

The Bill injects another element of transparency, because the Secretary of State for Business and Trade will have to make a statement to Parliament if Ministers decide to apply an alternative remedy to that recommended by the TRA—I imagine that the Treasury Committee would take a great interest in that—and the statement would set out the reasons for their decision. The TRA will continue to maintain a public file of the evidence and publish its conclusions as well. I hope colleagues will be reassured by the transparency that we seek to bring in.

On the TRA itself, it started to investigate cases in 2021. To date, its completed cases include one new investigation and 11 measures transitioned from the EU. It investigates, for example, allegations of dumping, subsidy and unforeseen surges in imports, and it provides objective, independent and evidence-based advice to Ministers, which we will very much continue to value.

As to why we have to make the changes through legislation, the TRA is a statutory body, it can therefore only act within its statutory powers. That is why we have to bring forward the legislation. Furthermore, it will give certainty to parliamentarians should it be needed in future—though I hope that will not be the case.

James Murray: I thank the Minister for her response, although she might have misunderstood my question on international comparators. Her response, I believe, was that what the UK Government are doing is in line with WTO requirements, but my question was whether there had been any international benchmarking of the TRA, its role, its powers and its relationship with politicians—its level of independence and so on—against similar authorities in other countries. Perhaps she will address that question.

Victoria Atkins: I do not have that information to hand, but I will endeavour to get it as quickly as possible and furnish the Committee with it.

Question put and agreed to.

Clause 315 accordingly ordered to stand part of the Bill.

Schedules 19 and 20 agreed to.

Clauses 316 and 317 ordered to stand part of the Bill.

Clause 318

EXCEPTED MACHINES ETC

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

Gareth Davies (Grantham and Stamford) (Con): I am afraid you've got me, Mr Stringer. It is a great pleasure to serve under your chairmanship.

Clause 318 makes technical amendments to the legislation that restricts the entitlement to use rebated fuels to a number of qualifying uses from 1 April 2022 to adjust the restrictions and ensure the legislation operates as intended. It makes minor amendments to changes that were introduced in April 2022 to restrict the entitlement to use rebated fuels.

At Budget 2020, the Government announced that we would remove the entitlement to use rebated diesel and biofuels, including marked oils, from most sectors to help meet our climate change and air quality targets. The changes were legislated for in the Finance Act 2021 and amended by the Finance Act 2022. The changes ensure that most users of rebated fuels prior to April 2022 are now required to use fully duty-paid fuel, like motorists. That more fairly reflects the harmful impact of the emissions that they produce.

Following the implementation of the changes, the Government were made aware of a small number of unintended impacts on fuel users. This measure will make minor amendments in relation to them and will correct a technical issue in section 14B of the Hydrocarbon Oil Duties Act 1979.

The changes in the clause will adjust restrictions on the entitlement to use rebated fuels to a number of qualifying uses, will qualify how the changes to the new rules work, and will allow the legislation to operate as intended. They will allow machines or appliances used to generate electricity or provide heating primarily for non-commercial premises to use rebated fuels even if they also provide some of the electricity or heat to commercial premises. They will also add arboriculture to the list of activities for which machines and appliances, other than vehicles, can use rebated fuels. That clarification will allow those working in the sector to use rebated fuels in the same machines and appliances as they did before April 2022.

The changes allow the use of rebated fuels in tractors and gear owned by lifeboat charities used to launch and recover their lifeboats. Finally, they make minor technical corrections to remove an anomaly of section 14B of the Hydrocarbon Oil Duties Act 1979.

These changes reflect feedback received from stakeholders since the Finance Act 2022 received Royal Assent. The technical changes in the clause will ensure that the Government's reforms to the tax treatment of rebated fuels made in April 2022 work as intended. I commend the clause to the Committee.

James Murray: As we know, at Budget 2020, the Government announced that they would remove the entitlement to use rebated diesel and biofuels from those sectors. As we heard, these changes took effect from April 2022, and they ensure that most users of rebated diesel prior to April 2022 are now required to use fully duty-paid diesel, as motorists do.

