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HOUSE OF COMMONS
OFFICIAL REPORT

PARLIAMENTARY DEBATES

(HANSARD)

Monday 12 January 2026

The following abbreviations are used to show a Member's party affiliation:

Abbreviation	**Affiliation**
Alliance	Alliance Party of Northern Ireland
Con	Conservative Party
DUP	Democratic Unionist Party
Green	Green Party of England and Wales
Ind	Independent*
Lab	Labour Party
Lab/Co-op	Labour and Co-operative Party
LD	Liberal Democrat
PC	Plaid Cymru
Reform	Reform UK
SDLP	Social Democratic and Labour Party
SNP	Scottish National Party
TUV	Traditional Unionist Voice
UUP	Ulster Unionist Party

*The term "Independent" may denote—

Members who have been elected as Independent candidates without affiliation to a political party; or

Members who have been elected after standing for a political party but no longer have the party Whip in the House of Commons.

House of Commons

Monday 12 January 2026

The House met at half-past Two o'clock

PRAYERS

[Mr Speaker *in the Chair*]

Oral Answers to Questions

HOUSING, COMMUNITIES AND LOCAL GOVERNMENT

The Secretary of State was asked—

Local House Building Targets: Affordability Assessment

1. **Damian Hinds** (East Hampshire) (Con): If he will review the methodology for assessing housing affordability used to set local house building targets. [907187]

The Secretary of State for Housing, Communities and Local Government (Steve Reed): The Government are committed to building the new homes people need so that we can end the housing crisis that we inherited. The method for calculating local housing need aligns with the Government's ambition for 1.5 million new homes over the course of this Parliament. That reflects affordability, and there are no plans to change it.

Damian Hinds: I am grateful to the Secretary of State for his response. The housing formula has resulted in huge increases for parts of rural England, including a doubling of the number in my East Hampshire constituency, and it should be reviewed overall. However, this question is about one specific aspect, whereby in an unintended way, the mix of housing that is being delivered might be skewed. I have written to the Secretary of State's colleague, the Minister for Housing and Planning, and all I ask is that the Department looks at that with an open mind and considers it fully.

Steve Reed: I am always happy to listen to suggestions from the right hon. Gentleman and ensure that he gets a response. I reassure him that housing targets reflect the baseline of local housing stock, but I will ensure that he gets the letter he has requested.

House Building: London

2. **Katie Lam** (Weald of Kent) (Con): What discussions he has had with the Mayor of London on the rate of house building in London. [907188]

The Secretary of State for Housing, Communities and Local Government (Steve Reed): The Mayor of London and I discussed the rate of house building in London as soon as I came into office at the beginning of September last year. House building in London is flatlining because the previous Government failed to take action when it was clear that it was happening from 2023 right across the country. Last October, the mayor and I launched a joint stimulus package to increase house building in London, and we and our teams remain in regular contact to ensure that we can get on and build the new housing that Londoners need.

Katie Lam: The Secretary of State mentions a countrywide problem, but numbers of housing starts in London are particularly pitiful. There were only about 370 new starts for every month of last year, which is the lowest level for almost any region for any year that I have been alive. There are nearly six times as many starts in the south-east, even though the housing crisis there is exported from London. It would be good to hear a little more about exactly what the plan involves, what number of starts the Secretary of State expects to see this year, and, if that target is missed, what will happen next.

Steve Reed: Because of the time it takes between submitting an application and getting spades in the ground, we are seeing the tail-end of what was going on under the previous Government. We have already changed planning legislation and passed the Planning and Infrastructure Act 2025, which will dramatically speed up the planning process to get more housing through the system faster, lowering the cost for developers of getting those homes built. We have made changes to the national planning policy framework to speed up house building in and around London and across the rest of the country, and we expect to see that upturn over coming months.

Marsha De Cordova (Battersea) (Lab): In Battersea, we are delivering more affordable homes for people to buy and rent, and I welcome recent plans by the mayor, the council and Battersea power station to deliver more than 200 social homes. Will the Secretary of State join me in welcoming those plans, which show that Labour in London is delivering for local people?

Steve Reed: I am more than happy to add my congratulations to those of my hon. Friend to Wandsworth council on ensuring that it is increasing the supply of affordable housing around Battersea power station, where we desperately need more. There is a fantastic development there, but on the Wandsworth side there were inadequate levels of social housing under the previous Conservative Administration.

Mr Speaker: I call the shadow Minister.

Gareth Bacon (Orpington) (Con): At the outset of the Secretary of State's answer to my hon. Friend the Member for Weald of Kent (Katie Lam), one could be forgiven for thinking that we had an entirely new Mayor of London. In fact, this year we celebrate, or perhaps more appropriately commiserate, a decade of Sadiq Khan's tenure as London Mayor. In that decade, in the most prosperous city in Europe, Sadiq Khan has overseen not just stalling but consistently falling rates of private construction starts. Recent figures from Molior show that London began building just 3,248 new homes in the first nine months of 2025, leaving it on track to start building fewer than 5,000 in total in 2025.

Incredibly, the Government's response has been to cut their floundering mayor's housing targets by 11%, but skyrocket targets in outer London authorities, where the vast majority of greenbelt land is. That includes an increase of almost 400% compared with previously approved London planning targets in my local council area of Bromley. Will the Secretary of State please explain why people living in places such as Bromley and our local greenbelt must pay the price for Sadiq Khan's decade of failure and uselessness?

Steve Reed: Of course it is not the Mayor of London who can change planning legislation but the Government, and despite knowing the problems, the previous Government did nothing for 14 years. It has taken this Government to make those changes, even though we have been in power for barely a year and a half. The hon. Gentleman mentioned Bromley; the figures for Bromley show that it managed just 70 housing starts last year across the entire borough. That is entirely inadequate and it needs to do better.

Gareth Bacon: What the Secretary of State did not say is that local boroughs are not in charge of building out planning consents, and he did not acknowledge that London boroughs are subject to the London plan. The Secretary of State claims that he is working with the Mayor of London, who writes the London plan, to build more homes, but unlike the Secretary of State, the facts do not heed the mayor's spin. According to Molior, there were just 3,950 new homes sold in London during the first half of 2025 and just 3,248 private housing starts in the first nine months of 2025, against a nine month target of 66,000. The Secretary of State said last year that his own job should be on the line if he fails to meet his housing targets, so why does he not practise what he preaches, do Londoners a favour and tell sorry Sadiq to pack his bags over his decade of failure?

Steve Reed: As the hon. Gentleman should know, changes to the London plan were part of the package that I announced with the Mayor of London, because this Government are prepared to work with the Mayor of London to get the homes built. The previous Government wanted to hobble the Mayor of London so that he could not get the homes built, in order that they could score silly little political points rather than giving people the homes that they need to live in. The previous Government were happy to sit back and watch homelessness double over 14 years. We are not: we are going to build the homes that this country needs, including in London.

New Homes

3. **Lincoln Jopp** (Spelthorne) (Con): What recent progress his Department has made on delivering 1.5 million new homes by the end of this Parliament. [907189]

The Secretary of State for Housing, Communities and Local Government (Steve Reed): This Government inherited a housing crisis, with the sector flatlining nationally since 2023. In October, the Mayor of London and I launched a joint package to speed up house building in London. In December, the Minister for Housing and Planning launched a consultation on reforms to the national planning policy framework to increase housing supply, including moving to a default "yes" to applications near railway stations. All of that will increase house building and help us to achieve our targets during this Parliament.

Lincoln Jopp: In my Spelthorne constituency, as a result of action taken by the independent, Labour, Liberal Democrat and Green-led borough council, we have not had a local plan for a couple of years. It was finally submitted to the Planning Inspectorate on 25 November, but there has been a planning wild west in Spelthorne for the last couple of years, which I am keen to bring to an end. Will the Secretary of State use his good offices to influence the planning inspector to try to turn around this local plan as soon as possible?

Steve Reed: I certainly urge all local authorities to ensure that they have a local plan in place. When we came into government, two thirds of local authorities did not have a plan, but they need one to help developers know what they can build and where, and to speed up house building, which we all want to see.

Helena Dollimore (Hastings and Rye) (Lab/Co-op): When we are building the new homes that we desperately need, it is important that we think about playgrounds and access to play. I have just audited all the playgrounds in Hastings and Rye. I found that many parents and children have to walk for over 20 minutes to get to a playground, particularly in new build estates, and housing associations have shamefully closed many playgrounds in recent years. Will the Minister meet me to discuss these findings, how we can ensure that new house building includes access to play and how we can put pressure on housing associations to live up to their duty to provide play?

Steve Reed: My hon. Friend makes the important point that we are trying to build not just homes but communities. Those communities need the facilities and infrastructure that allow them to meet their wider aspirations for the places where they are located. Some of those points will be addressed in the new NPPF that we have brought forward, but I am more than happy to ensure that she gets the meeting that she wants to ensure that the detail of what her constituents want to see is included in the changes that we bring forward.

Mr Lee Dillon (Newbury) (LD): The Secretary of State talked about increasing the pace of build-out, but as we strive to achieve the target of 1.5 million new homes, quality is important too. Will the Secretary of State say whether he will use the powers in the Building Safety Act 2022 to make the New Homes Ombudsman Service mandatory, because only 60% of developers are currently signed up to that scheme?

Steve Reed: We are making changes to building standards and the Building Safety Regulator, as the hon. Gentleman will be aware. I am happy to look at the proposal that he makes and to engage with him further if it would be helpful.

Chris Webb (Blackpool South) (Lab): In Blackpool, we have a waiting list of around 12,000 for social and council housing. Given the deprivation throughout Blackpool, we know that the quality of housing is below where it needs to be, and so many people are struggling with their health and other conditions. Will the Secretary of State outline for me and Blackpool council what more can be done so that we can build the social housing we desperately need and meet the 1.5 million target?

Steve Reed: My hon. Friend describes a situation in Blackpool that I am sure Members across the House will recognise from many other constituencies, with the desperate need for more social and affordable housing. He will be pleased to be reminded that the new social and affordable homes programme of £39 billion, which will deliver the biggest increase in social and affordable housing in this country for a generation, opens for bids next month. I hope that his local authority will be keen to make applications to it.

Mr Speaker: I call the shadow Minister.

Paul Holmes (Hamble Valley) (Con): With a new year often come new year's resolutions. Will the Secretary of State make a new year's resolution to accept the truth that the Government will not meet their 1.5 million housing target, which he set out? Will he confirm that he still thinks his job is on the line if he does not achieve that? Huge focus has been placed on rural areas with no infrastructure, but cities—often Labour cities—have been left off the hook, so will he commit to changing the formula to make it fairer and, more importantly, more deliverable?

Steve Reed: If the hon. Gentleman's party had not scrapped house building targets around the country, we might see more of the kinds of homes that we need in every single part of the country—urban, suburban and rural. As for our targets, the judgment of the independent Office for Budget Responsibility, which was set up by the previous Conservative Government, is that this Government will oversee the biggest increase in house building for 40 years. That will put the key to their own home into the hands of people who were denied it under the Conservatives.

Leasehold Reform

4. **Tulip Siddiq** (Hampstead and Highgate) (Lab): What steps he is taking to implement the provisions on leasehold reform in the Leasehold and Freehold Reform Act 2024. [907190]

7. **Yuan Yang** (Earley and Woodley) (Lab): What steps he plans to take to reform the property management system. [907195]

10. **Mary Kelly Foy** (City of Durham) (Lab): What steps he plans to take to reform the leasehold system. [907198]

18. **Dame Caroline Dinenage** (Gosport) (Con): What steps he is taking to strengthen the rights of leaseholders. [907206]

The Minister for Housing and Planning (Matthew Pennycook): Leasehold and commonhold reform are key priorities for this Government, and we remain absolutely determined to honour the commitments made in our manifesto and finally bring the feudal leasehold system to an end in this Parliament. We have already brought into force a range of provisions from the Leasehold and Freehold Reform Act 2024, and we will progress the required secondary legislation to commence many more this year. We also intend to publish an ambitious draft commonhold and leasehold reform Bill in the coming weeks.

Tulip Siddiq: The leaseholders on the Hillcrest estate in Highgate in my constituency have written to me, because they have 84 years left on their leases. They are unsure whether they should wait for the Government reforms—which they welcome, by the way—or proceed with lease extension now to avoid the costs of incurring marriage value. Their fear, to which I am very sympathetic, is that they will extend under the current law and then better terms will be brought in by new legislation. I know the Minister has just said that reforms will happen in this Parliament, but may I ask him urgently to provide further clarity on the timings of the proposed reforms? Any savings from those reforms could have a huge impact on 100 of my constituents living on the Hillcrest estate.

Matthew Pennycook: I appreciate fully that leaseholders with leases approaching 80 years remaining want clarity on when the enfranchisement provisions in the 2024 Act will be brought into force. To bring those provisions into force, we need to not only consult on valuation rates, but rectify through primary legislation the small number of serious flaws in the 2024 Act that the previous Government bequeathed to us. The latter is obviously a more challenging proposition than the former, but we intend to make the necessary fixes as soon as possible so that leaseholders can begin to benefit from the new valuation process. I am more than happy to speak to my hon. Friend in further detail about the way in which we plan to take these reforms forward.

Yuan Yang: I was glad to get involved in the Government's recent consultation on property service fees. More than 700 of my constituents living in new builds in and around Reading have written to me about high fees and unfair behaviour from property management agents. One constituent, called Sunil, said to me:

> "We are throwing our money down the drain to these crooks, and they know they can take advantage."

Will the Housing Minister meet me and my fellow Labour MPs working on this issue to discuss what more can be done to crack down on such awful behaviour from rogue agents such as FirstPort?

Matthew Pennycook: The Government are determined to reduce the prevalence of private estate management arrangements and to provide those who currently live on freehold estates with greater rights and protections. To that end, we launched two comprehensive consultations before Christmas; I am very glad to hear that my hon. Friend has engaged with those consultations, and I encourage all hon. Members from across the House to do the same. I am more than happy to meet a group of Labour colleagues to discuss the consultations and our proposals in more detail.

Mary Kelly Foy: Residents of the Aykley Woods development in my constituency have recently been informed that collectively, they will be charged £15,000 this year for the management company to run their estate of just over 270 homes, on top of a scandalous £31,000 just to cover the running costs of the management company itself. This is happening to millions of homeowners up and down the country, so does the Minister agree that it is long past time that we end the scandal of freeholders being locked into agreements with management companies and make local authority adoption the default for new builds?

Matthew Pennycook: The case that my hon. Friend draws the House's attention to highlights the unfair charges that so many residential freeholders are subject to. As well as acting to reduce the prevalence of privately managed estates, which are the root cause of the problems experienced by residential freeholders, we are committed to implementing new consumer protections for homeowners on freehold estates. The consultation launched before Christmas seeks views on how, not whether, we implement the relevant provisions in the Leasehold and Freehold Reform Act 2024. I know that my hon. Friend will ensure that her constituents are supported in sharing their views on the subject as part of that exercise.

Dame Caroline Dinenage: So many of my Gosport constituents are locked into lousy leaseholds, and are so tired of seeing service charges rise while the quality of service falls. Bills are often eye-watering, and are quite often completely opaque. As the Minister said, the Conservatives passed the Leasehold and Freehold Reform Act, which gave leaseholders more powers to better scrutinise and challenge those costs. However, on the Minister's watch, implementation is painfully slow. Why the delay? When will leaseholders begin to see the benefits of legislation that was designed to put an end to a practice that he himself has described as "unfair and unreasonable"?

Matthew Pennycook: I fully appreciate the wish of leaseholders in the hon. Lady's constituency and those across the country to see these reforms introduced. She is absolutely right that the 2024 Act included measures to enhance transparency around service charges, to make it easier for leaseholders to challenge unreasonable service charge increases. Last July, we consulted on how to introduce those measures. It is a very technical consultation and quite a lengthy document—I draw the hon. Lady's attention to it. We will introduce the necessary secondary legislation this year, so that leaseholders can benefit from those provisions.

Sarah Green (Chesham and Amersham) (LD): Residents of a retirement village in my constituency are concerned that existing legislation removes normal leasehold protections for those living in retirement communities, leaving residents with weak, unenforceable operator promises. Can the Minister clarify what protection upcoming leasehold reforms will introduce for retirement village residents to ensure greater transparency and fairness?

Matthew Pennycook: As you would expect, Mr Speaker, I cannot pre-empt what will be contained in our draft commonhold and leasehold reform Bill, but if the hon. Lady wishes to write to me about the specific issue, I would be more than happy to provide her with a comprehensive response.

John Glen (Salisbury) (Con): Just before Christmas, Mr Rahman, a leaseholder in a Taylor Wimpey property, came to see me. There are 100 years remaining on his lease and a modest ground rent, but he cannot secure a sale because Taylor Wimpey will not agree to a reasonable deed of variation in relation to the ground rent provisions. He has incurred costs of upwards of £5,000 and is basically stuck in his property, so I would be very grateful if the Minister could look at this case—I have written to him—and see whether his plans will address this poor individual's circumstances.

Matthew Pennycook: In general terms, anyone considering extending their lease or acquiring their freehold should obviously consider seeking specialist advice from a solicitor or surveyor, but I will ensure that the right hon. Gentleman receives a prompt answer to his question as to whether any of the reforms we are taking forward will give some redress to his constituent.

Mr Speaker: I call the Chair of the Select Committee.

Florence Eshalomi (Vauxhall and Camberwell Green) (Lab/Co-op): I thank the Minister for his answer. I know that he has been taking a lot of time to debate and look at the issue of leasehold, and he can see the cross-party concern on behalf of many constituents up and down the country on this big issue, as well as the support for tackling it. We on the Select Committee are ready to help him by making sure that the legislation is right, fit and proper. I just want to tease out a further answer from the Minister. Can he confirm for the House that he is still on track to ensure that we end the issue of leasehold and commonhold by the end of this Parliament?

Matthew Pennycook: I thank my hon. Friend, the Chair of the Select Committee for that question. We remain steadfast in our commitment to the promises in our manifesto to bring the feudal leasehold system to an end. Despite the noises off from the usual naysayers, the imminent publication of our ambitious draft commonhold and leasehold reform Bill will be the beginning of the end for that system, which has tainted the dream of home ownership for so many households across the country. As my hon. Friend knows, this is a large, incredibly complex and technical piece of legislation, and I hope she and the rest of the House would agree that it is worth a brief extension to ensure that we get things right and avoid a deficient Act, such as the one that the previous Government left us with, which we are now having to fix through primary legislation.

Dr Al Pinkerton (Surrey Heath) (LD): May I take the Minister back to the circumstances of constituents who are living in retirement communities? I have a community of constituents who live at Mytchett Heath, owned by Cognatum Estates. They are experiencing very high service charges, and I have written to the Minister about that before. They are made nervous by talk of delay. They are often on a fixed income with fixed-income pensions. They are getting older, and they want to enjoy their retirement in peace. Can the Minister offer them any reassurance today?

Matthew Pennycook: The hon. Gentleman has written to me about that issue and he has, if I may politely say, generated a huge number of questions on it. We have met about it on one occasion, I think, and I am more than happy to have another conversation with him to try to get to the root of his concerns.

Mr Speaker: I call the shadow Minister.

David Simmonds (Ruislip, Northwood and Pinner) (Con): Leaseholders, like renters and prospective homeowners, have been made big promises by this Government. What assessment has the Minister made of the impact of botched local government reorganisation, cuts to the budgets of two thirds of England's local authorities, delays to elections and the wholesale abolition of housing and planning authorities in England's shires on the delivery of those promises? This is just another promise that the Government are not going to deliver, is it not?

Matthew Pennycook: Forgive me—I do not know whether the shadow Minister has come in on the wrong question—but I cannot see how local government reorganisation will, in any shape or form, influence in any way our ambitious leasehold and commonhold reform agenda.

Mr Speaker: I call the Liberal Democrat spokesperson.

Gideon Amos (Taunton and Wellington) (LD): Fully 5 million leaseholders were plunged into the dark before Christmas and thousands report feeling angry and abandoned. Why, then, are the Government choosing to delay their ending of the feudal leasehold system? Will they go further and follow the calls from Lib Dems and others to regulate property agents and to cap extortionate service charges?

Matthew Pennycook: I will answer the hon. Gentleman directly: the unforeseen delays in question, which meant that we could not publish the draft Bill before Christmas, relate to nothing more than the fact that some elements of policy and drafting are still being finalised. As I have said, this is a large, incredibly complex and technical Bill. The House would support getting it right in the first instance, if that means a delay of a few weeks.

Gideon Amos: Leaseholders are being hit increasingly with flood risk and difficulty in getting insurance. Rockwell Green in my constituency has flooded twice in the last seven years. Why are the Government proposing to weaken the rules preventing development in areas of high flood risk, and how many homes will be affected in future by more flooding as a result?

Matthew Pennycook: We have not weakened protections against flooding. The draft of the national planning policy framework that is out for consultation remains clear that inappropriate development in areas at risk of flooding should be avoided by directing development away from areas at the highest risk. The consultation currently under way into the statutory consultee system retains the requirement for local authorities to notify the Secretary of State before approving developments that the Environment Agency has objected to. We are not weakening the protections in the way the hon. Member claims.

Social and Affordable Homes: Banbury

5. **Sean Woodcock** (Banbury) (Lab): What steps he is taking to build more social and affordable homes in Banbury. [907191]

The Minister for Housing and Planning (Matthew Pennycook): Our manifesto committed us to delivering the biggest increase in social and affordable house building in a generation, and we intend to do just that. Our £39 billion social and affordable homes programme will build around 300,000 homes over its 10-year lifetime, of which at least 60% will be social rent, ensuring that communities such as Banbury get the social and affordable homes they so desperately need.

Several hon. Members *rose—*

Mr Speaker: Do you all represent Banbury? I am trying to find out why they all think they are in Banbury. I thought it had only one MP.

Sean Woodcock: Nearly 11,000 homes in Cherwell district have been granted planning permission but remain unbuilt. This causes understandable frustration for local residents and the thousands of people in housing need. Will the Minister set out what action the Government are taking to improve build-out so that much-needed homes are built and delivered?

Matthew Pennycook: My hon. Friend is a powerful advocate for the interests of Banbury, and he has rightly and forcefully conveyed the message that the communities he represents expect homes, infrastructure and services that have been promised as part of a planning approval to be delivered as quickly as possible. I am sure he will welcome the fact that the new draft national planning policy framework, on which the Government are currently consulting, proposes to strengthen national policies to ensure that major residential developments are deliverable within a reasonable period. He will also be reassured to know that we intend to take further action to incentivise faster build-out rates, drawing on the two consultations that we undertook last year.

Calum Miller (Bicester and Woodstock) (LD) *rose—*

Mr Speaker: You are part of Banbury, are you?

Calum Miller: The hon. Member for Banbury (Sean Woodcock) referred to the wider Cherwell district council area.

Mr Speaker: How far away is that?

Calum Miller: Mine is the neighbouring constituency, and many of my residents are placed in social housing in Banbury town.

Mr Speaker: Okay, that will do as a link.

Calum Miller: Thank you very much, Mr Speaker, and I am grateful to my constituency neighbour for raising this important matter. I wonder whether the Minister can reassure my constituents, many of whom are struggling to find social housing and many of whom end up in Banbury, having come from my constituency. Will the social and affordable homes programme pay due attention to the challenges of providing social housing in rural settings, so that those who wish to remain within their communities are able to do so and do not put extra demands on towns such as Banbury?

Matthew Pennycook: Our new social and affordable homes programme does provide additional flexibility for certain tenures of housing that are more difficult and costly to provide, including rural housing. I am sure the hon. Gentleman will also welcome the changes in the draft NPPF, which, as I have said, is out for consultation, because they will further strengthen the provision of rural and affordable housing. We want to see much more of it than we are seeing at present.

Social and Affordable Homes: Blaydon and Consett

6. **Liz Twist** (Blaydon and Consett) (Lab): What steps he is taking to build more social and affordable homes in Blaydon and Consett constituency. [907193]

The Minister for Housing and Planning (Matthew Pennycook): In July last year we set out a detailed five-step plan to deliver a decade of renewal in social and affordable housing. The plan includes the biggest boost to grant funding in a generation, the establishment of an effective and stable regulatory regime, and action to rebuild the sector's capacity to borrow and invest in new and existing homes. All that—alongside investment in existing stock—will help to ensure that councils and housing associations throughout the north-east can deliver more homes.

Liz Twist: I am glad to see the Government focusing so much on building social housing, including some in my constituency, but it will also be important to maintain the stock once it has been built and to look at existing stock. Can the Minister say when the issue of rent convergence will be resolved?

Matthew Pennycook: The Government remain committed to implementing social rent convergence to support additional investment in new and existing social housing. We will announce a decision on how it will be implemented later this month, before the launch of the social and affordable homes programme. That decision will take into account the benefits to the supply and quality of social and affordable housing, and the impact on rent payers and welfare spending.

Private Rent Inflation

8. **Dan Carden** (Liverpool Walton) (Lab): What steps his Department is taking to help tackle private rent inflation. [907196]

The Minister for Housing and Planning (Matthew Pennycook): The Renters' Rights Act 2025 contains provisions allowing tenants to challenge unreasonable rent increases. The new tenancy system will come into force on 1 May this year, at which point landlords will only be able to increase rents once a year to the market rate, and tenants will be able to challenge unreasonable increases at the first-tier tribunal. The Act will also put an end to unfair rental bidding practices and demands from landlords for large amounts of rent in advance.

Dan Carden: I regularly hear from constituents who are being pushed out of their homes by rip-off hikes from unscrupulous landlords. The average rents in Liverpool have risen by 8%, well above the average for England. I welcome the Government's action through the Renters' Rights Act to tackle unfair rent increases, but it concerns me that market rents will be used as a benchmark to prevent unaffordable rents from rising. How will the Government review the effectiveness of these measures, and, if necessary, will they consider further action in due course?

Matthew Pennycook: We will of course keep the implementation of the Act under continual review, but, as I have said, it allows tenants to challenge unreasonable rent increases at the first-tier tribunal, which will make a judgment on whether the increases are fair and meet that market-rate definition. We have, however, made it clear that the Government do not support the introduction of rent controls, including rent stabilisation measures, for the reasons that we debated at some length during the passage of the Bill.

Mr Speaker: I call the Father of the House.

Sir Edward Leigh (Gainsborough) (Con): We all know that rent inflation, like all inflation, is caused by over-demand and lack of supply, and we can agree on the need to address problems by building more houses and tackling immigration, but does the Minister agree that the more controls and regulations are imposed on landlords, particularly small landlords, the more they will get out of the rented sector altogether, causing less supply and rent inflation which will hit vulnerable people?

Matthew Pennycook: I do not accept that all regulation is bad, which I think is the thrust of the right hon. Gentleman's question. In many ways, we have clarified and made simpler the grounds for possession that landlords can use under the Act, but he is absolutely right to say that we need more supply of all homes, including in the private rented sector, and that we need to support the build-to-rent sector, which will be an important part of the market in coming years.

Social and Affordable Homes: Camborne and Redruth

9. **Perran Moon** (Camborne and Redruth) (Lab): What steps he is taking to build more social and affordable homes in Camborne and Redruth constituency. [907197]

The Minister for Housing and Planning (Matthew Pennycook): On 11 November last year, I set out the full details of our £39 billion, 10-year social and affordable homes programme. In the coming weeks, we will provide registered providers with the remaining information that they need to finalise their business and future supply plans, so that they can submit large and ambitious proposals when bidding opens next month.

Perran Moon: Meur ras, Mr Speaker. With your good grace, I would like to take this opportunity to thank members of the emergency services, who responded so courageously across Cornwall during and in the wake of one of the worst ever storms to hit the duchy. I also thank the 600,000 people of Cornwall, who heeded pre-storm advice and kept fatalities, mercifully, to a minimum. The loss of one life is too many, but it could have been far worse. Over 1,000 trees are down, and hundreds of thousands of people were plunged into darkness, with no power. I hope that Ministers will create the appropriate forum to discuss the lessons learned from Storm Goretti.

The Secretary of State has confirmed that, because of our unique status, Cornwall will be a single strategic authority for the purposes of devolution. The greatest threat facing the constituents of Camborne, Redruth and Hayle today is the lack of social and truly affordable homes, which is compounded by the 14,000 second homes and 25,000 Airbnbs, leading to an exodus of our young people and a chronic lack of key workers. Given these factors—

Mr Speaker: Order. I gave a lot of leeway at the beginning of the question. I think the Minister will have got the message already.

Matthew Pennycook: I think the thrust of my hon. Friend's question was about what arrangements can be put in place for Cornwall so that it can better deliver housing and regenerate areas that have been identified by the council. As he will know, strategic place partnerships are reserved for mayoral strategic authorities that bring together more than one council into a combined authority. That said, and not least as a result of hearing representations from my hon. Friends who represent Cornish constituencies, I encourage Homes England to deepen its partnership with Cornwall council and to explore a memorandum of understanding or similar partnership agreement to support its ambitious housing and regeneration plans.

National Register of Electricians

11. **Sonia Kumar** (Dudley) (Lab): If he will make an assessment with Cabinet colleagues of the potential merits of establishing a statutory national register of electricians. [907199]

The Parliamentary Under-Secretary of State for Housing, Communities and Local Government (Samantha Dixon): The Electricity at Work Regulations 1989 require people to be competent or under supervision, while building regulations require domestic electrical work to be conducted safely. The Government see no need to establish a statutory national register of electricians, who may be listed on the registered competent person electrical register already. None the less, the Government will continue to work with the Building Safety Regulator on reforms of the competent person scheme to improve public and building safety.

Sonia Kumar: I thank the Minister for her response. Gas installers must legally register under a Health and Safety Executive-owned scheme, yet electricians, despite near-zero part P enforcement and around 20,000 electrical fires a year, remain governed by voluntary clubs. The October 2026 rule changes will address qualifications, but not enforcement. Does my hon. Friend agree that there must be legal protections for electricians, just as there are for gas installers, to safeguard residents?

Samantha Dixon: The Government take electrical safety very seriously, but the risks with gas and electrical work are different. Circuit breakers can shut down electrical systems in milliseconds, protecting people from shock or fire, whereas the consequence of a faulty gas system could be an explosion or carbon monoxide poisoning. The health and safety and electricity at work regulations already exist, and the IET wiring regulations serve as an accepted code of practice.

Jim Shannon (Strangford) (DUP): I thank the Minister for her answer. The House Builders Association covers electricians and what they do. Councils also have a role when it comes to pointing out those who should be registered but are not. My question is simple: what has been done to encourage those who are not members of any electrical organisation to register with one? Because of the work they do, they can put people's lives at risk, and it is important that those who are not registered get registered—the quicker, the better.

Samantha Dixon: All practitioners should be registered, and there should be safety, but I will write to the hon. Member with the specific details to answer his question.

Social and Affordable Homes: Aldershot

12. **Alex Baker** (Aldershot) (Lab): What steps he is taking to build more social and affordable homes in Aldershot constituency. [907200]

The Minister for Housing and Planning (Matthew Pennycook): At the spending review in 2025, we announced record investment to kick-start social and affordable housing at scale across the country. Alongside regulatory certainty and stability and measures to rebuild the capacity of registered providers after their weakening over the previous 14 years, we are ensuring that communities in Aldershot will get the social and affordable housing they need.

Alex Baker: A veteran in my constituency who is the father of five young daughters has spent nearly three years waiting for a four-bedroom social home while raising his family in a two-bedroom property. He has now been told that the wait could be a further three years, which means six years of overcrowding for a family simply needing space to live and grow. Sadly, that is not an isolated case. Last year in my constituency, over 100 families were waiting for a four-bedroom social home, but only 31 were allocated one. I welcome the Government's commitment to building more social homes, but what are they doing to make social housing more flexible so families are not left waiting for years for the right home at the right time?

Matthew Pennycook: I am sorry to hear about the long wait that the veteran in question is facing. It is important that we build more social rented homes after 14 years of engineered decline, which is why 60% of our £39 billion social and affordable homes programme will be allocated to social rented homes. However, it is also important we ensure that veterans get the priority they need, which is why in November 2024 we made changes to the local connection requirement to ensure that veterans have greater access to social housing and should be prioritised in the way that that allows.

Local Elections: Basildon and Thurrock

13. **James McMurdock** (South Basildon and East Thurrock) (Ind): What recent discussions he has had with Basildon and Thurrock councils on proposals to postpone the local elections of May 2026. [907201]

The Minister for Local Government and Homelessness (Alison McGovern): We have invited views from Thurrock, Basildon and other councils undergoing local government reorganisation about their capacity to deliver local government reorganisation alongside elections. This is a locally-led approach. Councils are best placed to judge their capacity, and we will consider their representations carefully.

James McMurdock: I appreciate the Minister's answer about this being locally led, but there are genuine concerns that the criteria that may be put forward as a justification to cancel elections locally do not meet the standard expected by my residents. What checks and balances does the Minister have in place to ensure that the reasons put forward match the expectations of my voters, who want the elections to go ahead?

Alison McGovern: I thank the hon. Gentleman for his question and for raising those points on behalf of his residents. We will consider the representations that have been made, alongside precedent and the legal requirements in this area, and we will take very seriously the points he raises on behalf of his constituents.

Social Housing: Damp and Mould

14. **Liam Conlon** (Beckenham and Penge) (Lab): What steps his Department is taking to help tackle damp and mould in social housing. [907202]

The Secretary of State for Housing, Communities and Local Government (Steve Reed): The death of Awaab Ishak, aged just two years old, was tragic and it was avoidable. Awaab's law came into force for the social rented sector last October, and it forces landlords to fix dangerous damp and mould and make emergency repairs to fixed timescales. We have consulted on a revised decent homes standard, including proposing a new damp and mould standard, which will ensure that landlords keep properties free from damp and mould, and we will respond to the consultation shortly.

Liam Conlon: Social housing disrepair and neglect is one of the most common issues in my inbox, particularly in Penge, Crystal Palace and Anerley. In one case, a mum in Penge saw her two children develop breathing problems and be forced on to inhalers due to persistent damp and mould. We know that the health impacts of mould can take hold quickly, so can the Secretary of State set out the steps his Department is taking to guarantee the right of social housing tenants to immediate action in such cases, ensuring that the suffering of my constituent and her children is not repeated?

Steve Reed: I am very sorry to hear of how my hon. Friend's constituent and her children have suffered in that circumstance, and I thank him for his question. Awaab's law, which is now in force, will require social landlords to take urgent action to fix dangerous homes or they will face the full force of the law. As part of these reforms, landlords must now consider the circumstances of tenants that could put them at risk, including the presence of young children, or those with disabilities or other health vulnerabilities. Alternative accommodation must also be offered if homes cannot be made safe within the required timeframes. We all hope that these changes will save lives.

Clive Jones (Wokingham) (LD): My constituents, three single mothers, have suffered at the hands of builders who built substandard homes without crucial damp-proof membrane and damp-proof courses. That meant that my constituents' homes were riddled with damp and mould, and the house builders have not addressed this serious fault for far too long. What steps is the Secretary of State taking to ensure that house builders can be held to account by residents, and that, if needed, local authorities can end relationships with underperforming house builders to protect residents?

Steve Reed: There are measures other than Awaab's law in place that may be able to help, if I understood the detail of the case. I would be very happy to write to the hon. Gentleman. We could look, for instance, at warranties, or at building enforcement; those may be ways to get action taken. If he would be kind enough to write to me, I will ensure that he gets a full response on that point.

Provisional Local Government Finance Settlement 2026-27: Greater Manchester

15. **Afzal Khan** (Manchester Rusholme) (Lab): What assessment he has made of the potential impact of the provisional local government finance settlement 2026-27 on Greater Manchester. [907203]

The Minister for Local Government and Homelessness (Alison McGovern): The Government are making good on long-overdue promises to fundamentally update the way that we fund local authorities. We are re-aligning funding with need and deprivation through the first multi-year local government finance settlement in a decade. The provisional 2026-27 settlement will make available almost £78 billion in core spending power for local authorities in England. For Greater Manchester authorities, it makes available up to £3.92 billion in core spending power in 2026-27, an increase of 16.4% compared to 2024-25, which is a real-terms increase.

Afzal Khan: Fourteen years of Tory austerity saw harsh cuts to local government finances, which left our public services on their knees. This latest funding settlement by the Labour Government goes a long way to right the wrongs of the Tories, and to help local authorities deliver quality services for our constituents once again. I thank the Secretary of State for giving Manchester city council a £331 million cash injection, but does the Minister recognise that the council still faces huge pressure to meet needs, including those related to social services and education?

Alison McGovern: As I have said in this Chamber a number of times, we can provide substantial increases to councils, as we need to, and it is very important that we do in places like Manchester, but unless we have a more preventive approach—for example, unless we stop children being taken into care, or stop councils facing really big challenges—councils will still face spiking costs. I look forward to working with my hon. Friend and colleagues across Greater Manchester on making that work.

House Building: Stoke-on-Trent

16. **Gareth Snell** (Stoke-on-Trent Central) (Lab/Co-op): What steps his Department is taking to help support house building in Stoke-on-Trent. [907204]

The Minister for Housing and Planning (Matthew Pennycook): The Government are taking concerted action to boost rates of house building across England, including reforming the planning system and allocating record levels of grant funding support for social and affordable house building over the coming years, to the benefit of Stoke-on-Trent and the rest of the country.

Gareth Snell: I thank the Minister for that answer. Stoke-on-Trent has benefited from money from the brownfield regeneration fund. However, there are many brownfield sites across the city that could be used for local planning development, but the owners are simply not engaging with the process. Given that we are not in a mayoral combined authority, compulsory purchase powers are limited. Will the Minister consider devolving those powers to authorities like Stoke? If not, will he consider allowing interim development corporations, until such time as we have a mayor in place?

Matthew Pennycook: My hon. Friend is a doughty champion for his constituency, and he continues to make a powerful case for the renewal of Hanley city centre as the commercial heart of north Staffordshire. I have had a series of constructive meetings with him and other local leaders about the Hanley masterplan. I know he will welcome the £8 million of investment in Burslem town centre, delivering 800 homes. I am more than happy to continue the conversation with him about the possibility of a new locally led development corporation to take forward the regeneration of the city centre.

Topical Questions

T1. [907212] **Peter Prinsley** (Bury St Edmunds and Stowmarket) (Lab): If he will make a statement on his departmental responsibilities.

The Secretary of State for Housing, Communities and Local Government (Steve Reed): House building in this country ground to a near halt in 2023 because the previous Government failed to reform our planning system, despite knowing that it is too slow and cumbersome and deters development. Our Planning and Infrastructure Act 2025 received Royal Assent on 18 December last year. It delivers fundamental reform to the planning system, speeding up the delivery of new homes and critical infrastructure. Thanks to this Government, young people who have been denied the chance of their own home will now get the key to their own front door at last.

Peter Prinsley: I am concerned about the villages in my most beautiful constituency of Bury St Edmunds and Stowmarket; there, people tell me that they are increasingly concerned about the lack of affordable housing in rural communities. What steps is the Minister taking to increase the supply of affordable housing for local people in rural villages through reforms to the planning system, and how will those reforms support the rejuvenation and long-term sustainability of our villages?

Mr Speaker: Order. Can I just remind everyone that this is topicals? You are meant to set an example, Peter—come on.

Steve Reed: Our planning changes will support affordable rural housing by giving rural authorities greater flexibility to require affordable housing on smaller sites. Our £39 billion social and affordable homes programme, which opens to bids next month, is available to rural authorities as well.

Mr Speaker: I call the shadow Secretary of State.

Sir James Cleverly (Braintree) (Con): I am sure we all agree that we cannot have sustainable communities if we do not have sustainable high streets. Would the Secretary of State agree that a fourfold increase in business rates over this Parliament does not make high-street businesses sustainable?

Steve Reed: Of course high streets are vital to local communities. That is why it was so sad to see high streets up and down the country fall into severe decline in the 14 years in which the Conservatives were in power, during which the right hon. Gentleman served in the Cabinet. Units closed down; their shutters were pulled down, and the graffiti and litter in front of buildings deterred people from going to the high street. This Government are committed to restoring our high streets and protecting the businesses that operate there.

Sir James Cleverly: So many words, yet no answer. I asked the Secretary of State specifically about a fourfold increase, like the one that the White Lion on Streatham High Road in his constituency faces. We are talking about a 400% increase, even after transitional relief, from £3,000 a year to £12,000 a year. Will he urge the Chancellor to scrap business rates for businesses like the White Lion on Streatham High Road, and other hospitality and leisure businesses on the high street?

Steve Reed: I am sure that the right hon. Gentleman knows that the measures put in place during the pandemic were always intended to come to an end; his Government were going to do the same thing. The Chancellor is looking at the impact of revaluation. She is fully aware of the concerns raised by publicans in Streatham and across the country, and is reviewing the situation, and we expect an announcement in due course.

T3. [907214] **Mary Kelly Foy** (City of Durham) (Lab): Major planning applications in Durham, such as those for the Milburngate site and Stack in the city centre, have been stalled for years. This has not only left two white elephants in the city centre, but had a significant impact on jobs, the economy and key venues that have been left undeveloped. What steps is the Minister taking to ensure that major developments in the City of Durham and across the country are not subject to long delays?

The Minister for Housing and Planning (Matthew Pennycook): While I appreciate my hon. Friend's concern, we have strengthened policies in the draft national planning policy framework, which is currently out for consultation, that will ensure that major residential schemes are built out in reasonable time. I am more than happy to have a conversation with her about how that may impact developments in her constituency.

T2. [907213] **Munira Wilson** (Twickenham) (LD): The Secretary of State will be aware that the so-called fair funding settlement will leave my council of Richmond upon Thames some £29 million worse off over the next three years. It will leave our most vulnerable residents, including children with complex needs and elderly people, facing cuts in critical services, even if the council raises council tax by 5%. Will he extend the transitional period?

The Minister for Local Government and Homelessness (Alison McGovern): I have heard what the hon. Member has said, and will take it as a contribution to the consultation that we are having. She mentions the needs of children; she will have heard me say to colleagues that we have to change the way that we work on this issue. I will happily work with her to ensure that we cut the costs and get better outcomes for our kids.

T5. [907216] **Gill Furniss** (Sheffield Brightside and Hillsborough) (Lab): Every two hours, someone in the UK is paralysed as a result of a spinal cord injury. After treatment, there is a 20% chance of being sent to a care home due to a lack of suitable available housing. I cannot imagine how a young person feels when they are coping with one of the most traumatic moments of their life, and are literally left lying by themselves. That is unacceptable. Will the Minister meet me and the all-party parliamentary group on spinal cord injury to discuss the serious lack of suitable housing?

Matthew Pennycook: I thank my hon. Friend for that question. We have made proposals in the draft NPPF, which is out for consultation, to set new, higher requirements for authorities to deliver more accessible housing. This includes proposals to make meeting accessibility standards mandatory for 40% of new builds, and to ensure that local plans provide for wheelchair-accessible homes. I am more than happy to have another conversation with my hon. Friend on this issue.

T6. [907217] **Martin Wrigley** (Newton Abbot) (LD): In February's Government consultation on local government reorganisation, will the Minister consult on all four—I think it is four—options put forward by Devon, and how will she weight the criteria, so that she can decide on a selected, amended or perhaps new proposal in June?

Alison McGovern: I thank the hon. Member for his input. We have set out the process that we will undertake. We will judge the proposals from Devon against the published criteria.

T8. [907219] **Tom Collins** (Worcester) (Lab): Families in Worcester are trapped in damp and mouldy homes. Disabled tenants are stuck without facilities and access, and repairs are going unaddressed—all because Platform Housing refuses to get its act together. What can we do about failing social landlords such as Platform?

Matthew Pennycook: I am sorry to hear about the challenges that my hon. Friend's constituents face at the hands of their landlord. Tenants who are unhappy with their landlord's handling of complaints can go to the Housing Ombudsman, and the Regulator of Social Housing can investigate evidence of systematic failure. My hon. Friend is welcome to keep me updated on whether his constituents see any improvement in the services being provided over the coming months.

T7. [907218] **Dr Luke Evans** (Hinckley and Bosworth) (Con): The Government insist on forcing through local government reorganisation when there is no agreement in Leicestershire. There are three different plans ahead. One thing that Leicestershire does agree on is no expansion of Leicester city. Will the Minister put that to the test and have a referendum on it, so that the people of Leicestershire can show the Government just how much they do not want the city expansion?

Alison McGovern: I thank the hon. Gentleman for his input on the reorganisation. As I mentioned moments ago, we have set out the process that we will undertake. We will consult fully and judge each proposal against the criteria that we have set out.

T10. [907221] **Liz Twist** (Blaydon and Consett) (Lab): The recovery grant guarantee is a vital mechanism that protects the most deprived authorities. Will the Department commit to increasing the guarantee to match the national average core spending power increase, so that the areas that need funding most are fairly protected?

Alison McGovern: I thank my hon. Friend for her comments on the fair funding review and the recovery grant, which was needed due to the significant damage done to council finances by 14 years of Tory misrule. I have already met scores of colleagues to discuss council funding, and I will meet scores more over the next couple of days. I look forward to talking with my hon. Friend about the proposal she mentions.

Ayoub Khan (Birmingham Perry Barr) (Ind): Birmingham residents have just marked the first anniversary of the bin strikes. We have spent more than £15 million on agency staff. Will the Minister personally intervene to help broker a deal between the trade unions and Birmingham city council?

Alison McGovern: I thank the hon. Gentleman for raising the needs of Birmingham residents. They should come first, and everybody deserves a good bin service. We want all parties to come to the table and deal with this as swiftly as humanly possible.

Mr Jonathan Brash (Hartlepool) (Lab): In purporting to discharge their homelessness duties, some southern local authorities are bundling vulnerable people into taxis in the middle of the night and dumping them in Hartlepool because our housing is cheaper. They are acting in a vile way. I welcome the fact that the Minister has written to me and set out her belief that we need to ban this poor practice. Does she agree that we need to ban it outright?

Alison McGovern: I would like to give personal thanks to my hon. Friend for his comments on this issue. In the homelessness strategy, we noted that this problem is extraordinarily challenging and important, and I want to take action on it. I thank him for the work that he has done on behalf of Hartlepool residents. We will continue to work together to sort this problem out.

Alicia Kearns (Rutland and Stamford) (Con): Rutland's council could have submitted its own proposals for local government reform, but it has left our fate in the hands of others. The council submitted a proposal to join North Leicestershire, but this is in opposition to the wishes of residents. The council knows that, and purposely did not ask residents what we wanted. Stamford residents want to join Rutland; Rutlanders want to join Stamford. Will the Minister meet me to make sure that all residents are consulted on the Rutland and Stamford model, which the council has taken off the table?

Alison McGovern: I congratulate the hon. Lady for laying out to the House what sounds like a complicated situation for her constituents. We will take what she says under advisement, as part of the process. I am always happy to make myself available to meet Members of this House.

Mrs Elsie Blundell (Heywood and Middleton North) (Lab): With many local authorities spending less than 1% of their household support fund on furniture, many domestic abuse survivors are being placed in social housing without access to essential furniture or white goods. What assurances can the Minister give this winter to residents in Heywood and Middleton North who, although grateful for the fresh start that social housing can offer, are living—often with children—in properties that feel bare, cold and not like home?

Alison McGovern: I thank my hon. Friend for raising that really important issue. One of the reasons why I and the Safeguarding Minister, my hon. Friend the Member for Birmingham Yardley (Jess Phillips), worked closely together on both the homelessness strategy and the violence against women and girls strategy was to ensure that that area of policy joined up—16% of homelessness is caused by domestic abuse. That is why we will not stop until those families leaving refuge have a decent place to be—including the furniture they need—to make a house a home.

Josh Babarinde (Eastbourne) (LD): The severe weather emergency protocol has ended in East Sussex. Today, five individuals who were provided with accommodation under it came into my constituency office, not knowing where to turn. We have amazing local charities doing great work, but will the Minister offer advice to those folks who have come into the office in desperate need of support to get out of the situation they are in?

Alison McGovern: I thank the hon. Member so much for raising that case on the Floor of the House in the way he did. It shows all the different reasons why people can find themselves without a roof over their head. The local authority should be in the lead in supporting them, but if he wants to contact me with further details, I will ensure that the local authority has the support it needs.

Lee Barron (Corby and East Northamptonshire) (Lab): I am proud to have secured a £20 million investment in the "pride of Corby" project—that is £2 million a year every year for the next 10 years—but it is crucial that local communities determine how and where the investment is spent. Does my hon. Friend agree that the money must be spent on exactly what the community actually wants, with residents properly consulted and local people as the decision makers?

The Parliamentary Under-Secretary of State for Housing, Communities and Local Government (Miatta Fahnbulleh): My hon. Friend is completely right. We are clear that communities must be in the driving seat. That is why we have asked for neighbourhood boards to be set up, to determine the priorities that the investment goes into. The one requirement we have of local areas is that there is a bigger conversation in the community so that everyone is involved in shaping what is invested in and reviving their area.

Wendy Morton (Aldridge-Brownhills) (Con): When the Minister for Local Government and Homelessness said that residents of Birmingham do matter when it comes to the bin strikes, I agree with her—but so do neighbouring constituencies, where we often get the blight of additional fly-tipping as well as having constituents who work at the council. Will she personally undertake not just to get people round the table, but to get this sorted out once and for all?

Alison McGovern: I thank the right hon. Lady for raising that on behalf of her constituents. The impact of fly-tipping is clearly a worry to us all. She raises the seriousness of the issue, which I and the Secretary of State also recognise.

Dr Simon Opher (Stroud) (Lab): In Stroud, we have 4,000 council houses; we need at least double that. Will the Minister look again at the constraints that councils are under and see whether the Government can enable them to build more council houses?

Matthew Pennycook: We are committed to reinvigorating council house building, which is essential to boost and sustain higher rates of housing supply in the years ahead. We have already taken decisive action to support councils to build at scale once again, including reforming the right to buy and launching the council house building skills and capacity programme, but we will of course keep the matter under review to see what further support we can provide.

Dr Ellie Chowns (North Herefordshire) (Green): When will the Government take steps to address embodied carbon in buildings?

Matthew Pennycook: The hon. Lady can look forward to the future buildings standards being brought into force later this year.

Chris Vince (Harlow) (Lab/Co-op): Across the winter months, I have received an increased amount of casework from residents of Harlow who are suffering from damp and mould in their houses. They deserve quicker repairs and higher standards from landlords. Of course, Awaab's law is to be welcomed, but will the Secretary of State confirm what enforcement measures will be used to ensure that landlords adhere to the legislation?