As the Minister set out, the Government have been made aware of unintended impacts of the legislation on fuel uses, so further amendments to it have been needed by way of the clause. As we heard, the clause amends the Hydrocarbon Oil Duties Act 1979 to adjust restrictions on the entitlement to use rebated diesel and biofuels.

We understand from explanatory notes that the changes will affect businesses and individuals who use rebated fuels to provide electricity or heating to premises that are used for both commercial, and non-commercial purposes, businesses and individuals using machines or appliances other than vehicles for purposes relating to arboriculture, and charities operating lifeboats. I ask the Minister for further information on that last category. Can he help us better understand what issue the measures in the clause are seeking to address specifically in relation to charities operating lifeboats? Can he explain what impact the law, as it currently exists, has been having on those charities operating lifeboats?

12.30 pm

Gareth Davies: Essentially, as the hon. Gentleman points out, the measure is to correct some unintended consequences. One of those does relate to lifeboats. The initial provision was to include lifeboats and their ability to use rebated fuel. It did not include tractors and geared machines, which enable lifeboats to get in and out of the water. It is not something that was raised as part of the consultation process initially, but it was raised after the legislation went through. We are now amending that to ensure that not only lifeboats but tractors and geared machines can use rebated fuel.

James Murray: I thank the Minister for his clear response on that point. Obviously, charities operating lifeboats are ones that we all seek to support and to ensure are not disadvantaged inadvertently by any laws. Has the Minister had any discussions with those charities about whether they have lost out because of the unintended consequences, and whether there will be any redress?

Gareth Davies: I personally have not had that engagement. I will look into what discussions have taken place, and I would be happy to report that back to the hon. Gentleman.

Question put and agreed to.

Clause 318 accordingly ordered to stand part of the Bill.

Clause 319

RATES OF TOBACCO PRODUCTS DUTY

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

Gareth Davies: Clause 319 implements changes announced at the spring Budget 2023 concerning tobacco duty rates. The duty charge on all tobacco products will rise in line with the tobacco duty escalator, with additional increases being made for hand-rolling tobacco and to the minimum excise tax on cigarettes. Smoking rates in the UK are falling, but they are still too high. Around 13% of adults are smokers. Smoking remains the biggest cause of preventable illness and premature deaths in the UK, killing around 100,000 people a year, and about half of all long-term users.

We have plans to reduce smoking rates further, towards our Smokefree 2030 ambition. To realise that ambition, the Minister for Primary Care and Public Health recently announced the next steps to help people quit smoking. Our policy of maintaining high duty rates for tobacco products will support the Government's plan to reduce smoking to improve public health. According to the charity Action on Smoking and Health, smoking costs society £21 billion a year in England, as a result of sickness, disability and premature death, including £2.2 billion in costs to the NHS for treating disease caused by smoking.

At the spring Budget, the Chancellor announced that the Government will increase tobacco duty in line with the escalator. Clause 319 thus specifies that the duty charged on all tobacco products will rise by 2% above the retail prices index level of inflation. In addition, duty on hand-rolling tobacco increases by a further 6% above RPI inflation. The clause also increases the minimum excise tax—the minimum amount of duty to be paid on a pack of cigarettes—by an additional 1% to 3% above RPI inflation. The new tobacco rates will be treated as having taken effect from 6 pm on the day they were announced, which was 5 March 2023.

Recognising the potential interactions between tobacco duty rates and the illicit market, the Government intend to introduce tougher sanctions later this year to punish those involved in the illegal tobacco market. The Government also recently announced that HMRC and Border Force will publish an updated strategy to tackle illicit tobacco later this year.

This clause will continue our tried and tested policy of using high duty rates on tobacco products to make tobacco less affordable, and will continue the reduction in smoking prevalence towards a smoke-free 2030, as well as reducing the burden of smoking on our public services.

Craig Whittaker (Calder Valley) (Con): On the Government's ambition to reduce smoking, I briefly want to mention heating tobacco, in preference, I might say, to vaping.

The only problem with vaping, of course, is that there is absolutely no evidence of any health benefits or health risks. However, with heating tobacco, there is a huge amount of evidence, particularly from Japan, about its health benefits, in helping people to reduce and stop smoking. I just wondered whether the Minister has had

[Craig Whittaker]

any indication that heating tobacco has been looked at as an alternative to vaping. Of course, adding extra duties to it is an inhibitor to people reducing or stopping smoking.

Dame Angela Eagle: We are obviously dealing with a product that kills and, as the Minister said, cost the public purse £21 billion a year. That is why there is cross-party support for the tobacco duty escalator, which the Minister just outlined, explaining how it applies to current costs. It will increase the average price of a packet of cigarettes by 95p and the average price of a 30-gram packet of hand-rolling tobacco by £1.75. I have to say that hand-rolling tobacco is the tobacco product that is smuggled most, so we have to be particularly aware of that. The Minister will know that, if he has been to see Border Force. A 10-gram packet of cigars will go up by 48p, a 30-gram packet of pipe tobacco—again, that is a tobacco product that is often smuggled—by 63p and a typical 6-gram pack of tobacco for heating by 24p.

The Office for Budget Responsibility estimates that these increases will raise the amount of revenue taken by tobacco from £10 billion last year to £10.4 billion next year, which will actually return it to where it was the year before. Clearly, that is just an OBR estimate, but I presume that it is based on the work of and information given by Border Force and HMRC. If we are trying to get to a tobacco-free place by 2030, surely we need more progress than this kind of stasis on receipts. I wonder whether the Minister might wish to comment on that.

Clearly, the innovation of vaping is helping many people to give up smoking, but there are unknown health risks to vaping. In particular, would he comment on the way that vapes are being marketed at the moment in our society, with sweer flavours like bubble gum and melon, in a way that is clearly aimed at children. I do not think we should tolerate that. Will he give us a view rather than just saying that vaping is better than smoking cigarettes, which is clearly true?

What that does not include is the alarming rise in vaping among children, which is addicting them to nicotine in a way that might have difficult implications for public expenditure, health and their wellbeing if we allow it to continue. Will the Minister give us at least an early indication of his Department's thinking on this juxtaposition?

Some organisations that do not think we are going far enough fast enough to eliminate tobacco as a habit to get to a smoke-free 2030 are proposing capping net profit margins on UK tobacco sales to no more than 10%—currently it is 50%—in line with the average for UK manufacturing. That could directly raise £700 million, which could fund the Khan review proposals, which contained a more radical way of trying to get us to the smoke-free target. Is the Department considering something more radical on revenue raising from tobacco products, given that progress has stalled?

As the Minister mentioned, and it is no surprise that he did, as soon as the tax goes up on tobacco products, the financial incentives to smuggle get greater. He mentioned there would be another smuggling strategy, which presumably will try to prevent the complete loss of revenue and lack of any capacity to prove whether the products being smuggled are even vaguely acceptable, because they are adulterated by all sorts, including brick dust. Will the Minister give us more information about what effect that will have on smuggling, because it is a constant problem?

Gareth Davies: There was quite a bit in there, but a lot of it was related, so I will do my best to address those points. First, to my right hon. Friend the Member for Calder Valley, I will need to educate myself a little better on heated tobacco, but if he would like to write to me, I will provide a more detailed response. I will address his comments on vaping, together with those of the hon. Member for Wallasey, in a moment.