Steve Reed: Landlords will face the full force of the law if they fail to comply with regulations that have now come into force thanks to Awaab's law. We expect social housing to get a lot better than tenants have seen over recent decades.

Graham Stuart (Beverley and Holderness) (Con): The local government settlement strips £27 million from East Riding of Yorkshire council. I learned today that there will be an additional £21 million cost over the next three years from the minimum wage and the jobs tax. Does the Minister really think it is acceptable that local residents should have sky-high council tax rises and falling quality of services?

Alison McGovern: The hon. Gentleman and I were both in this House for the entire period of austerity, which landed at the door of town halls more than almost anywhere else, so if he wants to look for someone to blame for the parlous state of council finances, I would recommend a mirror.

Leigh Ingham (Stafford) (Lab): Several prominent buildings in Stafford have been left vacant for long periods, with landlords allowing sites to fall into disrepair with no intention of bringing them up to standard. Labour-led Stafford borough council is trying to act proactively to tackle these eyesores, but what advice and support can the Government offer to good councils that are seeking to address property hoarding and to unlock sites for regeneration?

Miatta Fahnbulleh: We are clear that we want to boost the power of communities to revive their places. This is why we are rolling out high street rental auctions, stronger and more streamlined compulsory purchase powers, the community right to buy, and Pride in Place, and we will work with any council that wants to take back control of its place and revive its communities.

Iqbal Mohamed (Dewsbury and Batley) (Ind): The main cemetery in Dewsbury is approaching capacity following the increase in burials since the covid pandemic. The local authority has been aware of this issue for several years. However, there remains significant uncertainty and concerns are becoming increasingly urgent. The issue is of particular cultural and religious significance, with only two burial plots remaining for Muslim burials. What steps will the Secretary of State take to support local authorities in addressing burial capacity shortages in Kirklees?

Miatta Fahnbulleh: We are conscious of the pressure in parts of the country around cemeteries and burials, and we understand the urgency. I ask the hon. Member to write to me with the specifics of the issue in his patch, and we will respond in due course.

Rachael Maskell (York Central) (Lab/Co-op): The local housing allowance covers just over half of private rents for social tenants in York, as private rents are so extortionate, so will the Government review the broad rental market area, which does not work for our area? It has not been reviewed properly since 2008.

Alison McGovern: I am working closely with my Department for Work and Pensions colleagues, and we know that there are many problems with affordability in the private rented sector. Ministers have mentioned some of the actions we are taking today, but we will be working with the DWP to do more.

Helen Morgan (North Shropshire) (LD): Shropshire council had its funding cut in the local government finance settlement, despite needing exceptional financial support this year and a surge in demand for social care in the years to come that cannot be managed down by the council. Will the Minister meet me to discuss how to put Shropshire on a stable financial footing?

Alison McGovern: I have already met the hon. Lady and I would be very happy to meet her again.

Catherine Atkinson (Derby North) (Lab): Hundreds of new homes are being built at the Friar Gate goods yard, originally a 19th-century rail depot. This development is near the city centre, but other housing that was built further out under the Conservatives went up with inadequate transport infrastructure and little thought for public transport. What is being done to ensure that new homes have the transport infrastructure that they need?

Matthew Pennycook: I am more than happy to sit down with my hon. Friend and discuss the matter in more detail.

Jess Brown-Fuller (Chichester) (LD): Constituents on a new build estate in Chichester were ordered without warning to pay an extra £180 a month on top of the £212 that they were already paying. When the Government bring forward their planned legislation, will they stamp out these enormous price hikes and will they hold road management companies to account?

Matthew Pennycook: As I have said, we are intending to switch on the relevant provisions in the Leasehold and Freehold Reform Act 2024 that provide consumers with protections. I would encourage the hon. Lady to submit her views to the consultation, and I am more than happy to pick this up with her outside the Chamber.

Anneliese Midgley (Knowsley) (Lab): Will the Minister consider enabling all local authorities in the most deprived areas to have an above-average increase in core spending power in each year of the local government multi-year settlement, including in Liverpool city region?

Alison McGovern: I am proud to say that this settlement reconnects council funding with deprivation, and I have already explained the detail of that to the House. We will ensure that all councils are heard during this consultation period, and I look forward to working with my hon. Friend as one of my good friends and colleagues from our city region, which is of course the best one in the country, as you know, Mr Speaker.

Mr Speaker: Definitely, after Lancashire. I call Max Wilkinson to ask the final question.

Max Wilkinson (Cheltenham) (LD): The Minister is aware of the parlous state of Gloucester city council's finances. Can she reassure me that whether we agree or disagree with the local government reorganisation process, there will be no delays as a result of Gloucester's money difficulties?

Alison McGovern: I have heard what the hon. Gentleman has said, and we will take it under advisement as part of the reorganisation process. We want to get on with it so that councils can stabilise their organisation and their finances and get on with delivering for the public.

Speaker's Statement

3.40 pm

Mr Speaker: I would like to inform the House that Lord Forsyth of Drumlean has been elected as the next Lord Speaker. On behalf of the House of Commons, I would like to congratulate Lord Forsyth on his election—I look forward to working with him. I would also like to thank Lord McFall for the work he has carried out as Lord Speaker.

New Medium Helicopter Contract

3.41 pm

Adam Dance (Yeovil) (LD)*(Urgent Question):* To ask the Secretary of State for Defence if he will make a statement on the delays to the awarding of the new medium helicopter contract and the potential closure of Leonardo helicopter site in Yeovil.

The Minister for Defence Readiness and Industry (Luke Pollard): I thank the hon. Member for Yeovil (Adam Dance) for this urgent question and thank you, Mr Speaker, for allowing me to provide an update on the current status of the Ministry of Defence's new medium helicopter procurement.

Earlier this afternoon, I spoke with the CEO of Leonardo UK and the managing director of Leonardo Helicopters to continue our conversations around NMH exports and autonomous helicopters, and stressed that Leonardo remains an important strategic partner for the MOD. In fact, I had to leave that meeting early to get to this UQ. It is something that remains on my priority list.

The NMH programme was first announced in March 2021 by the previous Government, with competition opening nearly three years later in February 2024. The Government will make a final decision on the award of the NMH contract through the wider defence investment plan. As the Defence Secretary has said in this House, we are working flat out to deliver the DIP, which will deliver the best kit and technology into the hands of our frontline forces and, importantly, will invest in and grow the UK economy. It will be published as soon as possible and is backed by the Government's largest sustained increase in defence investment since the end of the cold war, spending £270 billion on defence in this Parliament alone.

Adam Dance: Thank you again, Mr Speaker, for granting me this urgent question. I also thank the Minister for his response.

Leonardo in Yeovil, the home of British helicopters since 1915, has been the only bidder for the UK's £1 billion new medium helicopter contract for over a year now. It is clear that the current bid will not be sustainable past March. If this contract is not awarded by then, we will lose over 3,000 manufacturing jobs in Yeovil, support for over 12,000 jobs in the regional supply chain and the £320 million that Leonardo contributes to local GDP. We would also lose our country's ability to produce our own helicopters end to end here in the UK at a time of serious global tensions and insecurity.

Will the Minister please reassure us that the Government plan to go ahead with this contract and that the delays do not mean that the funding for the contract is not available? Can the Minister commit today to protect the future of the site in Yeovil? Will he state that the new medium helicopter programme is vital to our national defence? Finally, with the defence investment plan now seemingly in limbo, can the new medium helicopter programme be separated from the plan and awarded today—yes or no?

Luke Pollard: I thank the hon. Member for his questions. He will have heard my first answer, which answers some of his questions, which said that the NMH decision will be made as part of the defence investment plan. That will be announced shortly, so I will not be able to give him an answer today. I continue those conversations with Leonardo, as indeed I have today. It is important that we continue having those constructive conversations because I understand the importance of Yeovil not only to his constituency, but to our wider defence ecosystem and, as a south-west MP, to the wider region as well. Leonardo is expert in not only building helicopters but servicing them, and I am excited about some of the work it is undertaking on autonomous helicopters, as well as its wider business interests across the UK, especially in electronics and other areas. I am happy to continue conversations with the hon. Member about this, as I will do with the company and with the trade unions representing the workforce.

Mr Calvin Bailey (Leyton and Wanstead) (Lab): It is not only the highly skilled jobs and sovereign capability brought by Leonardo's investment in Yeovil that are at stake; we must also recognise the opportunities for social mobility that industries such as this create for young people from across the country and from every background. I note that the NMH programme existed in the previous Government's unfunded £29 billion equipment plan. Their failure to prioritise the programme and deliver the defence funding that such hard decisions need—*[Interruption.]* It is in the National Audit Office report. That failure means that we need the defence investment plan to make the decisions necessary to secure our country and European security.

Luke Pollard: My hon. Friend is right about two things. First, defence is an engine for growth. That is why we are investing more of the increasing defence budget in British companies. Secondly, the Conservatives left huge swathes of their equipment programme unfunded—a problem that we are sorting out because of the mess that the hon. Member for South Suffolk (James Cartlidge) left.

James Cartlidge (South Suffolk) (Con): I congratulate the hon. Member for Yeovil (Adam Dance) on tabling this urgent question. It was a real pleasure to visit the Leonardo factory last September and witness how critical it is to employment in his constituency. Visiting the factory, one gets a powerful sense of Britain's rotary history, but we want it to have a brilliant future too. That is why it is so worrying that the CEO of Leonardo recently warned that at least 3,300 jobs could be at risk if the NMH procurement does not go ahead. It was with those jobs in mind that when I announced the formal tender of the new medium helicopter as Defence Procurement Minister in February 2024, I took the decision to give a much stronger weighting to two key areas of the tender: first, the commitment of bidders to delivering high-skilled rotary work in the UK; and secondly, exportability, so that the supply chain could endure. All that will count for nothing if the procurement is cancelled.

Can the Minister confirm whether there is still a military requirement for NMH? If so, is he still committed to procuring NMH? After all, when I asked the question last April, I was told I would get the answer in the strategic defence review, but the SDR document never mentioned NMH at all. Instead, when the Secretary of State announced the SDR to Parliament last June, he said that the detailed decisions would be covered in the defence investment plan, which he said then would be published in the autumn of 2025. Given that it is now 2026, and that promise has clearly been broken, can the Minister tell us in which month he will finally publish the DIP? Can he confirm reports from multiple sources that the reason the DIP is delayed is that there is now a £28 billion black hole in the MOD budget?

Finally, the Budget Red Book shows exactly what Labour will spend on removing the two-child benefit cap right up to 2031, but does not say what the defence budget will be that year. Can the Minister tell us? Is the reality not that by prioritising welfare over going to 3% on defence this Parliament, Labour are paralysing decision making in the Ministry of Defence and putting thousands of jobs at risk in our defence industry at Yeovil and across the UK?

Luke Pollard: Deary me. It is this Labour Government who are increasing defence spending to the highest level since the end of the cold war. It is the Conservatives who hollowed out and underfunded our armed forces. In their first year in government, they cut defence spending by £2 billion. In their first five years of government, they cut defence spending by £12 billion. In their 14 years, they never once hit 2.5% of GDP on defence.

I remind the House that as the Defence Procurement Minister until the election, the hon. Member for South Suffolk (James Cartlidge) left a defence programme that was overcommitted and underfunded. He left 47 of 49 major defence programmes over budget and delayed. He left forces families in terrible housing and our warfighters with broken kit. We are clearing up his mess while he focuses on gaslighting the public about the Tories' record on defence.

Antonia Bance (Tipton and Wednesbury) (Lab): I support calls by my union, Unite, for a speedy decision on crewed helicopters. I hope soon for good news on that front in the defence investment plan, which we all look forward to so very much. Might the Minister have any news on the manufacture of autonomous helicopters here in the UK, and on the good jobs that will come with them?

Luke Pollard: As a fellow Unite member, I recognise the importance of good, well-paid, unionised jobs in our defence industry. The opportunities in autonomy were set out clearly in the strategic defence review. We believe that a mix of crewed, uncrewed and autonomous systems—for not just some but all units of our armed forces—is the right future, in which we can increase our lethality and move towards warfighting readiness faster. When we do that correctly, as we will set out in the defence investment plan, more jobs will be created in British companies—and, potentially, at Leonardo—as they consider autonomous helicopters and uncrewed platforms working together to increase our armed forces' lethality and ability.

Mr Speaker: I call the Liberal Democrat spokesperson.

James MacCleary (Lewes) (LD): I thank my hon. Friend the Member for Yeovil (Adam Dance) for securing this important urgent question on behalf of his constituents.

[James MacCleary]

The UK has retired Puma early, leaving a medium-lift helicopter capability gap. At the very moment our allies are accelerating procurement because the threat picture has worsened, the Government are still dithering on the replacement of that critical sovereign capability. Ministers keep hiding behind the forever-delayed DIP—the defence investment plan—but if they do not get on with it, they will be dealing with two more dips: a big dip in employment and investment in Yeovil and across the UK when Leonardo leaves because of Government inaction, and a dip in the capability of our armed forces, which will be left without a modern medium helicopter to call upon. Once an end-to-end helicopter-manufacturing workforce has drained away, we cannot magic up a new one when another crisis hits. Does the Minister recognise that if Yeovil is not sustained, we will lose those skills for a generation? Given that Leonardo is the only remaining bidder, will the Government stop dithering and get on with it now? Will the Minister commit to a new contract today?

Luke Pollard: I thank the hon. Gentleman for his questions. They are, I am afraid, the same questions that his hon. Friend asked, so I will have to give him the same answers. All decisions on the new medium helicopter contract will be made as part of the defence investment plan. We continue those conversations with Leonardo. I recognise the importance of the skilled workforce. I will continue speaking to the company, as well as to the trade unions, about that—I am meeting Unite later in the week to have further conversations. I want to see more of the increase in the defence budget spent with UK companies, as we set out clearly in the defence industrial strategy and as the Prime Minister and the Defence Secretary have said we will continue to do. I recognise and share the hon. Gentleman's passion about renewing our armed forces. We will make those decisions as part of the DIP, which will come shortly.

Tom Hayes (Bournemouth East) (Lab): As the Member of Parliament for Bournemouth East, I am passionate about renewing British military aircraft. After all, my constituency hosted the Bournemouth air festival until it was scrapped by the Liberal Democrat-led council, with no plans to return it—something that I am trying to reverse.

I welcome the award of 1,000 major contracts since July, and the defence spending bumps of £5 billion this year and £270 billion over the lifetime of the Parliament. Like me, the Defence Minister is a south-west MP. Will he set out how the Government are investing in defence across Bournemouth, Christchurch and Poole and the broader south-west?

Luke Pollard: Constituencies across the south-west of England and around the country stand to benefit from the increase in defence spending set out by the Chancellor: £5 billion for the defence budget this year, which will rise to 2.5% and then onwards. We know that we are living in a new era of threat, and we are renewing our armed forces as a result. Many of the contracts that we are placing now are for the newer end of technology—autonomous systems and latest capabilities. That retires some of the old capabilities we inherited from the previous Government, who would not give our warfighters the fighting advantage that they need—especially given the lessons learned from Ukraine. Later this month, we will stand up the Office for Small Business Growth, which will help to support more small businesses and procurement in defence. There will be advantages, given the number of small businesses around Bournemouth that have huge potential to contribute to our defence and national security.

Simon Hoare (North Dorset) (Con): Leonardo is an important company for Somerset, Dorset and the wider south-west. The Minister will know that corporate decisions are competitive, and his Department plays a key part in shaping what those decisions will be. The defence investment plan is now long overdue. I appreciate that he probably cannot give us a specific date, but it would be helpful if he could tell the House whether we will see the plan in this financial year or the next.

Luke Pollard: I thank the hon. Gentleman for his question and for the tone in which he asked it, and he is right to say that corporate decisions about where investment goes are important. That is one reason that we have continued dialogue with Leonardo, not just in the UK but also with its parent company in Italy, to ensure that it is kept abreast of our challenges with the DIP, and with the military need and procurement strategy. I am afraid I will not be able to give a date for the DIP. We are working flat out to get it, and it will be published shortly when ready.

Jacob Collier (Burton and Uttoxeter) (Lab): Issues such as these are why the new defence industrial strategy is so welcome, and it places a prioritisation on British firms. That is welcome news to local Rolls-Royce, which has been awarded billions of pounds of contracts under this Government. What more will that investment do to support neighbouring areas such as mine in Burton and Uttoxeter?

Luke Pollard: My hon. Friend is right to say that the defence industrial strategy is a key piece of the puzzle in building up our new armed forces. It was published last year—*[Interruption.]* The shadow Minister is asking where it is, but it is on the internet because it was published a number of months ago, so if he has not read it, he should have a read. My hon. Friend's question about Rolls-Royce is important. We have given Rolls-Royce a £9 billion contract for new nuclear reactors to support the SSN-AUKUS work. That Unity contract is an important part that enables Rolls-Royce to invest in its infrastructure and, perhaps most importantly, in its skills base. I recently met Rolls-Royce, and I know it has plans to go even further with its product offer and employment opportunities, and I will continue to keep the House informed about those developments.

Dame Caroline Dinenage (Gosport) (Con): The Secretary of State promised long-term partnerships with our domestic defence industry, but when the Government dither and delay in giving primes confidence with their big contracts, that directly impacts the ecosystem of brilliant British subprimes across our country. Those include StandardAero at Fleetlands in Gosport, which has the opportunity to provide the assemble and inspect test on the GE motor in Leonardo's AW149. Fleetlands has been a key player in our country's defence rotary wing history for 100 years.

Does the Minister see how delay in that decision is not only holding back our world-class industry, but delivering uncertainty to key companies across our country and all the people they employ?

Luke Pollard: The hon. Lady is absolutely right to say that there are important defence companies in her constituency, and across the country. We continue to place contracts with the defence industry, with more than 1,000 placed since the general election, and over 80% of those with UK firms, and that is an important continuation of our efforts to renew our armed forces. I entirely understand her argument that we want more investment and certainty, and when the defence investment plan is published—shortly, I hope—that will provide clarity on the kit we are buying, and in what order and sequence. That will help to support the growth of British businesses both large and small.

Sarah Dyke (Glastonbury and Somerton) (LD): I thank my hon. Friend the Member for Yeovil (Adam Dance) for securing this urgent question on behalf of his constituents, as well as mine in Glastonbury and Somerton. Alan from Keinton Mandeville, a Leonardo employee, recently wrote to me to stress how securing the new medium helicopter contract would protect jobs, support growth, and maintain the UK's sovereign capability in military aviation at a time of growing global instability. In addition, as the Minister will know, Leonardo supports Yeovil College in developing apprenticeships to the tune of over £1 million a year, and many of those apprentices live in my constituency. Does the Minister recognise the impact of his Department's delay in compromising not just regional development but national protection?

Luke Pollard: I met the chief executive of Yeovil College briefly at the Great South West conference last year, and I understand its involvement and partnership with the private sector in that locality, including Leonardo, but not only that. I want to provide certainty for businesses, which is why I also want to ensure that the defence investment plan is got right. For far too long industry has had promises of funding when the equipment programme has been unfunded, and there has not been money to support those jobs or that certainty. We inherited a programme in which huge amounts were unfunded, so our objective is to ensure that all our defence programmes are sustainable. We must ensure that we are clearing up the mess. Industry must have full certainty that when something is in the programme, it will be funded, rather than the previous situation when industry saw the press releases and soundbites but not the cash. We are addressing that with the new defence investment plan.

Sir Julian Lewis (New Forest East) (Con): The Minister knows that I have a high regard for his commitment and integrity, and that I have pressed successive Governments for more defence investment, so leaving aside the party politics, will he confirm whether or not the Government accept what the hon. Member for Yeovil (Adam Dance) has estimated, which is that, if this contract is not concluded successfully by March, then it will be too late to secure the future of Yeovil as a helicopter centre of excellence?

Luke Pollard: I thank the right hon. Gentleman for his question and the tone in which he asked it. I have a lot of time for him and his arguments. In fact, I think that "Shifting the goalposts?", which talks about the rise and fall of defence spending, is one of the very best Defence Committee reports and it was issued when he was Chair of that Committee. I certainly recognise what the hon. Member for Yeovil said about timings. The contract in the procurement of the new medium helicopter included a period where the prices were guaranteed; we are keeping that in mind, because we want to make a decision and not to be timed out.

Edward Morello (West Dorset) (LD): I congratulate my constituency neighbour, my hon. Friend the Member for Yeovil (Adam Dance), on securing this important urgent question. Leonardo may be based in Yeovil, but many of its 3,000 employees live in my West Dorset constituency, which is why, when I was elected, one of the first meetings I had was with Leonardo and it was about the new medium helicopter. The Minister has said today that the decision will be made "as soon as possible", but on 10 February, in response to my question in the Chamber, his predecessor told me that the decision would be made "swiftly". Given that every single defence manufacturer, SME and even the military personnel I meet say that we need to speed up defence procurement decisions—even the SDR itself urges the speeding up of defence procurement decisions—how much confidence can British industry have that the Government are listening to that need, when a decision about something as simple as a single contractor bid is taking so long to decide?

Luke Pollard: I thank the hon. Gentleman for his advocacy for his constituents who work at Leonardo. I entirely understand what he says. We are already taking steps to reform defence procurement to speed up decisions, but I am clear that a big decision about the future of the NMH and the funding for it needs to be taken as part of the whole programme. The defence investment programme is so important and it is important that we get this decision right, so that everyone can have certainty and confidence in every single line item in the DIP, which is something they have not been able to have with the equipment programme that we inherited.

Dr Andrew Murrison (South West Wiltshire) (Con): The delay in the DIP and the procurement of these helicopters has been unexplained and is causing a great deal of concern in my constituency, which is heavily dependent in the south on Yeovil and Yeovilton. Will the Minister do everything in his power to get a move on? A Government who want growth cannot afford this kind of delay. Will he confirm or refute the rumour going around that the one of the reasons for the delay is that he is descoping the number of AW149 airframes that he originally envisaged under this contract, and that there will now be significantly less than the figure of 24 that was originally booted about?

Luke Pollard: As the right hon. Gentleman was a Defence Minister in the last Government, he will understand the challenge of having an unfunded equipment programme that we are seeking to address in the defence investment plan. In relation to those he represents who work in Yeovil and Yeovilton—and indeed perhaps also in Culdrose,

[Luke Pollard]

on the wider servicing of helicopters that Leonardo does, not just the building of them—we will be making a clear decision on the NMH in the defence investment plan. He will be aware that this procurement was bounded by the process. We will make a decision, we will not be timed out and we will not be altering the contract.

Graham Leadbitter (Moray West, Nairn and Strathspey) (SNP): Obviously, the biggest impact will be felt in the constituency of the hon. Member for Yeovil (Adam Dance), but there will be an impact on businesses that are in the supply chain across the UK, and most people will be asking how on earth the procurement process has taken so long. Focusing on the military impact, how much have the repeated delays cost the taxpayer through failure demand—through the extended use of existing helicopters, long past their sell-by date, with ever-increasing maintenance costs—and has any assessment been made of future failure demand costs? What impact has the increased downtime of ageing helicopters had on operational risks?

Luke Pollard: The hon. Gentleman is certainly right that we inherited a number of very old helicopters. That is one of the reasons that we made the decision to retire Puma—a helicopter that had in many cases been flying for many, many decades. We will continue to look at the military needs and to match those with the capabilities from a rise in the defence budget, but the NMH decision will be made in the DIP.

Steve Barclay (North East Cambridgeshire) (Con): The Minister said that he welcomed the questions from my hon. Friend the Member for North Dorset (Simon Hoare) and my right hon. Friend the Member for New Forest East (Sir Julian Lewis), but he did not answer either; he did not tell us whether the defence investment plan will be published this financial year and he did not speak to the critical nature of a decision before going into the next financial year. He has explained missing multiple deadlines by simply refusing to give any further deadlines. Does he accept that this is a choice of this Government, without blaming the previous Government? If this Government can find additional funding for welfare, they could find additional funding to meet this contract.

Luke Pollard: The right hon. Gentleman knows that we have found additional funding for defence; there is £5 billion extra in our defence budget this year. We have an increasing defence budget for every single year of the decade ahead. Let me challenge his point, as I did answer the questions to which he referred; I just was not able to give the answer that he wanted. The NMH decision will be made as part of the defence investment plan, which will be published shortly.

Gideon Amos (Taunton and Wellington) (LD): I congratulate my constituency neighbour, my hon. Friend the Member for Yeovil (Adam Dance), on bringing this vital question to the House. As a fellow south-west MP, the Minister will know the massive impact that this issue has not just on Somerset, but across the whole south-west. Given the answers to earlier questions and the fact that he seems unable to confirm that this matter will be decided before the next financial year, do the Government recognise that they are putting into doubt not just the NMH, but the very ability to produce uncrewed helicopters in the future? In other words, if we do not get the NMH, we will not have uncrewed helicopters in this country any more, because Leonardo will have gone. Is that a risk worth taking?

Luke Pollard: The hon. Gentleman is certainly right that it is really important to have an industrial base that can build autonomous helicopters and autonomous lift, and a number of players are already developing in that space. I want to be able to provide certainty to the workers at Leonardo on the future of the NMH, and that decision will be made in the DIP.

Ben Obese-Jecty (Huntingdon) (Con): Rotary is obviously a vital element of military logistics. I know from my own experience in Afghanistan how much operations can be hampered by the inability to field a full suite of rotary assets in order to move troops around. With that in mind, and following the retirement of Puma for obvious reasons, can the Minister outline the rotary requirements for the armed forces at present and confirm whether the new medium helicopter is still a military requirement?

Luke Pollard: The hon. Gentleman comes from a background of knowledge in this respect. As part of the defence investment plan, the military have set out their needs, and they are being matched against the funding of the platforms that we have and the platforms that we want to purchase. As part of that, he will be aware of the SDR objective to move to greater autonomy in our platforms; indeed, a number of projects—including ones by Leonardo—are working to build that up. The new picture of crewed and autonomous platforms will be published as part of the defence investment plan.

Richard Tice (Boston and Skegness) (Reform): Can the Minister confirm whether the rumours are true that one reason for the delay in the medium-lift helicopter is that there has been a rearguard action in the Army to buy US Black Hawks instead? If he will not give a timeline for the defence investment plan, will he at least confirm that it will include a medium-lift helicopter—yes or no?

Luke Pollard: We have been very clear in the defence industrial strategy and the strategic defence review that we want more of a rising defence budget to go to British companies. That is changing the way in which defence procures, and it is the right change that we need to see as we bring more strategic autonomy back to the UK and as we friendshore and onshore more capabilities in these more difficult times. I am afraid that I will not be able to give the hon. Gentleman the full details, because they will be set out in the defence investment plan, as he has heard from my previous answers.

Sir Alec Shelbrooke (Wetherby and Easingwold) (Con): Disregarding the Minister's comment that we have to wait for the investment plan, most people in this Chamber know that that is because the Treasury is letting him do it. Further to the points made by my hon. Friends the Members for North Dorset (Simon Hoare) and for Gosport (Dame Caroline Dinenage), I am concerned about supply chain security. We have seen China, for example, put America over a barrel by dropping off renewables and making it reverse. Having supply chains in the United Kingdom is vital. Will the Minister really emphasise to the Treasury that it is a key strategic defence requirement that we are able to supply our military needs from within these borders? Maybe that will get the Treasury to sign off on what he clearly wants to tell us but cannot.

Luke Pollard: The right hon. Gentleman is absolutely right to talk about small businesses and the wider supply chain. A large component part of the defence industrial strategy talks about those things as well; I am sure he has read that strategy, so he will be familiar with it. We want to see our suppliers in the UK expand. We also want to see more of them selling to the UK military; indeed, lots of our small companies sell to foreign militaries, but not yet to the UK military. We are launching the office for small business growth later this month. That will enable an easier route for UK SMEs to sell their products and services into the UK military—something that, time and again, they have said has been hard in the past. We are making it easier for the future.

Richard Foord (Honiton and Sidmouth) (LD): I, too, am concerned about the potential loss of jobs in Yeovil and the wider south-west if we do not see a positive decision on the production of the new medium helicopter at Yeovil. Late last year, we learned that the Government had failed to negotiate access to Security Action for Europe, a €150 billion defence fund. Leonardo is an Anglo-Italian company, and was also supportive of UK access to SAFE. Can the Minister reassure us that this lack of a decision on the new medium helicopter is completely divorced from access to SAFE?

Luke Pollard: Yes, I can. We were very clear that we wanted to explore the options for the UK participating in SAFE, but we were also clear that we would not join at any price. Unfortunately, we were not able to make the value for the UK taxpayer and for UK industry match in those discussions with SAFE. We continue to co-operate very closely with not just the European Union, but our European allies—that can be seen from the new agreements we have signed, such as the Trinity House agreement with Germany and more collaboration and co-operation with Poland—and there is more to come.

Helen Maguire (Epsom and Ewell) (LD): I congratulate my hon. Friend the Member for Yeovil (Adam Dance) on securing this important urgent question. There is a resounding threat on our doorstep from Russia and international order rests on a knife edge; at this time, the efficiency of the UK's defence procurement process must be a priority. Businesses simply cannot afford to wait while the Government dither and delay on contracts. Thousands of jobs are at risk. That is the exact opposite of what this Government say they want to deliver, so can the Secretary of State provide UK business with confidence that the defence investment plan will be announced this year?

Luke Pollard: I thank the hon. Lady for her question, as well as for the promotion she has given me!

Since the general election, we have signed over 1,000 defence contracts, and more than 80% of those contracts have gone to UK companies. We will continue to use more of that increasing defence spending with UK firms, procuring with them wherever we possibly can. That is an important part of meeting the new threats we are facing as a nation and as a NATO alliance. We need to renew our armed forces, retiring old capabilities and bringing on new ones. The defence investment plan will set that out, and implement the approaches that were laid out so clearly in the strategic defence review.

Robin Swann (South Antrim) (UUP): On 26 March last year, three RAF Pumas performed a final fly-past of Aldergrove in my constituency. What urgency is there to fill that capacity gap of medium-lift helicopters and to secure a full utilisation of what used to be Joint Helicopter Command Aldergrove?

Luke Pollard: The hon. Gentleman and I have had a number of conversations about Aldergrove, and I suspect we will continue to do so. It is important that, as part of the defence investment plan, we continue to maintain lift capabilities across our armed forces. That will include a mix of crewed and uncrewed, and will lead into autonomous systems, as will be laid out in the defence investment plan when it is published shortly.

Jim Shannon (Strangford) (DUP): We all know that the Minister is a very honourable man, and we like him for the answers he gives us, but today we need confirmation of the dates—everybody has asked similar questions. He will be aware that delays in UK Ministry of Defence contracts create cash flow challenges, forcing delays in the MOD's own operations. I know that from experience; 95% of defence companies in Northern Ireland are small and medium-sized enterprises, which are less equipped to absorb the financial strain of prolonged procurement cycles. Will the Minister please agree to an overhaul of the contractual system so that it acknowledges those who are dependent on contracts and makes the right decisions in a more efficient way, and will he begin the overhaul by making the decision that we have clearly and very much demanded to hear today?

Luke Pollard: I thank the hon. Gentleman for his advocacy for the defence industries in Northern Ireland. He will know that this Government placed a £1.6 billion order for new missiles from Northern Ireland. Those are a key component of our efforts to keep our friends in Ukraine safe. We will continue to procure from Northern Ireland businesses. Indeed, we are looking forward to the development of the defence growth deal for Northern Ireland, which I hope will enable us to take a substantial step forward shortly.

Water Supplies: East Grinstead

Mr Speaker: This urgent question relates to the ongoing interruption of water supplies in East Grinstead and the surrounding villages. What I am saying is that it relates only to the broader area that is affected. Please, this issue does not affect people in Northern Ireland, so can we keep it to the Members who are affected? If it does not affect you, I do not want you to speak. We have six hours on the Finance Bill later, so I am sure you can save yourselves for that.

4.15 pm

Mims Davies (East Grinstead and Uckfield) (Con) *(Urgent Question):* To ask the Secretary of State for Environment, Food and Rural Affairs if she will make a statement on the ongoing interruption to water supplies in East Grinstead and the surrounding villages and support for people affected.

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Emma Hardy): I would like to update the House on the ongoing water supply disruption across southern England, but before I do that, I pay tribute to my dad, David Mattinson, who passed away last Monday at Dove House hospice. I thank everybody at the hospice for the wonderful care they gave him. As a primary headteacher, he inspired so many people and was truly loved. He will be deeply missed by my sisters, my mum and me, and all who knew him. [Hon. Members: "Hear, hear."] I thank the nature Minister, my hon. Friend the Member for Coventry East (Mary Creagh), for covering me during my leave, and my friends and colleagues across the Department for Environment, Food and Rural Affairs. They met the chief executive of South East Water and numerous MPs last week and several times over the weekend. I really appreciate the teamwork and solidarity, so I thank them.

This is an unacceptable supply failure, particularly for residents in Tunbridge Wells, who face significant disruption for the second time in as many months. We are holding South East Water to account as the company responsible for the areas most affected. We have been clear in our daily meetings with the company that restoring supply must be the company's absolute priority, that every possible measure must be taken to protect vulnerable customers, and that those affected must receive proper compensation for the disruption they have experienced.

Far too many people are unable to wash safely or have adequate sanitation in their homes. Far too many businesses are being affected. The supply issues in Kent and Sussex have been caused by several short-term factors, including a period of prolonged cold weather, which led to a large number of burst pipes and water mains across the network, and operational issues at water treatment sites caused by Storm Goretti. However, the disruption in the south-east comes against a backdrop of previous outages and continued poor performance by South East Water in maintaining a reliable service for its customers.

It is yet further evidence that the water system is broken. For too long, water companies have failed to maintain their infrastructure and build the resilience needed to withstand events like this. Customers are paying the price for years of under-investment, and the Government will fix this through our wholesale water reforms. Those include stronger rules on maintenance and resilience, backed by £104 billion of private investment for infrastructure upgrades and the creation of a new single powerful regulator.

Mims Davies: My condolences, Minister.

Again, we have no water across parts of Sussex and Kent. That is expected to continue at the very least until tomorrow in my area. Again, we have a shambolic response, with more than 16,000 households in East Grinstead, Ashurst Wood and some of my Wealden villages affected. Again, my constituents have been left with poor, misleading or no communication from South East Water, with too many vulnerable people—even those on the priority services register—left waiting. Again, we have livestock owners struggling to get water for their animals. Many businesses have shut, as have many schools and nurseries. Again, water bottle stations have been poorly organised, with little or no clear provision for hard-hit rural villages and areas, forcing residents to make long drives. There have been failures to open or stations running dry far too quickly, creating huge gridlock, frustration and anger. All this, unbelievably, coincides with East Grinstead train station serving as the terminus for Gatwick airport rail replacement buses, which demonstrates a complete lack of joined-up planning. The local resilience forums are in place, but the logistics are failing.

What penalties or sanctions will the water company face, and what level of compensation—which my constituents and, indeed, many other constituents deserve—will they actually receive? Given the numerous and repeated serious failings on the part of South East Water in just the last five years, does the Minister agree with me and with many others that South East Water urgently needs new leadership that is capable of addressing emergencies properly and, crucially, restoring much-needed confidence in the company's ability to manage its systems, infrastructure and water supplies and to provide the service that is needed, now and in the future?

Emma Hardy: I am with the hon. Lady wholeheartedly. I completely understand the anger and frustration that she feels on behalf of her local residents who are once again experiencing problems with this company. As I have said, the short-term factor is the freeze and thaw, but the longer-term factors are the lack of resilience in the company and the fundamental problems that it has. We need to address that on a systemic basis: we need to set resilience standards, so that a maintenance system that is "fix on failure" becomes a proactive system.

The hon. Lady is right to raise the problems surrounding this company. It is already being investigated by the Drinking Water Inspectorate because of the earlier issues in Tunbridge Wells, and the inspectorate will conduct further investigations. I have met Ofwat representatives to discuss my concern about the company's performance, and have asked them to look into whether it is meeting its obligations in respect of serving its customers.

Several hon. Members *rose—*

Mr Speaker: Order. Let me reiterate, for the benefit of those who were not in the Chamber earlier, that only those representing constituencies that are affected—where the water has been cut off—should be rising. This is not about the storm, to which we may return tomorrow.

Helena Dollimore (Hastings and Rye) (Lab/Co-op): My constituency was affected by the water outage over the Christmas period, and I thank the Minister for her support over that period—for keeping me updated, and for briefing the water company. I really feel for the people who are experiencing these outages. The Environment, Food and Rural Affairs Committee has been trying to learn the lessons from the incidents in my constituency, but it seems that the mistakes are still being repeated.

The report outlined the need for more water stations, the need to consider the weight of six 2-litre bottles for people who are disabled and on the priority list, and the fact that those learnings are not being taken into account by the water companies, as well as the need for hygiene: several days into a water outage, people cannot wash their hands, they cannot clean and prepare food and they cannot have a shower. What are the Government doing to put pressure on the water companies to heed the findings and the learnings from each of these outages in our constituencies, given that the lessons do not seem to be being learnt every time?

Emma Hardy: I thank my hon. Friend for the leadership that she showed in her constituency during the Christmas period. We had all hoped to have some time off, but she had to reopen her office to communicate with residents. She is right to say that we need to learn lessons. What frustrates me more than many other things is the fact that the same problems are being caused by the same companies when it comes to communicating clearly and adequately with residents and ensuring that they know who their vulnerable customers are. I want our forthcoming White Paper to consider whether we have all the powers that we need, but, as I have said, the Drinking Water Inspectorate will be conducting its own investigation of what happened in Tunbridge Wells over Christmas and what is happening currently, and I do not want to get ahead of that.

Mr Speaker: I call the shadow Minister.

Dr Neil Hudson (Epping Forest) (Con): May I, from this side of the House, offer my sincere condolences to the Minister and her family for their sad loss?

Thank you, Mr Speaker, for granting the urgent question from my hon. Friend the Member for East Grinstead and Uckfield (Mims Davies). The shortage of water supplies in Sussex and Kent continues to have terrible impacts on local communities. Tens of thousands of homes have been without a water supply, schools and libraries are shut, businesses—in particular, hospitality businesses—have had to close their doors, farmers and horse owners fear not having enough water for their livestock, and some hospital appointments are being moved online. This is simply not good enough from South East Water, especially given its repeated failures, and given that this is the second major incident in a matter of weeks.

I understand the distress, anger and, frankly, exhaustion that many in the local area feel. They need clear communication, rapid action now and reassurance for the future, yet we have heard from my Conservative colleagues in Kent and Sussex repeated accounts of poor communication and logistics from South East Water, including bulk sharing issues with Southern Water. We have been told that constituents have travelled to and queued at vital bottle collection points, only to find that no water has been delivered.

Can the Minister confirm when the thousands of households affected by the shortage can expect their service to be restored to normal, and can she provide guidance on what is being done to ensure that homes can access adequate supplies, particularly vulnerable households in more isolated areas, where travelling to bottle collection points is not feasible? When will schools reopen, and what is being done to ensure that GP surgeries and hospitals can deliver their appointments and care? What measures have been put in place so that farmers and horse owners have enough water for their animals? Finally, given the Cunliffe review's focus on ensuring water supply, can the Government confirm what they will take forward from that review to address this as a structural issue, to ensure supply and consumer confidence for the long term?

Emma Hardy: I thank the hon. Gentleman for his kind comments regarding my father.

We have doubled the amount of compensation available. That has had a huge impact, particularly in Tunbridge Wells, where for the first time people will be compensated for being on a boil notice. We are looking at tightening resilience standards. As I mentioned earlier, it is about moving from the system that we have at the moment, which is "fix on failure", to proactive maintenance. Part of the reason for this problem—aside from the short-term impacts of freeze and thaw—is that there is not enough long-term resilience in the system. There are too many points at which it can easily fail.

The hon. Member for East Grinstead and Uckfield (Mims Davies) said that we need to make sure that we have bottled water in villages in more rural areas, and I have raised that directly with the company. As the shadow Minister rightly pointed out, it is difficult for some people to get to the bottled water stations, so we want to make sure that we have them in the right places. I have told South East Water that I expect it to communicate regularly with its Members of Parliament to make sure that the stations are in the right places and that it is sharing intelligence about that. I completely agree with him on communication: there has not been enough use of social media and the website has been too slow to update. There should be much more and much clearer communication going to Members of Parliament.

On when we expect the situation to return to normal, I sent the latest sitrep to all the MPs affected and I will continue to do that. We are having another strategic group meeting with everybody tomorrow to see where the situation is in the next 24 hours. I do not expect all this to be resolved in the next 24 hours, which is why I am holding another meeting tomorrow. South East Water should phone each individual Member of Parliament impacted and update them on what is happening.

Finally, livestock were mentioned by a number of colleagues on yesterday's call. South East Water is supporting 11 farms with bottled water, and it has made some deliveries of alternative water to farms across the region, but the hon. Gentleman is right to mention that this is having a huge impact on the welfare of animals, so the water company needs to take it seriously. I hope that, following this urgent question, it intends to do so.

Madam Deputy Speaker (Caroline Nokes): I call the Liberal Democrat spokesperson.

Sarah Dyke (Glastonbury and Somerton) (LD): About 16,500 residents have been impacted as a result of the latest water outage. GPs and schools have shut; vulnerable people, including those in care homes, are unable to access water; and people have been forced to queue for hours at water distribution sites. Unfortunately for customers of South East Water, this has become a trend: over the last five years, the company has ranked within the bottom three for water supply interruptions.

Experts have stated that the potential for water shortages in the area has long been known, but terrible strategic planning, a failure to cut leakage and decisions to divert money towards dividends have distracted from infrastructure improvements that should have been prioritised. Does the Minister agree with the Liberal Democrats that the continued tenure of South East Water's chief executive officer is untenable, given the scale, duration and repetition of these serious failures? Will the Government commit to a full, independent investigation into South East Water's operational resilience, governance and crisis management?

On behalf of myself and my Liberal Democrat colleagues, I offer my condolences to the Minister on the terrible and sad loss of her father.

Emma Hardy: I thank the hon. Lady for her kind words.

I completely share the frustration; it would be nice not to be talking about South East Water in the House. I feel I have come to know the hon. Member for Tunbridge Wells (Mike Martin) very well for the sad reason that we seem to be meeting all too frequently about problems in that area. As I have said, the Drinking Water Inspectorate will be investigating the situation in Tunbridge Wells. One thing it will look at is bottled water and its supply to vulnerable people—has that been communicated well; has there been a sufficiency; is it in the right place?—because during a crisis it looks at whether people are getting the water they need, so that investigation will take place.

As I have mentioned, I have already met Ofwat to share some of my concerns about performance issues at the company. I will be asking it to look at whether it thinks this company has met its obligations in serving its customers, and I will be reflecting deeply and seriously on what it tells me.

Mike Martin (Tunbridge Wells) (LD): I thank the Minister for all the help she has given me and my constituents over the past month. Tunbridge Wells is yet again without water. We seem to roll from outage to outage. As we stand here today, 6,500 houses are without supply. Schools are closed, and even more are closing as more areas go out of supply.

The Minister knows from personal experience that the leadership of South East Water suffers from an optimism bias, with appalling risk management. The leaders have no idea what is actually going on. During the call the Minister and I were on just an hour and a half ago, they said two things that were immediately proven to be false. That is not necessarily because they are lying, but because they do not know what they are doing. Plainly, the leadership of South East Water suffers from groupthink.

Last week, the Environment, Food and Rural Affairs Committee showed the leadership to be negligent. The Committee Chair, the right hon. Member for Orkney and Shetland (Mr Carmichael), accused the CEO of misleading Parliament and said his position was "untenable". The Secretary of State in the Minister's own Department has said that she is "shocked" by Hinton's "lack of accountability". Does the Minister have confidence in Dave Hinton, the CEO of South East Water?

Emma Hardy: I thank the hon. Gentleman for his question, and yes, we have been spending a long time talking to each other. I watched the EFRA Committee with great interest, particularly when Dave Hinton rated himself eight out of 10. It is really important that the Drinking Water Inspectorate has the space to do its investigation. It is also really important that Ofwat has the space to have a look at this company. My priority here and now is trying to get people's water back on and the system up and running, and that is where I want to focus my time, but there are questions to be asked about why we are back in this situation again.

Helen Whately (Faversham and Mid Kent) (Con): I offer the hon. Lady my condolences on the loss of her father.

About 5,000 homes in my constituency were without water this weekend. That on its own is bad enough, but then we have how South East Water responded—failing to deliver water to vulnerable people; sending elderly residents on a two-hour round trip to get bottled water, sometimes only to find that there was no water left; and ignoring the pleas from livestock owners for water for horses and other animals. This is a disgrace, and not for the first time. The chief executive of South East Water has shown us he is not up to the job. I urge the hon. Lady to use all and any powers she has to move him on and to get South East Water to appoint somebody who is up to the job.

Emma Hardy: I thank the hon. Lady for her question. I know she raised on the call her concern about livestock and the impact on animals. Water companies have a statutory duty to provide wholesome water—it is literally their job to provide that—and their requirements are set out in the security and emergency measures direction. They have a duty to provide water, so during a supply outage they have a duty to provide water to vulnerable customers and people who cannot otherwise access it. The Drinking Water Inspectorate will be looking at where we have seen failings.

Quite frankly, this is outrageous and it is unacceptable. I accept that the company cannot be held responsible for the freeze and thaw, but if there is a problem with the supply for whatever reason, it can be held responsible for the way it has responded to the crisis. There is no justification for its failure to get water to vulnerable customers or people who need it, and I will be picking that up directly with the company as soon as we are out of this latest crisis.

Alison Bennett (Mid Sussex) (LD): I sincerely thank all the Ministers for all their work over the past four days, supporting me and my constituents. My constituency has by no means had the worst outages, but a secondary school has been closed, multiple villages are out of supply, a hospital was out of supply overnight and 1,200 homes last night were out of supply. There are multiple points of failure not just in Mid Sussex, but right across the south-east. Frankly, I have been shocked by the fragility of the water supply system in our region. Quite simply, our infrastructure is not adequate to cope with normal weather events that we should all expect in January. We are on the edge of the supply area in Mid Sussex and East Grinstead. Will the Minister look at a duty to co-operate with neighbouring water authorities to ensure that those of us at the end of the pipeline are not cut off in the first instance?

Emma Hardy: The hon. Lady is quite right: it is a fragile supply system. We have had years of under-investment in resilience and there are too many points in the system where it can fail. It is not resilient. Other parts of the country are able to move water more effectively around their system, which creates much greater resilience. This system simply does not have the resilience it should. That is partly because of the historic problems around maintenance—historically, all water companies fix on failure, rather than undertake proactive maintenance—and partly because the system, as it is set up at the moment, does not allow the easy transfer of water across an individual water company. These are fundamental things that we need to address through our water reforms and changes in regulation. We can only build a resilient system if we are able to move water around some of the network. On the hon. Lady's other points, the impact on schools is obviously appalling, especially at the moment as I know many pupils are doing their mock exams—my daughter has been doing hers as well.

Helen Grant (Maidstone and Malling) (Con): I have no confidence whatsoever in South East Water. I have worked with it now for nearly 15 years. When things go wrong, and they often do in Kent and Sussex, its communication methods are absolutely atrocious: too little, too late and often very confusing. Often, all someone wants is to know when they can put the kettle back on or get in the shower. Yesterday, the Under-Secretary of State for Environment, Food and Rural Affairs, the hon. Member for Coventry East (Mary Creagh), who has worked extremely hard with the Minister on this matter, instructed that MPs be given two-hourly direct updates. That has not happened. She also instructed that a water station should be opened in Loose in my constituency, where over 2,000 people have been without water. That has also not happened. South East Water is not fit for purpose. Its leadership team is inadequate. It is out of its depth. I hope the Minister agrees that serious changes must be made, including the removal of the CEO, David Hinton.

Emma Hardy: I completely share the hon. Lady's outrage. When communication was specifically requested by my hon. Friend the Under-Secretary, we asked for that information to be made available to Members of Parliament. A bottled water station was requested—it beggars belief, to be honest. As I have said, Ofwat and the Drinking Water Inspectorate will be looking into this matter. I will be reflecting seriously on the information and reports that both organisations give me.

Josh Babarinde (Eastbourne) (LD): South East Water is failing Eastbourne. It is unacceptable that it left thousands of residents in Sovereign Harbour, Hampden Park, St Anthony's and Langney without water supply this weekend; it is unacceptable that it refused my ask to set up a water collection station in Eastbourne, forcing residents to travel 35 miles to East Grinstead if they wanted bottled water; and it is unacceptable that many residents who are on the priority services register received absolutely nothing, including no information. Does the Minister agree that South East Water is a busted flush? Does she agree that it is a scandal that water bosses such as Dave Hinton dine out on enormous bonuses, salaries and the rest while failing the residents across our area? Does she agree that Dave Hinton needs to go?

Emma Hardy: One of the reasons we introduced the Water (Special Measures) Act 2025 and the bonus ban was exactly to ensure that people who get a bonus have earned it and that people who have not earned one do not get one. That seems a pretty straightforward way of doing things in my mind. This goes back to the point made by colleagues across the House that water companies should be talking to Members of Parliament about where they need to put bottled water stations and what is the most effective place for that. Water companies have a statutory duty—it is not just that they can if they want to—to supply water to people in the event of supply outages. Two fundamental things the Drinking Water Inspectorate will look at are how well or otherwise the company has supplied water to people on the vulnerable register and how well or otherwise it has made bottled water available. Quite frankly, I am as outraged by this as the hon. Gentleman.

Katie Lam (Weald of Kent) (Con): I was very sorry to hear about the Minister's father.

Thousands of my constituents over the weekend in Headcorn, Staplehurst, Coxheath and the surrounding villages had no running water. It is vital in these situations that we are able to share accurate and timely information, but South East Water had no idea what was going on; there was supposed to be a bottled water station in Headcorn, and yet for the entirety of Saturday, nobody from South East Water could tell me if there was even any water there. We were given multiple conflicting pieces of information, most of which turned out to be inaccurate, and the only way my team and I could establish whether anything was provided was to go there ourselves. Does the Minister agree that this is unacceptable and that it makes a bad situation so much worse?

Emma Hardy: I completely agree. Poor communication is a theme that has run throughout this crisis; again, it is something that needs to be looked at seriously when the Drinking Water Inspectorate does its investigation, and something that I hope Ofwat will look at as well.

Social Media: Non-consensual Sexual Deepfakes

4.41 pm

The Secretary of State for Science, Innovation and Technology (Liz Kendall): With permission, I would like to make a statement on artificial intelligence, social media and online safety. No woman or child should live in fear of having their image sexually manipulated by technology, yet in recent days the AI tool Grok on the social media platform X has been used to create and share degrading, non-consensual intimate deepfakes.

The content that has circulated on X is vile. It is not just an affront to decent society—it is illegal. The Internet Watch Foundation reports "criminal imagery" of children as young as 11, including girls sexualised and topless. This is child sexual abuse. There have been reports of photos being shared of women in bikinis, tied up and gagged, with bruises and covered in blood, and much, much more. Lives can and have been devastated by this content, which is designed to harass, torment and violate people's dignity. They are not harmless images; they are weapons of abuse disproportionately aimed at women and girls, and they are illegal.

Last week X limited the image creation function to paid subscribers, but this does not go anywhere near far enough. It is insulting to victims to say that someone can still have this service if they are willing to pay. It is also monetising abuse.

Let me be crystal clear: under the Online Safety Act 2023, sharing or threatening to share intimate images without someone's consent, including images of people in their underwear, is a criminal offence for both individuals and platforms. My predecessor, my right hon. Friend the Member for Hove and Portslade (Peter Kyle), rightly made this a priority offence, meaning that services have to take proactive action to stop this content appearing in the first place. The Data (Use and Access) Act 2025 made it a criminal offence to create or request the creation of non-consensual intimate images, and today I can announce to the House that this offence will be brought into force this week and that I will make it a priority offence in the Online Safety Act, too. That means that individuals are committing a criminal offence if they create or seek to create such content, including on X, and anyone who does that should expect to face the full extent of the law. But responsibility does not just lie with individuals for their own behaviour; the platforms that host such material must be held accountable, including X.

This morning, Ofcom confirmed that it has opened a formal investigation into X and will assess its compliance with the Online Safety Act 2023. The Government expect Ofcom to set out a timeline for the investigation as soon as possible. The public and, most importantly, the victims of Grok's activities expect swift and decisive action, so the investigation must not take months and months, but X does not have to wait for the Ofcom investigation to conclude; it can choose to act sooner to ensure that this abhorrent and illegal material cannot be shared on its platform. If it does not, Ofcom will have this Government's backing to use the full powers that Parliament has given it. I remind X and all other platforms that those include the power to issue fines of up to 10% of a company's qualifying worldwide revenue, and in the most serious cases, Ofcom can apply for a court order to stop UK users accessing the site.

This Government will do everything in our power to keep women and especially children safe online. I can confirm that we will build on all the measures that I have outlined and will legislate in the Crime and Policing Bill, which is going through Parliament, to criminalise nudification apps. A new criminal offence will make it illegal for companies to supply tools designed to create non-consensual intimate images, targeting the problem at its source. In addition to our taking all those actions, we expect technology companies to introduce without delay the steps recommended in Ofcom's guidance on how to make platforms safer for women and girls. If they do not, I am prepared to go further, because this Labour Government believe that tackling violence against women and girls is as important online as it is in the real world.

This is not, as some would claim, about restricting freedom of speech, which is something that I and the whole Government hold very dear. It is about tackling violence against women and girls. It is about upholding basic British values of decency and respect, and ensuring that the standards that we expect offline are upheld online. It is about exercising our sovereign power and responsibility to uphold the laws of this land.

I hope that MPs on both sides of the House will stand up for British laws and values and call out the platforms that allow explicit, degrading and illegal content. It is time to choose a side. Opposition MPs can either support the legislative action that we are taking through the Online Safety Act, or they can ally themselves with those who think that the creation and publication of sexually manipulated images of women and children is acceptable. I say in particular to the one Reform MP in this Chamber that if Reform continues to call for the Online Safety Act to be repealed, it is shamefully supporting scrapping protections that keep women and children safe.

I would briefly like to address the understandable calls from many MPs and others for the Government to end their participation on X. I really do understand why many colleagues have come to this conclusion when X seems unwilling to clean up its act. The Government will keep our participation on X under review. Our job is to protect women and girls from illegal and harmful content, wherever it is found. It is worth bearing in mind that 19 million people in this country are on X, and more than a quarter of them say that they use it as their primary source of news, and our views—and often simply the facts—need to be heard wherever possible.

Let me conclude by saying this. I believe, and the Government believe, that artificial intelligence is a transformative technology that has the power and potential to bring about extraordinary and welcome change—to create jobs and growth, to diagnose and treat diseases, to help children learn at school, to tackle climate change and so much more besides—but in order to seize those opportunities, people must feel confident that they and their children are safe online, and that AI is not being used for destructive and abusive ends. Many tech companies want to act, and are acting, responsibly, but where they do not, we must and will act. Innovation should serve humanity, not degrade it, so we will leave no stone unturned in our determination to stamp out these demeaning, degrading and illegal images. If that means strengthening existing laws, we are prepared to do that, because this Government stand on the side of decency. We stand on the side of the law. We stand for basic British values, which are supported by the vast majority of people in this country. I commend this statement to the House.

Madam Deputy Speaker (Caroline Nokes): I call the shadow Secretary of State.

4.50 pm

Julia Lopez (Hornchurch and Upminster) (Con): I thank the Secretary of State for advance notice of her statement. Last week, public outrage was rightly expressed about the use of artificial intelligence to undress women and children in photographs by X's AI assistant Grok. The use of AI in that way without consent is wrong. It is disturbing, and in many cases it is illegal. We support Ofcom in taking enforcement action where an AI tool is used to generate illegal content, especially of children. We support the Government's stance on nudification tools.

X itself has warned of consequences for anyone prompting Grok to make illegal content. The tools in question have been put behind a paywall, for the easy identification via name and bank details of anyone misusing them. Beyond the platform, however, the Internet Watch Foundation has identified cases where perpetrators have used Grok in tandem with other AI tools to generate category A material. As the Chairman of the Culture, Media and Sport Committee, my hon. Friend the Member for Gosport (Dame Caroline Dinenage), has rightly said, such mainstream AI tools must not become an enabling step in the child abuse production pipeline.

Law already exists to deal with much of this, including the Protection of Children Act 1978, the Criminal Justice Act 2003, the Sexual Offences Act 2003, the Data (Use and Access) Act 2025—in which the Government voted against tougher amendments tabled by Baroness Owen of Alderley Edge—and the Online Safety Act 2023. Those laws should be enforced. We await Ofcom, the independent regular, setting out its next steps.

Regardless of the law, it is right to expect AI companies to anticipate and prevent misuse of products before their deployment through rigorous red teaming. I accept that for a law to deter, the enforcement threat must be credible, but its use must also be proportionate.

Notwithstanding the soft back-pedalling of the Secretary of State today, the Government's appendage swinging over the weekend was extremely serious. Ministers mooted as an urgent remedy the banning of a site with 21 million monthly users in this country, despite another Minister guffawing that banning X was "conspiracy theory No. 3,627."

Since their invention, the internet and social media have been misused—often criminally—by people traffickers, paedophiles and fraudsters: the gutter dwellers of our society. Nobody is on their side, but Government have never before proposed blocking TikTok, Google or Facebook wholesale for the frequent and often flagrant misuse of their sites. That would be an extraordinarily serious move against a platform that can be used for good—for uncovering scandals, sparking democratic revolution, and allowing the free exchange of ideas, day to day, including those that we do not like. It is that very power for good that makes Iran's mullahs reach to block the internet in the face of courageous protesters.

This episode poses legitimate questions about who holds power in the internet age. Many worry about the accrued influence of big tech titans—me included—but they worry, too, about the power of Government to divert, hide and duck accountability. They worry about this Government.

The uncomfortable truth for all of us is that some of this imagery sits in a legal grey area. What Grok has produced at scale in 2026 is a modern-day iteration of an old problem, from crude drawings to photoshop. Grok is not the only tool capable of generating false or offensive imagery, and not all of this content will cross the threshold into illegality. Plenty of it is sick, degrading and morally repugnant but does not cross the criminal threshold. What, then, is the Secretary of State proposing to do about the difficult enforcement choices that a regulator or police force must make? The risk is that, with finite resource, and in a highly politically sensitive environment, regulators could be diverted from pursuing the most abhorrent and dangerous crimes.

If we wish to mitigate the risk to children, one simple intervention may help stop them sharing their own image too freely: raising the digital age of consent for social media to 16. The cross-party consensus is growing. The Mayor of Manchester, Andy Burnham, agrees with that idea; does the Secretary of State? She knows that there are geopolitical consequences to her rhetoric. Figures close to President Trump have already threatened sanctions. Has the Secretary of State engaged with the US Government? Has she been advised on the nature of any retaliation, were the UK Government to block X? The US-UK tech deal has already been paused. We need clarity on what else is at stake.

To conclude, the Tech Secretary has said:

> "We are as determined to ensure women and girls are safe online as we are to ensure they are safe in the real world",

so will she ensure that the Government enforce against themselves for their failure to advance the rape gang inquiry, their failure to stop puberty-blocking trials, their failure to implement guidance on single-sex spaces, and their inability to deport illegal migrants who have committed sex offences? This Government rightly worry about the online sphere, and we support them on that, but there is plenty to be getting on with in the real world.

Liz Kendall: I was going to say that I was grateful to the hon. Lady for her support for Ofcom's action and investigations, and her support for our action on banning nudification apps, and that I hope she and her party will actually vote for the Crime and Policing Bill in its final stages, but she then began her own campaign of misinformation in the House. I merely stated the facts about the Online Safety Act. There is a backstop power in the Act, which I remind her that her party voted for in government. Under that power, in the most serious cases, if Ofcom believes that a company is refusing to comply with the law, Ofcom has the power to apply to a court for serious business disruption measures to stop people accessing a platform. If she disagrees with her own Government's legislation, she should make that clear to the House.

[Liz Kendall]

The legislation is extremely clear that it is a criminal offence to share or attempt to share non-consensual intimate images. It is going to be illegal to create or ask to create those images. The ban on nudification apps will be an important change. As I have said, this is nothing to do with freedom of speech; it is about upholding British values and the British law. I also gently point out to the hon. Lady, who mentioned our allies in the United States, that the President signed the Take it Down Act, which deals precisely with non-consensual intimate images. Maybe she should do a little bit more research, rather than just reading headlines, online or in newspapers.

I think the public will be clear about what change they want, and I genuinely hope that this is something we can work on across the House. It is because I am such a champion of freedom of speech that I do not want women to be bullied or harassed off any platform, and want their views and voices heard. The hon. Lady's colleagues might wish that she would take the same approach; I see that from their faces.

Madam Deputy Speaker (Caroline Nokes): I call the Chair of the Select Committee, Chi Onwurah.

Dame Chi Onwurah (Newcastle upon Tyne Central and West) (Lab): Unlike her shadow, the Secretary of State was rightly passionate when calling out these sexually abusive images. The libertarian tech bro lobby has to accept that consent counts online, too. In her letter to me today, the Secretary of State said that the Online Safety Act was designed to deal with this, but she is being overly generous to the previous Government. The Act was designed, or fudged, to give adults some protection from illegal content on certain services, and to protect children from harmful content more generally, but not including generative AI, and without making platforms responsible for content that they share. Will my right hon. Friend now accept my Committee's recommendations. and do more to explicitly plug the gaps in the Act, particularly regarding generative AI, as well as tackling the social media business models that incentivise the content that we are talking about?

Liz Kendall: I am genuinely grateful to my hon. Friend for all the work she and her Committee have done on this issue. I have read its work in detail since coming into post. She will know that I have already said on the issue of AI chatbots, for example, that some are covered by the Act—if they do live searches or share user-to-user content—but I have asked my officials to see where there are gaps. They have said that there are gaps, and I have said that I want to plug them, including by legislating, if that is necessary.

This is a fast-moving area. With the Online Safety Act, plus the additional measures we have taken in the Data (Use and Access) Act 2025 and that we will take in the Crime and Policing Bill, we have quite a comprehensive suite of powers here, but I know this is developing quickly, particularly around generative AI. I am always prepared to look to the facts and the evidence and go where that leads me, and if I need to take further action, I will.

Madam Deputy Speaker: I call the Liberal Democrat spokesperson.

Victoria Collins (Harpenden and Berkhamsted) (LD): For over a week, Grok has generated illegal sexual abuse material—non-consensual images of women and children—without restraint on X, which took the disgraceful step of putting it behind a paywall. That is abhorrent, and those images are illegal. Unlike the Conservatives, we very much welcome the action being taken and absolutely want to work together to stop this illegal, abhorrent use of AI technology. That is why the Liberal Democrats have called on the National Crime Agency to launch a criminal investigation into X and for Ofcom to restrict access immediately. We also called for Reform MPs to donate their earnings from X to those charities working for those victims of sexual exploitation.

Where there are loopholes around AI creation of these horrific images, we are pleased to hear the Secretary of State announce the establishment of a criminal offence to create, or seek to create, such horrific content and the work to criminalise nudification apps. Regulatory gaps, however, are not the only problem; enforcement is failing, too. While other countries have acted decisively to ban X, Ofcom has taken over a week to start an investigation and lacks the resources to take on these tech giants. What has become clear is that with the pace of technology, the Government must look to future-proof online safety from new harms and harmful features.

The Liberal Democrats have long been raising the alarm. We tabled amendments to raise the age of data consent, proposed a doomscroll cap to curb addiction and called for public health warnings on social media. Protecting women and children from online abuse cannot wait, so will the Government support our calls on these actions? This matters in real life—to my constituent who was harmed by strangulation in a nightclub following online videos, and to the victims of sexual abuse and violence, which often starts online. Given the pace of change, does the Secretary of State have full faith in Ofcom's ability to enforce the Online Safety Act? Will she meet me because, unlike the Conservatives, I would like us to work together on this important issue and discuss the action needed on AI chatbots and emerging technologies?

This is a moment for the House to act together. Inaction sends the message that abuse online is acceptable, and we must prove otherwise.

Liz Kendall: I thank the hon. Lady for her questions. I think I have said to the House before that patience is not my greatest virtue, but that is because the public and, most importantly, victims want to see this happen quickly. I said in my statement that I expect—because the public expects—Ofcom to do this swiftly. We do not want to wait months and months for action. I am of course happy, as is the Online Safety Minister, to meet her to discuss further steps. There are clear responsibilities here in terms of enforcement of the law on individuals and their behaviour, but the Online Safety Act, which I know her party voted for, does place some of those requirements on Ofcom. We have to see action, and I am sure that that message will be heard loud and clear today.

Madam Deputy Speaker: I call the Chair of the Education Committee.

Helen Hayes (Dulwich and West Norwood) (Lab): I welcome the Secretary of State's statement and the additional steps she has announced today. It is important that action keeps pace with the speed of the technology that it seeks to influence, so can I press her on the timescale for the Ofcom investigation and any subsequent action that may be needed? Can also I press her on the steps that the Government are taking to ensure that children, whose abuse is being enabled by the creation of images by Grok, are safeguarded and protected, and that those responsible face the full force of the law? Can she confirm that, if X continues to take the attitude and approach to these issues that we have seen so far, no options are off the table?

Liz Kendall: Absolutely no options are off the table. As I said to the Opposition spokesperson, the Online Safety Act includes a backstop power: if Ofcom decides that X has repeatedly refused to comply with the law, it can apply to a court for serious business disruption measures. My hon. Friend is right to raise the issues around protecting children. This is the most abhorrent crime. That is why this Government have been so strong on this. I am very happy to meet with her and talk to her Committee about what other steps we need to take. We will make sure that children are protected, no ifs and no buts.

Madam Deputy Speaker (Caroline Nokes): I call the Chair of the Culture, Media and Sport Committee.

Dame Caroline Dinenage (Gosport) (Con): The Secretary of State has given very clear message on this, and I thank her for that. She is right to say that this is not only about X and Grok; many generative AI platforms are facilitating this illegal and dehumanising behaviour. I gently say to her that although she is absolutely right that AI has enormous potential to reshape our lives, over a year since the Government attempted to sacrifice our world-beating creative industries and individuals' intellectual property on the altar of AI, we are still waiting for news of the AI Bill. However, I am pleased that she has drawn the line here that she will not sacrifice the safety of women and children.

I agree that there are gaps in the legislation—of course there are—but there is a lot of legislation out there and, since the Online Safety Act came into force in March, Ofcom has taken so very little legal action against illegal content, which is so prolific. How confident is the Secretary of State that Ofcom has not only the resources, but the willpower—the stomach—to take on these big tech companies?

Liz Kendall: I thank the hon. Lady for her comments, for her letter to me—I hope that she has received the reply; I tried to get that done as quicky as possible—and for her passionate campaigning on this issue. She knows that I and the Secretary of State for Culture, Media and Sport have been engaging deeply with colleagues on the issue of AI and copyright. We will update the House on next steps on that by 18 March. The hon. Lady knows that I want to find a way that backs our world-beating creatives, but also enables us to ensure that our world-leading AI developers and academics can use the technology too. That is no easy task, but I am determined to find a way forward. The proof of the pudding will be in the eating. This is a real test case. People want to see action. They want to see the laws of this land upheld. I am sure that Ofcom knows, and will hear once again from Members in this House, that that is what it needs to do to gain people's trust and their belief that this will work.

Emily Thornberry (Islington South and Finsbury) (Lab): I am very glad to hear that the Secretary of State is going to take swift action on this matter and that she is open-minded and prepared to do whatever it takes. It would be great if she could act as swiftly against the bot farms abroad that target our democracy with lies and mischief. Of course, I appreciate that it is sometimes difficult to prove unless one is a social media company. This weekend, the uprising in Iran resulted in the internet going down, just as it did in the summer, and guess what happened? One thousand three hundred bot accounts that support the Scottish nationalists went down. Either there are a lot of Scottish nationalists in Iran, which I suspect there are not, or there was a deliberate attempt to undermine our democracy and stir mischief. This is very serious. That is just one example that can be proved. What is going to happen as a result of that?

Liz Kendall: I thank my right hon. Friend for her important point about the impact on facts, democracy and rule of law. I know that she takes this extremely seriously, and so do the Government. The Chair of the Science, Innovation and Technology has written about misinformation, and I recently gave evidence about that to the Committee. I want to reassure my right hon. Friend that we are considering all those issues because, as I said, we want to uphold British values and the law, as well as the facts—that is a crucial issue in this whole debate, because there can be significant consequences if that does not happen.

Sir Julian Lewis (New Forest East) (Con): Does the Secretary of State agree that, in responding to a threat of this magnitude, a graduated response is required, and is she tentatively encouraged by the fact that X has decided to say that users cannot be anonymous in doing that sort of mischief? *[Interruption.]* Wait for it. I do not think X is taking that step out of the goodness of its heart. *[Interruption.]* Please do not shout me down. I think that X is taking that step because it is afraid of the sanctions that will come next. Should the Minister not be encouraging Ofcom to impose the appropriate level of sanctions, and to threaten to move to the next stage, so the big tech companies know that if they persist, they will be fined again and again and, ultimately, stopped from broadcasting? In taking that action, X has blinked, but the pressure must be ramped up in a graduated way.

Liz Kendall: I thank the right hon. Gentleman for his question. I set out in my statement the steps that can be taken. A formal investigation has been launched, as the public would expect—I want to see that report ASAP—and there are clear powers in legislation to fine such companies up to 10% of their worldwide qualifying revenue, alongside the backstop power. The right hon. Gentleman will know that other countries are taking a range of actions. Indonesia and Malaysia have introduced temporary bans, while other countries are amending their legislation to give them similar powers to us. People are making it very clear that they want to put pressure on. All that will send a clear, single message. I just hope that MPs on both sides of the House agree with it, so that we might protect all women and girls.

Emily Darlington (Milton Keynes Central) (Lab): I thank the Secretary of State for her absolutely clear message that what X is doing, through the use of Grok, is illegal. That is as much the platform's responsibility as it is the user's. I am afraid that there is less confidence in Ofcom's ability to enforce the Online Safety Act as it stands, or in the improvements being made. Does she agree with the many people across the country who believe that we need to see real action from Ofcom by the end of this week, or we will judge Ofcom's leadership as failing the British public?

Liz Kendall: My hon. Friend is a powerful champion on this issue. I am a feminist; I believe in deeds, not words. The deeds and the action will provide the proof that the very tough legislation already in place must be implemented—British rule of law. Ofcom needs to act, and swiftly.

Munira Wilson (Twickenham) (LD): I welcome the Secretary of State's announcements. She rightly set out the abhorrent and criminal nature of the content being created through Grok. As well as being subjected to that abuse, our children are being exposed to harmful content not just on X, but on many social media platforms—together with AI chatbots that never sleep, doomscrolling and addictive gaming. Children and young people, and their parents, are crying out for further action. I implore the Secretary of State to finally consider raising the digital age of data consent to stop big tech companies profiteering from our children's attention. She opposed that when we proposed it last year for the Data (Use and Access) Act 2025, but next week we will have another chance in the Children's Wellbeing and Schools Bill, which is currently in the other place.

Liz Kendall: Opposition Members, and many of my colleagues on the Government Benches, have called for a ban on social media for the under-16s. That is not currently the Government's policy, but I will always be driven by the evidence. I am closely monitoring the evidence, including where similar action has been taken in other countries. We are very concerned about screen time, and today we have announced that for the first time ever we will have new guidelines for screen use for the under-fives. We are very worried, including from recent evidence, that children under two who have the highest levels of screen time are struggling more with language. We are determined to take action, but I will always be driven by the evidence.

Samantha Niblett (South Derbyshire) (Lab): Last week I met the brilliant Cindy Gallop, founder of MakeLoveNotPorn, and the MakeLoveNotPorn Academy who, like me and many across the House, believes in empowering people to talk openly and responsibly about sex, free from shame. Given how quickly tech is evolving, regulation, bans and blocks alone cannot shift the behaviour of people such as those using the Grok tool to make non-consensual sexual deepfakes, and a shared cross-party commitment to lifelong age-appropriate sex and relationships education is vital to changing culture, promoting consent, and preventing harm. Does my right hon. Friend agree that despite the horror stories we are currently seeing, tech is not an enemy, people are—including some tech bros like Musk—and that tech could be used for good by good people to aid lifelong sex education instead of exploitation?

Liz Kendall: Madam Deputy Speaker gave me a look just now that said, "speed up your answers"—I know that is what she did, so I will. Tech can be a force for good or bad. I am so passionate about this because I believe that it can be a force for good, including the proper education of children and young people. On that point I definitely agree with my hon. Friend.

Madam Deputy Speaker (Caroline Nokes): I am not sure that I did give the Secretary of State a look, but I am going to run this statement for only an hour in total, so Members need to ask much shorter questions. I call Sir Jeremy Wright.

Sir Jeremy Wright (Kenilworth and Southam) (Con): I welcome what the Secretary of State has said, and the robust encouragement that the Government have given Ofcom to act on this issue. When she considers Ofcom's capacity to act, not just its willingness to do so, will she also consider whether injunctive-style relief ought to be available, so that it can act urgently when circumstances require? May I also ask about risk assessment? Because of the centrality of risk assessment to the process of the Online Safety Act 2023, it matters hugely whether a platform has assessed a risk, leading to its safety duties to do something about that risk. Will the Secretary of State discuss with Ofcom whether X has done a proper risk assessment and kept it up to date? At the very least we now know that X is on notice that its AI tools can be used for the promulgation of illegal content on its platform.

Liz Kendall: Yes, I will. I know that X replied to Ofcom on Friday about what action it had taken. I have not seen that, but I will ask to see it. Of course I want to see whether it is making the proper risk assessments as quickly as possible.

Neil Coyle (Bermondsey and Old Southwark) (Lab): I thank the Secretary of State for her action on this issue. What role does she think is being played by the tens of thousands of pounds taken by some, particularly on the right, from Musk's disinformation and child porn generator, in spouting false claims that this welcome Government action is about free speech?

Liz Kendall: This is all about upholding British values and British law, not restricting freedom of speech. It is about enabling women not to feel bullied and threatened, so that they can participate. Reform wants the Online Safety Act 2023 to be scrapped. Its leader has said that the way forward is just to talk to the platforms and tell them that this is not the way forward. So much for strong leadership. I wonder why that is its position.

Iqbal Mohamed (Dewsbury and Batley) (Ind): I welcome and wholeheartedly support the Secretary of State's statement, and I am ashamed and disgusted by the statement from the shadow Minister. Elon Musk is a so-called free speech absolutist who has decried Ministers as "fascists" and says that the UK must stop censorship. We now have American politicians threatening future trade deals if we tackle non-consensual content and deepfake child pornography being shared online. Does the Secretary of State agree that free speech should never extend to creating and sharing sexual abuse material of children or women? Does she agree that it is the responsibility of platforms that provide the tools, alongside Apple and Google, which permit those tools, and their app stores—

Madam Deputy Speaker (Caroline Nokes): Order. Questions have to be much shorter.

Liz Kendall: Non-consensual intimate images of women bloodied and bruised, women in bikinis and child sexual abuse are not freedom of speech—they are abuse.

Charlotte Nichols (Warrington North) (Lab): While X as a platform, and indeed some parties in this place, seem content to profit from the proliferation of illegal sexually abusive content, this Government are meant to practise what we preach on online safety and violence against women and girls. The public, like me, are baffled by hearing tough words from a Government who continue to not just use but prioritise X for their communications. If non-consensual deepfake pornography and child sex abuse imagery is not the red line for the Government to take their communications elsewhere, I ask the Secretary of State, what is?

Liz Kendall: My hon. Friend and I discussed this matter just last week. I completely agree with her that we need to get our views and voices out on a whole range of other platforms. I and many Ministers make that point regularly, and I think there is much more that we could do. We will keep the issue under review. As I spelled out in my statement, there is an argument, which the director general of the BBC made, about keeping a voice on a platform that is used by so many people, but I understand her concerns and we will keep this under review.

Jess Brown-Fuller (Chichester) (LD): If Ofcom does not act decisively and swiftly to protect people in the UK, it risks sending a deeply damaging signal that even the most serious forms of online abuse will be accepted when they are carried out by powerful platforms that are owned by powerful men. Does the Secretary of State have full faith that Ofcom will enforce the Online Safety Act in light of this slow and inadequate response to child sexual abuse material being produced by Grok?

Liz Kendall: I am sure that Ofcom will hear loud and clear my comments and the comments of the hon. Lady and others that we expect the law of this land to be upheld and enforced, and done swiftly.

Louise Haigh (Sheffield Heeley) (Lab): I congratulate my right hon. Friend on the strength and passion with which she has responded to this issue. Elon Musk is ideologically opposed to the kind of ethical guardrails and safeguarding that the British public want to see online. The update to Grok that facilitated these images was put in place in August, so where has Ofcom been in that time? Does that not reveal that the way that we legislate and regulate in this place is not fit for purpose with the challenges that AI presents day by day? Will the Secretary of State take this opportunity to consider a far more flexible principles-based, responsive approach to the way that we regulate?

Liz Kendall: My right hon. Friend raises a really important issue. Everybody in the House knows how long it took to pass the Online Safety Act, and by the time it was implemented, things had moved on very quickly. The question of how we move as quickly as the technology is moving is critical, and I am considering that issue deeply.

Kirsty Blackman (Aberdeen North) (SNP): Will the Secretary of State consider adding AI responses to prompts by users to the definition of user-generated content, so that that is included in the scope of the Online Safety Act? Will she or one of her Ministers meet me to discuss my concerns about the risks posed to children of children being able to livestream?

Liz Kendall: I will definitely meet anyone who has evidence about that and what we need to do.

Jess Asato (Lowestoft) (Lab): Having campaigned for a ban on nudification apps, I hugely welcome the Secretary of State's announcement today. We have all seen how AI has been used to humiliate and sexualise women, with bullet holes, blood, gagging, bruising, and even the horror of a Jewish woman being stripped of her clothes and placed at Auschwitz. Like a number of colleagues, over the weekend I have also had my own treatment and been stripped into a bikini by AI on X—much less than many victims have suffered but a reminder of what many thousands of women face daily. Will my right hon. Friend look at how the Government can work with industry to introduce AI watermarking, alongside ways of enabling users to mark that their pictures or videos should not be digitally manipulated without their consent?

Liz Kendall: My hon. Friend is a formidable campaigner on all these issues. The Minister for Online Safety and I are happy to meet with her to discuss all those ideas further.

Tom Gordon (Harrogate and Knaresborough) (LD): I welcome the statement by the Secretary of State. When she talks about a ban, one thing I am slightly concerned about, whether it is limited, short-term or long-term, is how it would be enforced. Is she confident that Ofcom could do so in response to X and what we have seen? How do we ensure that if we end up with a ban, temporary or otherwise, we do not allow people to circumvent it via the use of VPNs? What are her thoughts on that?

Liz Kendall: I hope that we do not get to that stage; I hope that X abides by the law and that Ofcom uses the powers that it has. That is extremely important, and we want to see that as quickly as possible. I am so sorry, but could the hon. Gentleman say the second part of the question again?

Tom Gordon: It was about ensuring that the ban is enforceable.

Liz Kendall: I think—

Madam Deputy Speaker (Caroline Nokes): Order. May I suggest to everybody who is yet to ask a question that second parts are not required?

Liz Kendall: That was my fault; I did not hear the question.

We will see. I believe that this ban can be enforced. We have comprehensive legislation that is probably stronger than that in almost any other country, and it now needs to be enforced.

Ms Stella Creasy (Walthamstow) (Lab/Co-op): May I very much welcome what the Secretary of State is doing in proving that none of this is inevitable with the development of technology? She has just said that there is a concern that our legislation is behind, rather than ahead of, the curve. She knows that this issue is not just about Grok; it is about AI chatbots. I know that Baroness Kidron in the other place has brought forward legislation on that. Will the Secretary of State defend all those talking about content moderation and how we get this right in the future, including by standing up to Governments who are not free speech advocates if they bar those people from their shores?

Liz Kendall: Let me just keep to the point about AI chatbots. We are confident that some are covered by the legislation, but officials have told me that they believe some are not. I am currently working this issue through. I want to move swiftly, but I want this work to be effective, for all the reasons we have said. I am happy to meet with my hon. Friend to discuss that further.

Sarah Pochin (Runcorn and Helsby) (Reform): Given the devastating harm caused by non-consensual sexual deepfakes and the reality that the Online Safety Act is ineffective against international social media platforms, how will the Secretary of State ensure the immediate removal of this material? How will she deliver practical support to women and girls from the moment that they become victims?

Liz Kendall: By backing the law, not calling for it to be scrapped, which is what the hon. Lady's party wants.

Steve Race (Exeter) (Lab): The South West Grid for Learning is based in my constituency, and it does some really important work in keeping people safe online as part of the UK Safer Internet Centre. It also runs a programme called "Stop Non-Consensual Intimate Image Abuse", which people can access to stop these images from being uploaded to platforms through a technological solution called hashing. Some platforms use that, but not all. Will my right hon. Friend encourage all platforms to take up this technology and promote this service to people?

Liz Kendall: That sounds like a very interesting and practical solution to many of the challenges we are discussing. I hope that my hon. Friend will send me more details.

Rachel Gilmour (Tiverton and Minehead) (LD): I cannot pretend to understand the complexities of AI bots or the stuff that we have talked about this afternoon, but I do understand the impact that sexual abuse has on children and girls in my constituency. On Saturday, I was talking to a grandmother, who told me that her granddaughter had been groomed; as a consequence, she had become suicidal, was locked in her room and was unrecognisable from the young woman that she had been just three months ago. I live in a very rural part of the country. May I seek reassurance from the Secretary of State that she will put as much money and as many facilities into rural parts of the country to prevent this disgusting habit as she will put into other parts?

Liz Kendall: I will do whatever it takes, and I know that is what the whole Government think. In particular, this is a personal priority for the Prime Minister. The people who abuse children find a way to do it, in every century and any different form. Our job is to find that and stop it, and that is what we will do.

Anneliese Dodds (Oxford East) (Lab/Co-op): I agree with the Secretary of State. The production of these disgusting images amounts not to freedom of speech but to freedom to abuse, harass and commit crime. Will she condemn what seems to be an organised campaign of intimidation against female staff at Ofcom? After all, they are just carrying out the responsibilities that they were given by this House.

Liz Kendall: Yes, absolutely. We all worry about what happens to our constituents, our family, our friends and the people who work with us if they have the temerity to speak out. We will not be bullied, we will not be cowed, and I know for sure that my right hon. Friend will not.

Ann Davies (Caerfyrddin) (PC): Many women and girls will be shocked to hear some colleagues in this House suggest that AI deepfakes is a question of free speech. Plaid Cymru is clear: digital abuse is not free speech. Does the Secretary of State agree that protecting women and girls must never be conditional, and will she outline what the Government will do not only to criminalise the creation of deepfakes, but to stop these platforms creating this technology in the first place?

Liz Kendall: Yes, and I refer the hon. Lady to my statement, which I think spelled out in detail all the action we are taking.

Lizzi Collinge (Morecambe and Lunesdale) (Lab): I cannot accept that it is okay for the Government to stay on X now, but I do welcome the strong action they are taking on online violence against women and girls. This is part of a wider problem of violent pornography that normalises and encourages violent sexual fantasies, so does the Secretary of State agree that Ofcom has a duty to act swiftly and firmly?

Liz Kendall: One hundred per cent.

Caroline Voaden (South Devon) (LD): I welcome the Secretary of State's clarity about these disgusting and illegal images on X. I have chosen my side—I deleted X from my phone on Saturday. Can the Secretary of State guarantee that Ofcom will have the powers, the teeth and the funding it needs to keep up with the tech bros as they invent new and innovative ways to degrade women?

Liz Kendall: I believe Ofcom does have the powers and funding to do that, but this technology is developing rapidly, which is why I have said to the House that I will keep monitoring it. Where we see gaps, we will plug them; doing so is so important for the country.

Florence Eshalomi (Vauxhall and Camberwell Green) (Lab/Co-op): I thank the Secretary of State for her comments this afternoon, and agree with her that anyone saying that this activity is free speech is totally incorrect. We must continue to redouble our efforts to protect women and girls. Part of this abuse happens on social media. As the Secretary of State knows, there is a big conversation about banning social media for under-16s. More teaching unions, teachers and parents are coming out in favour of doing so, and a large majority of the public are also in favour. The Secretary of State said that she is prepared to go further; will she ensure that the Government review what has been done in Australia and ban social media for under-16s?

Liz Kendall: We are closely monitoring what is happening in Australia. Banning social media for under-16s is not currently our policy, but of course we are looking at the evidence. I am particularly concerned about the addictiveness of social media and its impact on mental health. However, we also need to talk to young people themselves; some are acutely aware of the problems, but do not want it banned. I also hear organisations such as the Molly Rose Foundation and the NSPCC, which worry that a ban would push things deeper underground and that there would be a cliff edge when young people reach 16. We need to take all these issues into account, and I will always be driven by the evidence.

Dr Ellie Chowns (North Herefordshire) (Green): I thank the Secretary of State for her statement, and share her outrage and horror at the use of AI to create these abusive sexual deepfakes. Can I press her on implementation? Our legislation is only as good as its enforcement. She talked about acting swiftly, so will she set a hard deadline for Ofcom to complete its investigation? Will she also set a hard deadline for X to act, and if it does not, impose the fullest fines possible?

Liz Kendall: The legislation that we in this House voted for, the Online Safety Act, gives Ofcom those powers. I would expect a swift timeline and for any investigation to be done as soon as possible; people in this country, including victims, do not want to wait months. The legislation gives Ofcom the power to apply to a court for serious business disruption measures, and it is really important that that happens. Let us also not forget that X does not need to wait for any of this in order to act—it needs to do so immediately.

Jen Craft (Thurrock) (Lab): May I add my voice to those expressing shock at those somehow equating the holding to account of people who enable and profiteer from the production of sexual abuse images of children with the undermining of free speech? It is disingenuous and it does a disservice to everyone. I encourage the Secretary of State to continue to put pressure on Ofcom to make sure that it acts decisively and effectively against companies that break the Online Safety Act 2023.

Liz Kendall: I am sure that Ofcom knows only too well the expectation not only of this House, but more importantly of the country and victims, that action must be taken. We will continue to make that point.

Liz Jarvis (Eastleigh) (LD): Having read accounts of women who have had their image manipulated by Grok AI, I am dismayed by attempts by some to try to twist this into an argument about suppressing free speech. It is abuse and it is illegal. I welcome the news that the Government will criminalise nudification apps, but does the Minister agree that—as Elon Musk has so far refused to take any responsibility or to recognise the severity of online harms, and is unlikely to be bothered by the threat of fines—the only way to stop this abuse is to block access to X in the UK now?

Liz Kendall: I hope I have made clear my position on that, on the legislation and on my expectations, but I am more than happy to discuss it further with the hon. Lady.

Rachel Taylor (North Warwickshire and Bedworth) (Lab): I thank the Secretary of State for standing up for women and children with conviction and dedication, and with no ifs, no buts. I share that dedication. As a member of the Women and Equalities Committee, I supported our inquiry into non-consensual intimate image abuse. Witnesses told us that one of the most damaging aspects of that form of abuse was the length of time the images remained on those platforms. What steps is the Secretary of State taking to ensure that all these images and deepfakes are removed from the internet as quickly as possible?

Liz Kendall: My hon. Friend is another amazing campaigner on these issues. She is right to raise the issue of speed. I think I am correct in saying that the legislation expects platforms, when they know that this material is there, to take it down swiftly. It is interesting to note that the Take it Down Act that has been passed in the United States has a 48-hour time limit on non-consensual intimate image abuse. I always look at what is happening in other countries to see what more we can learn.

Sorcha Eastwood (Lagan Valley) (Alliance): I welcome the actions outlined by the Secretary of State today. Nearly 10 years ago, Molly Rose Russell died as a result of suicide from content she had seen online. In Northern Ireland, one of the world's most prolific paedophiles operated with ease online. We already know the risks here. Will the Secretary of State make sure that devolved regions are not left behind in our attempts to tackle this global scourge?

Liz Kendall: I will do anything I can to ensure that this is sorted in every part of our proud United Kingdom. If the hon. Lady has further ideas, I hope she will write to me about them, because I am keen to see them.

Lola McEvoy (Darlington) (Lab): I welcome the Secretary of State's swift action—all power to her. Long before this Grok app was invented, I met a father whose daughter had taken her own life after an overly sexualised fake image was circulated of her at school. That is the impact of these unregulated actions by anonymous people. Will the Secretary of State please use this opportunity to highlight the fact that creating, facilitating, hosting and sharing such images is against the law, and that no VPN or amount of money will prevent people from facing the full force of the law in this country?

Liz Kendall: My hon. Friend is absolutely right. The legislation is clear: it is illegal to share or attempt to share. It will be illegal to create or attempt to create. The nudification apps will be banned, too. We are crystal clear: VPNs or not, the platforms have to make sure that their duties under the law are fulfilled. That is what this issue is about, and we are determined to ensure that the full force of the law is felt.

Mr Will Forster (Woking) (LD): I have been contacted by a significant number of constituents, who are appalled that Grok and X are being used to create and then

[Mr Will Forster]

disseminate child sexual abuse. One issue that they have raised is the length of time it has taken us to act, as opposed to other countries. Malaysia and Indonesia have already banned these platforms. Is the Secretary of State not concerned about the fact that it took Ofcom a week to launch an investigation?

Liz Kendall: Patience is not my greatest virtue. I want us to act faster and more firmly, and I am sure that that message will be heard loud and clear by Ofcom and by X, which has the power to sort this out now.

Jessica Toale (Bournemouth West) (Lab): I welcome the Secretary of State's serious and rapid action to tackle non-consensual sexual deepfakes on social media, which we know have generated child sexual abuse images and have been weaponised to abuse and silence women, including many in the House. We also know that AI's capabilities are growing and it is becoming more widespread. How are the Government monitoring these evolving AI models to prevent them from causing harm in the future?

Liz Kendall: I pay tribute to the last Government for establishing the AI Security Institute, because, as my hon. Friend will know, it is a world leader. Its job is to monitor in depth, working in partnership with those companies, the harms that are there. I am in regular contact with the institute, which I think is very important, because I believe that the potential of AI can be used for great good—but only if it is safe.

Marie Goldman (Chelmsford) (LD): I welcome the statement, but an idea has been advanced by some that X moving Grok to a premium service somehow means that those at X are blinking, and I think that is for the birds. I think it was a deliberate strategy on the part of those at X to create a content generation tool that is disgusting but that drove up demand, to wait until the demand reached a critical mass, and then to make it a premium product so that it could make money from it. X is continuing to make money from violence against women and girls, which is what this is: it cannot be denied.

The violence against women and girls strategy, released just before Christmas, stated that the work would

"ensure that the UK has one of the most robust responses to perpetrators of VAWG in the world."

May I gently ask, given that other countries have already banned Grok, whether this is really the most robust response that we could have?

Liz Kendall: Other countries have different legislative systems. I believe that our Online Safety Act 2023, along with the other measures that I have mentioned, is one of the most comprehensive ways of addressing this issue. The hon. Lady is right to speak of the need for speedy and swift action, and that point has been made time and again in the House, but the Government's determination to tackle violence against women and girls comes from the top down and goes right across every Department.

I should have said earlier that the Minister for Digital Government and Data, who is a joint Minister in DSIT and in the Department for Culture, Media and Sport, is looking at the issue of advertising, including the monetisation of some of these behaviours. "Follow the money" is a really important issue, and we want to address it.

Sarah Russell (Congleton) (Lab): The overwhelming majority of child sexual abuse imagery produced online is still, very sadly, produced by children themselves, who have been groomed by adults in order to do so. What steps will the Government take to ensure that there are device-level protections to prevent children from taking and sharing nude images of themselves?

Liz Kendall: My hon. Friend has raised a really important issue, which I am happy to discuss with her further. What she says is exactly what is happening in this country.

I know that many Members have not had a chance to ask a question, but I will find a way to enable them to ask that question, and I will secure a response through the Department—including my parliamentary private secretaries—because I know how passionately all Members care about this issue, and I want to continue the debate.

Jim Shannon (Strangford) (DUP): On a point of order, Madam Deputy Speaker. The Secretary of State responded to another Member on the subject of Northern Ireland. Can she confirm that the Crime and Policing Bill will be modified to include Northern Ireland?

Madam Deputy Speaker: The hon. Member will know that that is not a point of order. I made it very clear that the statement would run for an hour. The Secretary of State seems to be itching to respond, but perhaps she could do so in writing. It is very unfair on Members who have not had the chance to get in that we should seek to extend the statement via a point of order.

Finance (No. 2) Bill

1st Allocated Day

(Clauses 1 to 10 and 62 and 69, schedules 1, 2 and 12, and any new clauses or new schedules relating to the subject matter of those clauses and schedules)

Considered in Committee

[Relevant document: Second Report of the Welsh Affairs Committee, Farming in Wales in 2025: Challenges and Opportunities, HC 785.]

[Caroline Nokes *in the Chair*]

The Second Deputy Chairman of Ways and Means (Caroline Nokes): I remind the House that, in Committee, Members should not address the Chair as Deputy Speaker. Please use our names when addressing the Chair. Madam Chair and Chair are also acceptable.

Clause 1

Income tax charge for tax year 2026-27

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

The Second Deputy Chairman: With this it will be convenient to consider the following:

Clauses 2 to 6 stand part.

Schedule 1 stand part.

Clauses 7 and 8 stand part.

Schedule 2 stand part.

New clause 2—*Review of the impact of section 7 on rent prices*—

(1) The Chancellor of the Exchequer must, within three months of this Act being passed, lay before the House of Commons an assessment of the impact of implementation of section 7 of this Act on rent prices.

(2) The assessment made under subsection (1) must—

(a) estimate the proportion of the increase in income tax on property income that is passed on to renters through higher rents,

(b) analyse the impact on renters by—

(i) region, an

(ii) income decile, and

(c) set out the methodology used to reach those estimates."

New clause 10—*Statements on increase in dividend ordinary and upper rates*—

"(1) The Chancellor of the Exchequer must, within six months of this Act being passed, make a statement to the House of Commons on the increase in dividend ordinary and upper rates introduced by section 4 of this Act.

(2) The statement made under subsection (1) must include details of the impact on—

(a) household saving decisions;

(b) the domestic equity market;

(c) institutional investors; and

(d) outcomes for all British savers and pensioners."

This new clause requires the Secretary of State to make a statement on the impact of increase in dividend ordinary and upper rates.

New clause 11—*Statements on saving rates of income tax for tax year 2027-28*—

"(1) The Chancellor of the Exchequer must, within six months of this Act being passed, make a statement to the House of Commons on the saving rates of income tax for the tax year 2027-28 introduced by section 5 of this Act.

(2) The statement made under subsection (1) must include details of the impact on—

(a) household saving decisions; and

(b) outcomes for all British savers and pensioners."

This new clause requires the Secretary of State to make a statement on the impact of the saving rates of income tax for tax year 2027-28.

New clause 12—*Sections 6 to 8 and Schedules 1 and 2: impact on private rental sector*—

"(1) The Chancellor of the Exchequer must, within six months of this Act being passed, publish an assessment of the impact of the changes introduced by sections 6, 7, and 8 of this Act on the private rental sector in England, Wales, Scotland, and Northern Ireland.

(2) The assessment made under subsection (1) must consider -

(a) the effects of the provisions of sections 6, 7, and 8 on the cost of private rent in each region within England, Wales, Scotland, and Northern Ireland,

(b) the effects of the provisions of sections 6, 7, and 8 on the supply of private rental properties in each region within England, Wales, Scotland, and Northern Ireland,

(c) any other implications of the changes introduced by sections 6, 7, and 8 of this Act."

This new clause requires the Secretary of State to publish an assessment of the impact of imposing new rates of income tax on property income.

5.46 pm

The Exchequer Secretary to the Treasury (Dan Tomlinson): It is a pleasure to open this first day of Committee debate on the Finance (No. 2) Bill. This was set to be the biggest economic moment of the day, but my moment in the limelight has sadly been blown off course by the riveting news that the former Member for Stratford-on-Avon has defected to Reform UK. This star signing is clearly a great loss to the Conservative party. Conservative Members may hope that it will allow them to start to expunge the history of the Truss mini-Budget from the nation's collective memory, although I cannot help but feel that it is a case of shutting the heated stable door after the horse has bolted. He said he wanted to join Reform UK to fix a broken system, but as with the Conservative party, no one will believe that he can do it. In fact, he ran the system, broke the system and left us all sorting out with the taxman how to pay for the mess he left behind.

I return to the topic at hand. My right hon. Friend the Chancellor delivered her second Budget at the Dispatch Box a few weeks ago. It was a Budget to build strong foundations and a secure future for our country. Reflecting historical underperformance, the Office for Budget Responsibility has revised down its productivity forecast. In isolation, this reduces the amount of revenue that the OBR expects the Government to collect by around £16 billion in 2029-30. The Government are determined to outperform this forecast by continuing our plans to grow the economy, protecting public services and cutting borrowing, but it is right to plan on the independent forecaster's judgments, meaning that despite Britain's progress, the Government need to strengthen the public finances.

The choice at the Budget was austerity and decline or investment and renewal, and this Labour Government have rejected austerity and repeating the mistakes of the Conservative party. All those who are quick to promise that they will cut taxes must set out where they would

[Dan Tomlinson]

credibly raise that money, what they would cut or by how much they would increase borrowing, as they enjoyed doing so much in recent years. The Budget made fair and necessary choices that deliver on the public's priorities and bring about the change that this Government promised. We have chosen to cut the cost of living by delivering £150 off energy bills and freezing train fares and prescription charges. The Government have chosen to focus on cutting waiting lists by delivering 5.2 million more appointments and opening 250 new neighbourhood health centres. All this would be threatened by the Conservatives, who do not support the taxes—including those we will debate in these clauses—that are needed to fund decent public services.

Sir Julian Lewis (New Forest East) (Con): I am very impressed by the Minister's opening speech and his lightness of touch, but can he explain to the Committee how he reconciles the litany of good effects with the number of U-turns carried out since the Budget was put forward?

Dan Tomlinson: I thank the right hon. Member for giving me time to top up my glass of water—and for his intervention. The Government have been very clear in our approach since we took office. We needed to raise revenue to fund public services, and we have been consistent in our objectives in that regard. We also needed to get borrowing down, and borrowing is falling in every single year of this forecast because of the decisions we have taken. I believe it is the fastest reduction in borrowing in the G7, bringing back economic stability and allowing the Bank of England the space to cut interest rates, as it has already done six times since the general election.

The Finance (No. 2) Bill will deliver on the choices that the Government have made, and we will renew public services. We have taken the decision to lift hundreds of thousands of children out of poverty, to get more people into work and, crucially for our long-term growth prospects, to maintain the highest level of public investment for 40 years, all while keeping borrowing this year as a share of GDP to its lowest level in six years and doubling our headroom against our fiscal rules.

Jim Shannon (Strangford) (DUP): I thank the Minister for what he is putting forward. The OBR has said that some £55.5 billion will be raised, but the money is not coming from millionaires. It is coming from lower and middle-income families, which means that some 4.8 million more individuals will be paying the higher rate and some 600,000 more individuals will move into the additional rate band. How, in all honesty, can we help those in the lower and the middle brackets? The millionaires can afford it; the others cannot.

Dan Tomlinson: One way we are seeking to support everyday working people and families across the country is by making the decisions—many of them have been opposed by the Opposition, I must say—to raise taxes on those with the very largest estates and the very highest wealth. In fact, over this Parliament, as a result of the decisions made in the Budget in 2025 and the Budget in 2024, we will be raising an additional £10 billion of revenue from wealth and from those with the greatest wealth, which enables us to minimise our ask of everyday families when it comes to the topic we will be debating later in this sitting.

Turning in detail to the clauses we are debating, clauses 1 to 3 are on income tax, which is the largest source of Government revenue and helps to fund the UK's schools, hospitals and the other essential services we rely on. In the coming year, it is expected to raise £359 billion. Each year, the Government have to legislate to charge and to set the rates of income tax. The rates of income tax are not being changed by this Bill; we are confirming that they will remain the same.