The hon. Member for Wallasey mentioned hand-rolling tobacco and the connection to illicit trade. I want to clarify for the Committee that the fact we are raising the rate so significantly—6% plus RPI—is to help hand-rolling tobacco prices catch up with cigarettes to help us towards our Smokefree 2030 ambition. I wanted to provide that clarity because I did not in my opening remarks. The hon. Lady alluded to various calls to do more and to raise prices even more, and she referenced the OBR's estimates for that. I will take that, together with the point she raised about the Khan review recommendations. We have to get the balance right with this taxation, as the hon. Lady said. If it is too high, it is likely to push people into the illicit trade. That is a known fact. That is one of the reasons why we have not proceeded with the 30% suggestion from the Khan review. At every review, we are trying to get that balance while also seeking to improve our enforcement action on illicit trade.

I referred to the updated review from HMRC and Border Force that is coming out later this year. I do not want to pre-empt what it is going to say or what it may achieve, but I certainly await it with eager anticipation. I would also add that the Finance Act 2022 included new sanctions, such as enhanced penalties, to strengthen the agencies' enforcement abilities. That is a key focus of the Government right now.

12.45 pm

The hon. Member for Wallasey talked about vaping. This is obviously a Department of Health and Social Care lead. Vaping is a matter that is discussed frequently in the House. It is an important tool to help people move away from tobacco smoking. She referred to the increased use of vaping by children and the impact on the environment. Those are important points. As I mentioned, the Under-Secretary of State for Health and Social Care, my hon. Friend the Member for Harborough (Neil O'Brien), is very engaged in this matter and has launched a call for evidence on the use of vapes by children. We will set out our response as soon as that is published.

The hon. Member for Wallasey also mentioned the policy idea of a cap on net profits. Of course, we keep all taxes under review, and new ideas are always considered. I am not well versed in the merits or pitfalls of that specific proposal, but I am very happy to look at it in due course.

Question put and agreed to.

Clause 319 accordingly ordered to stand part of the Bill.

Clause 320

FLAVOUR CONCENTRATES

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

The Chair: With this it will be convenient to discuss that schedule 21 be the Twenty-first schedule to the Bill.

Gareth Davies: Clause 320 and schedule 21 legislate to amend part 2 of the Finance Act 2017 to bring into scope the soft drinks industry levy on liquid flavour concentrates used in fountains, also known as dispensing machines, which combine added sugar with the concentrate when the soft drink is dispensed to produce a soft drink with at least 5 grams of sugar per 100 ml. The change takes effect from 1 April 2023.

The Government launched a consultation on the design and implementation of the soft drinks industry levy in August 2016 and set out a response confirming the broad policy approach. The soft drinks industry levy came into effect in April 2018 and supports the Government's strategy to tackle obesity by encouraging reformulation at manufacturer level. The soft drinks industry levy applies to packaged soft drinks containing at least 5 grams per 100 ml of added sugar. Producers, manufacturers and importers of liable soft drinks must register a report and pay the soft drinks industrial levy on the volume of liable soft drinks packaged in and imported into the UK.

The soft drinks industry levy has driven substantial reformulation, resulting in a sugar reduction in soft drinks of 46% between 2015 and 2020 and the reformulation of more than 50% of sugary soft drinks in response to the levy. The changes made by clause 320 and schedule 21 will close a minor technical loophole within the soft drinks industry industrial levy, improving the consistency of its application. The changes are in line with the intent of the original legislation. The measures extend the definition of a soft drink liable to the soft drink industry levy to include packaged concentrates that are mixed with sugar when dispensed from a soft drink fountain machine. Other fountain machines used in the restaurant, retail and leisure industry that use a packaged syrup or concentrate containing added sugar are already in scope of the soft drinks industry levy.

The change will bring consistency across the soft drinks industry by ensuring that all packaged concentrates used in fountain machines, regardless of the stage when the sugar is added, are captured by the soft drinks industry levy. Existing soft drinks industry levy rules, including registration, rates, accounting and payment will apply to manufacturers and importers of flavour concentrates manufactured to be mixed with sugar in a dispensing machine. The change takes effect from 1 April 2023 and will bring consistency across the soft drinks industry by ensuring that all packaged concentrates used in fountain machines, regardless of the stage at which sugar is added, are captured by the soft drinks industry levy.