Clause 1 imposes an income tax charge for the coming financial year. Clause 2 sets the main rates of income tax at 20%, 40% and 45%. These will apply to non-savings, non-dividend income taxpayers in England and Northern Ireland. Income tax rates in Scotland and Wales are set by their respective Parliaments. Clause 3 sets the default rates at the same levels as the main rates—namely 20%, 40% and 45%. These rates apply to the non-savings, non-dividend income of taxpayers who are not subject to the main rates of income tax, the Welsh rates of income tax or the Scottish rate of income tax. Income tax is a vital revenue stream for our public services, and clauses 1 to 3 ensure that it will continue to be so in the year ahead—2026-27.

Kit Malthouse (North West Hampshire) (Con): Just for the elucidation of the public, who the Minister knows will be glued to our proceedings this evening, I want to make a couple of points. First, he said that debt is falling. Will he confirm that it is levelling off as a share of GDP and may possibly fall slightly by the end of the forecast period, but is rising in absolute terms? Secondly, when he says that income tax rates are not changing in this Bill, he is technically correct, but fiscal drag means that, for hundreds of thousands of people, the tax rate on their marginal earnings will actually change very significantly in the years to come.

Dan Tomlinson: It is right to be precise, and I was being precise about the rates themselves, which are not changing. The right hon. Member raises the effective tax rate, which is a point I understand. On the specifics of what I said, I was talking about borrowing rather than debt, and borrowing is falling significantly over the course of the forecast. It is the fastest reduction in the G7, as far as I am aware, on the latest data. He is right that debt is broadly stable, but is falling, in the year that the fiscal rules are relevant, as a share of GDP, which is the traditional and I think more economically relevant way of assessing the stock of Government debt as a share of the economy. One of the ways our country was able to reduce the debt we took on after the second world war was through growing our economy and the debt becoming a smaller share of GDP, and that is something this Government will seek to do through continuing to beat the forecast when it comes to economic growth.

Clauses 4 to 8 will raise the tax rates for property, savings and dividend income to ensure that income from assets is taxed more fairly. Those with property, savings or dividend income currently pay lower rates of tax than those whose income comes from employment as they do not pay national insurance contributions. It is not fair that the tax system treats these types of income so differently. For example, it is not fair that a renter pays a higher rate of tax on their income than the landlord from whom they are renting their property.

Mr Joshua Reynolds (Maidenhead) (LD): Has the Treasury done any analysis of the amount of that tax increase that will be passed on to renters, and if it has, what has it come out with?

Dan Tomlinson: The main drivers of rental prices in the UK are supply and demand. The Government are seeking to do all we can to reform and improve our planning system to increase the number of homes being built. If Liberal Democrat Members are keen on making sure that we support households with the cost of living, I hope they will change their approach to their votes in this place on our planning reforms, which are vital for supporting families with the cost of living and for lowering the cost of renting and owning their own home.

As I was saying, this change will narrow the gap between the tax paid on work and the tax paid on income from assets.

Kit Malthouse: Will the Minister give way?

Dan Tomlinson: If I may, I will make a little more progress.

Those with small amounts of income from assets will continue to be protected by tax-free allowances, and income from savings and investments held in individual savings accounts will continue to be tax-free. The vast majority of UK taxpayers are unaffected by these changes as they do not have taxable property, dividend or savings income. Changes to savings and dividend income will apply UK-wide, and the Government have engaged closely with the devolved Governments of Scotland and Wales to provide them with the ability to set property income rates in line with the current income tax powers in their fiscal frameworks.

Clause 4 will increase the tax rates applicable to dividend income by 2 percentage points for the 2026-27 tax year. Clause 5 will increase the tax rates applicable to savings income by the same amount. Clauses 6 and 7 will create separate tax rates for property income, which will apply from the 2027-28 tax year. The property basic, higher and additional rates will be set at 22%, 42% and 47%, respectively, for the 2027-28 tax year. Clause 6 will also make changes to the income tax calculation so that general reliefs and allowances will be applied to property income, savings and dividend income only after they have been applied to other sources of income.

Clause 8 will make provision for the Scottish Parliament and the Senedd to set devolved property income tax rates. This power will be commenced by the Treasury if the Scottish and Welsh Governments agree—individually, of course—to take the power, which is the typical process to protect the powers and responsibilities of devolved Governments.

These changes will still ensure that those with the broadest shoulders contribute more. In 2029-30, around two thirds of the revenue from the increases to the dividend, property and savings tax rates is expected to come from the top 20% of households. Taken together, these measures are projected to yield £2.2 billion in additional tax revenue by 2029-30.

This Finance Bill is about delivering on choices—choices to protect ordinary workers; choices to cut their energy bills, freeze train fares and prescription charges; and choices to focus on reducing inflation to push down mortgage costs. It delivers the Government's commitment to this country to build a stronger and fairer economy where living standards rise and child poverty falls, and to ensure that public services are improved, with every measure in the Bill geared towards those high-level goals. The choice at the Budget was austerity and decline or investment and renewal, and this Labour Government back investment and renewal.

The Second Deputy Chairman of Ways and Means (Caroline Nokes): I call the shadow Minister.

Gareth Davies (Grantham and Bourne) (Con): I wish to speak, on behalf of the official Opposition, to new clauses 10 to 12, which are in my name, but first, I want to set the scene on clauses 1 to 8.

6 pm

Clauses 1 to 3 impose the charge of income tax and set the main default and savings rate for the next tax year, 2026-27. We should remind ourselves that income tax was meant to be a temporary tax, back in 1799. It was sold to the British public as a temporary wartime tax, but it has outlived that war, that century and every promise ever made about it. It should stand as a stark reminder that once taxes are levied, they are not always that easy to undo. There is nothing more permanent than a temporary tax.

Clauses 4 to 8 will, together, implement hikes in the rate of income tax on income from dividends, savings and property in the years to come.

Jim Shannon: A valid point that my constituents have brought to my attention is that if they pay the higher rate of tax, tax on the interest from savings rises to 40%. Those who scrimp and save and put their money away for a rainy day will be penalised. Does the shadow Minister agree that that is absolutely immoral and very wrong?

Gareth Davies: I agree. We are trying to create a savings culture. We are trying to get people to take responsibility, and to put their income away for a rainy day and for their retirement. As I will go on to say, the Opposition's position is that the Bill does not achieve that; in fact, it does the very opposite.

As I was saying, clause 4 increases the ordinary and upper rates of income tax charged on dividend income by 2%, a fact the Minister seemed to miss out in his opening remarks. The income tax rate hike will apply from the tax year 2026-27. Clause 5 sets the savings rate of income tax for the tax year 2027-28 two percentage points higher than it is this year, and than the rate set in the Bill for 2026-27.

Kit Malthouse: I draw the attention of the Committee to my entry in the Register of Members' Financial Interests. I wonder if the shadow Minister shares my concern about the change in the taxation rate on dividends? Even more important than building a savings culture is building an enterprise culture. Sadly, by continuing the modern trend, started under George Osborne, of taxing the return on risk, we destroy any idea of having an enterprise culture in the UK. If fewer people see that the investment of starting a business, or investment in plant and machinery, results in a return that is taxed more lightly than un-risky income, they are less likely to take that risk.

Gareth Davies: I have great sympathy with what my right hon. Friend says. He is right that there is a point at which you overtax risk and enterprise, and people stop taking risk and stop being enterprising. The trick in the Treasury is to ensure that the Government can raise enough revenue from a broad base of different taxes to pay for public services. *[Interruption.]* They need to try to achieve growth, not overtax growth and growth activity. They should incentivise it through other means. I completely agree with him on that point.

I was talking about the increase in tax on dividend income and savings. Together, clauses 4 and 5 will have significant consequences, not just for those who take risks, but for household savers and pensioners, as well as investors in the companies that my right hon. Friend describes. In fact, Hargreaves Lansdown described clause 5 as a "shocking tax rise" for savers. The measures will combine with the Chancellor's cut to the allowances for individual savings accounts—in the Bill, there is a double whammy tax on savers. It treats saving less like a virtue to be encouraged, and more like a habit to be discouraged. We believe that will have a big impact on savings culture and the financial reality of people across the country. That is why new clause 11 calls for the Chancellor to come to the House to make a statement setting out the impact that the onslaught of this savers' tax hike will have on all British savers and pensioners.

It is not just savers who are impacted by the Bill. Small and medium-sized businesses are, as we were just discussing, the engine of growth up and down the country, in every constituency. They provide 60% of employment. They will feel the pain from these changes. Indeed, the Federation of Small Businesses has been clear that through clause 4, the Government continue to make investing in your own business one of the least tax-friendly things you can do with your money.

Many entrepreneurs and business owners choose to pay themselves part of their income in the form of dividends. For many years, dividend tax rates have been set below the main rate, not by accident or ideology, but to reflect the fact that dividend income is paid out of profits that have already been taxed through corporation tax. I am afraid that even the largest businesses, never mind small and medium-sized enterprises, are not safe. Literally as soon as the Chancellor announced the changes in clause 4, investment managers were warning that the change completely contradicts the Government's stated desire to encourage more investors to hold UK equities—many of which, by the way, are pretty good income-paying stocks. International investors come to the UK to buy dividend-yielding stocks, yet these measures will discourage that even further.

Sir Ashley Fox (Bridgwater) (Con): Does the shadow Minister agree that the overall thrust of these clauses is to discourage saving and enterprise, and to hit the people who do the right thing, all to fund more welfare spending? That is not a recipe for growth, is it?

Gareth Davies: My hon. Friend touches on an important point. What is this for? People know that they have to pay tax. We may disagree on who pays tax and how much, but ultimately, where is the money going? It is going to the surrender of the Chagos islands. It is used to pay public sector workers eyewatering sums, only for them go on strike again. The hard bit for the general public is understanding where on earth all the money that is being raised by record tax hikes is actually going. That is what the Minister needs to be held to account for today. No explanation has been made. We are not in covid times; we are not in times of great crisis. This money is being raised because Labour is in trouble and in the pocket of the unions. I am very grateful to my hon. Friend for his intervention.

New clause 10 includes further assessments specifically on domestic equity markets and institutional investors. This will have a negative drag effect on the international climate as it relates to getting more investment in UK equities from institutional investors.

Finally, clauses 6 to 8 and schedules 1 and 2 introduce new rates of income tax altogether, this time on property income. Again, those rates are to be set for the tax year 2027-28 at two percentage points higher than the main rate of income tax. Government Members may take great satisfaction in what could be described as a war on landlords, but we should pause and remind ourselves who many landlords are. They are not barons or vast landowners; they are ordinary people doing what we have encouraged them to do for decades: taking responsibility for their future. They are the couple—one parent works long hours in a steady job, and the other juggles work and family life—who save carefully and invest in a small property because they know that the state pension alone might not be enough when they retire. They are the retired couple who inherit a modest flat from their parents—a flat that is not a windfall, but a source of security in later life—and who rent it out to supplement a fixed income. These are not people gaming the system, as many Labour Members have tried to suggest in the past, but people responding to it. They are good people. Forty-four of them are Labour MPs.

This new tax does not just hit landlords, though; it hits renters, too. The British Property Federation and the Office for Budgetary Responsibility have both warned that this measure could restrict the supply of private rental properties, adding pressure to an already strained market. The Royal Institution of Chartered Surveyors and the National Residential Landlords Association both say that rents will rise faster as a direct result of the Bill. New clause 12 in my name seeks to force the Government not to rely on their stereotypes about landlords, but to assess the impact of their new renters' tax on both the supply and cost of private rental properties.

In summary, these clauses represent a new front in Labour's war on the middle class and aspirational households in Grantham and Bourne, Chipping Barnet and across the country. These clauses impose not one, not two but three income tax rises on the British public, totalling more than £5.5 billion. This is not a plan for change; it is a savers' tax onslaught, carefully phrased, politely worded and deeply felt—the same old Labour.

Dr Jeevun Sandher (Loughborough) (Lab): Before I speak, I draw attention to my entry in the Register of Members' Financial Interests. It is a pleasure to speak in this packed Chamber, and to the millions of people no doubt watching at home.

I will speak to clause 4, but first I wish to thank the hon. Member for Mid Bedfordshire (Blake Stephenson). I seem to recall making a slight mistake last year in a debate on the Finance Act 2025 by not speaking to a specific clause. He very graciously saved me, callow youth that I was, and I thank him very much. I certainly remember that today.

Britain faces an affordability crisis, with record numbers unable to afford a decent living standard. On top of that, we face a military crisis; we have to defend our nation as we have not had to for almost a century. As a nation, we are deeply divided between those who can afford decent lives and those who cannot; because of that, we are unable to stand united as one nation to meet this moment and those challenges. That is why today I speak in favour of clause 4. Yes, it is a tax that hits the wealthiest, but it also ensures that we can help grow the economy, and it is easily implementable. I will cover why that is.

People in this country are deeply frustrated and angry about where this nation is. Record numbers of people cannot afford a decent standard of living; just one third feel comfortable with how much they can afford. That is lower than in the financial crisis, and lower than during austerity—it is the lowest rate in our lifetime. That is why we see such anger on our streets and screens. We constituency MPs feel it viscerally.

Meanwhile, we have also seen the wealth in this nation grow dramatically. We have seen wealth as a proportion of GDP double since the 1980s, the amount of dividends paid out more than doubling since 2010, and owner-managers able to reduce their tax liability by not drawing their income from earnings. That is why it is right that we rebalance the tax burden between earnings and income earned from elsewhere, and especially income earned from dividends.

Our taxation system has not kept up with how our economy has changed; wealth has become far more important in this nation, but it has not been taxed commensurately. While income tax and national insurance have increased as a share of GDP, the same has not happened for taxes on profits. While the amount of wealth as a proportion of GDP has doubled, the income tax from that wealth has increased by only 30%. The income taxes in this nation are being levied on earners, not those who get their income from wealth. That is why it is entirely right that, through this Budget and this clause, we tax dividends at a greater rate. I will set out how this measure will improve growth and ensure that we hit the richest, and will show that it is easily implementable. We know that it improves growth because, as we have seen in France, dividend taxation stops payments going out of companies, instead ensuring that money stays in and is invested. We know that it hits the wealthiest, because one fifth of those who gain dividends are in the top 1%. We know that it is an easily implementable tax, because we are seeing it implemented in this Bill.

Sir Ashley Fox: Does the hon. Gentleman believe that increasing taxation on dividends will result in more entrepreneurs taking risks, employing people and growing the economy, or fewer?

6.15 pm

Dr Sandher: I believe it will lead to more investment in this country. I will say this as well: the reason why people across the world invest in this nation and create great companies is because they want the return after tax. If an economy is growing and has more investment, that means more sales and more money in people's pockets. I do not accept the hon. Gentleman's proposition that raising this taxation rate somehow means less entrepreneurship and less investment in our economy.

Sir Ashley Fox *rose—*

Dr Sandher: I believe the hon. Gentleman wants to get in again.

Sir Ashley Fox: I am grateful to the hon. Gentleman for giving way a second time. Is he seriously saying that increasing the rate of tax on dividends will result in more investment in this country?

Dr Sandher: To be clear, we have seen this happen in France, where that is exactly what happened. The incentive then was for payments to go back inside the company rather than being drawn out in dividends. In addition, owner-earners in this nation are currently able to reduce their tax liability by 13% by paying out in dividends. It is a form of income that is effectively earnings, but is not being reported as such. So yes, I would say that that is the case. Not only would I say that is the case, but I would say it is shown by international evidence. I take the theoretical point the hon. Gentleman raises, but in practice, we have seen that raising dividend taxes keeps the money in the company and leads to rising investment rates.

This is the most important Parliament in a century. Like those in this House a century before us, we face deep challenges: like those in this House almost a century ago, we are seeing the far right on our streets because people cannot afford a decent living; like those a century before us, we face a military dictator in Europe who wishes to redraw borders by force; like those a century before us, we in this continent must ensure that we defend ourselves. It was almost a century ago in this House that a Conservative Prime Minister increased taxes on the wealthiest to pay to defend our nation. It was almost a century ago that we taxed the wealthiest to ensure that every single person in this country had a good job. It was almost a century ago that we built a welfare state to ensure that every single person could have a decent living and a stake in this nation.

For our nation to meet this moment, we have to be united; to be united, every single person has to have a stake in this country; to have a stake in this country, people have to see and believe that democracy can deliver for them and that they can earn a decent living. That is why, by taxing the wealthiest on dividends—taxing those who gain their payments from wealth instead of earnings from pay-as-you-earn—clause 4 will help to ensure that we raise the revenue we need to get investment and growth going in a way that is easily implementable.

Jerome Mayhew (Broadland and Fakenham) (Con): The hon. Gentleman said earlier that this was a tax on the rich because 20% of dividends are paid to the richest 1% of people in this country, but that means that 80% are not. Does he not accept that dividends are right at the heart of the savings culture in this country and that if we tax them, we will get less savings?

Dr Sandher: I am not sure I quite follow the hon. Gentleman's point there, to be perfectly honest. It is true that most people's main savings investment will be through the pension funds they own, which will be their

[Dr Sandher]

biggest savings vehicle; that would not be subject to dividend taxation in the same way because people will buy out at the end and ensure that they have a payment for their products. I am not sure I quite follow, but, to be fair to the hon. Gentleman, it is possible that I misunderstood his point.

I can see there are lots of people trying to get in, Ms Nokes. *[Laughter.]* I will end my speech now to allow them to do so. It is a thrilling topic, as I am sure everyone across the Committee would agree.

This is the right thing to do to balance taxation between earnings and payments from wealth. It is a long-needed update to our taxation system. I am proud of a Government who do that, as I am sure we all are. With that, I will close.

The Second Deputy Chairman of Ways and Means (Caroline Nokes): I call the Liberal Democrat spokesperson.

Daisy Cooper (St Albans) (LD): I will speak to clauses 1 to 8 and schedules 1 and 2. Overall, the tax changes increase complexity, raise the tax burden on small businesses and savers, and raise the risk of serious unintended consequences on the property market. They all have the hallmarks of a Treasury tax grab without proper the consideration of the broader consequences.

When taken together, clauses 4 to 8 add more complexity, and concerns have been raised by the Chartered Institute of Taxation and the Association of Taxation Technicians, which highlighted that the new property rates add five new income tax rates. They are: the property basic rate of 22%; the property higher rate of 42%; the property additional rate of 47%; the property trust rate of 47%; and the savings trust rate of 47%. Rates will apply differently to investment returns and to savings. Basic and higher dividend rates have been changed, but additional dividend rates have not, and no explanation has been given as to the policy intent behind that. It would be helpful if the Minister could set that out on the record.

The long and short of it is that the Government say that they want to simplify tax, but their tax changes are making things more complicated. The Making Tax Digital forms will need to updated, and more individuals and small businesses will likely make more calls to His Majesty's Revenue and Customs. Recent research by the House of Commons Library, commissioned by Liberal Democrats including my hon. Friend the Member for Maidenhead (Mr Reynolds), shows that HMRC failed to pick up one in five taxpayer calls over the last decade, with the tax service leaving the best part of a hundred million calls unanswered in the last 10 years. HMRC has failed to pick up 83 million calls from Brits in the last 10 years—6 million in just the last year. That is why we have been calling for a new HMRC hotline dedicated to supporting pensioners. It would help those who are among the likeliest to seek tax information over the phone while freeing up capacity for the tax service to deal with other queries—something that is imminent, given that the tax changes will result in more phone calls.

More broadly, the Federation of Small Businesses said:

> "Hikes to dividend tax mean the Government continues to make investing in your own business one of the least tax-friendly things you can do with your money."

Will the Minister listen to our small businesses, which are suffering under a mounting tax burden, not least from the Government's business rates bombshell, and finally give them some respite?

With new clause 2, the Liberal Democrats call for a review of the impact of section 7 on rent prices. As many hon. Members have highlighted, the new clause would require the Chancellor of the Exchequer to lay before the House a proper assessment of the impact of the Bill's tax changes on rent prices. Countless renters across the country will be worried that the higher property income tax will simply get passed on to them, making things even worse during the cost of living crisis. We cannot afford to ignore the unintended consequences of any tax policy.

The new clause would require the Government to update the House on some crucial details about the broader impacts of this measure. What proportion of the tax rise will get passed on to renters, according to the Treasury's estimates? Which income groups are most likely to be affected by the tax rise? Which parts of the country will bear the brunt of it? I hope the Minister will agree that that information is essential.

Dan Tomlinson: I thank Members across the Committee, particularly those on the Labour Benches, for their contributions today. I believe that other things going on in the Palace today have drawn other Labour Members to Committee Rooms, but I am very glad that my hon. Friend the Member for Loughborough (Dr Sandher) chose to prioritise speaking in this important Finance (No. 2) Bill debate. I thank him for that.

I will respond to the points that have been raised in this all-too-brief debate on this group of important clauses. It is always a pleasure to stand at the Dispatch Box opposite the shadow Financial Secretary, the hon. Member for Grantham and Bourne (Gareth Davies). It was enjoyable to hear a history lesson rather than a selection of poetry or literary references, which I often get when I am opposite the shadow Chancellor, the right hon. Member for Central Devon (Sir Mel Stride). The shadow Financial Secretary noted correctly that income tax was originally introduced as a temporary measure. Running through my mind are the taxes introduced by the 2010-2024 Government that were initially announced as temporary but are still with us—but I will not comment on those, for reasons he may understand.

The shadow Financial Secretary mentioned my constituency, and I thank him for giving me a chance to talk about Chipping Barnet. He questioned what the tax rises are for. I can tell him that in the area that I know best NHS waiting lists are falling for the first time in a very long time, and the number of police officers is increasing after having been cut significantly. We are also opening breakfast clubs in primary schools. Those changes happening in my patch are happening across the country. That investment in our public services has been enabled by the tax changes that this Government have made. We are raising revenue in a sustainable and fair way in order to ensure that we can fund our public services and keep borrowing on a downward trajectory.

The shadow Financial Secretary raised the change landlord income tax—the two percentage point increase. I fully understand, as does he, that there are many reasons why people end up becoming landlords. We want to make sure that the taxation is fair and reasonable, which is why landlords do not pay national insurance in the way that their tenants do, and it is why we have taken steps to reduce—but not close in full—the gap in tax treatment, with the two percentage point increase. Landlords will still typically pay a lower rate of tax than their tenants, but the gap will be reduced following the measures set out today.

The shadow Financial Secretary, and other Members in interventions, mentioned the changes on dividend taxation. The main takeaway from the Office for Budget Responsibility is that it does not expect the changes to dividend taxation announced at the Budget a few short weeks ago to have a significant impact on business investment. Business investment is forecast to continue to grow over the course of the OBR's five-year forecast horizon.

That is good news, because one thing that we know we need to do in this country is turn around the long-term weakness in investment—by both public and private sector—that has driven our long-term productivity and growth underperformance. That under-investment over the last 30 years is an issue that both major parties—and the Liberal Democrats for their time in the first five years of the coalition Government—should take responsibility for. I believe that in 24 of the last 30 years—that stat may now be one year out of date; I will have to update it for next time—the UK had the lowest rate of investment of any G7 economy. Until we can start to turn that around through higher public and private sector investment, our economy will not be able to fire on all cylinders, as this Government would like it to.

Let me turn to new clauses 2 and 12. New clause 2 would require the Government, within three months of the Act coming into force, to lay before the House of Commons an assessment of the impact of the implementation of section 7 of the Act on rent prices. New clause 12 seeks to require the Government, within six months of the Act coming into force, to publish an assessment of the impact of the changes introduced by sections 6, 7 and 8 on the private rental sector in England, Wales, Scotland and Northern Ireland.

As hon. Members will be aware, the Office for Budget Responsibility engages closely with the Treasury on the potential impacts of policy measures as part of standard Budget processes, and the OBR does not expect that the reform to property income will have a significant impact on rental prices in the forecast horizon. As I said, the economic literature points to rental prices being determined by the balance of supply and demand in the market, not just the cost facing landlords. The housing market proved to be more resilient than expected in 2025, and as interest rates fall further we hope that will reduce costs for landlords, too.

6.30 pm

The Government are committed to building 1.5 million new homes in this Parliament. A year ago, we announced major changes to the national planning policy framework that are forecast by the OBR to deliver 170,000 additional homes and add £6.8 billion to the economy in 2029-30: the largest upgrade to the size of the economy through a non-fiscal measure that the OBR has ever scored. That will raise the supply of housing as the Government are doing through their ambitious programme of reform. That is the route to improving housing affordability for tenants up and down the country. I encourage Opposition Members expressing an interest in ensuring that rents stay low on a sustainable basis for tenants to support the Government in their efforts to reform the planning system rather than focusing narrowly on one relatively modest change to taxation.

On the request to report back in the coming months, a tax information and impact note has been published in the standard way for UK-wide changes to the tax system. The Treasury will continue to monitor the rental market. New clauses 2 and 12 should therefore be rejected.

I turn to new clause 10, which would ask the Government within six months of the Act coming into force to make a statement to the House on the impact of the dividend tax measures on: household saving decisions; the domestic equity market; institutional investors; and outcomes for savers and pensioners. To be clear, institutional investors are not affected by UK personal dividend taxation—I respect and understand that others are—but overall the OBR does not expect that the changes to dividend tax announced at the Budget will have a significant impact on business investment. The OBR says that real business investment will increase on average by 0.75% a year between 2026 and the end of the decade.

The Government want to encourage investment in productive assets as well as saving, which is why everyone can contribute up to £20,000 a year to stocks and shares ISAs, with all returns entirely tax-free. The vast majority of pensioners do not have taxable dividend income and will pay no more tax as a result of this change.

All UK residents benefit from a tax-free dividend allowance in addition to the £12,570 personal allowance, which means that they pay no tax on the first £500 of dividend income above the personal allowance, and all dividends received on assets held in ISAs continue to be entirely tax-free. Information on the expected impacts of this measure has already been published in the tax information and impact note. New clause 10 should therefore be rejected.

I turn to new clause 11, which would ask the Government within six months of the Act coming into force to make a statement on the impact of the savings measures on household savings decisions and outcomes for savers. As hon. Members know, most UK taxpayers are entitled to a personal savings allowance on top of their standard personal allowance. Basic rate taxpayers can receive £1,000 of savings interest without paying tax, and higher rate taxpayers can receive £500 without paying tax, on top of the personal allowance.

Those with low earned incomes also benefit from the starting rate for savings: for those whose non-savings and non-dividend income is less than £17,570, the Government provide a 0% tax rate that allows individuals to receive up to £5,000 of savings interest tax-free. Even after these changes, the vast majority of taxpayers will continue to pay no tax whatsoever on their savings income. A basic rate taxpayer could hold approaching £40,000 in savings without paying tax on the interest earned—£25,000 in a savings account paying 4% interest, which would exhaust their personal savings allowance, plus £12,000 in a cash ISA each year. That is a significant amount, and much more than many people are able to save—many families struggle to put away more than £10 a month.

We are doing all we can to raise living standards for those families by: increasing the national living wage from April, as well as having done so last year, and supporting pensioners with increases in the state pension, with the triple lock increasing the state pension significantly over the course of the Parliament. Those are the steps that we can take to help to support people to have more disposable income and be able to save more when they would like to.

On that point, a tax information and impact note has also been published in the standard way for UK-wide changes to the tax system The Government keep tax changes under review—*[Interruption.]* I am not sure whether the hon. Member for Hinckley and Bosworth (Dr Evans) would like to intervene; I would welcome that.

Dr Luke Evans (Hinckley and Bosworth) (Con) *indicated dissent.*

Dan Tomlinson: Maybe later.

I turn to the contribution of my hon. Friend the Member for Loughborough. His speech—I had hoped it would be even longer; I am somewhat disappointed not to have heard more from him—provided a clear exposition of the benefits of the modest changes the Government are setting out in this group of clauses, which are being considered by the Committee of the whole House.

Dr Sandher: On that point, will the Minister give way?

Dan Tomlinson: I will happily give way.

Dr Sandher: Was my hon. Friend surprised that Opposition Members spoke about the complexity of implementing clause 4 when it is simply a measure changing the rates of dividend taxation and does not lead to any more burden when filing taxes?

Dan Tomlinson: I thank my hon. Friend for that intervention, which gives me a chance to repeat clearly that these changes are a 2 percentage point increase. The tax rates will increase from 20% to 22%, from 40% to 42% and from 45% to 47%. That does not add a significant—or any real—complication to the tax system. We are changing the rates in a way that is fair, closing the difference in taxation treatment between those who receive their income from employment and those who receive their income from assets.

My hon. Friend's speech was really helpful in bringing comparative evidence to the debate. I hope he will send that my way for review. Opposition Members who asked about changes made in other countries may be interested in reading that evidence, too. He also provided a helpful exposition on the economic theory sitting behind some of these changes and the need to ensure that our taxation system incentivises people to make investments and good decisions for the long-term health of our economy. He touched on the crucial point—it is worth making this clearly—repeatedly pointed out by many tax experts and tax commentators that one challenge in the UK's taxation system is that we treat income received from different sources very differently, which can lead to distortions. It is better to ensure that we do what we can to reduce the gaps between the tax treatment of different sorts of income. *[Interruption.]*

I am happy to refer to Opposition Members' utterances —they have been shouting out the word "risk." I make the point that there is still an incentive in the system as taxation levels have not closed completely. *[Interruption.]* Yes, it is smaller—hon. Members gesture as such, and they are correct that the gap has closed—but there are still significant incentives for people to set up their businesses and income streams in certain ways to increase their income.

Let me now turn to the contribution from the hon. Member for St Albans (Daisy Cooper), who helpfully mentioned the performance of HMRC, the Department for which I am the Minister with responsibility. She is right to say that we need to have a laser focus on customer service. The performance in terms of missed calls—that is, calls that are not picked up because someone hangs up before they are answered—is improving under this Government. I think that is progress—*[Interruption.]* The hon. Member for St Albans specifically raised the performance of HMRC in her remarks, and it is only right and proper for me to mention that. The hon. Member also raised the impact of these changes on rents; of course the Government will continue to monitor the impact of taxation changes on the rental market. One crucial thing we can do to support private renters is to increase the supply of housing to push down the price of rents in the long term.

To begin to conclude—[HON. MEMBERS: "Hear, hear!"] To begin to conclude—*[Interruption.]* Did someone say they wanted to intervene? No? In that case, I hope I have been able to—

Dr Sandher *rose—*

Dan Tomlinson: I will happily give way to my hon. Friend.

Dr Sandher: I have no doubt that Conservative Members would also like to intervene after I have made my intervention!

Does the Minister agree that we in this House prize the contribution of business people and that we are here to work productively to ensure that workers and businesses contribute to the prosperity of this nation? I am really proud of what business people do. I come from a family of business people who have invested, who have created a nation and who have created employment. On the other side, we must ensure that the benefits are paid both to them and to our wider economy.

Dan Tomlinson: I thank my hon. Friend for that intervention and for giving me the chance to reiterate this Government's focus on economic growth and on providing economic stability. Last year, the OBR forecast that the economy would grow by 1% but it then revised that up to 1.5%. That is a 50% increase in our growth forecast. Of course, we need to continue to redouble our efforts as a Government, going further and faster when it comes to supporting economic growth, so that we can see rising living standards in every single part of the country. That is core to our plan. We do not want to see people continuing to suffer.

The last Parliament was the worst on record for living standards, and it is no surprise that the British people decided to boot out the Conservatives and replace them with a Government who are laser-focused on improving the cost of living and improving living standards, both through the changes we are making—including in the Finance Bill to support our public finances—and, as my hon. Friend mentions, through continuing to partner with business to unlock private sector investment and increase economic growth. The changes that we are making to planning do not just support more houses being built and more residential development, which of course we need for the reasons we have discussed; they should also make it easier for us to build large infrastructure projects to support economic growth—including new nuclear power stations, which the Conservatives continually did not invest in—and to get our long-term growth and productivity rates up.

By keeping the clauses in the Bill unchanged, we will raise additional revenue from those who are undertaxed relative to most employees. As I have said, the changes on dividend savings and property income will raise an additional £2.2 billion in the coming years, which will help us to repair and improve our public finances. The changes will also enable us to reduce the contribution that we are asking of working people through the threshold freezes. By making changes such as the introduction of the electric vehicle excise duty and the reduction in relief for those who are selling their businesses to employee ownership trusts, we are making it possible to reduce the ask of working people. That is in sharp contrast to the position set out by the shadow Chancellor, the right hon. Member for Central Devon, who said that if he was in Labour's position, he would be increasing the rates of income tax. Rather than doing that, we will ensure that this Government stay true to their manifesto commitments on tax and the public finances, with borrowing falling in every year of the OBR's forecast.

I therefore urge the Committee to reject new clause 2 and new clauses 10 to 12, and to support the inclusion in the Bill of clauses 1 to 6, schedule 1, clauses 7 and 8 and schedule 2.

Question put and agreed to.

Clause 1 accordingly ordered to stand part of the Bill.

Clauses 2 to 6 ordered to stand part of the Bill.

Schedule 1 agreed to.

Clauses 7 and 8 ordered to stand part of the Bill.

Schedule 2 agreed to.

New Clause 12

"(1) The Chancellor of the Exchequer must, within six months of this Act being passed, publish an assessment of the impact of the changes introduced by sections 6, 7, and 8 of this Act on the private rental sector in England, Wales, Scotland, and Northern Ireland.

(2) The assessment made under subsection (1) must consider -

(a) the effects of the provisions of sections 6, 7, and 8 on the cost of private rent in each region within England, Wales, Scotland, and Northern Ireland,

(b) the effects of the provisions of sections 6, 7, and 8 on the supply of private rental properties in each region within England, Wales, Scotland, and Northern Ireland,

(c) any other implications of the changes introduced by sections 6, 7, and 8 of this Act."—*(Gareth Davies.)*

This new clause requires the Secretary of State to publish an assessment of the impact of imposing new rates of income tax on property income.

Brought up, and read the First time.

Question put, That the clause be read a Second time.

The Committee divided: Ayes 167, Noes 350.

Division No. 398] [6.48 pm

AYES

Allister, Jim
Amos, Gideon
Anderson, Lee
Anderson, Stuart
Andrew, rh Stuart
Aquarone, Steff
Argar, rh Edward
Atkins, rh Victoria
Babarinde, Josh
Bacon, Gareth
Baldwin, Dame Harriett
Barclay, rh Steve
Bedford, Mr Peter
Bennett, Alison
Blackman, Bob
Bool, Sarah
Bowie, Andrew
Brandreth, Aphra
Brown-Fuller, Jess
Burghart, Alex
Campbell, Mr Gregory
Cane, Charlotte
Cartlidge, James
Chadwick, David
Chamberlain, Wendy
Chambers, Dr Danny
Clifton-Brown, Sir Geoffrey
Cocking, Lewis
Coghlan, Chris
Collins, Victoria
Cooper, Daisy
Cooper, John
Costa, Alberto
Cross, Harriet
Dance, Adam
Darling, Steve
Davey, rh Ed
Davies, Ann
Davies, Gareth
Davies, Mims
Dean, Bobby
Dewhirst, Charlie
Dinenage, Dame Caroline
Dowden, rh Sir Oliver
Duffield, Rosie
Duncan Smith, rh Sir Iain
Dyke, Sarah
Evans, Dr Luke
Forster, Mr Will
Fortune, Peter
Fox, Sir Ashley
Francois, rh Mr Mark
Franklin, Zöe
Freeman, George
French, Mr Louie
Garnier, Mark
George, Andrew
Gilmour, Rachel
Glen, rh John
Glover, Olly
Goldman, Marie
Gordon, Tom
Green, Sarah
Griffiths, Alison
Harding, Monica
Harris, Rebecca
Hayes, rh Sir John
Heylings, Pippa
Hinds, rh Damian
Hoare, Simon
Hobhouse, Wera
Holden, rh Mr Richard
Hollinrake, Kevin
Holmes, Paul
Huddleston, Nigel
Hudson, Dr Neil
Hunt, rh Sir Jeremy
Jarvis, Liz
Jenkin, Sir Bernard
Johnson, Dr Caroline
Jones, Clive
Kruger, Danny
Lake, Ben
Lam, Katie
Lamont, John
Leigh, rh Sir Edward
Lewis, rh Sir Julian
Lockhart, Carla
Lopez, Julia
MacCleary, James
MacDonald, Mr Angus
Maguire, Ben
Mak, Alan
Malthouse, rh Kit
Martin, Mike
Mathew, Brian
Mayhew, Jerome
Maynard, Charlie
Medi, Llinos
Miller, Calum
Milne, John
Moore, Robbie
Moran, Layla
Morello, Edward
Morgan, Helen
Morrison, Mr Tom
Morrissey, Joy *(Proxy vote cast by Mike Wood)*
Mullan, Dr Kieran
Murray, Susan
Murrison, rh Dr Andrew
Norman, rh Jesse
O'Brien, Neil
Olney, Sarah
Patel, rh Priti
Paul, Rebecca
Perteghella, Manuela
Pochin, Sarah
Pritchard, rh Mark
Raja, Shivani *(Proxy vote cast by Mike Wood)*
Rankin, Jack
Reed, David
Reynolds, Mr Joshua
Robertson, Joe
Robinson, rh Gavin
Roome, Ian
Rosindell, Andrew
Sabine, Anna
Savage, Dr Roz
Saville Roberts, rh Liz
Shannon, Jim
Shastri-Hurst, Dr Neil
Shelbrooke, rh Sir Alec
Simmonds, David
Slade, Vikki

Smart, Lisa
Smith, Greg
Smith, rh Sir Julian
Smith, Rebecca
Snowden, Mr Andrew
Sollom, Ian
Spencer, Dr Ben
Spencer, Patrick *(Proxy vote cast by Mike Wood)*
Stafford, Gregory
Stephenson, Blake
Stone, Jamie
Stride, rh Sir Mel
Stuart, rh Graham
Swann, Robin
Swayne, rh Sir Desmond
Taylor, Luke
Thomas, Bradley
Thomas, Cameron
Timothy, Nick
Vickers, Martin
Vickers, Matt
Voaden, Caroline
Whately, Helen
Whittingdale, rh Sir John
Wild, James
Wilkinson, Max
Williamson, rh Sir Gavin
Wilson, Munira
Wilson, rh Sammy
Wood, Mike
Wright, rh Sir Jeremy
Wrigley, Martin
Young, Claire

Tellers for the Ayes:
Lincoln Jopp and Alicia Kearns

NOES

Abbott, rh Ms Diane *(Proxy vote cast by Bell Ribeiro-Addy)*
Abbott, Jack
Abrahams, Debbie
Akehurst, Luke
Alaba, Mr Bayo
Aldridge, Dan
Alexander, rh Mr Douglas
Alexander, rh Heidi
Al-Hassan, Sadik
Ali, Rushanara
Allin-Khan, Dr Rosena
Anderson, Callum
Anderson, Fleur
Arthur, Dr Scott
Asato, Jess
Asser, James
Athwal, Jas
Atkinson, Catherine
Atkinson, Lewis
Bailey, Mr Calvin
Bailey, Olivia
Baker, Richard
Ballinger, Alex
Bance, Antonia
Barron, Lee
Barros-Curtis, Mr Alex
Baxter, Johanna
Beales, Danny
Beavers, Lorraine
Begum, Apsana
Bell, Torsten
Benn, rh Hilary
Berry, Siân
Betts, Mr Clive
Billington, Ms Polly
Blake, Olivia
Blake, Rachel
Bloore, Chris
Blundell, Mrs Elsie
Bonavia, Kevin
Botterill, Jade
Brackenridge, Mrs Sureena
Brash, Mr Jonathan
Brickell, Phil
Bryant, Chris
Buckley, Julia
Burgon, Richard
Burton-Sampson, David
Butler, Dawn
Byrne, Ian
Byrne, rh Liam
Cadbury, Ruth
Campbell, rh Sir Alan
Campbell, Juliet
Campbell-Savours, Markus
Carden, Dan
Carling, Sam
Carns, Al
Champion, Sarah
Charalambous, Bambos
Charters, Mr Luke
Chowns, Dr Ellie
Clark, Feryal
Coleman, Ben
Collier, Jacob
Collinge, Lizzi
Conlon, Liam
Coombes, Sarah
Cooper, Andrew
Cooper, rh Yvette
Corbyn, rh Jeremy
Costigan, Deirdre
Cox, Pam
Coyle, Neil
Craft, Jen
Creagh, Mary
Creasy, Ms Stella
Crichton, Torcuil
Curtis, Chris
Dakin, Sir Nicholas
Dalton, Ashley
Darlington, Emily
Davies, Jonathan
Davies, Paul
Davies, Shaun
Davies-Jones, Alex
De Cordova, Marsha
Dean, Josh
Denyer, Carla
Dickson, Jim
Dixon, Anna
Dixon, Samantha
Dodds, rh Anneliese
Doughty, Stephen
Dowd, Peter
Duncan-Jordan, Neil
Eagle, Dame Angela
Eastwood, Colum
Edwards, Lauren
Edwards, Sarah
Egan, Damien
Ellis, Maya
Entwistle, Kirith
Eshalomi, Florence
Evans, Chris
Fahnbulleh, Miatta
Falconer, Mr Hamish
Farnsworth, Linsey
Ferguson, Mark
Ferguson, Patricia
Foody, Emma
Fookes, Catherine
Foxcroft, Vicky
Foy, Mary Kelly
Francis, Daniel
Furniss, Gill
Gardner, Dr Allison
Gemmell, Alan
German, Gill
Gilbert, Tracy
Gill, Preet Kaur
Gittins, Becky *(Proxy vote cast by Sir Nicholas Dakin)*
Glindon, Mary
Goldsborough, Ben
Gosling, Jodie
Gould, Georgia
Greenwood, Lilian
Griffith, Dame Nia
Gwynne, Andrew *(Proxy vote cast by Sir Nicholas Dakin)*
Hack, Amanda
Haigh, rh Louise
Hall, Sarah
Hamilton, Paulette
Hatton, Lloyd
Hayes, Helen
Hayes, Tom
Hazelgrove, Claire
Healey, rh John
Hillier, Dame Meg
Hinder, Jonathan
Hodgson, Mrs Sharon
Hopkins, Rachel
Hughes, Claire *(Proxy vote cast by Sir Nicholas Dakin)*
Hume, Alison
Huq, Dr Rupa
Hurley, Patrick
Ingham, Leigh
Jameson, Sally
Jarvis, Dan
Jermy, Terry
Jones, rh Darren
Jones, Gerald
Jones, Lillian
Jones, Ruth
Jones, Sarah
Josan, Gurinder Singh
Joseph, Sojan
Juss, Warinder
Kane, Chris
Kane, Mike
Kaur, Satvir *(Proxy vote cast by Sir Nicholas Dakin)*
Kendall, rh Liz
Khan, Afzal
Kinnock, Stephen
Kitchen, Gen
Kumar, Sonia
Kyle, rh Peter
Kyrke-Smith, Laura
Lamb, Peter
Lammy, rh Mr David
Lavery, Ian
Law, Noah
Leadbeater, Kim
Leishman, Brian
Lewell, Emma
Lewin, Andrew
Lewis, Clive
Lightwood, Simon
MacAlister, Josh
Macdonald, Alice
MacNae, Andy
Madders, Justin
Malhotra, Seema
Martin, Amanda
Maskell, Rachael
Mather, Keir
Mayer, Alex
McAllister, Douglas
McCarthy, Kerry
McCluskey, Martin
McDonagh, Dame Siobhain
McDonald, Andy
McDonald, Chris
McDonnell, rh John
McDougall, Blair
McEvoy, Lola
McFadden, rh Pat
McGovern, Alison
McIntyre, Alex
McKee, Gordon
McKenna, Kevin
McKinnell, Catherine
McMahon, Jim
McMorrin, Anna
McNally, Frank
McNeill, Kirsty
Midgley, Anneliese
Miliband, rh Ed
Minns, Ms Julie
Mishra, Navendu
Mohamed, Iqbal
Moon, Perran
Morden, Jessica
Morgan, Stephen
Morris, Grahame
Morris, Joe
Mullane, Margaret
Murphy, Luke
Murray, Chris
Murray, rh Ian
Murray, rh James
Murray, Katrina
Myer, Luke
Naish, James
Naismith, Connor
Narayan, Kanishka
Nash, Pamela
Newbury, Josh
Niblett, Samantha
Nichols, Charlotte
Norris, Alex
Norris, Dan *(Proxy vote cast by Sir Nicholas Dakin)*
Onn, Melanie
Onwurah, Dame Chi
Opher, Dr Simon
Oppong-Asare, Ms Abena
Osborne, Tristan

Owen, Sarah
Paffey, Darren
Pakes, Andrew
Patrick, Matthew
Payne, Michael
Peacock, Stephanie
Pearce, Jon
Pennycook, Matthew
Perkins, Mr Toby
Phillips, Jess
Phillipson, rh Bridget
Pinto-Duschinsky, David
Pitcher, Lee
Platt, Jo
Pollard, Luke
Powell, Joe
Powell, rh Lucy
Poynton, Gregor
Prinsley, Peter
Quigley, Mr Richard
Qureshi, Yasmin
Race, Steve
Ramsay, Adrian
Rand, Mr Connor
Ranger, Andrew
Rayner, rh Angela
Reader, Mike
Reed, rh Steve
Reid, Joani
Reynolds, rh Emma
Reynolds, rh Jonathan
Rhodes, Martin
Ribeiro-Addy, Bell
Riddell-Carpenter, Jenny
Rigby, Lucy
Rimmer, Ms Marie
Robertson, Dave
Roca, Tim
Rodda, Matt
Rushworth, Sam
Russell, Sarah
Rutland, Tom
Ryan, Oliver
Sandher, Dr Jeevun
Sandher-Jones, Louise
Scrogham, Michelle
Sewards, Mark
Shah, Naz
Shanker, Baggy
Shanks, Michael
Siddiq, Tulip
Simons, Josh
Slinger, John
Smith, David
Smith, Jeff
Smith, Nick
Smith, Sarah
Smyth, Karin
Snell, Gareth
Sobel, Alex
Stainbank, Euan
Stevens, rh Jo
Stevenson, Kenneth
Stewart, Elaine
Stone, Will
Strathern, Alistair
Streeting, rh Wes
Strickland, Alan
Stringer, Graham
Sullivan, Kirsteen
Sullivan, Dr Lauren
Sultana, Zarah
Swallow, Peter
Tami, rh Sir Mark
Tapp, Mike
Taylor, Alison
Taylor, David
Taylor, Rachel
Thomas, Fred
Thomas-Symonds, rh Nick
Thompson, Adam
Thornberry, rh Emily
Tidball, Dr Marie
Timms, rh Sir Stephen
Toale, Jessica
Tomlinson, Dan
Trickett, Jon
Tufnell, Henry
Turley, rh Anna
Turmaine, Matt
Turner, Laurence
Twigg, Derek
Twist, Liz
Uppal, Harpreet
Vaughan, Tony
Vaz, rh Valerie
Vince, Chris
Ward, Chris
Ward, Melanie
Waugh, Paul
Webb, Chris
Welsh, Michelle
West, Catherine
Western, Andrew
Western, Matt
Whitby, John
White, Jo
White, Katie
Witherden, Steve
Woodcock, Sean
Wrighting, Rosie
Yang, Yuan
Yasin, Mohammad
Yemm, Steve

Tellers for the Noes:
Jake Richards and
Imogen Walker

Question accordingly negatived.

Clause 9

FREEZING STARTING RATE LIMIT FOR SAVINGS FOR TAX YEARS 2026-27 TO 2030-31

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

The First Deputy Chairman of Ways and Means (Judith Cummins): With this it will be convenient to discuss the following:

Clause 10 stand part.

Clause 69 stand part.

New clause 3—*Notification of taxpayers affected by frozen thresholds*—

"(1) HM Revenue and Customs must take reasonable steps to identify individuals who, as a result of—

(a) the freezing of the starting rate limit for savings under section 9 of this Act, or

(b) the freezing of the personal allowance or the basic rate limit under section 10 of this Act, will—

(i) become liable to income tax for the first time, or

(ii) become liable to income tax at a higher rate than in the previous tax year.

(2) HM Revenue and Customs must ensure that each individual identified under subsection (1) is provided with a written notification before the start of the relevant tax year.

(3) A notification under subsection (2) must—

(a) explain that the individual's tax liability is affected by the freezing of income tax thresholds,

(b) state whether the individual will pay income tax for the first time or move into a higher tax band, and

(c) provide information on where the individual can obtain further guidance about their tax position.

(4) HM Revenue and Customs must publish, no later than six months after the end of each affected tax year, a report setting out—

(a) the number of individuals notified under this section,

(b) the number of individuals who became income taxpayers for the first time as a result of sections 9 and 10, and

(c) the number of individuals who moved into a higher tax band as a result of those sections.

(5) In this section 'written notification' includes electronic communication."

This new clause would require HM Revenue and Customs to notify individuals who, as a result of the freezing of income tax thresholds in the Act, will pay income tax for the first time or move into a higher tax band.

New clause 4—*Review of the impact of tax changes on household finances*—

"(1) The Chancellor of the Exchequer must, within six months of this Act being passed, publish an assessment of the impact of changes introduced by sections 9,10 and 69 on household finances.

(2) The assessment must evaluate how households across different income levels are affected by these changes."

This new clause requires the Chancellor of the Exchequer to assess and publish a report on how the freezing of tax thresholds to 2030-31 impacts households at various income levels.

New clause 5—*Report on impact of sections 9, 10 and 69*—

"Within three months of this Act being passed, the Chancellor of the Exchequer must lay before the House of Commons a report setting out—

(a) the number of taxpayers who will pay income tax at each rate during each tax year between 2026-27 and 2030-31 under sections 9, 10 and 69,

(b) the number of those taxpayers who are pensioners or are of State Pension Age,

(c) comparative figures for each tax year since 2020-21,

(d) comparative projected figures for each tax year to 2034-35, and

(e) comparative figures with a scenario under which normal uprating policy had been implemented for financial years 2020-21 through 2030-31."

This new clause requires the Chancellor of the Exchequer to assess how many people will be in each income tax bracket from 2026-27 through to 2030-31, together with comparative figures before and after that period.

New clause 13—*Assessment of the impact of changes to the basic rate limit and personal allowance for tax years 2028-29 to 2030-31*—

"The Chancellor of the Exchequer must, within three months of this Act being passed, publish an assessment of the expected impact on an average earner of the provisions of section 10."

This new clause requires the Secretary of State to publish an assessment of the impact on the average earner of extending the freeze on the basic rate limit and personal allowance for the tax years 2028-29, 2029-30, and 2030-31.