James Murray: I will speak briefly to clause 320 and schedule 21, which relate to the scope of the soft drinks industry levy. As the Exchequer Secretary set out, the result of these measures is that the levy will now apply to liquid flavour concentrates that are manufactured in, or imported into, the UK. The concentrates are products that are mixed with added sugar in a dispensing machine to dispense a soft drink for the final consumer.

The soft drinks industry levy was announced at Budget 2016 and came into force in April 2018. It has been targeted at producers, manufacturers and importers of soft drinks containing added sugar by encouraging the reformulation of drinks to reduce levels of added sugar and portion sizes, and the marketing of low-sugar alternatives and so on. We recognise that this technical change will bring liquid flavour concentrates within scope of the levy, and we will not oppose the clause.

Victoria Atkins: Out of an abundance of caution, I refer Members to my entry in the Register of Members' Financial Interests and my ministerial interests. I am recused from this subject matter in a ministerial capacity.

Dame Angela Eagle: I wonder which sugary drinks the Minister is addicted to—perhaps she will tell us when we are not sitting in public.

We are dealing here with a technical change to the successful sugar tax, if we can call it that. Again, when we are dealing with Ministers whose job is to get money into the Exchequer, it is strange to have to congratulate them for the declining level of soft drinks industry levy receipts. The tax has successfully delivered on the intention behind the policy, and receipts are down by £21 million for April 2022 to March 2023. That is an awful lot of ruined teeth and extra weight avoided, often for children, whose life chances can be negatively impacted by becoming addicted to sugar.

The consensus among public health officials is that the sugar tax has caused a decline in sugary drink sales, and the total amount of sugar in soft drinks sold by retailers and manufacturers decreased by 35.4% between 2015 and 2019, from 135,500 tonnes to a mere 87,600. That is a success as far as things go, but perhaps the Minister might assure the Committee that the Government will take credit for the success and that they intend to continue to push for lowering even further the 87,600 tonnes of sugar that are currently put in drinks, because there is uncertainty about the Government's direction.

Two previous Prime Ministers have challenged the existence of sugar taxes. The right hon. Member for Uxbridge and South Ruislip said that, on the current evidence, it is ambiguous whether they work, but I have just raised some evidence that shows unambiguously that they do. Similarly, the Prime Minister's immediate and very short-lived predecessor, the right hon. Member for South West Norfolk (Elizabeth Truss), said that

"taxes on treats hit those on the lowest incomes."

If I may say so, they might also account for the development of a trend that is quite shocking when one thinks about it. There is now a positive correlation being between poor and being obese. As a society, we ought to tackle that, partially by using such methods, so that we can ensure that the correlation does not survive. We could bring to bear a range of other measures to ensure that happy outcome, but they would be completely outwith the scope of the Bill, so I will not talk about them.

We must, however, congratulate the Government on their introduction of sugar taxes. Since the current Prime Minister's position is unclear, because he has

[Dame Angela Eagle]

both supported and rejected furthering a sugar tax, will the Exchequer Secretary tell us what the Government's position is? Is he willing to stand up and take unambiguous credit for the success of the sugar tax and confirm to us that the Government's intention is to continue making progress in this area in an appropriate way, with more than just technical changes for drinks fountains?

Gareth Davies: I am always grateful for the hon. Lady's comments. I can answer her quickly. We are committed to the SDIL—the soft drinks industry levy—and we share her positive recognition of the sugar decline. With any tax considerations, however, we have to achieve a balance; we have to balance tax against cost of living concerns, as she pointed out, so all taxes remain under review.

Question put and agreed to.

Clause 320 accordingly ordered to stand part of the Bill.

Schedule 21 agreed to.

Ordered, That further consideration be now adjourned. *—(Andrew Stephenson.)*

12.57 pm

Adjourned till this day at Two o'clock.