New clause 14—*Assessment of the impact of the freezing of the personal allowance on those in receipt of the state pension for the tax years 2027-28 to 2030-31*—

"(1) The Chancellor of the Exchequer must, before the start of the tax year 2027-28, publish an assessment of the impact of the freezing of the personal allowance on those in receipt of the state pension for the tax years 2027-28 to 2030-31.

(2) The assessment made under subsection (1) must include details on the estimated total income from tax receipts received in each tax year from individuals whose only income is the state pension."

This new clause requires the Secretary of State to publish an assessment of the impact of the personal allowance on those pensioners whose only income is the state pension for the tax years 2027-28, 2028-29, 2029-30, and 2030-31.

New clause 15—*Assessment of the impact of exempting from income tax pensioners whose sole income is the basic or new State Pension*—

The Chancellor of the Exchequer must, within three months of this Act being passed, publish an assessment of the fiscal impacts of exempting pensioners whose sole income is the basic or new State Pension (without any increments) from paying small amounts of income tax."

Dan Tomlinson: In opening debate on this second group of clauses, I want to reflect on why we are making changes to the tax system. I am looking forward to no interventions at all on this speech from Opposition Members—their interventions seemed to dry up in my last speech, so maybe they have now finished with them. Of course, we make these changes to modernise the tax system, to make it fair and fit for purpose and to adapt to a changing world, but we also make these changes so that we can raise the revenue to fund our public services. Yes, the Bill holds thresholds constant till the end of the decade, but in doing so contributes to our being able to renew our public services while maintaining the highest levels of public investment in four decades to stimulate economic growth and ensure that those with the broadest shoulders pay their fair share.

Dr Evans: Will the Minister give way?

Dan Tomlinson: I will; it is good to see that the interventions are back on.

Dr Evans: When the Chancellor looked at these measures for her first Budget, she said that they would breach her manifesto commitments. Does the Minister believe that they breach the manifesto commitments?

Dan Tomlinson: This Government have stuck to their manifesto commitments. We were very clear about not wanting to change the rates of income tax. I have been in discussions with Opposition Members about the wording of our manifesto; I am glad that Conservative Members have taken such interest in it. We are sticking to our commitments. The tax changes that we are discussing now, and others, will allow us to do things such as lift 550,000 children out of poverty this Parliament, by removing the two-child limit and expanding free breakfast clubs and free school meal eligibility. They allow us to cut waiting lists and cut the cost of living by delivering £150 off energy bills. All that would be threatened by Opposition Members, who do not support the taxes needed to fund decent public services.

Steve Darling (Torbay) (LD): Can the Minister explain why there are £300 million-worth of cuts in Devon this year to our NHS—to hospital trusts, our partnership trust that looks after mental health and our integrated care board?

Dan Tomlinson: I am not able to comment on the specific figures that the hon. Gentleman raised, but overall the Government are spending significantly more on the NHS in this Parliament each year. That is enabled by the changes to taxation that we announced at this and previous Budgets. One of the challenges that the national health service has today is a result of under-investment in capital for too long, meaning that day-to-day spending is having to take more of the strain. So often in recent years capital budgets have been raided, including when, I should mention, the Conservatives and Liberal Democrats were in coalition. Cutting the capital budgets has left us in the difficult situation that we are in now, and this Government are seeking to turn that around.

Sir Edward Leigh (Gainsborough) (Con) *rose—*

Sammy Wilson (East Antrim) (DUP) *rose—*

Dan Tomlinson: I will give way to the right hon. Member for East Antrim (Sammy Wilson) and come back to the right hon. Member for Gainsborough (Sir Edward Leigh).

Sammy Wilson: The Minister is putting on a brave face because a manifesto commitment has been broken. People are going to pay more in income tax despite the promises that were made. Does he recognise that, for many people, this is not money to renew public services, but money squandered on giving compensation to foreign Governments for land that we owned—the Chagos islands—and are now paying for; money that will be spent on an ID system that is totally unnecessary and will not serve the purpose it is meant to; and money spent on net zero commitments that have destroyed our economy and added little in benefits to the public?

Dan Tomlinson: The right hon. Gentleman is welcome to express his views on a range of policies. On the final issue that he raises—net zero and our transition to a cleaner and greener economy—independent analysis, the Government's Climate Change Committee and the long-term fiscal risk report of the Office for Budget Responsibility have set out clearly that not making that transition, both in the UK and internationally, comes with larger long-term costs for the public finances because of the growing costs of adapting to climate change. It is clear that we need to make that change, for the environment and for the long-term health of our public finances. The OBR's fiscal risks report is always a good read; I hope that he is, like me, looking forward to the next edition in the summer.

Sir Edward Leigh: Will the Minister give way?

Dan Tomlinson: I will give way, but then I should make progress given that we have another group of clauses to address after this one.

Sir Edward Leigh: Even more important than the point made by the right hon. Member for East Antrim (Sammy Wilson) is the fact that, as I read recently, the average family is paying £12,000 in tax to cover the benefits bill. That is important, because we are taxing entrepreneurial people more, and they will perhaps decide to work a little less hard, so we will all get poorer. I just pray that the Government will have the guts to return to their original proposals—which the Chancellor dropped in the light of pressure—to encourage people back into work, which will mean cutting the benefits bill. I encourage the Government to be true to their original word.

Dan Tomlinson: I agree with the right hon. Gentleman on one point: the welfare system that we inherited was failing. Our Government need to correct the mistakes that meant welfare spending was running out of control, as it was when the shadow Chancellor, the right hon. Member for Central Devon (Sir Mel Stride), was Secretary of State for Work and Pensions. We must carefully consider the welfare system and make reforms that support people into work and ensure that the forecast budget increases are sustainable for the public finances. I agree with the right hon. Member for Gainsborough on that point.

I have not heard the £12,000 statistic before, but I would caution against such statistics, which often appear in the press. Many welfare claimants up and down the country are pensioners who receive the state pension. I do not know whether that figure includes the state pension—Members of all parties, with the exception of the shadow Chancellor, support the triple lock—or the many welfare payments for families with someone in work. We are trying to reduce the need to support working families with welfare payments, through increases to the national living wage and steps to boost productivity. I would say that that figure is a misrepresentation—not that I would accuse the right hon. Member for Gainsborough of misrepresenting the facts—because it uses the word "welfare" as a catch-all, when many people who receive support from the state need that support and benefit from it in a reasonable way, including those who lose their jobs, whom we support through jobseeker's allowance, for example.

Mr Joshua Reynolds *rose*—

Dan Tomlinson: Go on, but then I really should make progress.

Mr Reynolds: I will be brief—the Minister might even be able to give me a one-word answer. In 2024, the Chancellor said that she had come to the conclusion that extending the threshold freeze would hurt working people. Does the Minister agree, then, that he is proposing to hurt working people?

Dan Tomlinson: I encourage the hon. Member to listen back to what I said earlier in my speech. I and this Government are not shying away from the fact that at the end of the decade, we are freezing income tax thresholds for a further three years, after the seven years—if I recall correctly—that they were frozen under the previous Government. That decision enables us to raise more revenue—the amount set out by the OBR—at the end of the decade and in a way that means that we can stick to our clear manifesto commitment not to increase the rate of tax. We have looked across the tax system. I am sure that the Opposition Front Benchers will enjoy line-by-line scrutiny in the Bill Committee, when we will go through the other changes we have made to the tax system to reduce our ask of working people via the extension of the threshold freeze at the end of the decade.

Clause 9 maintains the starting rate for the savings limit at its current level of £5,000 from the 2026-27 tax year until 6 April 2031. The starting rate for savings must be legislated for each year to confirm the band of savings income to which it applies. In addition to the starting rate for savings—eligible individuals can earn up to £5,000 in savings income, free of tax—savers are supported by the personal savings allowance, which provides up to £1,000 of tax-free savings income for basic rate taxpayers. Savers will also continue to benefit from the annual ISA allowance of £20,000. As a result of those measures, in 2025-26, around 85% of savers pay no tax whatsoever on their savings income.

7.15 pm

Clause 10 maintains the income tax thresholds for three years from April 2028 to April 2031. As we have already discussed, the Government are freezing the thresholds to maintain funding for our NHS and to enable us to reduce debt, and we are doing that, in part through this decision.

Dr Luke Evans: Will the Minister give way?

Dan Tomlinson: I will make a little progress, if I may. I have already taken two interventions on this exact point.

We know that there will be a broad-based effect, but as I have said, we are making other changes so that we ask as little as possible of those who will be affected by the change. We are making lots of changes to ensure that those with the broadest shoulders pay their fair share. I think that that is a fair and necessary decision to raise tax revenue in order to fund public services and restore economic stability.

Neil Duncan-Jordan (Poole) (Lab): Will the Minister give way?

Dan Tomlinson: I will happily take a first intervention from the Government Benches.

Neil Duncan-Jordan: I have been contacted—as has the Minister, I am sure—by a number of pensioners who are worried that they will pay tax on their state pension for the very first time. Which pensioners will be affected by the freeze in allowances, and how will any exemptions apply?

Dan Tomlinson: The Chancellor was clear about that very soon after the Budget, in her interview with Martin Lewis, which I am sure my hon. Friend saw. Those whose only income is the basic state pension will not pay tax on it during this Parliament.

[Dan Tomlinson]

The changes to the personal allowance will apply to the whole of the UK. The changes to the basic rate limit and the higher rate threshold will apply to non-property, non-savings and non-dividend income in England, Wales and Northern Ireland. The Scottish Parliament sets income tax rates and limits for Scottish taxpayers. Alongside maintaining the national insurance contribution thresholds for the same period, that will raise £7.8 billion in 2029-30, helping to fund public services and restore economic stability.

Clause 69 provides that the inheritance tax nil rate bands will continue at current levels in 2030-31. There are two nil rate bands for inheritance tax. The nil rate band has been £325,000, as Opposition Members will know, since 2009-10. The residence nil rate band has been £175,000 since 2021. Subject to reliefs and exceptions, inheritance tax is payable if the net value of an estate exceeds those thresholds. The previous Government froze those thresholds until April 2028. We fixed them at those levels for a further two years at the autumn Budget in 2024. We have fixed the nil rate threshold for a further year, until 2031, consistent with the decisions to maintain other personal tax thresholds until April 2031.

The clauses are fair, necessary and fiscally responsible, and will raise the revenue needed to fix the public finances and fund public services such as our NHS, schools and police force. They will fund vital changes to bring half a million children out of poverty.

Calum Miller (Bicester and Woodstock) (LD): I am extremely grateful to the Minister for giving way. He is trying to make the case that freezing thresholds is progressive, but what he has not mentioned, understandably, is the freezing of student loan thresholds. There is strong evidence that it will result in lower-earning graduates having to pay much more back over the duration of their loan period. Why is the Treasury taking the £6 billion benefit to the asset balance sheet in 2026-27 from this measure, and can the Minister convince me and my constituents that this is in any way fair and progressive?

Dan Tomlinson: The hon. Member mentions the change to student loan thresholds that was announced at the Budget. The Government have looked at our taxation system in the round, and at our benefits system—for example, there are the changes to Motability—to ensure that we are raising the revenue that we need in a proportionate and reasonable way, and the measures that we are debating tonight enable us to do that. I will not let Opposition Members, who repeatedly voted to freeze thresholds until 2028 when they were in government, try to rewrite history as we debate these clauses.

The First Deputy Chairman of Ways and Means (Judith Cummins): I call the shadow Minister.

Gareth Davies: I wish to speak to new clauses 13 to 15, which are in my name, but first I will cover what the clauses in this group mean for British taxpayers. If you will forgive me, Madam Chair, I will do so slightly out of numerical order. Clause 9 sets the starting rate limit for savings for tax years 2026-27 to 2030-31, keeping it fixed at £5,000. That is an important allowance for so many with relatively low incomes, including those who work part-time or are retired. Clause 69 fixes the various inheritance tax thresholds at their current level for a further tax year, 2030-31. Clause 10 freezes the basic rate limit for income tax at £37,700, and sets the personal allowance at £12,570 for tax years 2028-29, 2029-30, and 2030-31.

According to the Office for Budget Responsibility, the Labour Government's freeze to income tax thresholds will raise around £7.6 billion in 2029-30 alone, and more than £12 billion in 2030-31. This is a £23 billion tax rise; clause 10 alone is a £23 billion broken promise. The OBR is clear: 920,000 more people will be pushed into the higher rate, and 780,000 more people will be pushed into income tax altogether. We have already heard the Minister try to explain away Labour's breach of the promises that it made to the British people. The best the Chancellor can manage is to say that it is not her fault, because she was very clear in the small print—a technicality dressed up as an excuse. But people are not stupid. It would not be quite so embarrassing if the Chancellor herself had not proclaimed so theatrically in her first disastrous Budget that extending the threshold freeze would hurt working people. Yet here we are, and it is no surprise that the Prime Minister is breaking records for unpopularity. New clause 13 would ensure that the Government undertook an assessment of the impact of clause 10 on the average earner, because we all know that working people will be hurt very badly by this clause.

Gareth Snell (Stoke-on-Trent Central) (Lab/Co-op): Will the hon. Gentleman give way?

Gareth Davies: I will give way to the hon. Gentleman. I hope he will not ask me why we froze the threshold, because he will know that we did so under tremendous pressure, given the covid pandemic and the debt that we accrued in the economy. We are in a very different scenario now. I am sure that is not what he is going to ask.

Gareth Snell: No, that was not what I was going to ask, but I am glad that the hon. Gentleman got to the "It was all covid's fault" argument so early in the debate. I was going to ask whether he has an in-principle objection to freezing the rate, or whether he objects to it because he thinks it is somehow a breach of the Labour party manifesto. Those two things are different. I would be genuinely interested to know whether he has no issue with the rate being frozen, and more people paying tax as they earn more money, and whether this is about the party politics of previous manifesto commitments.

Gareth Davies: I understand the points that the hon. Gentleman makes, but as the spokesperson for the official Opposition, I speak on behalf of millions of people who were told that this would not happen, and who voted for a party that told them that it would not be increasing taxes on working people. The Chancellor repeated that claim at the Dispatch Box just a year ago, but then went back on it, which is unacceptable. Whether I agree with it does not matter; we have to represent the millions of people who were frankly let down and misled by this Government. That is our job—to hold the Government to account for breaking that promise, and for where the money is going. I ask the Government: what is this about? Is it about giving up sovereignty—giving up the Chagos islands—or paying off public sector unions, only for them to go on strike once again? There are two issues here. First, the public were told that this would not happen. Secondly, now that it is happening, the Labour party—the Government—is spending that money recklessly. That is unacceptable, and it is the job of the official Opposition to hold the Government to account.

Finally, there is an elephant in the room. From April 2026, the state pension rises by 4.8%. The new state pension will sit below the personal allowance next year, but that changes in 2027-28, when, for the first time, people whose only income is the state pension will be dragged into paying income tax. The Chancellor, when challenged on this after the Budget, said that she will protect pensioners from paying small amounts of tax, and the Minister just repeated that. Fine, but where is it? It is not in the Bill. It is not in clause 10, or anywhere in the 535 pages of the Bill. As far as I can see, it has not even been costed. I have two straightforward questions for the Minister: what is the Treasury's assessed cost of that promise, and how will it be delivered in practice?

Dr Evans: The other point is: what is a small tax? What is the definition? Are we talking about £100, or £1,000? The Government have not even set that out. The Chancellor has just come up with a term that we have no reference for, no use for, and no understanding of when setting tax policy for this country.

Gareth Davies: My hon. Friend is absolutely right. That is why I want to ask the Minister, as he does, how this will be delivered. What is the definition of what the Chancellor has described, albeit to the media? How will this work, and why is it not in the Bill? We know that when the Government have spoken before, they have not stuck to it.

Sammy Wilson: Does the hon. Gentleman accept that regardless of whether we are talking about a small tax or a large tax, the Chancellor promised that there would be no tax on people who went out to work every day, and no increase in tax on pensioners? It is not really a question of degree; it is about whether the promise is being broken. Clearly, from what the Minister said tonight, the promise will be broken.

Gareth Davies: Exactly. I have nothing to add to that; the right hon. Gentleman puts it perfectly. New clause 14 would require a proper assessment of clause 10's impact on state pensioners, and new clause 15 would require an assessment of the cost of the Chancellor's so-called exemption from small amounts of tax—let her define that in a piece of legislation; I do not think she will be able to. Clause 10 is simple: another Labour tax promise has been broken and pensioners will pay the price. I hope that Members from across the Committee can see that and that they will vote with the official Opposition tonight.

The First Deputy Chairman of Ways and Means (Judith Cummins): I call the Liberal Democrat spokesperson.

7.30 pm

Daisy Cooper: These stealth taxes were started by the Conservatives and are being continued by Labour. When the Liberal Democrats were in government, we made sure to raise the income tax thresholds, taking people out of paying tax, but it is clear that the two biggest parties continue to drag more people into paying tax. According to the OBR, by 2030, an extra 9.4 million people will be dragged into paying the basic and higher rates of income tax, 1.7 million of whom will be dragged into the system because of this Government's decisions at the last Budget. By 2031, the stealth taxes introduced by the Conservatives and continued by Labour will cost British taxpayers an eyewatering £67 billion a year, some £13 billion of which is a result of last November's Budget.

To put that into perspective, in a two-person household, where someone earns £26,000 and someone earns £60,000 a year, over the decade of Conservative and Labour stealth taxes, the lower of those earners will lose the equivalent of an entire year's pay due to frozen tax thresholds. Wiping out an entire year's pre-tax salary for a typical earner is devastating for household finances. It is staggering to realise that this decade of frozen thresholds will cost what is broadly a typical two-earner family a staggering £26,800. The OBR says that one in four adults will be a higher rate taxpayer by 2031, up from one in seven in 2022. That represents an additional 5.7 million people, including 920,000 dragged into the higher rate band as a result of the Chancellor's latest three-year extension.

It is really important that people understand that this is happening. The Liberal Democrats have tabled new clause 3 so that people are notified about how they will be affected by these frozen thresholds. The new clause will require the Chancellor to properly communicate to the people the impact of frozen tax thresholds. One of the most damaging aspects of this tax rise is that it goes unnoticed by so many. Unlike other tax changes, the stealth tax does not show up on people's payslips and too many people are simply unaware that they are paying more tax because of the Government's decisions. New clause 3 would require the Chancellor to be transparent with taxpayers and directly write to them, explaining in black and white the impact frozen thresholds will have on their pay cheques.

As many other hon. Members have said, there is huge concern among pensioners about what the measures will mean for them. In a recent meeting with the Chartered Institute of Taxation, it was highlighted to me that is not clear who will qualify for which rate of tax. The way that the system is set up suggests that pensioners who receive the same amount of income but from different sources could end up paying different rates of tax. Many of us like Martin Lewis, but the fact that the Chancellor has done a podcast with him does not mean that the impact of the Government changes has been communicated clearly to every single pensioner. I urge the Minister to adopt our simple new clause 3. The Government have said that they want to make the tax system more transparent, so if Ministers truly want to be honest with people, they should accept this simple amendment and write to the people who are affected by these policies.

Sir Ashley Fox: A Budget is the most important set of choices that a Government can make, and introducing clause 10 is a choice by this Government. I oppose clause 10 because it extends the freeze on the personal income tax allowance and the basic rate limit for a further three years, from 2028 to 2031. That means that rates will have been frozen for 10 years.

The choice in this Budget, as in all others, was clear: will spending be controlled or will taxes be raised? For the second year running, this Labour Chancellor chose

[Sir Ashley Fox]

higher taxes. In 2024, the Chancellor said that to extend this freeze would be to break her manifesto commitment not to raise the level of income tax, but at this Budget, she did it anyway. At the last election, the Government promised growth. They promised not to raise taxes on working people and to fund public services through a stronger economy, but from the moment that they took office, they have done the opposite. Labour have expanded welfare without reform, handed out huge pay deals without productivity gains and piled costs and regulations on to employers. When the inevitable bill came, what did they do? They reached into the taxpayer's wallet.

These tax rises are a political choice. The consequences of these choices are clear. Taxes on working people are at record highs, growth is sluggish and unemployment has risen consistently since the election. Record numbers are now trapped outside the labour market on benefits, with no requirement and no incentive to seek work at all. Those who do the right thing, who work hard to provide for their families, now face higher tax bills to fund an ever-larger welfare state.

Paul Holmes (Hamble Valley) (Con): My hon. Friend is making an excellent speech. Does he agree that these tax rises are damaging to our middle earners? The number of people who are being dragged into taxation—essentially, a fiscal drag—will increase from 15% in 2010 to 24% by 2030. Does he agree that that is bad for the economy?

Sir Ashley Fox: My hon. Friend makes a valuable point, which anticipates my next point. Teachers in my constituency have written to me saying that they will be pushed into the higher rate tax bracket by 2030, paying 40% on any extra work that they do—marking exams during the summer, for example—and that doing such work is not worth it any more.

Many pensioners in my constituency, who have worked and saved all their lives, and who have done the right thing, are now set to be punished too. Clause 10 will drag more pensioners with modest private pensions into the tax system. Freezing allowances will mean more pensioners paying tax on their income from savings. Anyone with income from a private pension or income from savings will now face having to fill out a tax return, and that number will grow when clause 10 takes effect. Unlike those in work, pensioners cannot put in more hours or ask for a pay rise. They are victims of this Government's failure to control public expenditure.

Where is all the extra money that clause 10 will raise going to go? Rises in welfare spending. With the uprating of universal credit, the rise in the amount of people claiming health-related benefits and now the scrapping of the two-child benefit cap, more and more families are finding it less beneficial to work. Clause 10 is perverse. It discourages work and entrenches dependency. Labour says it is all about fairness and compassion, but in truth it is the opposite. The best way to alleviate poverty is through work, and that is exactly what Labour's Budget seeks to discourage.

There is another choice. Had the Chancellor chosen to control public expenditure, then clause 10 would not be necessary. She could have chosen to make work pay. She could have chosen to reduce our welfare bill, to increase productivity in the public sector, and used savings to reduce debt and protect taxpayers, but she chose not to because when faced with difficult decisions, this Government's guiding principle is their own survival: surviving the next vote, the next headline and the next rebellion by Labour Back Benchers.

This Government have now U-turned on headline policies 12 times. By the Prime Minister's own admission, that meets the definition of serial incompetence. The people paying for the price for this incompetence are working people, pensioners, and everyone who has ever worked hard and done the right thing to provide for themselves and their families. It is no wonder that my constituents are so livid with this Government, and that is why I shall oppose clause 10, which is the cornerstone of this Budget for "Benefits Street".

Dr Luke Evans: It is a shame that the hon. Member for Poole (Neil Duncan-Jordan) is not still in the Chamber, because he hit the nail on the head. He asked the question that I am keen to get answered and that is the reason why I have come to this debate. It is about the freezing of the thresholds and what the impacts will be on pensioners. I too am worried about pensioners suddenly being brought in to pay tax and having to do a tax return.

I am glad that the Minister saw the interview with Martin Lewis, because the Chancellor was very clear, so he has to try to answer the questions. When Martin Lewis put this case to the Chancellor, she said:

> "If you just have a state pension…we are not going to make you fill in a tax return"

at any time. That is great, but how does that work? What does it look like? Where is that written down? The Chancellor went on to say:

> "In this parliament, they won't have to pay the tax…we're looking at a simple workaround at the moment."

That was back in November, so my curiosity was pricked to think, "Maybe it will be in the Finance (No. 2) Bill in Committee." Yet, as pointed out by the Opposition Front-Bench spokesman, my hon. Friend the Member for Grantham and Bourne (Gareth Davies), the Bill has 535 pages, and there is no answer. I am pleased to have the opportunity to ask the Minister on behalf of my constituents how he will answer that question.

What is the workaround in play? If it is there, we should like to see it. Is there an impact assessment that goes with it to help us to understand whether people will have to do a tax return? How many people will have to do a tax return? If they will not have to do a tax return, how will we know whether they need to pay the tax? Will it simply be part of PAYE? That is a solution; it could be moved, and adjustments are already made. Will we simply say that it is an easement and write it off?

We then get to the problem of the Chancellor talking about small tax. We have no definition of what small tax looks like. This Government's definition of it is as close to a definition as their definition of "working people" is, and we all know what the definition of "working people" is under this Government—well, actually, we do not, and that is the problem.

I am here asking the question on behalf of my constituents: what does the workaround look like? How will it take place? How will it affect my constituents? That is why I support new clause 15, which would go at least part of the way to understanding the assessment of this decision taken by the Government, but I appreciate that that is outside of the Bill. If the Government turn around and say that they do not need to do primary legislation—the best protection for my pensioners—the Minister can find another way to do it, but I look forward to hearing what that will look like in statements to the House.

Sir Edward Leigh: I will not make myself very popular by asking this question, but I will do it anyway. The Minister took me to task earlier because I talked about the total increase in the Department for Work and Pensions budget, which includes pensions. I think all three main political parties are traipsing around the issue of the triple lock. Frankly, if we did not have the triple lock—if there was a serious debate and we could get consensus in this House—we would not have to freeze income tax thresholds, and we could divert more resources to those really, truly vulnerable pensioners. I know that that is not a very popular point, but it is a question that we all seriously have to debate in a rapidly ageing population.

Dr Evans: I know that my right hon. Friend has been a stalwart in making that point. That leads on to the wider point of thinking about social care and how we will fund it. These sticky points are really important, so we need to ensure that we have this debate. The fact is that we are dealing with the Finance (No. 2) Bill in Committee. When the Government are making these choices, I am really keen to try to understand the direct impact they will have on my constituents.

At the last general election, the last Government—now the Opposition—had a solution in our manifesto to deal with this issue, which was the "triple lock plus". That would have negated the issue at source. There is a ready-made solution if the Government would like to go for it, but I understand the difficulties of the associated cost, as my right hon. Friend the Member for Gainsborough (Sir Edward Leigh) has pointed out.

That brings us full circle to where the hon. Member for Poole started. How exactly are we going to solve this issue for pensioners? Do the Government just need to be up front with them and say that they will have to do a tax return? Will they be pulled into this tax? If they will not, how?

Vikki Slade (Mid Dorset and North Poole) (LD): I completely recognise that the extension of the frozen tax threshold will not be felt immediately. We are all here worrying about it, but most of our residents will not see the difference probably until the next general election. However, it is on us to resolve this issue once and for all.

In the Minister's opening speech, he talked about asking those with the broadest shoulders to pay more. Let me speak briefly about three groups of people—apprentices, graduates and pensioners—who do not have the broadest shoulders and instead feel completely targeted.

7.45 pm

From speaking to apprentices, I know that they earn just £7.55 an hour—£5 an hour less than the national minimum wage—yet because they are paid for their training hours as well as their working hours, they will be dragged into paying income tax. These very young earners, who are at the very beginning of their time and should be being supported, will be paying tax because of the increase—the stealth tax—that we see. They simply do not feel like people who have the broadest shoulders. If the Government are looking to consider exemptions for groups, may I ask them to consider some of our youngest apprentices? They are the people least able to manage these additional burdens.

Let me turn to the group that we collectively—and, at the moment, this Government—are failing: the young adults who have invested in their future by going into higher education. Time after time, we see this group of people being failed. They have eyewatering house prices and rents to pay. The interest rates on their student debts are way above the interest rates that the landlords of the buy-to-let properties they are forced to live in, which have mould growing up the walls, are paying on their investment properties. They are being dragged into higher tax payments without an increase to their student loan thresholds.

Time and again, young adults who have invested in their futures, done everything right and tried to make the world a better place are being targeted by successive Governments. I am the parent of two recent graduates and an undergraduate, so I see those daily struggles. I see many young people saying, "What is the point of going to university?"

Dr Luke Evans: Is the hon. Lady as concerned as I am about the fact that plan 2 student loans seem to be particularly impacted by the thresholds? I am concerned about the impact that that will have on the way in which people will have to make their repayments.

Vikki Slade: I will be honest and say that, not having been to university, I do not know the details of the different groups. My students are all very recent graduates, so they went in knowing that they would have enormous debt and recognising that they would be more than £50,000 in debt, with probably no prospect of ever paying it off. I do not think they went in realising that they would get such a bad deal when they were at university, with eight hours of contact time a week and PhD students doing their lectures, rather than actual lecturers, some of whom cannot even speak English and are here only for their visas. Students are having a really rough time, and this measure is just rubbing salt into the wound.

Jim Shannon: I have often said in this Chamber in the last three or four years that the Government should sponsor medical students—those working to be doctors or whatever the position may be in the medical service—and ensure that they do three or four years in the health service. Wales does that, and it works. I have a constituent from Newtownards—we will never get her back in Newtownards, because she has fallen in with a Welshman; she will stay there and marry him, and that is it—who had to stay for three years, but she got all her student fees paid. Is that not what Government should be doing to make it easier for young students and to retain them in the health service?

Vikki Slade: I always value the interventions of the hon. Member. As the aunt of a young GP, Bethan, who has more than £100,000-worth of debt, I think it is ridiculous that our young people are being saddled with this situation. I have constituents who have deliberately

[Vikki Slade]

gone to study in Wales so that they are able to get that benefit. It is time for us to look collectively at analysing the cumulative impact of the issues faced by our young, aspirational adults, because we will see more of them deciding to go abroad, and we desperately need our home-grown talent to stay.

Thirdly, I turn, as most Members have done, to pensioners. The older age group will have been pleased to hear that they are due to be exempted from the tax threshold if their only income is the state pension, but two constituents—Colin from Wareham, who is a regular correspondent, and John from Lytchett—have written to suggest that the Chancellor may have inadvertently misled Martin Lewis. I will not use their other accusation, as I will get into a lot of trouble. One said that most pensioners are expected to survive on a weekly state pension that is four times lower than the average wage, and that mandating that they be taxed will plunge many older people into desperation and poverty. They have suggested that it is not quite accurate that the state pension alone will not be taxed—I am using my words very carefully—so can the Minister assure me and my constituents, like others, that from April, those with no income other than the state income and modest savings will pay no income tax, particularly because there appears to be nothing in the Bill about that?

Finally, given that millions of people with tiny private pensions and, in particular, many pensioners will be dragged into tax, will the Minister consider the Lib Dem proposal for a pensioners' "red phone" to ensure that they do not spend hours hanging on the telephone?

Sammy Wilson: Tonight's debate is not just an opportunity for the Opposition to have a go at the Government. Many people who are getting cynical about politics will say, "Well, of course you would expect them to have a go about taxation and the Government's behaviour on that issue." However, this debate goes far beyond that, because the implications of what we are discussing tonight are very serious.

First, there are the macroeconomic impacts of the decision not to make work pay, because of higher taxation. The Government have hung a lot of their predictions of economic success on obtaining economic growth, but one thing we will not do is tax our way to growth. This will be an anti-growth measure, which will have implications not just for this year but future years and future Budgets. Secondly, it will have personal consequences for many people facing the current cost of living crisis and finding it difficult to stretch their income to meet their needs.

Lastly, the decision will have an impact on people's confidence in the democratic system. The Government will get this Bill through tonight. They will get it through because they have a massive majority, and they have a massive majority because they made massive promises. They promised that people would not face income tax increases, and I have no doubt that that influenced how many working people voted. However, the Minister has accepted tonight that by the end of this period, £28 billion will have been raised. One reason I support new clauses 3, 13 and 14 is that they at least give people an opportunity to realise what the Government are doing to them, and they show that politicians in this House want there to be honesty with the people. If there was not honesty when the manifesto was written and presented, let us ensure that there is honesty when the implications of the decisions that this Government are making become clear to the citizens of this country. These are confidence measures.

Let us just remind ourselves of what the Government promised—we have been around this a number of times tonight. They promised that they would not increase taxes on working people. They then went on to define "working people" as people who go to work every day, yet we know that by freezing the thresholds, people who go to work every day and are therefore subject to income tax being charged on the money they earn will pay more. Working people know that a promise to them has been broken.

Dr Luke Evans: I think the Chancellor knows that, given her statement at the first Budget that changing the thresholds would be a tax on working people.

Sammy Wilson: Of course she does. That is one reason why I believe that the new clauses are important—they recognise the need for people to be made aware of the consequences, and the impact on them, of decisions that are being made in this House by a majority Government who got there by making promises that are not being kept.

What is that impact? The Minister has already told us: £23 billion more tax will be paid. He justifies that by saying—I think he mentioned this twice—that the Government have sought to be fair, and to place the burden on those with the broadest shoulders. When 750,000 people who are currently earning £12,500 per year are dragged into the tax system, that does not strike me as fair. It strikes me as placing a burden on people who go out to work every day, do not earn a great deal of money or have a great reward for it, and now find themselves having to pay tax when they never thought they would have to.

As I said in an earlier intervention, people might be willing to pay taxes if they thought it would lead to things that would improve their lives. We had that promise at the first Budget—that the Government were putting up taxes by £40 billion, or whatever it was at that stage, to improve public services. Have public services improved? No, they have not. Has the money been spent on public services? No, it has not. Yes, wage increases have been given, but as the OBR has said, there have been no productivity increases as a result of the extra money that has been spent. If taxpayers thought they were going to get some benefit from these changes, they might have been willing to accept them, but of course, they are not getting that benefit.

What are we getting? We are getting wasteful expenditure. As has already been mentioned, £5 billion will be spent on taking money from those who go out to work and paying it to those who do not go out to work. That is not fair, and it does not make any economic sense, either. Then, of course, there is all the other wasteful expenditure that the Government have engaged in, such as the Chagos deal. We had the Chagos islands—we had our bases there and so on. We are now going to pay somewhere between £38 billion and £47 billion to the Government of Mauritius to give the islands back and then lease them back again. You can understand why people ask, "Is that what I want my taxes to be spent on?" Of course it is not.

The Government estimate that their ID cards system will cost £1.8 billion, while the London School of Economics says that the cost could be £10.7 billion. The Government say that it is to stop illegal immigration, when we know full well that it would not matter if we had six ID cards—those who come into this country illegally will seek to work illegally, and there are other means of checking up on them anyway. There are also the new bureaucracies that the Government have set up. One of their first actions was to set up a huge bureaucracy, Great British Energy, at a cost of £9 billion. Again, what benefit will we get from that? The Government have said that it will deliver their net zero policies, but is it necessary to have a bureaucracy of that nature? I know that many Members do not agree with me on this issue, but we are spending billions of pounds on restructuring our economy to meet net zero targets when many other countries are saying, "We are not prepared to damage our economy in that way."

Given the proposals we are debating tonight, the new clauses I have spoken to are not all that demanding. All they say is, "Let's have some transparency about what all this means to the people who are having to pay the money." That is not too much to ask. I hope that people will consider that when they cast their vote tonight.

The one thing I say in conclusion is that we seem to have a Government who, as their first choice, will spend taxpayers' money, rather than looking at how the money they already take from taxpayers can be used more effectively.

8 pm

Clive Jones (Wokingham) (LD): I rise to speak to clause 10. It is utterly unfair and shameful that this Government are raising taxes on struggling families by freezing or continuing the freeze of income tax thresholds, which was started by the Conservatives. The Conservative Government spent years hitting people with stealth taxes, and Labour, sadly, has decided to continue to do the same. Clause 10 freezes the basic rate limit for income tax at £37,700, and it freezes the amount of personal allowance at £12,570 until 2030-31. This extension of the Tories' stealth tax will hit ordinary families, people on low incomes and pensioners whose only income is the state pension. The Government have again turned their back on some of the most vulnerable for the sake of another short-sighted tax grab. Does the Minister really think that is fair?

Let me once again offer some advice. The best way to balance the books is to grow our economy, and the quickest way to do that is to repair the damage of the Conservatives' terrible Brexit deal by negotiating a bespoke EU-UK customs union. A better trade deal like that would raise more than £25 billion for the Exchequer, which would be a huge boost for the public finances. It is suggested nearly every week in this place by Liberal Democrats. When will the Minister and his colleagues start to listen?

Dan Tomlinson: I was listening to the speeches made by Members on the Opposition Benches so intently that I am not in the right place in my notes to start my speech.

I extend my thanks to the various Members who have spoken today. I will be very brief in winding up—*[Interruption.]* Yes, I know some Members in particular will enjoy that. The Conservatives' new clause 15 asks the Government, within three months of this legislation coming into force, to publish an assessment of the impact of exempting pensioners whose sole income is the basic or new state pension from income tax. That issue was raised by the Opposition spokesperson, the hon. Member for Grantham and Bourne (Gareth Davies), as well as by the hon. Members for Hinckley and Bosworth (Dr Evans) and for Mid Dorset and North Poole (Vikki Slade), and others.

The new clause refers to the Chancellor's announcement that those whose only income is the basic or new state pension without any increments will not have to pay income tax over this Parliament. I know that some Members are particularly impatient and energetic on this point, but more details will be set out later in the year. As the details of the policy have not yet been announced, it would be premature for us to set out the impacts at this stage.

Several hon. Members ***rose—***

Dan Tomlinson: Many Members wish to intervene. I will happily give way to the hon. Member for Kingswinford and South Staffordshire (Mike Wood).

Mike Wood (Kingswinford and South Staffordshire) (Con): The Minister says that pensioners who only receive the new state pension will not have to pay income tax. Can he say whether pensioners paid the old basic state pension, but who were contracted out and have alternative provision that brings them up to the same level as the new state pension, will have to pay income tax?

Dan Tomlinson: As the Chancellor has set out—more detail will follow later this year—those whose only income is the basic or new state pension, without any increments, will not have to pay income tax over this Parliament. I am aware that Members would like to see more detail, but it would be premature for us to set out the impacts of the policy at this stage, because the details will be forthcoming later this year. I therefore say that new clause 15 should be rejected.

Several hon. Members ***rose—***

Dan Tomlinson: It is so wonderful to see so many Members on the Opposition Benches wishing to intervene. They were much less forthcoming in my previous closing remarks. I have given way to one Conservative, so I will give way to a Liberal Democrat.

Daisy Cooper: The Minister will have heard a number of colleagues asking for more detail about how the pension provisions will affect pensioners. The Minister has just said that further information is to come. Will he please give us an indication of the date when we can expect that guidance to be published, so that he can then come back and clarify some points?

Dan Tomlinson: That information will be forthcoming in due course.

In conclusion, I hope that Members will see how the amendments that have been tabled are not necessary. We have set out the impact of our tax changes in numerous tax impact and information notes, which Members can

[Dan Tomlinson]

read online at their leisure. This Government and I will not let Opposition Members who repeatedly voted to freeze thresholds until 2028 when they were in government to rewrite history. This Labour Government reject the Conservatives' austerity measures, which got our country and public services into this sorry state. We inherited a mess at the 2024 general election, and the measures we are considering now, and those elsewhere in the Finance Bill, enable us to rebuild our public finances, to fund our public services for the long term and to get borrowing over the course of this Parliament to continue to fall. I therefore, urge the Committee to reject new clauses 3 to 5 and 13 to 15 and to support the inclusion of clauses 9, 10 and 69.

Question put and agreed to.

Clause 9 accordingly ordered to stand part of the Bill.

Clause 10

Basic rate limit and personal allowance for tax years 2028-29 to 2030-31

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

The Committee divided: Ayes 324, Noes 180.

Division No. 399] [8.7 pm

AYES

Abbott, rh Ms Diane *(Proxy vote cast by Bell Ribeiro-Addy)*
Abbott, Jack
Abrahams, Debbie
Akehurst, Luke
Alaba, Mr Bayo
Aldridge, Dan
Alexander, rh Mr Douglas
Alexander, rh Heidi
Al-Hassan, Sadik
Ali, Rushanara
Ali, Tahir
Anderson, Callum
Anderson, Fleur
Arthur, Dr Scott
Asato, Jess
Asser, James
Athwal, Jas
Atkinson, Catherine
Atkinson, Lewis
Bailey, Mr Calvin
Bailey, Olivia
Baker, Alex
Baker, Richard
Ballinger, Alex
Barron, Lee
Barros-Curtis, Mr Alex
Baxter, Johanna
Beales, Danny
Beavers, Lorraine
Begum, Apsana
Bell, Torsten
Benn, rh Hilary
Betts, Mr Clive
Billington, Ms Polly
Blake, Olivia
Blake, Rachel
Bloore, Chris
Blundell, Mrs Elsie
Bonavia, Kevin
Botterill, Jade
Brackenridge, Mrs Sureena
Brash, Mr Jonathan
Brickell, Phil
Bryant, Chris
Buckley, Julia
Burgon, Richard
Burton-Sampson, David
Butler, Dawn
Byrne, Ian
Byrne, rh Liam
Cadbury, Ruth
Campbell, rh Sir Alan
Campbell, Juliet
Campbell-Savours, Markus
Carden, Dan
Carling, Sam
Carns, Al
Champion, Sarah
Charalambous, Bambos
Charters, Mr Luke
Clark, Feryal
Coleman, Ben
Collier, Jacob
Collinge, Lizzi
Conlon, Liam
Coombes, Sarah
Cooper, Andrew
Cooper, rh Yvette
Costigan, Deirdre
Cox, Pam
Craft, Jen
Creagh, Mary
Creasy, Ms Stella
Crichton, Torcuil
Curtis, Chris
Dakin, Sir Nicholas
Dalton, Ashley
Darlington, Emily
Davies, Jonathan
Davies, Paul
Davies, Shaun
Davies-Jones, Alex
Dean, Josh
Dhesi, Mr Tanmanjeet Singh
Dickson, Jim
Dixon, Anna
Dixon, Samantha
Dodds, rh Anneliese
Doughty, Stephen
Dowd, Peter
Duncan-Jordan, Neil
Eagle, Dame Angela
Edwards, Lauren
Edwards, Sarah
Egan, Damien
Ellis, Maya
Entwistle, Kirith
Eshalomi, Florence
Evans, Chris
Fahnbulleh, Miatta
Falconer, Mr Hamish
Farnsworth, Linsey
Ferguson, Patricia
Foody, Emma
Fookes, Catherine
Foxcroft, Vicky
Foy, Mary Kelly
Francis, Daniel
Furniss, Gill
Gardner, Dr Allison
Gemmell, Alan
German, Gill
Gilbert, Tracy
Gill, Preet Kaur
Gittins, Becky *(Proxy vote cast by Sir Nicholas Dakin)*
Glindon, Mary
Goldsborough, Ben
Gosling, Jodie
Gould, Georgia
Greenwood, Lilian
Gwynne, Andrew *(Proxy vote cast by Sir Nicholas Dakin)*
Hack, Amanda
Haigh, rh Louise
Hall, Sarah
Hamilton, Paulette
Hatton, Lloyd
Hayes, Helen
Hayes, Tom
Hazelgrove, Claire
Healey, rh John
Hillier, Dame Meg
Hinder, Jonathan
Hodgson, Mrs Sharon
Hopkins, Rachel
Hughes, Claire *(Proxy vote cast by Sir Nicholas Dakin)*
Huq, Dr Rupa
Hurley, Patrick
Ingham, Leigh
Jameson, Sally
Jarvis, Dan
Jermy, Terry
Johnson, Kim
Jones, rh Darren
Jones, Gerald
Jones, Lillian
Jones, Ruth
Jones, Sarah
Josan, Gurinder Singh
Joseph, Sojan
Juss, Warinder
Kane, Chris
Kane, Mike
Kaur, Satvir *(Proxy vote cast by Sir Nicholas Dakin)*
Khan, Afzal
Kinnock, Stephen
Kitchen, Gen
Kumar, Sonia
Kyrke-Smith, Laura
Lamb, Peter
Lammy, rh Mr David
Lavery, Ian
Law, Noah
Leadbeater, Kim
Leishman, Brian
Lewell, Emma
Lewin, Andrew
Lewis, Clive
Lightwood, Simon
MacAlister, Josh
Macdonald, Alice
MacNae, Andy
Malhotra, Seema
Martin, Amanda
Maskell, Rachael
Mather, Keir
Mayer, Alex
McAllister, Douglas
McCarthy, Kerry
McCluskey, Martin
McDonagh, Dame Siobhain
McDonald, Andy
McDonald, Chris
McDonnell, rh John
McDougall, Blair
McEvoy, Lola
McGovern, Alison
McKee, Gordon
McKenna, Kevin
McKinnell, Catherine
McMahon, Jim
McNally, Frank
McNeill, Kirsty
Miliband, rh Ed
Minns, Ms Julie
Mishra, Navendu
Mohamed, Abtisam
Moon, Perran
Morden, Jessica
Morgan, Stephen
Morris, Grahame
Morris, Joe
Mullane, Margaret
Murphy, Luke
Murray, Chris
Murray, rh Ian
Murray, rh James
Murray, Katrina
Myer, Luke
Naish, James
Naismith, Connor
Narayan, Kanishka
Nash, Pamela
Newbury, Josh
Niblett, Samantha
Nichols, Charlotte
Norris, Dan *(Proxy vote cast by Sir Nicholas Dakin)*
Onn, Melanie
Onwurah, Dame Chi
Opher, Dr Simon

Oppong-Asare, Ms Abena
Osborne, Kate
Osborne, Tristan
Owen, Sarah
Paffey, Darren
Pakes, Andrew
Patrick, Matthew
Payne, Michael
Peacock, Stephanie
Pearce, Jon
Pennycook, Matthew
Perkins, Mr Toby
Phillips, Jess
Pinto-Duschinsky, David
Pitcher, Lee
Platt, Jo
Pollard, Luke
Powell, Joe
Poynton, Gregor
Prinsley, Peter
Quigley, Mr Richard
Qureshi, Yasmin
Race, Steve
Rand, Mr Connor
Ranger, Andrew
Reader, Mike
Reed, rh Steve
Reid, Joani
Reynolds, rh Emma
Rhodes, Martin
Ribeiro-Addy, Bell
Riddell-Carpenter, Jenny
Rigby, Lucy
Rimmer, Ms Marie
Robertson, Dave
Roca, Tim
Rodda, Matt
Rushworth, Sam
Russell, Sarah
Rutland, Tom
Ryan, Oliver
Sandher, Dr Jeevun
Sandher-Jones, Louise
Scrogham, Michelle
Shah, Naz
Shanker, Baggy
Shanks, Michael
Siddiq, Tulip
Slaughter, Andy
Slinger, John
Smith, David
Smith, Jeff
Smith, Nick
Smith, Sarah
Smyth, Karin
Snell, Gareth
Sobel, Alex
Stainbank, Euan
Stevens, rh Jo
Stevenson, Kenneth
Stewart, Elaine
Stone, Will
Strathern, Alistair
Strickland, Alan
Stringer, Graham
Sullivan, Kirsteen
Sullivan, Dr Lauren
Swallow, Peter
Tami, rh Sir Mark
Tapp, Mike
Taylor, Alison
Taylor, David
Taylor, Rachel
Thomas, Fred
Thomas-Symonds, rh Nick
Thompson, Adam
Thornberry, rh Emily
Timms, rh Sir Stephen
Toale, Jessica
Tomlinson, Dan
Trickett, Jon
Tufnell, Henry
Turley, rh Anna
Turmaine, Matt
Twigg, Derek
Twist, Liz
Uppal, Harpreet
Vaz, rh Valerie
Ward, Chris
Ward, Melanie
Waugh, Paul
Webb, Chris
Welsh, Michelle
West, Catherine
Western, Andrew
Western, Matt
Whitby, John
White, Jo
White, Katie
Witherden, Steve
Woodcock, Sean
Wrighting, Rosie
Yang, Yuan
Yasin, Mohammad
Yemm, Steve

Tellers for the Ayes:
Jake Richards and
Imogen Walker

NOES

Allister, Jim
Amos, Gideon
Anderson, Lee
Anderson, Stuart
Aquarone, Steff
Argar, rh Edward
Atkins, rh Victoria
Babarinde, Josh
Bacon, Gareth
Baldwin, Dame Harriett
Barclay, rh Steve
Bedford, Mr Peter
Bennett, Alison
Berry, Siân
Blackman, Bob
Bool, Sarah
Brandreth, Aphra
Braverman, rh Suella
Brown-Fuller, Jess
Burghart, Alex
Campbell, Mr Gregory
Cane, Charlotte
Cartlidge, James
Chadwick, David
Chamberlain, Wendy
Chambers, Dr Danny
Chowns, Dr Ellie
Cleverly, rh Sir James
Clifton-Brown, Sir Geoffrey
Cocking, Lewis
Coghlan, Chris
Collins, Victoria
Cooper, Daisy
Cooper, John
Corbyn, rh Jeremy
Costa, Alberto
Cross, Harriet
Dance, Adam
Darling, Steve
Davey, rh Ed
Davies, Ann
Davies, Gareth
Davies, Mims
Davis, rh David
Dean, Bobby
Denyer, Carla
Dewhirst, Charlie
Dillon, Mr Lee
Dinenage, Dame Caroline
Dowden, rh Sir Oliver
Duffield, Rosie
Duncan Smith, rh Sir Iain
Dyke, Sarah
Eastwood, Sorcha
Evans, Dr Luke
Foord, Richard
Forster, Mr Will
Fortune, Peter
Fox, Sir Ashley
Francois, rh Mr Mark
Franklin, Zöe
Freeman, George
French, Mr Louie
Garnier, Mark
George, Andrew
Glen, rh John
Glover, Olly
Goldman, Marie
Gordon, Tom
Green, Sarah
Griffiths, Alison
Harding, Monica
Harris, Rebecca
Hayes, rh Sir John
Hinds, rh Damian
Hoare, Simon
Hobhouse, Wera
Holden, rh Mr Richard
Hollinrake, Kevin
Holmes, Paul
Huddleston, Nigel
Hudson, Dr Neil
Hunt, rh Sir Jeremy
Hussain, Mr Adnan
Jarvis, Liz
Jenkin, Sir Bernard
Johnson, Dr Caroline
Jones, Clive
Kohler, Mr Paul
Kruger, Danny
Lake, Ben
Lam, Katie
Lamont, John
Leigh, rh Sir Edward
Lewis, rh Sir Julian
Lockhart, Carla
Lopez, Julia
MacCleary, James
MacDonald, Mr Angus
Maguire, Ben
Maguire, Helen
Mak, Alan
Malthouse, rh Kit
Martin, Mike
Mathew, Brian
Mayhew, Jerome
Maynard, Charlie
Medi, Llinos
Miller, Calum
Milne, John
Mohamed, Iqbal
Moore, Robbie
Moran, Layla
Morello, Edward
Morgan, Helen
Morrison, Mr Tom
Morrissey, Joy *(Proxy vote cast by Mike Wood)*
Mullan, Dr Kieran
Mundell, rh David
Murray, Susan
Murrison, rh Dr Andrew
Norman, rh Jesse
Obese-Jecty, Ben
O'Brien, Neil
Olney, Sarah
Paul, Rebecca
Perteghella, Manuela
Pinkerton, Dr Al
Pochin, Sarah
Pritchard, rh Mark
Raja, Shivani *(Proxy vote cast by Mike Wood)*
Ramsay, Adrian
Rankin, Jack
Reynolds, Mr Joshua
Robertson, Joe
Robinson, rh Gavin
Roome, Ian
Rosindell, Andrew
Sabine, Anna
Savage, Dr Roz
Saville Roberts, rh Liz
Shannon, Jim
Shastri-Hurst, Dr Neil
Shelbrooke, rh Sir Alec
Simmonds, David
Slade, Vikki
Smart, Lisa
Smith, Greg
Smith, rh Sir Julian
Smith, Rebecca
Snowden, Mr Andrew
Sollom, Ian
Spencer, Dr Ben
Spencer, Patrick *(Proxy vote cast by Mike Wood)*
Stafford, Gregory
Stone, Jamie
Stride, rh Sir Mel
Stuart, rh Graham
Sultana, Zarah
Swann, Robin
Swayne, rh Sir Desmond
Taylor, Luke
Thomas, Bradley
Thomas, Cameron
Tice, Richard
Timothy, Nick
Vickers, Martin
Vickers, Matt
Voaden, Caroline

Whately, Helen
Whittingdale, rh Sir John
Wild, James
Wilkinson, Max
Williamson, rh Sir Gavin
Wilson, Munira
Wilson, rh Sammy
Wood, Mike
Wright, rh Sir Jeremy
Wrigley, Martin
Young, Claire

Tellers for the Noes:
Lincoln Jopp and
Alicia Kearns

Question accordingly agreed to.

Clause 10 ordered to stand part of the Bill.

Clause 69 ordered to stand part of the Bill.

Clause 62

AGRICULTURAL PROPERTY RELIEF AND BUSINESS PROPERTY RELIEF ETC

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

The First Deputy Chairman of Ways and Means (Judith Cummins): With this it will be convenient to consider the following:

Amendment 42, in schedule 12, page 443, line 13, leave out from “and” to end of line 16 and insert—

“(c) either—

(i) is attributable to property that has been owned by the transferor for at least 10 years as part of a business that is actively operated by the transferor or a member of their family, or

(ii) if the value does not fall within (i), does not exceed the amount of the 100% relief allowance available in relation to that chargeable transfer (see section 124D),”

This amendment would maintain 100% business relief where the property has been owned by the transferor for at least 10 years as part of a business that is actively operated by the transferor or a member of their family.

Amendment 45, page 443, line 13, leave out from “and” to end of line 16, and insert—

“(c) either—

(i) is attributable to property acquired before 31 March 2026, or

(ii) if the value does not fall within (i), does not exceed the amount of the 100% relief allowance available in relation to that chargeable transfer (see section 124D),”

This amendment would apply 100% business property trust relief where the property was acquired before 31 March 2026.

Amendment 43, page 443, line 22, leave out from “and” to end of line 25 and insert—

“(c) either—

(i) is attributable to property that has been owned by the transferor for at least 10 years as part of a business that is actively operated by the transferor or a member of their family, or

(ii) if the value does not fall within (i), does not exceed the amount of the 100% trust relief allowance available in relation to that occasion (see sections 124G to 124K),”

This amendment would maintain 100% business relief where the property has been owned by the transferor for at least 10 years as part of a business that is actively operated by the transferor or a member of their family.

Amendment 46, page 443, line 22, leave out from “and” to end of line 25 and insert—

“(c) either—

(i) is attributable to property acquired before 31 March 2026, or

(ii) if the value does not fall within (i), does not exceed the amount of the 100% trust relief allowance available in relation to that occasion (see sections 124G to 124K),”

This amendment would apply 100% business property trust relief where the property was acquired before 31 March 2026.

Amendment 44, page 443, line 37, leave out from “and” to end of line 3 on page 444 and insert—

“(b) either—

(i) is attributable to property that has been owned by the transferor for at least 10 years as part of a business that is actively operated by the transferor or a member of their family, or

(ii) if the value does not fall within (i), does not exceed the amount of the 100% relief allowance available in relation to that chargeable transfer (see section 124D),”

This amendment would apply 100% agricultural property trust relief where the property has been owned by the transferor for at least 10 years as part of a business that is actively operated by the transferor or a member of their family.

Amendment 47, page 443, line 37, leave out from “and” to end of line 3 on page 444 and insert—

“(b) either—

(i) is attributable to property acquired before 31 March 2026, or

(ii) if the value does not fall within (i), does not exceed the amount of the 100% relief allowance available in relation to that chargeable transfer (see section 124D),””

This amendment would apply 100% business property trust relief where the property was acquired before 31 March 2026.

Amendment 48, page 444, line 15, at end insert—

“(1D) Where the whole or part of the value transferred is treated as reduced by 50% under subsection (1), the resulting inheritance tax liability is chargeable only if, within 10 years of the relevant transfer, the agricultural land giving rise to the charge is either—

(a) sold (and the owner has not purchased agricultural land elsewhere), or

(b) ceased to be used for farming.”

Government amendments 24 to 26.

Amendment 3, in schedule 12, page 451, line 22, leave out “30 October 2024” and insert “1 March 2027”.

This amendment, along with amendments 4 to 23 would remove the transition period in respect of the changes to agricultural property and business property relief and delay the implementation date so that the changes would take effect for transfers made after 1 March 2027.

Amendment 31, page 451, line 22, leave out “30 October 2024” and insert “6 April 2026”.

This amendment, with Amendments 32 to 36, would remove the transition period in respect of the changes to agricultural property and business property relief so that the changes take effect for transfers made from 6 April 2026.

Amendment 4, page 452, line 3, leave out “30 October 2024” and insert “1 March 2027”

See explanatory statement for Amendment 3.

Amendment 32, page 452, line 3, leave out “30 October 2024” and insert “6 April 2026”

See explanatory statement for Amendment 31.

Government amendments 27 to 29.

Amendment 5, in schedule 12, page 454, line 17, leave out “30 October 2024” and insert “1 March 2027”

See explanatory statement for Amendment 3.

Amendment 33, page 454, line 17, leave out "30 October 2024" and insert "6 April 2026"

See explanatory statement for Amendment 31.

Amendment 40, page 455, line 31, leave out "2031" and insert "2027"

This amendment would begin indexation in 2027 rather than 2031.

Amendment 41, page 455, line 33, at end insert—

"(2A) If the Treasury estimates that the value of agricultural land has increased by more than the percentage increase in the consumer prices index during the same period, then it must instead make an order by statutory instrument amending each relief allowance amount relating to agricultural property by the percentage increase in the value of agricultural land."

Amendment 6, page 461, line 2, leave out "6 April 2026" and insert "1 March 2027"

See explanatory statement for Amendment 3.

Amendment 7, page 461, line 3, leave out sub-paragraphs (2) and (3)

See explanatory statement for Amendment 3.

Amendment 34, page 461, line 3, leave out sub-paragraphs (2) to (4)

See explanatory statement for Amendment 31.

Amendment 8, page 461, line 17, leave out "sub-paragraph (3) will not apply" and insert

"the transfer will prove to be an exempt transfer".

See explanatory statement for Amendment 3.

Amendment 9, page 461, line 21, leave out from "paragraph" to end of paragraph 17(5)(b) and insert

"comes into force on 1 March 2027"

See explanatory statement for Amendment 3.

Amendment 35, page 461, line 21, leave out from "paragraph" to end of paragraph 17(5)(b) and insert

"comes into force on 6 April 2026"

See explanatory statement for Amendment 31.

Amendment 10, page 461, line 28, leave out "30 October 2024" and insert "1 March 2027"

See explanatory statement for Amendment 3.

Amendment 36, page 461, line 28, leave out "30 October 2024" and insert "6 April 2026"

See explanatory statement for Amendment 31.

Amendment 11, page 461, line 31, leave out "6 April 2026" and insert "1 March 2027"

See explanatory statement for Amendment 3.

Amendment 12, page 461, line 33, leave out "6 April 2026" and insert "1 March 2027"

See explanatory statement for Amendment 3.

Amendment 13, page 461, line 36, leave out "6 April 2026" and insert ″1 March 2027"

See explanatory statement for Amendment 3.

Amendment 14, page 461, line 38, leave out "6 April 2026" and insert "1 March 2027"

See explanatory statement for Amendment 3.

Amendment 15, page 462, line 3, leave out "6 April 2026" and insert "1 March 2027"

See explanatory statement for Amendment 3.

Amendment 16, page 462, line 7, leave out "6 April 2026" and insert "1 March 2027"

See explanatory statement for Amendment 3.

Amendment 17, page 462, line 15, leave out "6 April 2026" and insert "1 March 2027"

See explanatory statement for Amendment 3.

Amendment 18, page 462, line 19, leave out "6 April 2026" and insert "1 March 2027"

See explanatory statement for Amendment 3.

Amendment 19, page 462, line 30, leave out "6 April 2026" and insert "1 March 2027"

See explanatory statement for Amendment 3.

Amendment 20, page 462, line 35, leave out "6 April 2026" and insert "1 March 2027"

See explanatory statement for Amendment 3.

Amendment 21, page 464, line 14, leave out "6 April 2026" and insert "1 March 2027"

See explanatory statement for Amendment 3.

Amendment 22, page 464, line 21, leave out "6 April 2026" and insert "1 March 2027"

See explanatory statement for Amendment 3.

Amendment 23, page 464, line 27, leave out "6 April 2026" and insert "1 March 2027"

See explanatory statement for Amendment 3.

Schedule 12.

New clause 1—*Section 62: application in Northern Ireland*—

"(1) The Chancellor of the Exchequer must, within six months of this Act coming into force, publish an assessment of the effects of the measures in section 62 as they apply in Northern Ireland.

(2) The assessment must consider—

(a) the number of estates in Northern Ireland expected to be subject to the reduction in agricultural property relief made under this Act,

(b) the potential benefits to farmers in Northern Ireland of exempting land used for agricultural purposes from the changes to agricultural property relief made under this Act,

(c) the potential costs to the Exchequer of exempting land used for agricultural purposes from the changes to agricultural property relief made under this Act,

(d) the impact of the measures on farm succession, land retention, and the viability of agricultural businesses in Northern Ireland, including any potential implications for the resilience and security of the UK's food supply, and

(e) any other matters that the Chancellor of Exchequer deems appropriate.

(3) In subsection (2), "land used for agricultural purposes" does not include land that falls within the Financial Conduct Authority's definition of a land-banking investment scheme.

(4) In carrying out the assessment, the Chancellor of the Exchequer must have regard to—

(a) the average farm size and land valuation profile in Northern Ireland,

(b) the prevalence of intergenerational family farming in Northern Ireland,

(c) the interaction between agricultural property relief and devolved agricultural support schemes, and

(d) any disproportionate impact on rural communities in Northern Ireland.

(5) The assessment must be carried out following meaningful consultation with—

(a) the Department of Agriculture, Environment and Rural Affairs in Northern Ireland,

(b) representatives of farmers and land-based businesses in Northern Ireland, and

(c) such other persons as the Chancellor of the Exchequer considers appropriate.

(6) The Chancellor of the Exchequer must, within three months of publishing the assessment, lay before Parliament a statement setting out the steps the Government intends to take in response to the assessment's findings.

(7) The Chancellor of the Exchequer must keep the operation of the measures in section 62 under review in light of the assessment and publish a further assessment within 18 months of this Act coming into force."

New clause 6—*Impact assessment of section 62 prior to implementation*—

"(1) The Chancellor of the Exchequer must, within three months of the passing of this Act, lay before the House of Commons an assessment of the impact of implementation of section 62 on family-owned farms and businesses.

(2) The assessment made under subsection (1) must consider potential impacts on—

(a) business continuity,

(b) land use, and

(c) rural employment."

New clause 7—*Uprating of allowance amounts for agricultural property*—

"The Chancellor of the Exchequer must, within six months of the passing of this Act, undertake and publish an assessment of the potential merits of uprating annually the relief allowance amount for agricultural property by the change in the value of agricultural land."

New clause 17—*Review of anti-forestalling provisions relating to Agricultural Property Relief*—

"(1) The Treasury must conduct a review of the effects of the anti-forestalling provisions relating to Agricultural Property Relief.

(2) The review must, in particular, consider the effects of those provisions on—

(a) succession planning and intergenerational transfer of agricultural land and businesses,

(b) the viability and continuity of family-run farms,

(c) food security and domestic agricultural production,

(d) land management, environmental stewardship, and the condition of the countryside, and

(e) the availability of agricultural land for active farming.

(3) In conducting the review, the Treasury must consult such persons as it considers appropriate, including representatives of the agricultural sector.

(4) The Treasury must lay before the House of Commons a copy of the report within 12 months of the coming into force of the anti-forestalling provisions under this Act."

Dan Tomlinson: As we come to the final group in today's Committee stage on the Bill, I am pleased to open this important debate on clause 62, schedule 12 and the many associated amendments. As reiterated throughout the day, the Bill delivers on the choices made at this Government's two Budgets. It delivers fair and necessary reforms that strengthen the foundations of our economy and provide a secure future for our country. The choice at those two Budgets was austerity and decline or investment and renewal, and on both occasions the Labour Government rejected austerity and chose renewal.

Clause 62, schedule 12 and Government amendments 24 to 29 make changes to agricultural property relief and business property relief in order to target them more fairly, contribute to the sustainability of public finances and fund public services. Under the current system, the 100% relief on business and agricultural assets is heavily skewed towards the wealthiest estates. According to HMRC data for 2021-22, 40% of agricultural property relief across the UK was claimed by just 7% of the estates making claims. That is £219 million in tax relieved from just 117 of the largest estates in the country, and it is a similar picture for business property relief: more than 50% of BPR was claimed by just 4% of the estates making claims. That is a striking £558 million in tax relieved from just 158 estates.

That contributes to the very largest estates paying lower average effective inheritance tax rates than the smaller estates, and significantly lower average effective inheritance tax rates than most people who end up paying IHT will pay. That is the status quo that those seeking to reverse the Government's reforms in full wish to perpetuate. It is not sustainable and, in the Government's view, it is certainly not fair to maintain such a large tax break for such a small number of claimants, especially in the context of the wider pressures on the public finances and public services.

Ms Julie Minns (Carlisle) (Lab): I very much welcome the fact that, from next year, an estimated 85% of farms will pay no more inheritance tax on their farming and business assets. I agree with the Minister that it is a proportionate measure that aims to prevent the wealthy from abusing APR, and I know that he is mindful of the profitability of our small and medium-sized farms. Will he undertake to work with colleagues in the Department for Environment, Food and Rural Affairs to make sure that we get the definition right for the new sustainable farming incentive, so that as many of those small and medium-sized farms as possible are eligible for it?

Dan Tomlinson: I thank my hon. Friend for her continued interest in this area; she is a strong representative for the rural communities that she represents in the north-west of our country. I am sure that colleagues in DEFRA, including the Secretary of State and others, will be working hard to make sure that the funds that this Government have allocated for farming and farming businesses are spent in full, rather than leaving hundreds of millions of pounds underspent, as the previous Government did. We will make sure that the money gets to the farms that will benefit from it, to support them with the initiatives that they and we know would be good for them to pursue, because they are good for the environment and for those businesses.

Jamie Stone (Caithness, Sutherland and Easter Ross) (LD): I thank the Minister for giving way; he is very courteous. As Members will understand, I represent a very remote constituency in the north of Scotland where crofting—very marginal farming and hill farming—is fundamental not just to the economy of the highlands, but to the social structure. The great curse in the past was de-population, and various safeguards were enacted in the 19th and 20th centuries to ensure that crofting continued. Crofters are asset-rich, but their income is very poor indeed. I welcome what the Government have done so far. Could I please ask the Minister, with my hand on my heart, to keep an eye on this particular sector? Anything that would discourage people could be fatal for the community I represent.

Dan Tomlinson: I thank the hon. Member for raising the crofting sector and the rural communities that he represents. The Government will continue to do all we can to support different types of farmers, and to make sure that we can support tenant farmers too. I thank him for raising that point and for the representation that he provides to his constituents.

The changes made by clause 62, schedule 12 and Government amendments 24 to 29 will reform how we target agricultural property relief and business property relief from 6 April this year.

Harriet Cross (Gordon and Buchan) (Con): It has been many, many months since the agricultural property relief and business property relief changes were first announced by this Government. In that time, they have had so many representations from farmers, the farming industry, small business groups, family business groups, Members of this House, industry sectors, the National Farmers Union Scotland, the Country Land and Business Association, Scottish Land & Estates, Labour Back Benchers, Opposition Back Benchers and the public at large. Everyone was telling the Government that this was a bad policy. Why did it take them so long to change it?

Dan Tomlinson: Conservative Members keep repeating, "14 months". I should use that as an opportunity to remind people of the 14 wasted years that their party put farmers and rural communities through; of the trade deals that they implemented, which made life worse for our farmers and farming communities; and of the hundreds of millions of pounds that went underspent in the farming budgets over 14 years, and which could have benefited rural communities and farmers.

After continued engagement from Ministers across the Government, including in the Treasury and the Department for Environment, Food and Rural Affairs, as well as the Prime Minister's engagement with important representatives in this space, the Government made a change—the change that the Government amendments will enable this Committee to legislate for, if it wishes, and I do hope it does. This change will strengthen the public purse by around £300 million.

Robin Swann (South Antrim) (UUP): I want to take the Minister back to his earlier commitment on Scotland. Will the Government give the same commitment to farmers in Northern Ireland? We have a very different family farm structure from that in the rest of the United Kingdom, and the engagement of and representations by the Ulster Farmers' Union and the Young Farmers' Clubs of Ulster should bring this Government to a realisation that their last proposals did not sit well with farmers across this United Kingdom.

Dan Tomlinson: A few weeks back, I had the pleasure of attending a Westminster Hall debate focused on farming and farmers in Northern Ireland. It was a good, productive debate, and I took away many of the points raised. The hon. Member will know that the Government have made a change to increase the threshold.

Carla Lockhart (Upper Bann) (DUP): Will the Minister give way?

Dan Tomlinson: Given that the hon. Member called that debate, I will.

8.30 pm

Carla Lockhart: I thank the Minister for attending that debate. He noted during it that he might meet the Ulster Farmers' Union, but, sadly, that has not happened. The Government have been tone deaf for the last 14 months on this issue, and when the Ulster Farmers' Union and each of the unions across this United Kingdom told them of the wrong that they were doing, they did not listen. In the wake of all this, would he meet the Ulster Farmers' Union to discuss its outworkings?

Dan Tomlinson: I am sure that Environment Ministers will continue to engage with farming unions and farming representatives. Both in the run-up to the Budget and subsequently, Treasury Ministers and those from other Departments have engaged with farmers, and we will continue to do so, to support farmers in a way that the previous Government never did.

Individuals will still benefit from 100% relief for the first £2.5 million of combined business and agricultural assets, and the figure will be fixed at that level until April 2031, alongside other inheritance tax thresholds, as we have been debating. Any unused allowance can be transferred to a surviving spouse or civil partner, including where the first death is before 6 April 2026. On top of that amount, there will be a 50% relief, which means that inheritance tax will be paid at a reduced effective rate of up to 20%. We are also reducing the maximum rate of business property relief available from 100% to 50% for shares designated as not listed on the markets of registered stock exchanges. The reliefs sit alongside other exemptions and nil rate bands. This means that a couple will now be able to pass on up to £5 million of agricultural or business assets tax-free between them. That is on top of existing allowances, such as the nil rate band.

Where inheritance tax is due, those liable for a charge can pay any liability on the relevant assets over 10 annual instalments, interest-free. This benefit is not seen elsewhere in the inheritance tax system, and it means that the relief continues to be more generous than it was for the vast majority of the 20th century. In fact, from April 2026, the reliefs will be more generous than they ever were under, for example, Margaret Thatcher's Government.

Our reforms are expected to result in a total of up to 1,100 estates across the UK paying more inheritance tax in 2026-27. Only up to 185 estates across the UK claiming APR, including those also claiming BPR, are expected to pay more in the next tax year. This means that around 85% of such estates will not pay any more tax as a result of the changes in 2026-27. Excluding estates holding shares designated as not listed on the market of registered stock exchanges, only up to 220 estates across the UK only claiming business property relief are expected to pay more.

Simon Hoare (North Dorset) (Con): Will the Minister give way?

Dan Tomlinson: Go on, then. I will give way, but I was trying to make progress so that other Members could speak.

Simon Hoare: I hate to interrupt the Minister, but the Chancellor in effect told the House and the country when this policy was first introduced that people need not really worry a huge amount, because not a vast number

[Simon Hoare]

of farms would fall into this trap. The welcome but limited announcement made just before Christmas will of course reduce still further the number of people who will fall into this trap. He has just set out to the Committee a very complicated set of checklists, including this, that and the other. Would it not make more sense to scrap this whole damned stupid idea, and give a big tick of confidence to our food-security-bringing, environment-protecting, job-creating farming sector, which is so vital to UK plc?

Dan Tomlinson: The Government do support the farming sector and the farming industry. We will continue to do so through the funds that we will make available via DEFRA—funds that were not fully spent under the previous Government. We have listened to farming communities and business representatives, and raised the threshold from £1 million to £2.5 million as a result of that listening and engagement. The Government do not think it would be right to abolish the policy in full, because then we would forgo £300 million of revenue from the very largest estates. *[Interruption.]* The hon. Member for North Dorset (Simon Hoare) may say that £300 million is a rounding error, but it is important to raise revenue from a broad range of taxes, and from those with the largest-value estates in the country. As I said earlier, hundreds of millions of pounds in tax is relieved from the very largest estates in the country. If Opposition Members want that to continue to be the case, that is of course their right, but we Government Members think that our reforms are fair, and raise proportionate revenue from the very largest estates.

Robbie Moore (Keighley and Ilkley) (Con): Can the Minister explain how we ended up in the bizarre scenario in which two estates—I use the term "estates", because they need not necessarily be farming businesses; they could be any kind of family business estate—valued at £5 million could generate different amounts of tax for the Treasury, depending on the ownership structure? Secondly, can he explain, because I cannot see this in the amendments that have been tabled, why there is no indexation link to any increase? Obviously, land values will increase over time. Thirdly, when he was last at the Dispatch Box, he said that interest would not be charged, so can he clarify whether, when inheritance tax liability is triggered, interest is or is not triggered in that 10-year period?

Dan Tomlinson: There were some forensic questions in that not brief intervention, but of course I appreciate it, and I look forward to trying to go through—*[Interruption.]* I am trying to answer the questions, okay? *[Interruption.]* It is a bit difficult when Opposition Front Benchers continue to barrack me while I am trying to answer the questions that a Back-Bencher has asked. If the right hon. Member for Louth and Horncastle (Victoria Atkins) wishes to continue to hector me from a sedentary position, she may, but we will not have any time for me to answer questions.

On the points raised by the hon. Member for Keighley and Ilkley (Robbie Moore)—let me dial down the temperature; congratulations for getting to me—and on how the spousal transfer is used in the inheritance tax system, we are replicating that in the treatment of the spousal transfer for APR and BPR. That is the way the transfer is set out in the inheritance tax system. We are not doing anything different or novel here. We just debated the thresholds, which will be set at current levels and will not be uprated in line with the changes that we are making to other taxes. The hon. Gentleman also asked about interest. As I said, where inheritance tax is due, those liable for a charge can pay any liability on the relevant assets over 10 annual instalments, if they like, and that will be interest-free. I have been through the numbers. Only 185 additional estates claiming APR are expected to pay more in 2026.

To conclude, the reforms get the balance right between supporting farms and businesses, fixing the public finances, and funding our public services.

Ben Maguire (North Cornwall) (LD): I would like to pick up on the point raised by the hon. Member for Keighley and Ilkley (Robbie Moore) about the ludicrous situation where a farm that is worth £5 million if it is owned under a certain ownership model will not be subject to tax, but a farm worth less than that could be subject to tax. Graham, a farmer from my constituency, visited my surgery on Friday. He is in that exact situation. He is a sole trader slightly over the £2.5 million mark. We ended up discussing for more than 10 minutes whether he should marry his long-term partner to get away from this tax. Does that not illustrate just how ludicrous the situation is, Minister?

Dan Tomlinson: This is the normal way that inheritance tax assets are taxed. There is not just APR and BPR, and the changes coming in in April; other assets are passed on through inheritance. We are applying the same treatment here; this is the standard way that inheritance tax is set for various assets.

As I was saying, these reforms get the balance right between supporting farms and businesses, fixing the public finances and funding public services. They reduce the inheritance tax advantages available to some owners of agricultural and business assets, but those assets will still be taxed at a much lower effective rate than most other assets—a £6 million estate owned by a couple, for example, could have an effective tax rate of just 1.2%, which can be paid, interest-free, over 10 years.

Those opposing these reforms in full will be voting for a status quo in which the very largest estates pay a lower average effective inheritance tax rate than the smallest estates—a status quo where the Exchequer sees £219 million in tax relieved from just 117 estates claiming APR, and £558 million in tax relieved from just 158 estates claiming BPR. That is not sustainable, and it is certainly not fair. I therefore commend clause 62, schedule 12 and Government amendments 24 to 29 to the Committee.

The Chairman of Ways and Means (Ms Nusrat Ghani): I call the shadow Minister.

Gareth Davies: I wish to speak to amendments 3 to 23 in the name of my right hon. Friend the Member for Louth and Horncastle (Victoria Atkins). By now we all know what clause 62 and schedule 12 do: they would restrict agricultural property relief and business property relief to 100% of the first £1 million of qualifying assets and 50% thereafter—though I note that this legislation was written before the recent announcement, which I will obviously come on to. Members should be in no doubt that the Conservative party will fiercely oppose

Labour's family farm tax and family business tax in the Lobby today, just as we have since these policies were announced. We must first face the reality of the sheer number of Labour MPs intent on punishing those who dare to feed us, or who take a risk to build their own business.

Our amendments seek to mitigate at least some of the damage by removing the anti-forestalling measures that have purposely tied the hands of so many farmers and business owners across our country. The Chartered Institute of Taxation and many others have pointed out that these measures particularly trap more elderly farmers, who have been robbed of their ability to plan. The Government have said all along that they expect farmers and business owners to alter the ownership structure of their assets. I would be really interested to hear just how the Minister believes that elderly farmers, in particular those in the final few years of their life, should do that.

Before I turn to the other issues, I note that the amendment paper tells its own story: Government amendment after Government amendment, each one a U-turn and a rushed attempt to bury the incompetence, indifference and hostility that this Labour Government have shown to family farms, tenant farmers, rural communities and family businesses. I ask respectfully of the Minister, as my hon. Friend the Member for Gordon and Buchan (Harriet Cross) asked earlier, why it has taken the Treasury more than a year to admit that it got this wrong. Why have farmers been forced to leave their fields and bring their tractors to Whitehall, just to be heard?

I pay tribute to the shadow Secretary of State for Environment, Food and Rural Affairs, my right hon. Friend the Member for Louth and Horncastle, and to my hon. Friend the Member for Keighley and Ilkley (Robbie Moore), who gave this House five chances before today to vote against these changes. The Government had ample opportunity, but here we are. We know that their partial U-turn will not be enough. The Country Land and Business Association has been very clear that it will only limit the damage.

Many serious questions and concerns remain on the impact of clause 62, but I will highlight just three. First, from the very start the Government's numbers have been, at best, questionable. The Treasury has disagreed with the CLA and others on how many farmers and businesses will actually be affected. Even after the partial U-turn, HMRC expects 1,100 estates to face larger inheritance tax bills in 2026-27, 185 of which will be claiming APR. Yet the experience of many Members, from speaking to farmers and businesses in our constituencies, and that of several industry bodies is that that figure is massively wide of the mark.

8.45 pm

Mike Martin (Tunbridge Wells) (LD): The Government's figures were pretty shoddy when the policy was announced at the Budget. How confident is the shadow Minister that the Government's figures are any better now?

Gareth Davies: My right hon. Friend the shadow Secretary of State has engaged extensively with farmers and those who represent farmers. The reason I am raising this point now is because the numbers are questionable—and not just on who is impacted by the measures but the net revenue to the Exchequer too. Some have suggested that the changes in clause 62 may even end up costing the Exchequer. While the OBR has forecast that £500 million will be raised through clause 62 in 2029-30, the Confederation of British Industry's analysis suggests instead a net loss to the Government of some £1.9 billion over the forecast period because of the impact that clause 62 will have on the wider economy.

Simon Hoare: My hon. Friend is making a serious point. Given the huge discrepancy in the robustness of the figures from the Treasury and wider Government, the challenges they have faced from industry bodies and experts, and the sensitivity of the issue and importance of the agricultural sector, does my hon. Friend agree that while the Treasury may well wish to stick to its policy, it should pause and take some time to build consensus across the sector on the data and work out the trajectory of costs? This back-of-a-fag-packet, fly-by-night way of trying to approach serious policy is simply insulting.

Gareth Davies: I completely agree. We would not be doing this, and we should not be here, but clearly the policy has been executed without a plan—without serious thought, analysis or engagement. I would welcome anything that the Government can do to make this less painful for those affected and to get the numbers right.

The Minister explained that the Government expect to raise around £300 million even with the U-turn, but the initial costing was labelled in the OBR's economic and fiscal outlook as "highly uncertain". For those not familiar with this, there are different categories of uncertainty in the EFO, and "highly uncertain" is the most uncertain that one can be about a figure. Surely this new figure of £300 million is uncertain, just as the £500 million was. What assurance can the Minister provide that the Exchequer will not in fact lose out overall, despite the pain that the Government are determined to inflict? How confident is he in these numbers?

Secondly, since the Chancellor's first Budget, family businesses and farmers have had to make many difficult decisions. Family Business UK and Make UK say that 55% of BPR-affected and 49% of APR-affected businesses have paused or cancelled investments. Family-run farms are putting off the purchase of new, more efficient machinery and family-run shops no longer see the point of expanding to an additional site or another high street, or of taking on more staff. It comes back to the questionable figures I talked about and the CBI's analysis of the impact on the wider economy.

Finally, we should have no confidence in the practicality of the measures before us. The Chartered Institute of Taxation has warned that extending 10 annual interest-free instalments to APR and BPR property does not solve the problem; those instalments will still be a significant burden. In practice, it is unlikely that many families will be able to pay the tax without selling up.

Robbie Moore: On practicalities, I would be interested to understand whether the Minister or the Treasury has done any analysis of the impact on the district valuer. There is a real challenge in that when a farm is valued, that value will be disputed by either the Treasury or the agent acting on behalf of the landowner with that tax liability. Secondly, if we look at two farms in different

[Robbie Moore]

parts of the country, we see that values vary dramatically. What consideration does my hon. Friend think the Treasury has given to how tax liability varies based on the value of 200 acres of land in one part of the country and 200 acres valued at a higher rate, such as in Northern Ireland? Practicalities matter.

Gareth Davies: That is exactly right. I will let the Minister address that point, but let me pay tribute again to my hon. Friend, who has been a forceful champion for farmers across the country and has consistently raised these issues. That goes back to my point about the warnings provided to the Government about the practical implications of the changes, with their impact on family farms in particular. They were ignored until this point. The Minister will have to explain why that was.

Indeed, the Chartered Institute of Taxation has warned that schedule 12's failure to allow allowances to be allocated to specific property could undermine many wills as currently drafted. This creates a tremendous amount of uncertainty, disputes and real hardship.

Where the cap is exceeded, the first inheritance tax payment will fall just six months after death. If that deadline is missed, the estate will be hit with a punishing interest rate. Within six months, family farms must secure probate, value complex agricultural and business assets, calculate the liability and then raise the cash—often by selling parts of the estate to make the first payment. The NFU has been clear that expecting probate within six months is "unrealistic" given the complexity of valuing agricultural businesses, as my hon. Friend pointed out. In practice, families and personal representatives will miss the deadline—through no fault of their own—without a confirmed tax bill and without the funds to pay for it.

The Government's expectation is simply unrealistic. The approach is flawed, and the window must be extended. If clause 62 is agreed to and the Government do not finally concede, family farmers and businesses in my community of Lincolnshire and those across the country will not rest until these changes are fully reversed. The only consolation I can offer farmers and businesses watching the votes closely tonight—they will be watching every single one—is that the next Conservative Government will scrap these immoral changes.

Ruth Jones (Newport West and Islwyn) (Lab): I rise to speak on schedule 12. I greatly welcome the Government's changes to the proposed agricultural property relief and business property relief thresholds. As Chair of the Welsh Affairs Committee, I am proud of the work that my Committee has undertaken on reviewing the Welsh farming industry and the report with clear recommendations that we produced before the Budget. I also thank the Treasury for its swift response to our report as well as the changes that it has made to the thresholds. These changes show that the Government are listening not just to farmers but to the Welsh Affairs Committee and Welsh Labour MPs.

The new higher thresholds are a win for Welsh farmers. Raising the allowance for 100% relief from £1 million to £2.5 million will ensure that the changes to inheritance tax are properly targeted at the wealthiest estates while ensuring that smaller-scale family farms remain protected. Couples will now be able to pass on £5 million-worth of agriculture or business assets between them, tax free. This additional relief will have a particularly significant impact in Wales, given its specific context, which is very different from England. This was a key finding of the Welsh Affairs Committee's recent inquiry.

Ben Lake (Ceredigion Preseli) (PC): I commend the hon. Member on her leadership of the Welsh Affairs Committee. She rightly said that the Committee did stellar work on reviewing the potential impact of the proposals on agriculture in Wales. Further to her point about the unique nature and structure of the agriculture industry in Wales, does she agree that, regardless of the changes that the Treasury has introduced, it would do well to undertake a specific Wales-wide impact assessment of these changes?

Ruth Jones: Absolutely; the hon. Member makes a point that I am going to come on to later.

Welsh farms are typically smaller than those in England, with 55% being less than 20 hectares, and 66% of Welsh farms are cattle and sheep farms situated on hilly or mountainous terrain, compared with just 12% in England, which also has a much higher concentration of arable farming. This leaves Welsh farms with the lowest average income of the four nations—£18,000 lower than in England. Welsh family farms are also a cultural bastion of the Welsh language, with almost half the people working on Welsh farms speaking Welsh as their first language—more than double the Welsh average.

While the Government's changes to APR and BPR are likely to disproportionately benefit Welsh farmers, the diverse nature of farming across the four UK nations needs to be considered when making such significant changes. That is why the Welsh Affairs Committee continues to call for the Wales-specific impact assessment of the Government's changes to inheritance tax that the hon. Member for Ceredigion Preseli (Ben Lake) just referenced. It is critical that those with the broadest shoulders pay their fair share of tax. That is why it is important that we close the inheritance tax loophole that allowed wealthy investors to purchase agricultural land as a way of avoiding tax.

Ensuring that the tax burden falls fairly relies on effective data, however. The Welsh Affairs Committee and I remain concerned about the availability and accuracy of the data used to justify the thresholds set for APR and BPR, particularly in regard to Wales. The Government have thus far been unable to provide any estimate of the number of Welsh farms that will be affected by these reforms to inheritance tax. Such data is critical when considering any potential impacts on the Welsh farming sector, given its greater financial precarity and reliance on low-income, family-run livestock farms. We cannot afford to be complacent. I hope that the Government will ensure that they take specific account of the unique cultural, environmental and economic circumstances of farming in Wales when making such significant policy decisions. I wholeheartedly support the changes to the APR and BPR as laid out in the Government's amendment to schedule 12.

The Chairman of Ways and Means (Ms Nusrat Ghani): I call the Liberal Democrat spokesperson.

Charlie Maynard (Witney) (LD): Farmers up and down the country should be really proud of the campaign that has forced the Government to rethink the completely short-sighted and ill-thought-out policy that has threatened the future of family farms up and down the country. I congratulate them on the result that they have secured. I think everyone in this House would acknowledge that they have spent an enormous amount of time, energy, anxiety and stress getting to the position that we are now in, and that it would have been a lot better if they had never had to do that in the first place.

The Liberal Democrats were the first party to come out against these tax changes, and I pay tribute to my colleagues, my hon. Friend the Member for Westmorland and Lonsdale (Tim Farron) and my right hon. Friend the Member for Orkney and Shetland (Mr Carmichael), who, along with other Lib Dem MPs, have challenged the Government on this at every opportunity and stood in solidarity with the farming community each step of the way.

Simon Hoare: Correct me if I am wrong, but the Leader of the Opposition responded to the Budget and opposed it. The Liberal Democrat spokesman would have spoken later down the list, so I beg to differ from the hon. Gentleman. The Conservative party was the first party to oppose this proposal, not the Liberal Democrats.

Charlie Maynard: I guess we will have to check our social media accounts.

Ben Maguire: I would like to slightly correct the record there. We are having a technical debate about who opposed the tax first. I remind the Committee that it was the Conservative party that negotiated those disastrous New Zealand and Australian trade deals that decimated farming in my North Cornwall constituency.

Charlie Maynard: I thank my hon. Friend. *[Interruption.]* Would you like to intervene?

The Chairman of Ways and Means (Ms Nusrat Ghani): Order. I have no desire to intervene on the hon. Member—"Would the hon. Member like to intervene?"

Charlie Maynard: My apologies, Ms Ghani.

9 pm

The Government rushed out their original proposal with little understanding of its real-world impact on the sector. The 14 months of personal anxiety and business uncertainty will have lasting impacts on many and have hugely eroded trust in this Government. It should not have taken 14 months of anxiety, anger and protest to make the Government see sense. The farming community immediately warned what a detrimental impact the tax would have on rural communities, and the Government should have listened to them earlier.

This tax has represented an existential threat to the farming community, threatening to break the chain of family ownership that holds our countryside together through the generations. It comes on top of the wider challenges of the economic environment that farmers now operate in. On the surface, these farming assets are worth a lot, but the reality is that most family farms operate on incredibly thin margins or are loss making. Sharp rises in input costs—fuel, feed and fertiliser—labour shortages, national insurance contribution increases and unfairness in the supply chain mean that nationally the average profit on capital invested in farm businesses is less than 1%.

It is not just the family farm tax that the Government have beaten up our farmers with; it is also the sudden and unheralded removal of SFI payments last March. Almost a year later, there is still no news of a replacement scheme. Please will the Government move faster to provide a new plan? Farmers urgently need this information as it drives key decisions, and the seasons do not wait.

Dr Roz Savage (South Cotswolds) (LD): The farmers of the South Cotswolds warmly welcome this increase in the threshold—better late than never—but does my hon. Friend agree that this Government need to move beyond not punishing our farmers and instead actively support them in being the stewards of our countryside and protecting our future food security?

Charlie Maynard: I very much agree with my hon. Friend.

The Lib Dems welcome the U-turn by the Government in December raising the allowance to £2.5 million and welcome the change announced in the Budget permitting the allowance to be transferable between spouses and civil partners. But as the Chair of the Environment, Food and Rural Affairs Committee, my right hon. Friend the Member for Orkney and Shetland, put it,

> "These changes make the policy better, but that is not the same as saying that they make it good."—[*Official Report*, 5 January 2026; Vol. 778, c. 30.]

We ask the Government to think again in the following areas. The Treasury estimates that the tax will now raise £300 million by 2029-30, down from £520 million. If the same pro rata reductions applied, less than £100 million will be raised in 2026-27—minuscule against the estimated total tax receipts this year of £1.23 trillion. Professional bodies, such as the Institute of Chartered Accountants in England and Wales, has expressed concern at how administratively burdensome it will be to value assets and calculate potential liabilities, even if there is no tax to pay. How does the revenue forecast to be raised compare with the cost of administering this new policy?

When the Government originally announced the planned changes to APR last year, the Chartered Institute of Taxation also suggested introducing transitional gifting rules to support older farmers who have done the logical thing of hanging on to their land, but who are now faced with penalties for doing so. Can Ministers please look at ways of alleviating some of that burden for older farmers who have not been able to plan ahead for this change? We will be voting against clause 62 because we as a party have consistently voted against the family farm tax and want it scrapped in its entirety.

Lewis Atkinson (Sunderland Central) (Lab): The hon. Member mentioned £100 million or £300 million as minuscule amounts, but that is quite a lot of money to my hard-pressed constituents. Could the Liberal Democrats outline how they would pay for the policy that they advocate for—either increasing taxes on working people in my constituency or cutting the services they use?

Charlie Maynard: That is a very good question, but £100 million is 0.1% of £1.23 trillion. In materiality, it is important to think of it in that range. I do not think this is the way of going about it.

I ask the Government to consider voting in favour of amendment 3, which would remove the transition period in respect of the changes to APR and BPR and delay the implementation date so that changes would take effect for transfers made after 1 March 2027, and of our new clause 7, which would require the Secretary of State to undertake and publish an assessment of annually uprating the relief allowance for APR by the change in the value of agricultural land.

While awareness of the APR changes is very high among the farming community, I am concerned that awareness of the changes to BPR may not be as high among business owners in many sectors. Do the Government have any plans to raise awareness so that people know what is headed their way?

David Smith (North Northumberland) (Lab): I welcome the Finance Bill. I will address clause 62 and schedule 12, which relate to APR and BPR. I have spoken on this subject several times, and did so back in November, because my constituency of North Northumberland has over 700 farm holdings, each of them growing the food that we eat and stewarding our land. As one farmer said to me recently:

> "We have farmed this land since the mid-1800s—each generation investing in long-term decisions…which have benefited not just the farm, but the local area."

I believe it is messages like that and the ability of farmers in North Northumberland to get this message across that were pivotal to bringing about these Government amendments.

The amendments will establish 100% relief up to £5 million for a couple, transferable between spouses, and a 50% relief thereafter. That will protect most family farms, with 85% of estates seeing no additional burden from April. I am indebted to the farmers of North Northumberland both for the way that they have engaged on the issue of inheritance tax and for the hard work they do day in, day out to put food on our dinner tables.

Samantha Niblett (South Derbyshire) (Lab): I have enjoyed working with my hon. Friend on the Labour rural research group. We are so grateful to our farmers for engaging with us and educating us as we have gone along, so does he agree that we now have a fantastic opportunity to rebuild trust with our farmers? I have had many emails of thanks from them, and I thank the Prime Minister and the Treasury for this policy amendment. I wonder how many of my hon. Friend's farmers have also said that, despite the fact that they have usually or often voted Conservative, they always do better under a Labour Government.

David Smith: As I will go on to say, I can confirm that I have had many messages of support for this change in policy. It has been a pleasure to work with the Labour rural research group and other colleagues on this matter, as my hon. Friend mentioned. As I thank farmers, I also want to thank the Government for listening, learning and acting. It is the hallmark of a mature Government and of a healthy parliamentary debate that we have got to this point.

A multitude of structural factors contribute to the sustainability of intergenerational farming. There are many similarities between Britain's blue-collar workers in the factories and what we might call green-collar workers in the fields. Both are squeezed by commercial interests and a globalised race to the bottom in pricing, costs and wages, which is why the laissez-faire approach to farming economics, such as in the imbalanced trade deals of the Conservative party, work against the sustainability of farming.

We have to plough a new furrow that will make farming genuinely sustainable in an intergenerational way. Protecting farming will require Government to form a new covenant with farming and green-collar workers more generally. The implementation of the Batters review will be very important here, particularly the farming and food partnership board, so that the whole supply chain can be examined and improved. It is high time the supermarkets in particular gave a fair price for the produce of our famers. Despite what the Liberal Democrats spokesperson, the hon. Member for Witney (Charlie Maynard), said, the Secretary of State announced last week the plan for the SFI application process later this year. I particularly welcome the fact that there will be ringfenced support for smaller farms within that.

As I draw my remarks to a conclusion, I will just mention that some larger farms will be impacted even after the changes to APR and BPR. For those just above the threshold, I encourage the Government to consider addressing the potential time and capacity challenges for accurate estate valuation and speedy probate, which must dovetail with the expectation of inheritance tax payments, so that estates that need to pay have clarity and are not penalised for blockages in the wider system.

I know that the Government are totally committed to the success of farming. That is vital, because the country needs a flourishing farming sector.

John Lamont (Berwickshire, Roxburgh and Selkirk) (Con): As the hon. Gentleman's constituency neighbour, representing a similarly rural constituency, I know how strongly farmers on my side of the border feel—like farmers on his side. The word "betrayal" comes up time and again among my local farmers. The Labour party said that it would not introduce this tax, and then it did. Does he now regret not following the lead of the hon. Member for Penrith and Solway (Markus Campbell-Savours), who did the right thing by rebelling against the policy?

David Smith: I thank my constituency neighbour for his intervention. Rather than go down the route of his question, let me respond with the words of one of my local farmers. She wrote to me on 23 December and said:

> "As you know, we have been very vocal in opposing the earlier proposals, so it is equally important to state how strongly we welcome this change in policy. Increasing the threshold, together with the ability to retrospectively transfer unused APR and BPR allowances from my late mother to my father, will make a huge difference to our family and the viability of our farm business.

I will leave my remarks there.

Robbie Moore: I will speak to clause 62, schedule 12 and the amendments to them tabled by the Conservative Front Benchers.

Throughout debate on the Finance Bill, we have heard about the changes to inheritance tax, predominantly in relation to the agricultural and business property reliefs. My comments refer not only to the many family farming businesses affected by the Government's changes, but to many other family businesses, be they hospitality or manufacturing businesses, including in my Keighley constituency. They are all affected by the direction that the Labour Government are taking.

The changes that the Government have brought to the Committee do not get rid of the cliff edge associated with the measure kicking in a few months from now in April. Changing the threshold from £1 million to £2.5 million does not remove that cliff edge for a family business that has an IHT liability kicking in. I would like the Minister to explain further why the Government are not addressing that stark cliff edge, even though Members from all Opposition parties have reiterated that problem to the Government over the past 14 months.

The second matter I will raise is the absolutely bizarre and bonkers scenario that we find ourselves in. Two estates valued at £5 million could be subject to different tax liabilities depending on the ownership structure. How bizarre is it that we now find ourselves in a scenario in which an estate valued at over and above £2.5 million and owned by a single person could be subject to an IHT liability of 20%, but a farm valued at £5 million and owned by a married couple is subject to no IHT liability at all? I would like further explanation from the Minister on that specific point.

Of course, values vary dramatically across the country. In Northern Ireland, where most farmland assets are given very high valuations, farms of 200 acres, say, could be valued significantly more or less in different parts of the country, so they would be subject to different tax liabilities if they surpassed the £2.5 million and £5 million thresholds, depending on their ownership structures. Let us not forget that, for arable farmers, feed wheat prices have not changed dramatically over the past 20 years—they still average about the same—but input prices are going up, no thanks to this Government's raising of employer national insurance contributions and imposition of the fertiliser tax. In reality, the productivity and return rate for a farming business, if it breaks even at all, is about 1%. Those with asset base that is valued significantly higher will be subject to a higher tax liability, and they will have to sell off more assets to pay the same amount, despite their level of return being 1%, if that. That is different from a farm that has been valued at a much lower rate. Will the Minister explain what level of detail the Government have gone into to explore such challenges that are facing many farming businesses?

9.15 pm

That brings me to me to my next point, on the matters to which the shadow Minister rightly and eloquently referred to as issues of practicality. Disputes will be made throughout the process regarding how a farm or asset base is valued—quite rightly; why wouldn't there be?—but what capacity is there in the Valuation Office Agency, and with our district valuers, to deal with the uncertainty of valuations that will be coming through on death, so that a timely tax liability can be paid within the tight timeframe that the Government have set out? This has been going on for the last 14 months, and while many Labour MPs have turned up today, only one had the backbone to stand up on behalf of his constituents against the Chancellor: the hon. Member for Penrith and Solway (Markus Campbell-Savours). He has had the Whip removed and I give him absolute credit for standing up on behalf of his constituents. I find it absolutely galling that other Labour MPs are now turning up and saying that they gave this narrative to the Chancellor and Prime Minister throughout. Where on earth were those Labour MPs in the last 14 years?

That brings me to business property relief. Yes, attention has quite rightly been put on our farming community and the impact that this Labour Government are having on the wider supply chain associated with our rural economy, but in Keighley and Ilkley we also have many manufacturing businesses, many hoteliers, and a brewery—with which many hon. Members will be familiar because it serves an excellent pint. Those family businesses are impacted by the changes to BPR, and it is really frustrating; I do not think I have heard one Labour MP bring the narrative to Ministers or the Chancellor over the past 14 months, about the implications for many of those other family businesses beyond the farming world that are being impacted by the BPR liability.

To sum up, I would specifically like the Minister to explain why we have ended up in this bizarre scenario where there can be two £5 million valuations on death, and in one scenario there will be no IHT liability, but in another a potentially dramatic IHT liability. He did not answer the point on indexation when I intervened on him at the Dispatch Box. The Government have fixed the threshold at £2.5 million for a long period of time. Valuations will change in that period, thereby potentially exposing a business to having to dispose of more assets to cover an IHT liability.

How on earth is it fair that a family business in my constituency has already been told that its BPR liability will be more than £800,000? It employs 250 people in Keighley, and the professional advice it has been given to mitigate that tax liability is either to dispose of assets, or to dispose of shares in the business. Either way, that family are losing the productivity of their business and potentially exposing a number of jobs, and they may have to give away the ownership of a business that has been in the family for four generations. This is bad policy by the Government. They may have raised the threshold, but it is quite clear to me and the many stakeholders I have spoken to that they have not done their homework when looking at the practicalities of the implementation. That is why Conservative Members will continue to take the narrative that the family farm tax and the family business tax must be axed in their entirety.

Maya Ellis (Ribble Valley) (Lab): It is a delight to speak in this debate following what was possibly the best Christmas present that I have ever received: no shade to my parents or husband, but when we got the call from the Treasury on 23 December and heard about the raising of the threshold for agricultural property relief and business property relief, it was more than I had ever hoped for. I am grateful to the Chancellor, the Prime Minister and colleagues for navigating the genuinely tricky balance between ensuring that the farming industry is not used to avoid tax, that our family farms are protected and encouraged to thrive, and that food security is protected in increasingly turbulent times internationally.

[Maya Ellis]

Let me put on record my huge thanks to my colleagues in the Labour Rural Research Group, of which I am delighted to have become treasurer today as we regroup for our next plans. In pushing for the change to the thresholds, they have shown me the collegiate and constructive politics that I had always hoped was possible for this country, under the solid leadership of my impressive hon. Friend the Member for Suffolk Coastal (Jenny Riddell-Carpenter).

When I stood as an MP in a rural area, I was most excited to learn more about the land and the farming industry that had been all around me growing up. It was challenging to have to start those conversations among such heated debate, but I got into politics because I like a robust discussion. And you know what? The situation allowed us to move past the niceties quickly and to talk frankly from the beginning about what really mattered to farmers, farming communities and family businesses—and it has been a joy to hear about the passion, the history, the deep pride in this country and its traditions, and about what our land and close-knit communities provide for us, from the voices of families who are motivated to keep it going in a way that money alone could never inspire.

We have heard a lot of discussion in recent years about what it means to be British. A poll last year by More in Common found that of all the things that British people are proud of, the countryside came second, with only the NHS ahead of it. There are a lot of decisions to be made about the role of agriculture in British society. I am grateful to Minette Batters for producing in her farming profitability review a brave and system-wide approach to the future of farming in this country, and I hope that the Government are bold enough to take on all her recommendations. We also have trade deals to negotiate, which must uphold the same standards that we rightly hold our farmers to, and indeed that they want to uphold without being undercut from abroad.

We have also had a lot of discussions about ideas like 15-minute cities and sustainable economies. Most rural towns and villages are 15-minute cities, with everything in one place and everyone helping each other out. I know that globalisation favours agglomeration and the urban, but let us not forget who did circular economies first: our rural towns and villages. Let us learn from them now, as much as we ask them to learn from the things that we do in this place.

When we talk about what it means to be British in the light of this Finance Bill, which sets the tone for what we want British growth to be in the next decade, let us make sure that we protect what makes us want to be British. I do not want this country to be prosperous at any cost—I want us to be prosperous in a truly British way. Both myself and the public are clear that that includes the countryside, and our rural economies and communities, being at the very heart of who we are.

I thank the Government for their continued work on adapting the Bill through amendment 24, and looking more widely at how we improve and sustain support for farming in the long term. I have 829 farms in my Ribble Valley constituency—mainly dairy and cattle, and with a wide range of innovation and diversification. One farm I visited has a value of around £3 million, and the people I met there told me that they had slowly seen farm after farm close in their part of the constituency over the past 20 years. Today's changes mean that they now have confidence that the farm can be passed on to a fifth generation, and they are also confident to invest in new calf housing, supported by other Government funding.

I question how many famers Opposition Members have spoken to in recent weeks, because most of my farmers are happy with these changes and want me to now focus on other critical issues. The farm I mentioned has seen a drop of 9.5p per litre in what it has been paid for milk since last October, so although I now welcome the tax policy in the Bill, I remind the Government that that there is still a huge amount of work to do to ensure that farms are sustainable and our food security is robust.

I hope that the Government will work with us to put increasing pressure on supermarket shareholders to play their part—supermarkets are companies that thrive from British custom—by working much harder to protect the lifeblood of our economy, as farmers are, as well as their pockets.

Michelle Scrogham (Barrow and Furness) (Lab): It has been an absolute pleasure to work with the Labour Rural Research Group and to see the difference it makes when we have serious conversations behind the scenes, talking to the Treasury and Ministers. In the last 12 months, I have met over 100 farmers from my constituency, who were all incredibly concerned about the changes that were proposed. We had serious conversations about what we needed to do and listened to them talk about their problems. While they were all incredibly pleased with the changes to those proposals, does my hon. Friend agree that our farmers and farming communities have struggled for decades? They might have farms worth lots of money, but it is more important that they are profitable. Does she agree that those are the changes that we need to make?

Maya Ellis: I completely agree. That is why it is disappointing that the Opposition are looking at certain details, when all the farmers that I speak to desperately want us to focus on the next stages of how we support those farms. We have done the thing that we needed to do to protect the smallest ones.

Stuart Anderson (South Shropshire) (Con): The hon. Member spoke about the Labour Rural Research Group. Will it stand with the Opposition in rejecting Ukrainian eggs coming into the UK and undercutting British farmers?

Maya Ellis: The hon. Gentleman raises a really important point. We have spoken about that issue with Ministers; is an important conversation that we absolutely have to have.

Another of my farms belongs to a constituent who was one of the first to reach out to me and meet me in London. I have spoken about his farm in previous debates; it is a partnership between husband, wife and mother. Under the original plans, he would have faced a liability of £130,000 when the mother passed away in coming years, but thanks to Government amendment 24 the liability is completely removed, allowing them to focus on profitability.

I also have a significant number of family-owned businesses in my constituency, including Massey Feeds, which happens to supply the agricultural sector. Its people made a really strong point to me when I met them last year; if they had had to downscale to afford the original proposed changes to BPR, their main option would have been to sell one of their company's three sites to a foreign-owned competitor. Although we welcome foreign investment in this country, it does nothing for our sovereignty, growth or innovation when the proceeds and hard work of British-built companies end up as profits in other countries. After the announcement in December, I was delighted to hear from the owner, Kynan Massey, who thanked this Government for listening and for adapting the BPR thresholds. He told me that the recent change means that the business has the confidence to continue to invest, including with a £2 million investment to grow the capacity of its site in my constituency.

Gazegill farm in my constituency has been in the same family for 500 years and has an estimated value of just over £4 million. It employs 39 full-time equivalents through its organic farm, its award-winning restaurant Eight at Gazegill—I recommend that everyone visiting Lancashire should try it out; it is the best farm-to-fork experience in the country—and its growing farm shop. Emma and Ian, who run Gazegill, are the perfect example of ambitious and innovative company owners, working hard to regenerate and bring new employment and tourism to parts of Lancashire that will really benefit from new investment. The new changes to APR will allow them to push ahead with that investment, including by building a new farm shop later this year.

If we are serious about supporting small businesses across our regions, about local sustainable economies and about improving the health of this country, farms like Gazegill are exactly the type of companies we should support to grow. I wholly support Government amendment 24 to ensure significant protection and support for business owners like Emma and Ian and all the incredible farms in Ribble Valley, which I am so proud to represent.

Carla Lockhart: I rise to speak about the changes to agricultural property relief and business property relief in clause 62 and schedule 12. I do so having stood shoulder to shoulder with farmers from my constituency of Upper Bann, from across Northern Ireland and from across this entire United Kingdom; they have lobbied, protested and spoken with one voice in defence of their livelihoods and their family farms since the tax grab was announced. It has been my greatest honour to come alongside and fight this battle with them. It is because of their persistence that we have seen any movement at all from this Government.

While I acknowledge that the increase in the inheritance tax threshold to £2.5 million represents a concession, it is a hard-won one. It was not offered freely; it was forced by the strength and unity of the farming community and by the courage of the minority on the Back Benches of the Labour party. Even so, it remains wholly insufficient and fails to address the fundamental unfairness that remains embedded in the Bill.

Ultimately, we on the DUP Benches—indeed, Members rights across the Ulster Benches—want to see this policy scrapped in totality. That is why I support amendment 3 and the linked amendments 4 to 23, which would delay the commencement of these changes to 1 March 2027. Farming families planned succession responsibly and in good faith under the rules as they stood; changing those rules mid-stream is unjust and destabilising, and it undermines confidence across the entire sector.

Jim Shannon: I commend my hon. Friend for all that she has done in this campaign; she was very much to the fore. I also commend the Ulster Farmers' Union on the stance that it took—it never gave in and stood its ground the whole way through, as did the NFU across Scotland, England and Wales. She has farmers in her constituency, as I do in mine, and some 25% of farmers who own farms in Northern Ireland will not benefit from the changes. Some of those farmers are my neighbours, and they have been farming for generations. Does my hon. Friend agree that, when it comes to this legislation, the Minister is duty-bound to meet the Ulster Farmers' Union to discuss these matters?

9.30 pm

Carla Lockhart: I thank my hon. Friend for his intervention. Indeed, 25% will still be hit, including some world-class producers in Northern Ireland. The dairy sector will be hit hardest because of our land values, which I will speak about now.

New clause 7 seeks to address a glaring omission in the Government's approach: the failure to index-link or uprate the APR allowance. Agricultural land values have risen sharply over many years. In recent months, land in my constituency of Upper Bann was sold for £32,000 per acre, demonstrating the value of land in Northern Ireland and the impact that this Bill will have on our farms. Those land values do not arise from the effort of the farmer, and farm incomes have not kept pace. A static threshold in a rising land market guarantees that more and more family farms will be dragged into the inheritance tax net year after year. Index-linking is not radical; it is common sense—something that this Government appear to be lacking.

In the same spirit, I also want to highlight amendment 43, which would retain 100% business property relief where a property has been owned for at least 10 years as part of a genuine, actively operated family business. It recognises long-term stewardship and intergenerational responsibility, and it draws a clear distinction between established family enterprises and short-term or speculative ownership. If the Government's aim is—as they have stated—to target avoidance rather than to punish genuine businesses, then this amendment deserves serious consideration.

There is a profound unfairness at the heart of this policy, which the Government have yet to explain or justify. A single farmer receives a £2.5 million threshold, while a married couple can pass on £5 million free of inheritance tax. Two identical farms of identical value can face vastly different tax outcomes purely on the basis of their ownership structure.

Robin Swann: That is an important point, and one that the Minister needs to clarify. The Government's online advice actually says that it is not simply a married couple or those in a civil partnership; it says:

> "Two people (such as siblings) who jointly own a farm will be able to pass on a farm up to £5.65 million tax free."

The Government have to provide clarity on that.

Carla Lockhart: Much clarity is needed, and I trust we will get that clarity in today's debate. A farm worth £5 million owned by a single farmer could face a tax bill of around £500,000, while a farm of the same value owned jointly would face no tax bill at all. That is not fair; it is arbitrary and discriminatory.

Farmers are asset rich but cash poor. Many family farms exceed £2.5 million in value, and not because they are wealthy enterprises, but because land values have risen dramatically while margins remain tight and incomes volatile. As my hon. Friend the Member for Strangford (Jim Shannon) has outlined, an estimated 25% of farms in Northern Ireland fall above that threshold. Those farms are the backbone of our economy. The move from 100% relief to 50% relief above the cap is not a minor adjustment; it is a fundamental weakening of agricultural property relief. It risks forcing families to sell land, reduce the scale of their business or take on unsustainable debt—not because their farms have failed, but because their tax system has failed them.

I will quickly address new clause 1, which would require the Chancellor to publish a Northern Ireland-specific impact assessment. That should not need an amendment; it should be done as a matter of course. But this sudden interest in farming by the Alliance party is not lost on the folks at home. Not only are farmers at home battling the Labour Government's anti-farming policies, but they have an Alliance Farming Minister who is tone deaf to the needs of farmers—a Minister who supports climate change extremism, who is further regulating the industry, and who is blaming farmers for the algae bloom on Lough Neagh while ignoring the 200 million tonnes of waste from Northern Ireland Water. Farmers in Northern Ireland are getting it from all quarters, and I, for one, make no apology for standing up tonight against this tax grab, but also against the policies in Northern Ireland that are damaging our farms.

A clear principle is at stake. People are taxed throughout their lives on their income, on their profits and on what they produce. To then tax those same assets again, simply because someone has died, is a double whammy. It is double taxation in all but name, and it penalises families at the very moment of loss. That is a principle I cannot support. It is immoral. A death tax is immoral. This policy will drive despair—not prosperity—into farming communities if it is allowed to stand. The Government still have the opportunity to do the right thing. Politics is about doing the right thing, and the Minister knows that the right and honourable thing to do is to consign this policy to the farmyard manure heap. If the Government choose not to, they must accept the lasting damage that this policy will inflict on family farms, rural communities and our national security. The outcomes are on this Government's shoulders.

Lizzi Collinge (Morecambe and Lunesdale) (Lab): As someone who represents a large semi-rural constituency, I am glad to have this opportunity to speak about the changes to agricultural and business property relief and why they matter for farming families and for fairness in our tax system. I welcome these changes, which recognise the reality of the asset-rich, but cash-poor nature of farming, where land might be worth a lot of money by most people's standards, but that value cannot be realised in cash terms unless it is sold, particularly for non-farming use.

The aim of this inheritance tax policy is simple: fairness for hard-working family farms, but no open-ended tax breaks for the wealthiest. The Government are reforming outdated tax relief rules to ensure that the very largest estates make a fair contribution. Under these changes, small and medium-sized agricultural estates will remain unaffected by inheritance tax, with full relief still applying up to £2.5 million for an individual, rising to £5 million for a married couple, who will be able to transfer their allowances to each other, as is the case for personal inheritance tax. I am slightly surprised that those on the Conservative Benches are only now discovering that concept, given that it has been standard for many years.

What will change is the ability for the ultra-wealthy and the very largest estates to use agricultural land as a tax planning tool, driving up land prices and shutting out genuine farmers, while making little or no contribution in return. The farmers I have spent time with—over many meetings in village halls, at farmhouses and at the Westmorland county show, which I highly recommend—were clear that they understood the need to prevent the ultra-wealthy avoiding tax, but they were rightly concerned that the threshold of £1 million, as originally proposed, would inadvertently catch ordinary family farms. Local farmers and solicitors were extremely generous in sharing their financial information with me, which was sent directly to the Treasury. It showed the reality of the finances of farming.

I must make special mention of a local Labour party member, Karenna Caun, who organised for that information to be gathered and who helped me to reach out to farmers and related businesses, particularly in the Lune valley. The NFU and others have already recognised that these changes materially improved the position for farming families. These changes have taken on board concerns raised by rural Labour MPs, but with these reforms targeted at the biggest estates, the Government expect to raise £300 million a year by the end of the decade. That is money we can put into local GP services, rural bus services and village schools, giving our children the best start in life. Yes, some of the largest estates will pay more after these changes.

Robbie Moore: The hon. Lady has mentioned, I think two or three times, that it will be possible for the ultra-wealthy to be exposed to the inheritance tax liability. However, having a huge asset base that may be worth a great deal of money does not mean having a good income. A business could have a cash flow that is not generating any revenue to keep that business going. Is she classifying businesses and farming families in her constituency who might have an asset base of over £1 million as very wealthy people?

Lizzi Collinge: I suspect that the hon. Gentleman missed the third paragraph of my speech, in which I talked about the asset-rich but cash-poor nature of farming. Land may be worth a lot of money according to most people's standards, but it may not be possible to realise the value in cash terms unless the land is sold, especially for non-farming uses. As he knows, I am talking about the threshold that has now been set at £2.5 million for individuals and £5 million for couples, not the £1 million threshold that I and many of my colleagues have succeeded in changing.

I make no apology for supporting a progressive policy that closes tax loopholes for the wealthy. I am thinking of people such as James Dyson, who talked proudly about buying up agricultural land in order to avoid tax.[1] How can anyone defend multimillion-pound estates paying zero inheritance tax, when we are digging ourselves out of the fiscal and social hole made by 14 years of Conservative government?

Mike Wood: Will the hon. Lady give way?

Lizzi Collinge: I will not.

Our farmers have been battered by Brexit, with their incomes and standards of living falling drastically since 2016. Crop yields have been impacted by flooding, and trade deals agreed by the Conservatives sold them down the river. Those 14 years of Conservative government were just as bad for my farmers as they were for the rest of us. I am afraid that I am not particularly inclined to take criticism from the Opposition Benches. The Liberal Democrats and the Conservatives are against taxing the largest estates. They are saying that estates that are worth more than £2.5 million, or £5 million—*[Interruption.]* I have listened closely to the debate, and I am confident in my quoting of what has been said by Opposition Members. I thank the hon. Gentleman for his chuntering from a seated position.

I grew up in a tiny village in Cumbria. With the surrounding farms, it numbered about 300 people. We had no shop, and there was one bus to Carlisle a week. We did have two pubs—we knew how to have a good time. I will take no lectures from Opposition Members about what country life is really about, and I certainly will take no lectures from the wealthy Reform MPs—they are not in the Chamber now and have taken no part in the debate—who seem to enjoy cosplaying as country folk, in a display of what I think is patronising political opportunism. We need to ensure that there is fairness in our inheritance tax system, which is why I urge all Members to support clause 62 and schedule 12.

Sarah Dyke (Glastonbury and Somerton) (LD): Clause 62 shows that this Labour Government simply do not understand farming communities. Persevering with an ill-thought-through family farm tax that treats business assets as personal wealth, even with the recent concession, will continue to harm investment in food security and rural growth. At the very least, it should be paused entirely until the publication of an independent impact assessment identifying the true extent of the changes to farming livelihoods. I therefore support amendments 42, 43, 44, 45, 46 and 47, the combination of which would ensure that the full inheritance tax relief remained in place for family farms.

It is time that the farming sector moved away from survival mode to become a thriving industry once more, but, against a background of huge cost pressures, farmers are being asked to do more with less. They face input costs that are 30% higher this year than they were in 2020, while the £2.4 billion farming budget has barely changed since 2007. That alone has presented difficult business conditions, but in addition, during 2025 farmers were forced into making plans towards a gloomy future surrounded by all the family farm tax uncertainties. As a result, many have delayed making any investment in their businesses. Farmers such as those in Glastonbury and Somerton are the catalysts of growth in rural areas, but they now need confidence to make the investments that they have put off after 14 months of angst and frustration.

Dr Savage: I thank my hon. Friend for her determined and dedicated advocacy on behalf of the farming community, especially around mental health. Although my farmers and I welcome this U-turn, I wonder how much damage has been done, not just to the farming sector directly but to the many businesses that surround the farming sector—the suppliers of equipment, grain and so on. I wonder how much damage has been done to the economy of our country, and how many irrevocable decisions have been made about the future by farmers and others in the farming industry. Does my hon. Friend agree that the Government must get it right this time around?

9.45 pm

Sarah Dyke: Absolutely. There is no doubt that the agricultural supply chain has been affected by the torrid 14 months of uncertainty caused by the family farm tax. The Prime Minister and the Chancellor speak consistently of growth, but their damaging policies have crippled family farms. Some 49% of farm businesses have paused or cancelled investment, 10% have downsized their operations, and 21% intend to do so before April this year.

Our farmers pride themselves on being resilient and getting on with the job, but the long-awaited and delayed Batters farming profitability review summed up the impact of the family farm tax well: it stated that the sector was "bewildered and frightened". Following the Government's last-minute concession, I am pleased that some farmers—such as David, who farms in Compton Dundon in Glastonbury and Somerton—are now fully exempt, but this comes after more than a year of sleepless nights, and we know that David is not alone. If the reforms are expected to raise only around £500 million a year, why have the Government been so willing to impose this level of disruption and uncertainty on family farms for a relatively small return to the Exchequer?

The Government's whole attitude toward family farming communities has been hugely disappointing, to say the least. At the end of last week, after months of silence, we finally heard the details of the 2026 sustainable farming incentive, but despite this announcement, England is still on course to be an outlier in Europe, because English farmers will not receive any direct support in fulfilling their primary mission and motivation, which is to produce food. After being taken for granted and ignored by the Conservatives for so long, it is no wonder that half of British farmers have little confidence in this Government's vision for farming, and many do not believe that this Government take food security seriously at all.

I want to be clear that although the Liberal Democrats broadly welcome this concession, and although raising the thresholds will go some way towards mitigating the devastating impacts on the industry, this does not negate the year of stress and anxiety that farmers have endured, and many will still be hit by this tax. Many farmers in Glastonbury and Somerton, and across the constituency, run their businesses in multi-generational partnerships or extended family partnerships. It is totally outdated that this Government believe that farm businesses are

1.[*Official Report*, 15 January 2026; Vol. 778, c. 1116.] (Correction)

[Sarah Dyke]

managed by married couples. So many businesses will not benefit from the combined spousal allowance of up to £5 million, and it seems grossly unfair that if two farms are valued the same, one could be free of IHT, while the other could be landed with a huge tax burden.

Additionally, although the anti-forestalling rules remain in place, they deny those over 65, or anyone who dies within seven years of making a transfer, the ability to manage their tax affairs in a sensible way. The rules also put a massive burden on those who are over 75. The Liberal Democrats are clear that this is an unfair measure, which is why we have proposed new clause 7. It would ensure that a review of the provisions takes place.

Although the Environment Secretary has declared that there will be no more changes to the family farm tax, I hope that the Government have recognised the scale of the damage that they have done to British agriculture. British farmers produce a public good; they are the linchpins of our country's food security and therefore our national security. In an ever more volatile world, this is more important than ever. This Government must not let British farmers down again.

Markus Campbell-Savours (Penrith and Solway) (Ind): I rise to speak in favour of Government amendment 24 and the associated amendments that will increase the 100% allowance cap for agricultural property relief from £1 million to £2.5 million. In December, I believe I closed my last speech on this issue with a plea for the Government to listen to my more reasonable rural colleagues and to change course. I said that it was not too late. It was a plea, but for many of my constituents it was a prayer, and much to the relief of many farmers, it was a prayer answered on 23 December.

It would be churlish of me not to thank the Government for seeing sense, as it would be not to thank the Members from across the House who have raised this issue consistently over the last year. While this amendment falls short of the full U-turn I would have preferred, today I will vote with the many rural Labour MPs who lobbied Ministers for many months to see this change. They may not have joined me in the No Lobby to vote against Budget resolution 50, but I have no doubt that we would not have seen a change of course without what I believe the Government have called their "constructive engagement". I know what many of them did, and I hope in time that their constituents and their farmers know what they did, too.

I regret being placed in a position where I voted against the Government, but not to do so would have broken a promise. However, I believe the Government had more than ample time to reconsider this policy. To see colleagues whipped to vote for the measure days before the Government proposed amendments that some colleagues had called for over a year ago caused unnecessary pain. On that, I hope lessons are learned. Now, Whip or no Whip, I look forward to supporting this Government in their important task of helping all working people thrive.

Seamus Logan (Aberdeenshire North and Moray East) (SNP): I rise to address clause 62 and schedule 12. I, for one, cannot believe the self-congratulatory tone of so many contributions from across this Chamber. The shadow Minister, the hon. Member for Grantham and Bourne (Gareth Davies), pointed out that Labour Members had five opportunities to change these rules, and only one Member—the hon. Member for Penrith and Solway (Markus Campbell-Savours)—voted to do so.

However, the initial change to APR in 2024 was described by NFU Scotland as

"devastating to the vast majority of farms and crofts".

The concerns raised by farmers across Scotland, including a significant number in my constituency, were ignored by a Labour Government who appeared to be completely blind to the fundamentals of rural life and rural communities. When defending the decision in response to the Environment, Food and Rural Committee's first report on the Government's vision for farming, published in May last year, the UK Government said:

"Ministers from multiple Government departments have had several meetings with agricultural organisations on this matter since Autumn Budget 2024, including the National Farmers' Union, the Tenant Farmers' Association, the Country Land and Business Association, the Central Association of Agricultural Valuers, the Ulster Farmers' Union, NFU Cymru, NFU Scotland, and the Farmers' Union of Wales".

Here is the killer:

"After listening, the Government believes the approach and timescale set out for these reforms is an appropriate one."

In the 2025 Budget, just a few months ago, the spousal transfer allowances were changed, and this was welcomed, but there was nothing further for worried farmers. As in so many areas in which this Government have been forced to U-turn, why did they not listen from the start? Is everything we say on these Benches to be dismissed as political rhetoric? Was it arrogance? Look where this has led—to a Prime Minister and a Government regarded by the public as the worst ever. We do not need a Government who listen later, if they feel like it. We need a Government who listen from the start. We need an end to the sound of screeching tyres from the Government machine as it performs another U-turn that could have been avoided. If

"food security is national security",

as Labour said in its manifesto, why did Labour feel it was acceptable to make farmers face insecurity about their livelihoods, and the country face food insecurity in the face of a growing international crisis? After the recently announced threshold changes, it was very disappointing to see the failure of the Exchequer Secretary to the Treasury to offer an apology to the people who produce our food.

The anti-forestalling clause in the Bill continues to pose a perverse incentive. It penalises anyone who transfers their farm but dies within seven years, creating a substantial IHT bill and potentially triggering capital gains tax. If no transfer is made and the farmer dies before April 2026, the estate passes tax-free. That creates an appalling situation where terminally ill or elderly farmers, especially those unlikely to live for a further seven years, face perverse choices: keep the farm and hope to die before April this year; sell the farm, with a potential loss of food production to the nation; or transfer the farm in the usual way and saddle their children with a huge tax bill. No set of tax measures should—nor should this Bill—create such a situation. Of course these IHT rules apply elsewhere, but this is where we see Labour failing to understand what it is dealing with. A working farm is like no other business. What it produces concerns everyone, not some segment or niche area of the economy.

In conclusion, the NFU Scotland president, Andrew Connon, stated:

> "The anti-forestalling clause, in particular, is morally indefensible. No tax policy should ever place a terminally ill farmer in the position of being financially better off dead than alive."

The House will have an opportunity later on to protect farm production from that perverse incentive; that is what my amendment would achieve. The amendment before us tonight gives us an opportunity to change this. If we fail to do that tonight, I will seek to bring my amendment back on Report.

Helen Morgan (North Shropshire) (LD): I am speaking in favour of the amendments and new clauses tabled by my hon. Friend the Member for St Albans (Daisy Cooper), and against the changes to APR in general, and its less conspicuous but equally ugly twin sister, the changes to BPR, because they are downright destructive to the economy in rural places like North Shropshire.

The Conservatives showed that they took farming communities for granted, presiding over botched trade deals and an unfair transition from the old basic payment system to the environment management scheme, and leaving the farming budget with an underspend of hundreds of millions of pounds, but the new Labour Government have shown that they do not understand rural communities whatsoever. It is utterly inexcusable that family farms have been put through over a year of uncertainty and anguish since the Government first announced changes to APR. I have had the pleasure of visiting many farms and attending roundtables with farmers in my constituency. The uncertainty, anxiety and fear caused to them and their families because of the changes has been appalling for Shropshire, not only because those farmers are part of the economic backbone of the economy, but because they are part of the community.

As we have disputed with the official Opposition, the Liberal Democrats were the first to call out and oppose the unfair family farm tax in last year's Budget. We have been proud to stand alongside our farming communities in campaigning against it ever since. December's U-turn, which increased the farm inheritance tax threshold from £1 million to £2.5 million, has been hard won, and we are grateful to all the farmers who have fought tirelessly to achieve it. It is a step in the right direction, and it would be churlish not to acknowledge that, but having spoken to farmers in my constituency, I can say that the change just does not go far enough.

I will focus on the dairy industry, because North Shropshire has a lot of dairy farmers. Dairy farming in the modern era is capital-intensive. You need expensive assets, like automated milking systems, cooling units, feed systems, housing and slurry storage. They are all essential for operating the modern dairy farm, but incomes are low and volatile. The reality is that the industry is becoming increasingly unprofitable, and many smaller dairy farms have already sold up in North Shropshire. To make matters worse, milk prices have recently fallen below the cost of production, while the price of feed and energy and labour costs remain historically high.

Last week, two North Shropshire dairy farmers outlined the crisis that their sector has been put in. As partners in their farm, they told me that even with December's increase in the threshold, the family farm tax incentivises them to keep their business small—they describe the tax as putting the dairy industry in a straitjacket. Because they have borrowed to finance their assets and capital expenditure, these farms are in a position where they are worrying about servicing their debts, maintaining production and remaining viable, yet the value of their land and machinery is in excess of the cap. There is already no money left for future capital expenditure, and now they have to plan to be able to pay off IHT in the future as well, which will not be achievable for them without selling parts of the farm to big players whose methods will be far less sustainable and worse for the environment than their current low-input model. Ending capital investment not only affects family farms and their growth, but puts our nation's agricultural equipment producers and suppliers out of business, damaging growth and reducing our food security.

10 pm

The Government wanted to end the practice of agricultural land being bought up and prices driven up by super-rich and super-wealthy non-farmers using the land just to avoid inheritance tax, which is a sensible idea. However, their current cap on relief policy fails to do that, leaving us with the worst of all worlds.

Turning to business property relief, family-owned businesses are feeling just the same squeeze. In places like North Shropshire, there is a high percentage of family-owned businesses. Last week I spoke to the managing director of Ridgway Rentals, a medium-sized family-run plant hire company, whose head office is based in the market town of Oswestry in my constituency. As a plant hire company operating nationwide, its assets include excavators, diggers, bulldozers and other large bits of machinery, which means that they have a very high asset worth. The managing director told me that the changes to BPR mean there is "no point in growing as a business" and believes there must be countless other businesses that have either closed or been sold because of the Government's recent multifaceted attack on business in this country. While he did say that the recent increase in the threshold is an improvement, the managing director said that it only "slightly loosens the noose that sits around businesses' necks".

This Government have repeatedly stated growth as one of their key missions, but their misguided policies are achieving the opposite in rural places like North Shropshire. We have demanded that the Government scrap these unfair taxes in full. If they refuse to do so, I will be joining others in the Liberal Democrats in voting against those changes this evening.

Jim Allister (North Antrim) (TUV): I rise to speak to clause 62 and schedule 12.

I certainly welcome the fact that, though belatedly, the Government did get to the point of climbing down on the £1 million threshold. They should have gone much further: this tax should not exist at all. If there is to be such a tax, it should be at a viable threshold. The climbdown was not delivered with great grace; indeed, it followed a debate in this House in which the Minister doggedly defended the £1 million threshold, telling us it was fair and necessary—the very words that he uses now to defend the £2.5 million threshold. However, even though that was the manner of the delivery, the climbdown, so far as it goes, is welcome.

[Jim Allister]

We need to be aware of the limitations on how far this concession does go, as it will very swiftly be diminished with time because of the lack of indexation. This is a diminishing win—a win secured by our farming communities through their determined campaigning, but a win that will melt away as each year goes by. Take my part of the United Kingdom: Northern Ireland. In the past five years, land values have increased by 40%. If that trajectory continues for the next five years, in today's terms the threshold will be worth only £1.5 million. It will lose 40% off its value.

Unless the Government are willing to face up to the need to index-link the threshold, the bona fides of their conversion on this issue is very suspect indeed. If they have genuinely realised that £1 million was wholly inadequate and £2.5 million as a minimum was necessary, they need to sustain that value going forward. That is the real test of the bona fides of this Government on this issue. They cannot simply sit back and wait for the Treasury to increase its tax take because land values rise and the value of the £2.5 million diminishes every time that happens. If it is only a tactical move to buy time, then time is on their side, because in due course this will fritter away to the point where it is of very little value indeed.

My plea tonight is for the Government to demonstrate that they have genuinely realised the need to protect farming families by committing to index-linking this concession. Without that, it will diminish very severely with time, and surely those who feed us and keep bread on our tables are the people this Government should be thinking about. They are not thinking about them if they insist on a de minimis threshold that will dimmish almost out of sight as time goes forward. That is the test of this Government.

Sarah Olney (Richmond Park) (LD): I want to speak to amendments 42 to 47. The Bill fails to recognise the specific way in which family businesses are different from businesses whose shares can be traded. The tax changes announced at the 2024 Budget treat family businesses as though they are a liquid asset or as if their underlying value is expressed in tradeable shares, but family businesses are neither. Shares in a family business have only a nominal value, and it is this nominal value that is transferred upon death. No cash arises from the transaction—unlike with the sale of shares on an open market. That means that money to pay any tax charges arising on the transfer must be made out of the business's current assets or by disposing of its fixed assets. The value of a family business is often in its fixed assets—typically land, buildings, plant and machinery, as well as patents, copyright and goodwill.

The purpose of business property relief was to enable those assets to pass intact from one generation to the next in order for the business to be transferred as a going concern and to maintain steady revenues that guarantee employment and supply chains. Removing BPR from the inheritance tax regime will mean that assets will need to be sold to pay the inheritance tax. That will not only reduce the overall value of the company but limit its ability to generate future revenue. Asset sales will already be subject to capital gains tax before the net value can be released to the shareholder by way of a dividend to pay the individual IHT liability, and that dividend itself will be subject to tax, so the asset sale has to realise sufficient cash to pay three separate taxes.

Members might argue that assets being disposed of by one company does not take them out of the economy, and indeed our tax system should ensure that assets are allocated to wherever they can be most efficiently exploited, but this change to BPR does not ensure the efficient reallocation of assets from one business to another. It forces the sale of productive assets that were being efficiently used, and there are no guarantees that the asset can be put to its most productive use under its new owner.

Recent experience has shown that UK assets are increasingly being picked up by foreign investors, increasing the risk of job losses, restructuring and head office operations being moved abroad. Forced sales that need to be completed within IHT timescales are unlikely to make their full market value. In a specialised market in which there are few annual sales, one depressed sale value can influence the valuation of other assets in the same class, having a knock-on effect on all company balance sheets.

Death comes to us all in the end, being the only certainty in life apart from taxes. The IHT regime recognises and allows for assets to be passed down the generations without being taxed as long as seven years has passed between the date of the gift and the death of the bequeather. For many family businesses, the change in BPR rules will just mean that they have to actively plan for an orderly transition of shares to enable them to take advantage of this provision. But for some families, it is already too late to plan effectively.

The largest employer in the London borough of Richmond upon Thames is a family-owned business with the majority of shares owned by the founder, who is in his 90s. Even were the shares to be transferred now, there is little chance that seven years will elapse before his death, and therefore there is every risk that the firm will need to be broken up in order to pay the IHT liability, putting hundreds of jobs at risk.

Of course, tragically there is always the risk of unexpected death. While not being its principal purpose, one of the advantages of BPR is that it relieves the families of the deceased from involving themselves with complicated business transactions while mourning their unexpected loss. I welcome, of course, the announcement of the raising of the BPR threshold from £1 million to 2.5 million, but that merely reduces the number of companies that will be liable for the tax rather than addressing the issue.

There is currently no certainty on either the number of businesses that will be affected or on the amount of additional tax revenue that will be raised by the measure. The OBR has not delivered a costing based on the change to the policy announced in December. Given that the policy will trigger behaviour change, it is unclear to me that the benefits of this measure will outweigh the potential harm to employment in otherwise thriving businesses up and down the country.

I am sympathetic to the Chancellor's instincts in this matter—I too, think we should be prioritising the needs of entrepreneurs over the protection of inherited wealth—but the likely meagre returns to the Treasury as a result of this policy do not justify the likely impact on employment that will occur if otherwise thriving businesses are forced to be broken up.

Sorcha Eastwood (Lagan Valley) (Alliance): I rise to speak on clause 62 and schedule 12, and my new clause 1. As we have already heard from the Northern Ireland Benches, this is about listening and recognising Northern Ireland's unique circumstances. I acknowledge from the outset the deep anxiety and distress caused to many farmers across Northern Ireland, including in Lagan Valley, by recent inheritance tax proposals. Farming in Northern Ireland is not just an economic activity; it is a community, a way of life and something that is deeply special and has been rooted in the land across Northern Ireland for generations.

As many have said, it is also central to our food security. I cannot for the life of me understand why, at a time of ongoing and increasing geopolitical insecurity, we would take this step. Farmers in Northern Ireland responded with a united, constructive and responsible voice. I pay tribute to the Ulster Farmers Union, the Young Farmers' Clubs of Ulster and any farmer who took a stand on this important issue. That unity mattered, and it forced movement from the Government.

I will not gainsay that or try to nit-pick: I welcome the U-turn. We should never have been in this position, but I do welcome the change. The original £1 million threshold was never fit for purpose for Northern Ireland. Analysis by the Department of Agriculture, Environment and Rural Affairs showed that it could have pulled about 50% of Northern Ireland farms into inheritance tax compared with about 5% of estates generally across the UK. That level of impact was clearly disproportionate. I therefore welcome the increase in the threshold from £1 million to £2.5 million and the decision to make the allowance transferable between spouses. Credit is due to the farming community alone for the united front that secured this long-overdue change.

But while many families will feel relief, as other members of the Committee have outlined, real uncertainty remains in particular for older farmers and those who cannot simply plan around sudden policy changes. I place on record my thanks to my colleague Andrew Muir MLA, the Agriculture Minister in Northern Ireland, and his officials. He has been steadfast, evidence-led and relentless in standing up for Northern Ireland's farmers. That included repeated engagement with the Treasury and a joint letter in November with the First Minister, Deputy First Minister and Finance Minister, which called clearly for a higher threshold and spousal transferability. This is devolution working at its best, no matter what others may say, but it also shows why Westminster must listen when Northern Ireland speaks with one voice.

Northern Ireland is different, and one-size-fits-all policy does not work for Northern Ireland. Farms in Northern Ireland are smaller on average, intergenerational and family-run, and often land-rich but cash-poor. Land values, as others have elucidated, continue to rise faster in Northern Ireland. Even with a £5 million transferable threshold, DAERA estimates that the number of impacted farms would fall to about 5%, but those farms account for around 27% of the total area that is farmed. I am clear-eyed about this. Not every farm will be able to avail itself of the £5 million threshold, and poorly calibrated tax policy can force land sales, break succession and undermine the long-term viability of family farms.

10.15 pm

As I said at the outset, there is a huge argument here around food security. Northern Ireland's food and drink sector is the cornerstone of the UK's food supply. It is worth £8.4 billion, it employs around 113,000 people and I am proud to say that it feeds 10 million people every year. Northern Ireland represents just 3% of the UK population, yet we produce 25% of the UK's food. By comparison, Britain produces enough food for about 40 million of its 70 million population. Undermining farming in Northern Ireland is not simply a regional issue; it is a whole UK food security risk.

My new clause 1 is a necessary, evidence-based and common-sense amendment. I am calling on the Government to properly assess the real impact on Northern Ireland, publish a Northern Ireland-specific assessment within six months of APR coming into force, and examine how many Northern Ireland estates are affected. I call on them to publish the case for exempting agricultural land, the cost to the Exchequer, the impact on farm succession, land retention and viability, and the implications for UK food security. The new clause also explicitly excludes land banking schemes. This is about real farmers, not tax avoidance.

There is also the importance of consultation. The new clause mandates meaningful consultation with the Department of Agriculture, Environment and Rural Affairs, farmers and land-based businesses. This is about policy being made with people, rather than their having it done to them. Farmers must never again be an afterthought in Treasury decision making. The new clause requires the Chancellor to respond formally to the assessment, to set out what action will follow and to keep the policy under review with a further assessment within 18 months. That will create transparency, accountability and ongoing scrutiny, and it is particularly important and timely, given rising land values and ongoing uncertainty.

In conclusion, this new clause is about fairness, realism and respect. It recognises Northern Ireland's disproportionate contribution to the UK, which I am very proud of. It gives the Government the evidence they need to get this right. Supporting it means supporting farmers, protecting rural communities and safeguarding the UK's food supply. I also want to raise something that is of psychological value. We are having this debate tonight, but not one of us has said anything about the psychological impact and the body blow that this has caused to farming communities across the UK. They felt genuinely unneeded. They felt undervalued. In fact, they felt a burden. They felt that this tax raid was being done to them, and I am not sure what they ever did to deserve it. That is why I will continue to oppose the family farm tax in its entirety.

Caroline Voaden (South Devon) (LD): Following the initial decision to introduce new APR and BPR rates, farmers across the country rallied their tractors outside this place to get their voices heard. Other family-owned businesses have gone through the same agony over the last 14 months, but without the tractors and with perhaps less of a voice, fearing for the future of businesses that have been built up over generations—businesses that

[Caroline Voaden]

form the bedrock of local communities and economies, employing local people and supporting local suppliers. As one constituent business owner told me, even with the recent lifting of the threshold, the reforms to BPR could still lead to family businesses such as his having to break up their underlying assets just to survive. The resulting loss to the Treasury in economic activity will far outweigh the amount of tax raised.

This attack on family-run businesses is particularly damaging in a constituency such as South Devon, where the family-run hotels and holiday parks are the foundation stones of the local economy. Passed down from generation to generation, they are more than just businesses. They are woven into the fabric of our communities. The director of one popular holiday park has been left questioning the long-term viability of their business due to the inheritance tax that will be due. This family-run business was founded over 65 years ago and employs over 180 staff in the summer season, which is a large number in a constituency such as mine that has few large employers. It uses an abundance of local suppliers and makes a significant contribution to the local economy. But I am told that when the 81-year-old majority shareholder passes away, it is likely that the family will have to sell up completely, after at least five generations of ownership, to pay an inheritance tax liability of approximately £2.5 million. The business cannot just chop off a section of the holiday camp, sell it to pay the tax and be left with a viable business—it just does not work like that. That illustrates perfectly how this tax is not merely a financial burden; it threatens the very survival of these businesses, and the ripples will spread out across the pond with scores of people losing their jobs, which will have knock-on effects on the local economy, the community and the mental health of all those people left high and dry.

Examples such as that are why my Liberal Democrat colleagues and I support amendment 42, which would maintain 100% business relief where the property has been owned by the transferor for at least 10 years as part of a business that is actively operated by the transferor or a member of their family. That is the least that this Government could do given the plethora of financial challenges these family-run businesses already face. Whatever loophole the Government were looking to close with this business property relief, they have gone way beyond that, and the implications will be an economic and personal tragedy for so many.

I could not speak today without again mentioning our family farms. I am pleased that the Government have finally listened and made the adjustment to the threshold, which will end the agony for many farmers. However, I am concerned that in areas where land prices are particularly high, such as the South Hams, the £2.5 million threshold will still be too low. There are also a significant number of farms owned by a single person rather than a couple, meaning they will not benefit from the spousal allowance. When APR was originally introduced, I surveyed all the farmers in the South Devon constituency, of which there are many hundreds: 85% of them said that they would be affected. Of those who responded, 44% said that they would have a bill of at least £300,000. The average bill was going to be £637,000 across my constituency, and the highest inheritance tax expected by one of my farms is £3 million.

I therefore support amendment 48, which would make the resulting inheritance tax liability chargeable only if agricultural land is sold or ceases to be used for farming within 10 years of the relevant transfer. I urge the Government to support new clause 7 to ensure the relief allowance is uprated annually according to the change in the value of agricultural land. I also urge the Government, as many of my colleagues have, to consider extending the spousal allowance to siblings who co-own a farm so that they too can benefit from this relief. Why should one family be penalised because a brother and sister own a farm compared with another family where it is a husband and wife? It is incredibly old fashioned to design a policy that benefits people who are married but not people who co-own within the same family.

I hope the Government will now provide meaningful support for farmers, who have been through so much over the last 14 months, starting with a £1 billion increase in the farming budget as promised by the Liberal Democrats if we were sitting on the Government Benches. If we undermine British farming, we undermine our ability to feed the nation and, in turn, compete in an increasingly uncertain world. Our farmers have been through an agonising 14 months. They should never have been subjected to this fear and stress. It is a disgrace that the Government took more seriously a prospective revolt from their own Back Benchers than the committed, desperate and passionate campaigning of farmers, countryside organisations and rural communities right across the country for the last 14 months. This policy still retains huge unfairness, as colleagues have explained so clearly, and I urge the Government to pause and think again while a proper impact assessment of even the new APR is carried out.

Olly Glover (Didcot and Wantage) (LD): I stand to speak in favour of various Lib Dem amendments and in particular new clause 7. Farmers in this country continue to be hammered, as they were under the previous Government, by the current one. From poor funding of rural public services to botched trade deals that undercut British farmers, rural communities have been left behind, despite the industry being vital to delivering our food supply and a key pillar in our fight against climate change. Food is not some luxury or niche commodity but an essential, and an important part of our heritage and culture. In an increasingly volatile world, it is important that we recognise the value of domestic production.

Many speakers this evening have discussed problems with the Labour Government's changes to agricultural and business property tax relief, and it is welcome that the Government have to some extent listened to that. However, in my constituency, the key thing I hear when speaking with farmers is that the proposed changes, in their original form, were the final straw for them on top of so many other challenges and headwinds. That is why the reaction has been so strong. They face the uncertainty and impact of Brexit; trade deals based on proving the so-called benefits of Brexit, no matter the impact on our farmers; constantly changing Government incentive and payment regimes; the impact of recent worldwide inflation on fertiliser prices and equipment costs; labour shortages, also partly as a result of Brexit; and the dominance of large supermarkets seeking ever lower prices.

Our farmers also face rural crime, which, as the hon. Member for Lagan Valley (Sorcha Eastwood) rightly stated, has a significant impact on their mental health and wellbeing. Even with Thames Valley police's best efforts, farms' remoteness makes them easy targets for theft or hare coursing. Flooding has also affected many farms across my constituency, such as George Gale's Manor farm in Appleford or Paul Cauldwell's Dropshort farm in Drayton. Increased rainfall and a lack of river maintenance are both contributing factors to wider flooding incidents, plus run-off from new developments.

The National Farmers' Union hustings were by far the toughest of the general election campaign, but I have also been warmly welcomed by farmers who have been very patient and generous in explaining their trade to someone who could not have less of an agricultural background. They include Matt Lane of Grange farm, David Christensen of Lockinge estate and Alan and Richard Binnings, who put so much work into Truckfest, which, as well as being an amazing concert experience on their land, raises tens of thousands of pounds for local charities each year.

I want to talk in particular about Ben Smith from Manor Road farm near Wantage. When I met him last winter to hear his challenges, he explained that he is a third-generation arable farmer. At that time, his mother was 90 years of age. She owns the farm. Ben's big concern was that when she dies, he and his family will be significantly hit by the inheritance tax, with revenues from their arable farming barely able to cover the liabilities. At that time, his mother was saying that she would rather die than leave Ben and his sister to deal with the situation later. Ben wants his son and daughter to have the farm, but he will be in a financial mess. He might need to lose six or seven staff, some of whom have worked for him for between 10 and 45 years. Inheritance tax is a big worry to him, but he has also been hit by other increases in tax and national insurance.

All the farmers I have met have been welcoming, tolerant of my agricultural ignorance, forgiving of my vegetarianism, patient in educating me about their work and profoundly passionate about what they do. I have been surprised to find parallels between my experience of working in railways before coming to this place and farming. Both are subject to the stop-and-start whims of Government policy and the decisions of people who have little knowledge or experience of the sectors concerned and often do not take the time to listen and learn.

In contrast, the Liberal Democrats are proud of our advocacy for farmers and are calling for the farming budget to be raised by £1 billion, for a renegotiation of trade agreements to protect British farmers in line with our objectives for health, environmental and animal welfare standards, and for strengthening of the Groceries Code Adjudicator to ensure that farmers can keep farming in fair circumstances.

It is welcome that the Government have started to listen, but we must always remember that we need food, we need countryside and our farmers do so much to look after both. They deserve our support.

Dan Tomlinson: I extend my thanks to hon. Members for their thoughtful contributions during this session in particular, which I appreciate has been a topic of discussion in public and in this place over a number of months. As I have said, the Government have been listening carefully to feedback from the farming community, family businesses and their representatives. The Government are proud to represent the national interest, with strong representation for rural, semi-rural and urban constituencies. It is a fantastic vote of confidence in our Prime Minister and in this Government that there are pretty much as many Labour MPs who represent rural constituencies as there are Conservative MPs in total.

The Government are going further to protect more farms and businesses while maintaining the core principle that more valuable agricultural and business assets should not receive unlimited relief. That is why we have tabled an amendment that will increase the allowance for the 100% rate of relief from £1 million to £2.5 million.

10.30 pm

I am aware of the hour but if I may, I will briefly respond to some questions asked by Members on both sides of the House. I thank Labour Members, including the Chair of the Welsh Affairs Committee, my hon. Friend the Member for Newport West and Islwyn (Ruth Jones), and my hon. Friends the Members for North Northumberland (David Smith), for Ribble Valley (Maya Ellis), for Morecambe and Lunesdale (Lizzi Collinge) and for Penrith and Solway (Markus Campbell-Savours). It was helpful to hear from them about the positivity with which the changes announced late last year have been received, as a result of this Government's listening and engagement, and about the renewed focus that can now be placed on the broader issues affecting the farming community—be they profitability, prices or the fiscal support that the Government will provide. We will spend our budgets in full rather than underspending by hundreds of millions, as the previous Government did. I thank Members who engaged with me on that topic in the weeks after I was appointed to this role on 1 September, particularly my hon. Friend the Member for North Northumberland, whose engagement I really appreciated.

The shadow Minister, the hon. Member for Grantham and Bourne (Gareth Davies), and other Opposition Members asked about the figures used for the number of estates affected by the changes. Those figures are HMRC tax data. Many have also repeatedly raised the CenTax report with Ministers in recent weeks. That report, which was carried out by analysts independent from Government, came to conclusions very similar to the figures published by the Government after the Budget on the number of affected estates. That robust analysis has been published, and I and the Government stand firmly behind it.

Conservative Members mentioned investment in relation to agricultural property and business property. It is worth noting that an inheritance system that was less generous than the one that will be implemented in April was in place throughout the whole of the 1980s, and I do not believe that Conservative Members had a problem with growth and investment for businesses and farmers in the 1980s. Maybe they do think that we had significant problems with wealth creation in the 1980s, and a tax system that inhibited it, but I do not think that is the argument they are making.

On the broader impact, the OBR confirmed at the Budget that the changes are not forecast to have a significant macroeconomic impact.

Robbie Moore: I hope that the Minister will answer my question, which I have asked twice in this debate, about indexation and the scenario in which two estates valued at £5 million are subject to different IHT liabilities depending on their ownership structures. Given that this issue is so important, not only to our farming community but to family businesses more broadly, why on earth did the Chancellor not announce this change at the Budget? It seems very peculiar to make a big fiscal change outside of a Budget announcement.

Dan Tomlinson: I will come shortly to the questions that the hon. Gentleman asked.

The Liberal Democrat spokesperson, the hon. Member for Witney (Charlie Maynard), mentioned the costs of administrating the tax changes. Those costs were published in a tax impact and information note, alongside the changes: £9.2 million is the figure that the Government published. On the sustainable farming incentive, which he and others mentioned, he may have missed the update that Secretary of State for Environment, Food and Rural Affairs provided last week, which the NFU said showed

"real ambition for a thriving agriculture industry".

The hon. Members for Keighley and Ilkley (Robbie Moore), for Upper Bann (Carla Lockhart), and others, mentioned that the allowance is only transferrable between spouses. That is in line with the long-standing approach to inheritance tax. The inheritance tax nil rate band and the residence nil rate band are also only transferrable between spouses and civil partners.

Charlie Maynard *rose—*

Dan Tomlinson: I am just going to respond to this point. For siblings, and for co-owners who are not spouses but who jointly own a farm—the example raised and that set out on the Government website—it is still the case that each individual has a £2.5 million allowance that they can use. That means that a farm that is jointly owned, even if not by spouses, cannot be transferred between spouses but can still be passed on, on an individual basis, up to £2.5 million.

A range of Opposition Members raised the question of whether the Government should set different thresholds for different parts of the country. I say gently, particularly to Conservative Members, that there are very different property prices across the country, yet in the 14 years they were in power, they did not set different inheritance thresholds for different parts of the country.

I look forward to further contributions on this topic during the passage of the Bill. Overall, the Bill, including the clauses debated today, is an essential part of the Government's broader economic plan to manage our public finances well, to bring down borrowing in every year, to fund our public services, and to provide the underpinnings for higher growth and living standards across the country. We have the right plan for the country, and this Bill helps us to deliver it. I therefore urge the Committee to reject amendments 3 to 23, 31 to 36, 40 to 48, and new clauses 1, 6, 7 and 17, and I urge it to support clause 62, schedule 12 and Government amendments 24 to 29.

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

The Committee divided: Ayes 344, Noes 181.

Division No. 400] [10.36 pm

AYES

Abbott, rh Ms Diane *(Proxy vote cast by Bell Ribeiro-Addy)*
Abbott, Jack
Abrahams, Debbie
Akehurst, Luke
Alaba, Mr Bayo
Aldridge, Dan
Alexander, rh Mr Douglas
Al-Hassan, Sadik
Ali, Rushanara
Ali, Tahir
Anderson, Callum
Anderson, Fleur
Arthur, Dr Scott
Asato, Jess
Asser, James
Athwal, Jas
Atkinson, Catherine
Atkinson, Lewis
Bailey, Mr Calvin
Bailey, Olivia
Baker, Alex
Baker, Richard
Ballinger, Alex
Bance, Antonia
Barron, Lee
Barros-Curtis, Mr Alex
Baxter, Johanna
Beales, Danny
Beavers, Lorraine
Begum, Apsana
Bell, Torsten
Benn, rh Hilary
Berry, Siân
Betts, Mr Clive
Billington, Ms Polly
Blake, Olivia
Blake, Rachel
Bloore, Chris
Blundell, Mrs Elsie
Bonavia, Kevin
Botterill, Jade
Brackenridge, Mrs Sureena
Brash, Mr Jonathan
Brickell, Phil
Bryant, Chris
Buckley, Julia
Burgon, Richard
Burton-Sampson, David
Butler, Dawn
Byrne, Ian
Byrne, rh Liam
Cadbury, Ruth
Campbell, rh Sir Alan
Campbell, Irene
Campbell, Juliet
Campbell-Savours, Markus
Carden, Dan
Carling, Sam
Carns, Al
Champion, Sarah
Charalambous, Bambos
Charters, Mr Luke
Clark, Feryal
Coleman, Ben
Collier, Jacob
Collinge, Lizzi
Conlon, Liam
Coombes, Sarah
Cooper, Andrew
Corbyn, rh Jeremy
Costigan, Deirdre
Cox, Pam
Coyle, Neil
Craft, Jen
Creasy, Ms Stella
Crichton, Torcuil
Curtis, Chris
Dakin, Sir Nicholas
Dalton, Ashley
Darlington, Emily
Davies, Jonathan
Davies, Paul
Davies, Shaun
Davies-Jones, Alex
Dean, Josh
Dearden, Kate
Denyer, Carla
Dhesi, Mr Tanmanjeet Singh
Dickson, Jim
Dixon, Anna
Dixon, Samantha
Dodds, rh Anneliese
Dollimore, Helena
Dowd, Peter
Duncan-Jordan, Neil
Eagle, Dame Angela
Edwards, Lauren
Edwards, Sarah
Egan, Damien
Ellis, Maya
Entwistle, Kirith
Eshalomi, Florence
Evans, Chris
Fahnbulleh, Miatta
Falconer, Mr Hamish
Farnsworth, Linsey
Ferguson, Mark
Ferguson, Patricia
Foody, Emma
Fookes, Catherine
Foxcroft, Vicky
Foy, Mary Kelly
Francis, Daniel
Furniss, Gill
Gardner, Dr Allison
Gemmell, Alan
German, Gill
Gilbert, Tracy
Gill, Preet Kaur
Gittins, Becky *(Proxy vote cast by Sir Nicholas Dakin)*
Glindon, Mary
Goldsborough, Ben
Gosling, Jodie
Gould, Georgia
Greenwood, Lilian
Griffith, Dame Nia
Gwynne, Andrew *(Proxy vote cast by Sir Nicholas Dakin)*
Hack, Amanda

Haigh, rh Louise
Hall, Sarah
Hamilton, Paulette
Hatton, Lloyd
Hayes, Helen
Hayes, Tom
Hazelgrove, Claire
Healey, rh John
Hillier, Dame Meg
Hinder, Jonathan
Hodgson, Mrs Sharon
Hopkins, Rachel
Hughes, Claire *(Proxy vote cast by Sir Nicholas Dakin)*
Hume, Alison
Huq, Dr Rupa
Hurley, Patrick
Ingham, Leigh
Jameson, Sally
Jarvis, Dan
Jermy, Terry
Johnson, Kim
Jones, Gerald
Jones, Lillian
Jones, Ruth
Jones, Sarah
Josan, Gurinder Singh
Joseph, Sojan
Juss, Warinder
Kane, Chris
Kane, Mike
Kaur, Satvir *(Proxy vote cast by Sir Nicholas Dakin)*
Khan, Afzal
Kinnock, Stephen
Kitchen, Gen
Kumar, Sonia
Kyrke-Smith, Laura
Lamb, Peter
Lammy, rh Mr David
Lavery, Ian
Law, Noah
Leadbeater, Kim
Leishman, Brian
Lewell, Emma
Lewin, Andrew
Lewis, Clive
Lightwood, Simon
MacAlister, Josh
Macdonald, Alice
MacNae, Andy
Madders, Justin
Malhotra, Seema
Martin, Amanda
Maskell, Rachael
Mather, Keir
Mayer, Alex
McAllister, Douglas
McCarthy, Kerry
McCluskey, Martin
McDonagh, Dame Siobhain
McDonald, Andy
McDonald, Chris
McDonnell, rh John
McDougall, Blair
McEvoy, Lola
McGovern, Alison
McIntyre, Alex
McKee, Gordon
McKenna, Kevin
McKinnell, Catherine
McMahon, Jim
McMorrin, Anna
McNally, Frank
McNeill, Kirsty
Midgley, Anneliese
Minns, Ms Julie
Mishra, Navendu
Mohamed, Abtisam
Moon, Perran
Morden, Jessica
Morgan, Stephen
Morris, Grahame
Morris, Joe
Mullane, Margaret
Murphy, Luke
Murray, Chris
Murray, rh Ian
Murray, rh James
Murray, Katrina
Myer, Luke
Naish, James
Naismith, Connor
Nandy, rh Lisa
Narayan, Kanishka
Nash, Pamela
Newbury, Josh
Niblett, Samantha
Nichols, Charlotte
Norris, Dan *(Proxy vote cast by Sir Nicholas Dakin)*
Onn, Melanie
Onwurah, Dame Chi
Opher, Dr Simon
Oppong-Asare, Ms Abena
Osborne, Kate
Osborne, Tristan
Owen, Sarah
Paffey, Darren
Pakes, Andrew
Patrick, Matthew
Payne, Michael
Peacock, Stephanie
Pearce, Jon
Pennycook, Matthew
Perkins, Mr Toby
Phillips, Jess
Pinto-Duschinsky, David
Pitcher, Lee
Platt, Jo
Pollard, Luke
Powell, Joe
Powell, rh Lucy
Poynton, Gregor
Prinsley, Peter
Quigley, Mr Richard
Qureshi, Yasmin
Race, Steve
Rand, Mr Connor
Ranger, Andrew
Rayner, rh Angela
Reader, Mike
Reed, rh Steve
Reid, Joani
Reynolds, rh Emma
Reynolds, rh Jonathan
Rhodes, Martin
Ribeiro-Addy, Bell
Riddell-Carpenter, Jenny
Rigby, Lucy
Rimmer, Ms Marie
Robertson, Dave
Roca, Tim
Rodda, Matt
Rushworth, Sam
Russell, Sarah
Rutland, Tom
Ryan, Oliver
Sandher, Dr Jeevun
Sandher-Jones, Louise
Scrogham, Michelle
Sewards, Mark
Shah, Naz
Shanker, Baggy
Shanks, Michael
Siddiq, Tulip
Simons, Josh
Slaughter, Andy
Slinger, John
Smith, David
Smith, Jeff
Smith, Nick
Smith, Sarah
Smyth, Karin
Snell, Gareth
Sobel, Alex
Stainbank, Euan
Stevens, rh Jo
Stevenson, Kenneth
Stewart, Elaine
Stone, Will
Strathern, Alistair
Strickland, Alan
Sullivan, Kirsteen
Sullivan, Dr Lauren
Sultana, Zarah
Swallow, Peter
Tami, rh Sir Mark
Tapp, Mike
Taylor, Alison
Taylor, David
Taylor, Rachel
Thomas, Fred
Thomas-Symonds, rh Nick
Thompson, Adam
Thornberry, rh Emily
Tidball, Dr Marie
Timms, rh Sir Stephen
Toale, Jessica
Tomlinson, Dan
Trickett, Jon
Tufnell, Henry
Turley, rh Anna
Turmaine, Matt
Turner, Karl
Turner, Laurence
Twigg, Derek
Twist, Liz
Uppal, Harpreet
Vaughan, Tony
Vaz, rh Valerie
Ward, Chris
Ward, Melanie
Waugh, Paul
Webb, Chris
Welsh, Michelle
West, Catherine
Western, Andrew
Western, Matt
Wheeler, Michael
Whitby, John
White, Jo
White, Katie
Witherden, Steve
Woodcock, Sean
Wrighting, Rosie
Yang, Yuan
Yasin, Mohammad
Yemm, Steve

Tellers for the Ayes:
Jake Richards and Imogen Walker

NOES

Allister, Jim
Amos, Gideon
Anderson, Stuart
Andrew, rh Stuart
Aquarone, Steff
Argar, rh Edward
Atkins, rh Victoria
Babarinde, Josh
Bacon, Gareth
Badenoch, rh Mrs Kemi
Baldwin, Dame Harriett
Barclay, rh Steve
Bedford, Mr Peter
Bennett, Alison
Blackman, Bob
Blackman, Kirsty
Bool, Sarah
Bowie, Andrew
Brandreth, Aphra
Braverman, rh Suella
Brown-Fuller, Jess
Burghart, Alex
Campbell, Mr Gregory
Cane, Charlotte
Carmichael, rh Mr Alistair
Cartlidge, James
Chadwick, David
Chamberlain, Wendy
Chambers, Dr Danny
Cleverly, rh Sir James
Clifton-Brown, Sir Geoffrey
Cocking, Lewis
Coghlan, Chris
Collins, Victoria
Cooper, Daisy
Cooper, John
Costa, Alberto
Cross, Harriet
Dance, Adam
Darling, Steve
Davey, rh Ed
Davies, Gareth
Davies, Mims
Davis, rh David
Dean, Bobby
Dewhirst, Charlie
Dillon, Mr Lee
Dinenage, Dame Caroline
Doogan, Dave
Dowden, rh Sir Oliver
Duffield, Rosie
Duncan Smith, rh Sir Iain

Dyke, Sarah
Eastwood, Sorcha
Evans, Dr Luke
Flynn, rh Stephen
Foord, Richard
Forster, Mr Will
Fortune, Peter
Fox, Sir Ashley
Francois, rh Mr Mark
Franklin, Zöe
Freeman, George
French, Mr Louie
Garnier, Mark
George, Andrew
Gethins, Stephen
Gilmour, Rachel
Glen, rh John
Glover, Olly
Goldman, Marie
Gordon, Tom
Griffiths, Alison
Harding, Monica
Harris, Rebecca
Heylings, Pippa
Hinds, rh Damian
Hoare, Simon
Hobhouse, Wera
Holden, rh Mr Richard
Hollinrake, Kevin
Holmes, Paul
Huddleston, Nigel
Hudson, Dr Neil
Hunt, rh Sir Jeremy
Hussain, Mr Adnan
Jarvis, Liz
Jenkin, Sir Bernard
Johnson, Dr Caroline
Jones, Clive
Kohler, Mr Paul
Lam, Katie
Lamont, John
Law, Chris
Leadbitter, Graham
Leigh, rh Sir Edward
Lockhart, Carla
Logan, Seamus
Lopez, Julia
MacCleary, James
MacDonald, Mr Angus
Maguire, Ben
Maguire, Helen
Mak, Alan
Malthouse, rh Kit
Martin, Mike
Mathew, Brian
Mayhew, Jerome
Maynard, Charlie
Miller, Calum
Milne, John
Moore, Robbie
Moran, Layla
Morello, Edward
Morgan, Helen
Morrison, Mr Tom
Morrissey, Joy *(Proxy vote cast by Mike Wood)*
Mullan, Dr Kieran
Mundell, rh David
Murray, Susan
Murrison, rh Dr Andrew
Norman, rh Jesse
Obese-Jecty, Ben
O'Brien, Neil
O'Hara, Brendan
Olney, Sarah
Patel, rh Priti
Paul, Rebecca
Perteghella, Manuela
Pinkerton, Dr Al
Pochin, Sarah
Pritchard, rh Mark
Raja, Shivani *(Proxy vote cast by Mike Wood)*
Rankin, Jack
Reed, David
Reynolds, Mr Joshua
Robertson, Joe
Robinson, rh Gavin
Roome, Ian
Rosindell, Andrew
Sabine, Anna
Savage, Dr Roz
Shannon, Jim
Shastri-Hurst, Dr Neil
Shelbrooke, rh Sir Alec
Simmonds, David
Slade, Vikki
Smart, Lisa
Smith, Greg
Smith, rh Sir Julian
Smith, Rebecca
Snowden, Mr Andrew
Sollom, Ian
Spencer, Dr Ben
Spencer, Patrick *(Proxy vote cast by Mike Wood)*
Stafford, Gregory
Stephenson, Blake
Stone, Jamie
Stride, rh Sir Mel
Stuart, rh Graham
Swann, Robin
Swayne, rh Sir Desmond
Taylor, Luke
Thomas, Bradley
Thomas, Cameron
Timothy, Nick
Vickers, Martin
Vickers, Matt
Voaden, Caroline
Whately, Helen
Whittingdale, rh Sir John
Wild, James
Wilkinson, Max
Williamson, rh Sir Gavin
Wilson, Munira
Wilson, rh Sammy
Wishart, Pete
Wood, Mike
Wright, rh Sir Jeremy
Wrigley, Martin
Young, Claire

Tellers for the Noes:
Alicia Kearns and Lincoln Jopp

Question accordingly agreed to.

Clause 62 ordered to stand part of the Bill.

Schedule 12

REFORM OF RELIEFS FOR BUSINESS PROPERTY AND AGRICULTURAL PROPERTY

Amendments made: 24, page 445, line 14, leave out "£1 million" and insert "£2.5 million".

This amendment increases the 100% relief allowance for agricultural property relief and business property relief to £2.5 million.

Amendment 25, page 450, line 32, leave out "£1 million" and insert "£2.5 million".

This amendment increases the standard maximum allowance for trusts settled by the same person to £2.5 million.

Amendment 26, page 451, line 20, leave out "£1 million" and insert "£2.5 million".—*(Dan Tomlinson.)*

This amendment increases the maximum allowance for trusts settled before the announcement of the changes to agricultural property relief and business property relief to £2.5 million.

Amendment proposed: 3, page 451, line 22, leave out "30 October 2024" and insert "1 March 2027".—*(Victoria Atkins.)*

This amendment, along with amendments 4 to 23 would remove the transition period in respect of the changes to agricultural property and business property relief and delay the implementation date so that the changes would take effect for transfers made after 1 March 2027.

Question put, That the amendment be made.

The Committee divided: Ayes 185, Noes 344.

Division No. 401] [10.52 pm

AYES

Allister, Jim
Amos, Gideon
Anderson, Stuart
Andrew, rh Stuart
Aquarone, Steff
Argar, rh Edward
Atkins, rh Victoria
Babarinde, Josh
Bacon, Gareth
Badenoch, rh Mrs Kemi
Baldwin, Dame Harriett
Barclay, rh Steve
Bedford, Mr Peter
Bennett, Alison
Blackman, Bob
Blackman, Kirsty
Bool, Sarah
Bowie, Andrew
Brandreth, Aphra
Braverman, rh Suella
Brown-Fuller, Jess
Burghart, Alex
Campbell, Mr Gregory
Cane, Charlotte
Carmichael, rh Mr Alistair
Cartlidge, James
Chadwick, David
Chamberlain, Wendy
Chambers, Dr Danny
Cleverly, rh Sir James
Clifton-Brown, Sir Geoffrey
Cocking, Lewis
Coghlan, Chris
Collins, Victoria
Cooper, Daisy
Cooper, John
Costa, Alberto
Cross, Harriet
Dance, Adam
Darling, Steve
Davey, rh Ed
Davies, Ann
Davies, Gareth
Davies, Mims
Davis, rh David
Dean, Bobby
Dewhirst, Charlie
Dillon, Mr Lee
Dinenage, Dame Caroline
Doogan, Dave
Dowden, rh Sir Oliver
Duffield, Rosie
Duncan Smith, rh Sir Iain
Dyke, Sarah
Eastwood, Sorcha
Evans, Dr Luke
Flynn, rh Stephen
Foord, Richard
Forster, Mr Will
Fortune, Peter
Fox, Sir Ashley
Francois, rh Mr Mark
Franklin, Zöe
Freeman, George
French, Mr Louie
Garnier, Mark
George, Andrew
Gethins, Stephen
Gilmour, Rachel
Glen, rh John
Glover, Olly
Goldman, Marie
Gordon, Tom
Griffiths, Alison

Harding, Monica
Heylings, Pippa
Hinds, rh Damian
Hoare, Simon
Hobhouse, Wera
Holden, rh Mr Richard
Hollinrake, Kevin
Holmes, Paul
Huddleston, Nigel
Hudson, Dr Neil
Hunt, rh Sir Jeremy
Hussain, Mr Adnan
Jarvis, Liz
Jenkin, Sir Bernard
Johnson, Dr Caroline
Jones, Clive
Kohler, Mr Paul
Lake, Ben
Lam, Katie
Lamont, John
Law, Chris
Leadbitter, Graham
Leigh, rh Sir Edward
Lockhart, Carla
Logan, Seamus
Lopez, Julia
MacCleary, James
Maguire, Ben
Maguire, Helen
Mak, Alan
Malthouse, rh Kit
Martin, Mike
Mathew, Brian
Mayhew, Jerome
Maynard, Charlie
Medi, Llinos
Miller, Calum
Milne, John
Mohamed, Iqbal
Moore, Robbie
Moran, Layla
Morello, Edward
Morgan, Helen
Morrison, Mr Tom
Morrissey, Joy *(Proxy vote cast by Mike Wood)*
Mullan, Dr Kieran
Mundell, rh David
Murray, Susan
Murrison, rh Dr Andrew
Norman, rh Jesse
Obese-Jecty, Ben
O'Brien, Neil
O'Hara, Brendan
Olney, Sarah
Patel, rh Priti
Paul, Rebecca
Perteghella, Manuela
Pinkerton, Dr Al
Pritchard, rh Mark
Raja, Shivani *(Proxy vote cast by Mike Wood)*
Rankin, Jack
Reed, David
Reynolds, Mr Joshua
Robertson, Joe
Robinson, rh Gavin
Roome, Ian
Rosindell, Andrew
Sabine, Anna
Savage, Dr Roz
Saville Roberts, rh Liz
Shannon, Jim
Shastri-Hurst, Dr Neil
Shelbrooke, rh Sir Alec
Simmonds, David
Slade, Vikki
Smart, Lisa
Smith, Greg
Smith, rh Sir Julian
Smith, Rebecca
Snowden, Mr Andrew
Sollom, Ian
Spencer, Dr Ben
Spencer, Patrick *(Proxy vote cast by Mike Wood)*
Stafford, Gregory
Stephenson, Blake
Stone, Jamie
Stride, rh Sir Mel
Stuart, rh Graham
Swann, Robin
Swayne, rh Sir Desmond
Taylor, Luke
Thomas, Bradley
Thomas, Cameron
Timothy, Nick
Vickers, Martin
Vickers, Matt
Voaden, Caroline
Whately, Helen
Whittingdale, rh Sir John
Wild, James
Wilkinson, Max
Williamson, rh Sir Gavin
Wilson, Munira
Wilson, rh Sammy
Wishart, Pete
Wood, Mike
Wright, rh Sir Jeremy
Wrigley, Martin
Young, Claire

Tellers for the Ayes:
Alicia Kearns and Lincoln Jopp

NOES

Abbott, rh Ms Diane *(Proxy vote cast by Bell Ribeiro-Addy)*
Abbott, Jack
Abrahams, Debbie
Akehurst, Luke
Alaba, Mr Bayo
Aldridge, Dan
Alexander, rh Mr Douglas
Al-Hassan, Sadik
Ali, Rushanara
Ali, Tahir
Anderson, Callum
Anderson, Fleur
Arthur, Dr Scott
Asato, Jess
Asser, James
Athwal, Jas
Atkinson, Catherine
Atkinson, Lewis
Bailey, Mr Calvin
Bailey, Olivia
Baker, Alex
Baker, Richard
Ballinger, Alex
Bance, Antonia
Barron, Lee
Barros-Curtis, Mr Alex
Baxter, Johanna
Beales, Danny
Beavers, Lorraine
Begum, Apsana
Bell, Torsten
Benn, rh Hilary
Berry, Siân
Betts, Mr Clive
Billington, Ms Polly
Blake, Olivia
Blake, Rachel
Bloore, Chris
Blundell, Mrs Elsie
Bonavia, Kevin
Botterill, Jade
Brackenridge, Mrs Sureena
Brash, Mr Jonathan
Brickell, Phil
Bryant, Chris
Buckley, Julia
Burgon, Richard
Burton-Sampson, David
Butler, Dawn
Byrne, Ian
Byrne, rh Liam
Cadbury, Ruth
Campbell, rh Sir Alan
Campbell, Irene
Campbell, Juliet
Campbell-Savours, Markus
Carden, Dan
Carling, Sam
Carns, Al
Champion, Sarah
Charalambous, Bambos
Charters, Mr Luke
Clark, Feryal
Coleman, Ben
Collier, Jacob
Collinge, Lizzi
Conlon, Liam
Coombes, Sarah
Cooper, Andrew
Corbyn, rh Jeremy
Costigan, Deirdre
Cox, Pam
Coyle, Neil
Craft, Jen
Creasy, Ms Stella
Crichton, Torcuil
Curtis, Chris
Dakin, Sir Nicholas
Dalton, Ashley
Darlington, Emily
Davies, Jonathan
Davies, Paul
Davies, Shaun
Davies-Jones, Alex
Dean, Josh
Dearden, Kate
Denyer, Carla
Dhesi, Mr Tanmanjeet Singh
Dickson, Jim
Dixon, Anna
Dixon, Samantha
Dodds, rh Anneliese
Dollimore, Helena
Dowd, Peter
Duncan-Jordan, Neil
Eagle, Dame Angela
Edwards, Lauren
Edwards, Sarah
Egan, Damien
Ellis, Maya
Entwistle, Kirith
Eshalomi, Florence
Evans, Chris
Fahnbulleh, Miatta
Falconer, Mr Hamish
Farnsworth, Linsey
Ferguson, Mark
Ferguson, Patricia
Foody, Emma
Fookes, Catherine
Foxcroft, Vicky
Foy, Mary Kelly
Francis, Daniel
Furniss, Gill
Gardner, Dr Allison
Gemmell, Alan
German, Gill
Gilbert, Tracy
Gill, Preet Kaur
Gittins, Becky *(Proxy vote cast by Sir Nicholas Dakin)*
Glindon, Mary
Goldsborough, Ben
Gosling, Jodie
Gould, Georgia
Greenwood, Lilian
Griffith, Dame Nia
Gwynne, Andrew *(Proxy vote cast by Sir Nicholas Dakin)*
Hack, Amanda
Haigh, rh Louise
Hall, Sarah
Hamilton, Paulette
Hatton, Lloyd
Hayes, Helen
Hayes, Tom
Hazelgrove, Claire
Healey, rh John
Hillier, Dame Meg
Hinder, Jonathan
Hodgson, Mrs Sharon
Hopkins, Rachel
Hughes, Claire *(Proxy vote cast by Sir Nicholas Dakin)*
Hume, Alison
Huq, Dr Rupa
Hurley, Patrick
Ingham, Leigh
Jameson, Sally
Jarvis, Dan
Jermy, Terry
Johnson, Kim
Jones, Gerald
Jones, Lillian
Jones, Ruth
Jones, Sarah
Josan, Gurinder Singh
Joseph, Sojan
Juss, Warinder
Kane, Chris
Kane, Mike
Kaur, Satvir *(Proxy vote cast by Sir Nicholas Dakin)*
Khan, Afzal

Kinnock, Stephen
Kitchen, Gen
Kumar, Sonia
Kyrke-Smith, Laura
Lamb, Peter
Lammy, rh Mr David
Lavery, Ian
Law, Noah
Leadbeater, Kim
Leishman, Brian
Lewell, Emma
Lewin, Andrew
Lewis, Clive
Lightwood, Simon
MacAlister, Josh
Macdonald, Alice
MacNae, Andy
Madders, Justin
Malhotra, Seema
Martin, Amanda
Maskell, Rachael
Mather, Keir
Mayer, Alex
McAllister, Douglas
McCarthy, Kerry
McCluskey, Martin
McDonagh, Dame Siobhain
McDonald, Andy
McDonald, Chris
McDonnell, rh John
McDougall, Blair
McEvoy, Lola
McGovern, Alison
McIntyre, Alex
McKee, Gordon
McKenna, Kevin
McKinnell, Catherine
McMahon, Jim
McMorrin, Anna
McNally, Frank
McNeill, Kirsty
Midgley, Anneliese
Minns, Ms Julie
Mishra, Navendu
Mohamed, Abtisam
Moon, Perran
Morden, Jessica
Morgan, Stephen
Morris, Grahame
Morris, Joe
Mullane, Margaret
Murphy, Luke
Murray, Chris
Murray, rh Ian
Murray, rh James
Murray, Katrina
Myer, Luke
Naish, James
Naismith, Connor
Nandy, rh Lisa
Narayan, Kanishka
Nash, Pamela
Newbury, Josh
Niblett, Samantha
Nichols, Charlotte
Norris, Dan *(Proxy vote cast by Sir Nicholas Dakin)*
Onn, Melanie
Onwurah, Dame Chi
Opher, Dr Simon
Oppong-Asare, Ms Abena
Osborne, Kate
Osborne, Tristan
Owen, Sarah
Paffey, Darren
Pakes, Andrew
Patrick, Matthew
Payne, Michael
Peacock, Stephanie
Pearce, Jon
Pennycook, Matthew
Perkins, Mr Toby
Phillips, Jess
Pinto-Duschinsky, David
Pitcher, Lee
Platt, Jo
Pollard, Luke
Powell, Joe
Powell, rh Lucy
Poynton, Gregor
Prinsley, Peter
Quigley, Mr Richard
Qureshi, Yasmin
Race, Steve
Rand, Mr Connor
Ranger, Andrew
Rayner, rh Angela
Reader, Mike
Reed, rh Steve
Reid, Joani
Reynolds, rh Emma
Reynolds, rh Jonathan
Rhodes, Martin
Ribeiro-Addy, Bell
Riddell-Carpenter, Jenny
Rigby, Lucy
Rimmer, Ms Marie
Robertson, Dave
Roca, Tim
Rodda, Matt
Rushworth, Sam
Russell, Sarah
Rutland, Tom
Ryan, Oliver
Sandher, Dr Jeevun
Sandher-Jones, Louise
Scrogham, Michelle
Sewards, Mark
Shah, Naz
Shanker, Baggy
Shanks, Michael
Siddiq, Tulip
Simons, Josh
Slaughter, Andy
Slinger, John
Smith, David
Smith, Jeff
Smith, Nick
Smith, Sarah
Smyth, Karin
Snell, Gareth
Sobel, Alex
Stainbank, Euan
Stevens, rh Jo
Stevenson, Kenneth
Stewart, Elaine
Stone, Will
Strathern, Alistair
Strickland, Alan
Sullivan, Kirsteen
Sullivan, Dr Lauren
Sultana, Zarah
Swallow, Peter
Tami, rh Sir Mark
Tapp, Mike
Taylor, Alison
Taylor, David
Taylor, Rachel
Thomas, Fred
Thomas-Symonds, rh Nick
Thompson, Adam
Thornberry, rh Emily
Tidball, Dr Marie
Timms, rh Sir Stephen
Toale, Jessica
Tomlinson, Dan
Trickett, Jon
Tufnell, Henry
Turley, rh Anna
Turmaine, Matt
Turner, Karl
Turner, Laurence
Twigg, Derek
Twist, Liz
Uppal, Harpreet
Vaughan, Tony
Vaz, rh Valerie
Ward, Chris
Ward, Melanie
Waugh, Paul
Webb, Chris
Welsh, Michelle
West, Catherine
Western, Andrew
Western, Matt
Wheeler, Michael
Whitby, John
White, Jo
White, Katie
Witherden, Steve
Woodcock, Sean
Wrighting, Rosie
Yang, Yuan
Yasin, Mohammad
Yemm, Steve

Tellers for the Noes:
Jake Richards and
Imogen Walker

Question accordingly negatived.

Amendments made: 27, page 452, line 18, leave out "£1 million" and insert "£2.5 million".—*(Dan Tomlinson.)*

Amendment 28, page 454, line 10, leave out "£1 million" and insert "£2.5 million".—*(Dan Tomlinson.)*

This amendment, together with amendment 29, increases the maximum allowance for 18-to-25 trusts to £2.5 million.

Amendment 29, page 454, line 11, leave out "£1 million" and insert "£2.5 million".—*(Dan Tomlinson.)*

This amendment, together with amendment 28, increases the maximum allowance for 18-to-25 trusts to £2.5 million.

Schedule 12, as amended, agreed to.

New Clause 7

UPRATING OF ALLOWANCE AMOUNTS FOR AGRICULTURAL PROPERTY

"The Chancellor of the Exchequer must, within six months of the passing of this Act, undertake and publish an assessment of the potential merits of uprating annually the relief allowance amount for agricultural property by the change in the value of agricultural land."—*(Charlie Maynard.)*

Brought up, and read the First time.

Question proposed, That the clause be read a Second time.

The Committee divided: Ayes 188, Noes 341.

Division No. 402] [11.5 pm

AYES

Allister, Jim
Amos, Gideon
Anderson, Stuart
Andrew, rh Stuart
Aquarone, Steff
Argar, rh Edward
Atkins, rh Victoria
Babarinde, Josh
Bacon, Gareth
Badenoch, rh Mrs Kemi
Baldwin, Dame Harriett
Barclay, rh Steve
Bedford, Mr Peter
Bennett, Alison
Blackman, Bob
Blackman, Kirsty
Bool, Sarah
Bowie, Andrew
Brandreth, Aphra
Braverman, rh Suella
Brown-Fuller, Jess
Burghart, Alex
Campbell, Mr Gregory
Cane, Charlotte
Carmichael, rh Mr Alistair
Cartlidge, James
Chadwick, David
Chamberlain, Wendy

Chambers, Dr Danny
Chowns, Dr Ellie
Cleverly, rh Sir James
Clifton-Brown, Sir Geoffrey
Cocking, Lewis
Coghlan, Chris
Collins, Victoria
Cooper, Daisy
Cooper, John
Costa, Alberto
Cross, Harriet
Dance, Adam
Darling, Steve
Davey, rh Ed
Davies, Ann
Davies, Gareth
Davies, Mims
Davis, rh David
Dean, Bobby
Dewhirst, Charlie
Dillon, Mr Lee
Dinenage, Dame Caroline
Doogan, Dave
Dowden, rh Sir Oliver
Duffield, Rosie
Duncan Smith, rh Sir Iain
Dyke, Sarah
Eastwood, Sorcha
Evans, Dr Luke
Flynn, rh Stephen
Foord, Richard
Forster, Mr Will
Fortune, Peter
Fox, Sir Ashley
Francois, rh Mr Mark
Freeman, George
French, Mr Louie
Garnier, Mark
George, Andrew
Gethins, Stephen
Gilmour, Rachel
Glen, rh John
Glover, Olly
Goldman, Marie
Gordon, Tom
Griffiths, Alison
Harding, Monica
Harris, Rebecca
Hayes, rh Sir John
Heylings, Pippa
Hinds, rh Damian
Hoare, Simon
Hobhouse, Wera
Holden, rh Mr Richard
Hollinrake, Kevin
Holmes, Paul
Huddleston, Nigel
Hudson, Dr Neil
Hunt, rh Sir Jeremy
Hussain, Mr Adnan
Jarvis, Liz
Jenkin, Sir Bernard
Johnson, Dr Caroline
Jones, Clive
Jopp, Lincoln
Kearns, Alicia
Kohler, Mr Paul
Lake, Ben
Lam, Katie
Lamont, John
Law, Chris
Leadbitter, Graham
Leigh, rh Sir Edward
Lewis, rh Sir Julian
Lockhart, Carla
Logan, Seamus
Lopez, Julia
MacCleary, James
MacDonald, Mr Angus
Maguire, Ben
Maguire, Helen
Mak, Alan
Malthouse, rh Kit
Martin, Mike
Mathew, Brian
Mayhew, Jerome
Maynard, Charlie
Medi, Llinos
Miller, Calum
Milne, John
Moore, Robbie
Moran, Layla
Morello, Edward
Morgan, Helen
Morrison, Mr Tom
Morrissey, Joy *(Proxy vote cast by Mike Wood)*
Mullan, Dr Kieran
Mundell, rh David
Murray, Susan
Murrison, rh Dr Andrew
Norman, rh Jesse
Obese-Jecty, Ben
O'Brien, Neil
O'Hara, Brendan
Olney, Sarah
Patel, rh Priti
Paul, Rebecca
Perteghella, Manuela
Pinkerton, Dr Al
Pritchard, rh Mark
Raja, Shivani *(Proxy vote cast by Mike Wood)*
Ramsay, Adrian
Rankin, Jack
Reed, David
Reynolds, Mr Joshua
Robertson, Joe
Robinson, rh Gavin
Roome, Ian
Rosindell, Andrew
Sabine, Anna
Savage, Dr Roz
Saville Roberts, rh Liz
Shannon, Jim
Shastri-Hurst, Dr Neil
Shelbrooke, rh Sir Alec
Simmonds, David
Slade, Vikki
Smart, Lisa
Smith, Greg
Smith, rh Sir Julian
Smith, Rebecca
Snowden, Mr Andrew
Sollom, Ian
Spencer, Dr Ben
Spencer, Patrick *(Proxy vote cast by Mike Wood)*
Stafford, Gregory
Stephenson, Blake
Stone, Jamie
Stride, rh Sir Mel
Stuart, rh Graham
Swann, Robin
Swayne, rh Sir Desmond
Taylor, Luke
Thomas, Bradley
Thomas, Cameron
Timothy, Nick
Vickers, Martin
Vickers, Matt
Voaden, Caroline
Whately, Helen
Whittingdale, rh Sir John
Wild, James
Wilkinson, Max
Williamson, rh Sir Gavin
Wilson, Munira
Wilson, rh Sammy
Wishart, Pete
Wood, Mike
Wright, rh Sir Jeremy
Wrigley, Martin

Tellers for the Ayes:
Zöe Franklin and
Claire Young

NOES

Abbott, rh Ms Diane *(Proxy vote cast by Bell Ribeiro-Addy)*
Abbott, Jack
Abrahams, Debbie
Akehurst, Luke
Alaba, Mr Bayo
Aldridge, Dan
Alexander, rh Mr Douglas
Al-Hassan, Sadik
Ali, Rushanara
Ali, Tahir
Anderson, Callum
Anderson, Fleur
Arthur, Dr Scott
Asato, Jess
Asser, James
Athwal, Jas
Atkinson, Catherine
Atkinson, Lewis
Bailey, Mr Calvin
Bailey, Olivia
Baker, Alex
Baker, Richard
Ballinger, Alex
Bance, Antonia
Barron, Lee
Barros-Curtis, Mr Alex
Baxter, Johanna
Beales, Danny
Beavers, Lorraine
Begum, Apsana
Bell, Torsten
Benn, rh Hilary
Betts, Mr Clive
Billington, Ms Polly
Blake, Olivia
Blake, Rachel
Bloore, Chris
Blundell, Mrs Elsie
Bonavia, Kevin
Botterill, Jade
Brackenridge, Mrs Sureena
Brash, Mr Jonathan
Brickell, Phil
Bryant, Chris
Buckley, Julia
Burgon, Richard
Burton-Sampson, David
Butler, Dawn
Byrne, Ian
Byrne, rh Liam
Cadbury, Ruth
Campbell, rh Sir Alan
Campbell, Irene
Campbell, Juliet
Campbell-Savours, Markus
Carden, Dan
Carling, Sam
Carns, Al
Champion, Sarah
Charalambous, Bambos
Charters, Mr Luke
Clark, Feryal
Coleman, Ben
Collier, Jacob
Collinge, Lizzi
Conlon, Liam
Coombes, Sarah
Cooper, Andrew
Costigan, Deirdre
Cox, Pam
Coyle, Neil
Craft, Jen
Creasy, Ms Stella
Crichton, Torcuil
Curtis, Chris
Dakin, Sir Nicholas
Dalton, Ashley
Darlington, Emily
Davies, Jonathan
Davies, Paul
Davies, Shaun
Davies-Jones, Alex
Dean, Josh
Dearden, Kate
Dhesi, Mr Tanmanjeet Singh
Dickson, Jim
Dixon, Anna
Dixon, Samantha
Dodds, rh Anneliese
Dollimore, Helena
Dowd, Peter
Duncan-Jordan, Neil
Eagle, Dame Angela
Edwards, Lauren
Edwards, Sarah
Egan, Damien
Ellis, Maya
Entwistle, Kirith
Eshalomi, Florence
Evans, Chris
Fahnbulleh, Miatta
Falconer, Mr Hamish
Farnsworth, Linsey
Ferguson, Mark
Ferguson, Patricia
Foody, Emma
Fookes, Catherine
Foxcroft, Vicky
Foy, Mary Kelly
Francis, Daniel
Furniss, Gill
Gardner, Dr Allison
Gemmell, Alan
German, Gill

Gilbert, Tracy
Gill, Preet Kaur
Gittins, Becky *(Proxy vote cast by Sir Nicholas Dakin)*
Glindon, Mary
Goldsborough, Ben
Gosling, Jodie
Gould, Georgia
Greenwood, Lilian
Griffith, Dame Nia
Gwynne, Andrew *(Proxy vote cast by Sir Nicholas Dakin)*
Hack, Amanda
Haigh, rh Louise
Hall, Sarah
Hamilton, Paulette
Hatton, Lloyd
Hayes, Helen
Hayes, Tom
Hazelgrove, Claire
Healey, rh John
Hillier, Dame Meg
Hinder, Jonathan
Hodgson, Mrs Sharon
Hopkins, Rachel
Hughes, Claire *(Proxy vote cast by Sir Nicholas Dakin)*
Hume, Alison
Huq, Dr Rupa
Hurley, Patrick
Ingham, Leigh
Jameson, Sally
Jarvis, Dan
Jermy, Terry
Johnson, Kim
Jones, Gerald
Jones, Lillian
Jones, Ruth
Jones, Sarah
Josan, Gurinder Singh
Joseph, Sojan
Juss, Warinder
Kane, Chris
Kane, Mike
Kaur, Satvir *(Proxy vote cast by Sir Nicholas Dakin)*
Khan, Afzal
Kinnock, Stephen
Kitchen, Gen
Kumar, Sonia
Kyrke-Smith, Laura
Lamb, Peter
Lammy, rh Mr David
Lavery, Ian
Law, Noah
Leadbeater, Kim
Leishman, Brian
Lewell, Emma
Lewin, Andrew
Lewis, Clive
Lightwood, Simon
MacAlister, Josh
Macdonald, Alice
MacNae, Andy
Madders, Justin
Malhotra, Seema
Martin, Amanda
Maskell, Rachael
Mather, Keir
Mayer, Alex
McAllister, Douglas
McCarthy, Kerry
McCluskey, Martin
McDonald, Andy
McDonald, Chris
McDonnell, rh John
McDougall, Blair
McEvoy, Lola
McGovern, Alison
McIntyre, Alex
McKee, Gordon
McKenna, Kevin
McKinnell, Catherine
McMahon, Jim
McMorrin, Anna
McNally, Frank
McNeill, Kirsty
Midgley, Anneliese
Minns, Ms Julie
Mishra, Navendu
Mohamed, Abtisam
Mohamed, Iqbal
Moon, Perran
Morden, Jessica
Morgan, Stephen
Morris, Grahame
Morris, Joe
Mullane, Margaret
Murphy, Luke
Murray, Chris
Murray, rh Ian
Murray, rh James
Murray, Katrina
Myer, Luke
Naish, James
Naismith, Connor
Nandy, rh Lisa
Narayan, Kanishka
Nash, Pamela
Newbury, Josh
Niblett, Samantha
Nichols, Charlotte
Norris, Dan *(Proxy vote cast by Sir Nicholas Dakin)*
Onn, Melanie
Onwurah, Dame Chi
Opher, Dr Simon
Oppong-Asare, Ms Abena
Osborne, Kate
Osborne, Tristan
Owen, Sarah
Paffey, Darren
Pakes, Andrew
Patrick, Matthew
Payne, Michael
Peacock, Stephanie
Pearce, Jon
Pennycook, Matthew
Perkins, Mr Toby
Phillips, Jess
Pinto-Duschinsky, David
Pitcher, Lee
Platt, Jo
Pollard, Luke
Powell, Joe
Powell, rh Lucy
Poynton, Gregor
Prinsley, Peter
Quigley, Mr Richard
Qureshi, Yasmin
Race, Steve
Rand, Mr Connor
Ranger, Andrew
Rayner, rh Angela
Reader, Mike
Reed, rh Steve
Reid, Joani
Reynolds, rh Emma
Reynolds, rh Jonathan
Rhodes, Martin
Ribeiro-Addy, Bell
Riddell-Carpenter, Jenny
Rigby, Lucy
Rimmer, Ms Marie
Robertson, Dave
Rodda, Matt
Rushworth, Sam
Russell, Sarah
Rutland, Tom
Ryan, Oliver
Sandher, Dr Jeevun
Sandher-Jones, Louise
Scrogham, Michelle
Sewards, Mark
Shah, Naz
Shanker, Baggy
Shanks, Michael
Siddiq, Tulip
Simons, Josh
Slaughter, Andy
Slinger, John
Smith, David
Smith, Jeff
Smith, Nick
Smyth, Karin
Snell, Gareth
Sobel, Alex
Stainbank, Euan
Stevens, rh Jo
Stevenson, Kenneth
Stewart, Elaine
Stone, Will
Strathern, Alistair
Strickland, Alan
Sullivan, Kirsteen
Sullivan, Dr Lauren
Sultana, Zarah
Swallow, Peter
Tami, rh Sir Mark
Tapp, Mike
Taylor, Alison
Taylor, David
Taylor, Rachel
Thomas, Fred
Thomas-Symonds, rh Nick
Thompson, Adam
Thornberry, rh Emily
Tidball, Dr Marie
Timms, rh Sir Stephen
Toale, Jessica
Tomlinson, Dan
Trickett, Jon
Tufnell, Henry
Turley, rh Anna
Turmaine, Matt
Turner, Karl
Turner, Laurence
Twigg, Derek
Twist, Liz
Uppal, Harpreet
Vaughan, Tony
Vaz, rh Valerie
Ward, Chris
Ward, Melanie
Waugh, Paul
Webb, Chris
Welsh, Michelle
West, Catherine
Western, Andrew
Western, Matt
Wheeler, Michael
Whitby, John
White, Jo
White, Katie
Witherden, Steve
Woodcock, Sean
Wrighting, Rosie
Yang, Yuan
Yasin, Mohammad
Yemm, Steve

Tellers for the Noes:
Jake Richards and
Imogen Walker

Question accordingly negatived.

The occupant of the Chair left the Chair (Programme Order, 16 December 2025).

The Deputy Speaker resumed the Chair.

Progress reported; Committee to sit again tomorrow.

Business without Debate

DELEGATED LEGISLATION

Motion made, and Question put forthwith (Standing Order No. 118(6)),

United Kingdom Internal Market

That the draft United Kingdom Internal Market Act 2020 (Exclusions from Market Access Principles: Glue Traps) Regulations 2025, which were laid before this House on 1 December 2025, be approved.—*(Mark Ferguson.)*

Question agreed to.

Motion made, and Question put forthwith (Standing Order No. 118(6)),

Immigration

That the draft Police and Criminal Evidence (Northern Ireland) Order 1989 (Application to Immigration Officers and Designated Customs Officials in Northern Ireland) and Consequential Amendments Regulations 2026, which were laid before this House on 4 December 2025, be approved.—*(Mark Ferguson.)*

Question agreed to.

THE SPEAKER'S ABSENCE

Ordered,

That the Speaker have leave of absence on Thursday 15 January to attend the Conference of Speakers and Presiding Officers of the Commonwealth in New Delhi.—*(Sir Alan Campbell.)*

SPEAKER'S COMMITTEE FOR THE INDEPENDENT PARLIAMENTARY STANDARDS AUTHORITY

Ordered,

That Helena Dollimore be appointed to the Speaker's Committee for the Independent Parliamentary Standards Authority in place of Leigh Ingham, until the end of the present Parliament, in pursuance of paragraph 1(d) of Schedule 3 to the Parliamentary Standards Act 2009.—*(Sir Alan Campbell.)*

ADMINISTRATION

Ordered,

That Max Wilkinson be discharged from the Administration Committee and Marie Goldman be added.—*(Jessica Morden, on behalf of the Committee of Selection.)*

NORTHERN IRELAND AFFAIRS

Ordered,

That Robin Swann be added to the Northern Ireland Affairs Committee.—*(Jessica Morden, on behalf of the Committee of Selection.)*

Higher Education: Government Support

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

11.20 pm

Mr Bayo Alaba (Southend East and Rochford) (Lab): I am pleased to have secured this debate on Government support for higher education. The UK is home to some of the world's most respected universities and we all benefit from the opportunities, knowledge and growth they create—whether it is for young people pursuing exciting academic ambitions, members of staff supporting students through their studies or small businesses capitalising on the busy trade of a university city, the value of our higher education institutions is undeniable.

In my constituency, residents have enjoyed the opportunities for social mobility and the economic contributions of the University of Essex's campus in Southend for the past 18 years. During that time, thousands of students have graduated, going on to fuel regional and national economies and finding fulfilling careers in the process. The university's nursing, midwifery, dental hygiene and social care courses are particularly popular and often oversubscribed. Many of those enrolled grew up in south Essex and go on to work within the area after graduating. The campus is also a major employer of residents, some of whom have worked across catering, student support services and teaching for almost two decades. However, that is soon set to end.

Just before Christmas, the University of Essex announced that it would be closing its Southend campus this summer, throwing the futures of the 1,000 enrolled students into uncertainty and putting 400 jobs at risk. The proposed closure will see a direct loss of £101 million from the city's economy.

In the wake of the announcement, I have spoken with dozens of staff, students and stakeholders impacted by this decision. I have heard from students like Lulu, a first-year marketing student who was just two months into her course when she was informed of the closure. Lulu describes herself as

> "a bright individual who has always enjoyed studying and does not want her educational journey to end".

There are also stories of dedicated student support staff like Judy, who has worked in the campus accommodation department for the past eight years and now faces the devastating prospect of redundancy.

I have spoken with internationally headhunted lecturers, many of whom came to the UK on skilled worker visas, which could be revoked if their roles disappear. I met one Brazilian lecturer who spoke about the impending impact of the threat of compulsory emigration on her young family. If her job was lost, she would have just 60 days to leave the country. To her, the threat of deportation is a frightening reality.

The Forum, Southend's central library and a well-used community hub, could also be at risk following the closure of the campus.

Jim Shannon (Strangford) (DUP): I commend the hon. Gentleman for securing this debate. I spoke to him beforehand to get the thrust of his comments. Does he agree that universities must cut domestic undergraduate numbers to absorb funding cuts, limiting local access to

[Jim Shannon]

higher education, which is exacerbating the existing trend of young people leaving university across the United Kingdom of Great Britain and Northern Ireland, depriving the economy of skilled graduates? That cannot be allowed to continue if we are to reap the benefits of our first-class education system for future employees and workers.

Mr Alaba: I thank the hon. Gentleman for his contribution and welcome his comments. Indeed, the business model that a lot of universities have used over the past 14 years has meant that they have focused on international students, which is one of the reasons that we are having this debate.

Passionate staff fear that if the university's share of the Forum library is sold, the result would be significant financial pressure on the remaining partners. They understandably fear the knock-on impacts of the campus closure.

East 15, one of the UK's leading performing arts schools, is set to cut its Southend courses as a result of the closure. Students training with East 15 contribute to the cultural character of the city long after they have graduated, providing Southend with links to arts and entertainment industries further afield. I share residents' pride in the success of talented Southend East 15 alumni, such as the comedian Maisie Adam. There are also significant concerns that the suggestion that 800 students can relocate to the university's main campus in Colchester has been overstated. What's more, following dialogue with staff and students, the suggestion that 200 students will be unable to complete their courses at all appears to be an underestimation.

This is simply not good enough. I am working with the leader of Southend council, Councillor Daniel Cowan, and my hon. Friend the Member for Southend West and Leigh (David Burton-Sampson) to ensure that if an alternative provider can be found for courses not available in Colchester, students will be able to complete their studies in Southend. Can the Minister provide any reassurance to these students, who rightly feel confused and concerned about the future of their studies?

While questions remain unanswered about the university's decision making and communication in the lead-up to the announcement, the planned closure is not an isolated event but a devastating symptom of 14 years of under-investment in higher education by the previous Conservative Government, which left universities and colleges across the country struggling to stay afloat. That Government slashed direct teaching grants for universities, making tuition fees the primary source of income for institutions. At the same time, they capped tuition fees, leading to an unsustainable business model that saw income tied to an ever-increasing number of enrolled students. The impact of that cannot be ignored.

Elsewhere in the UK, the University of Nottingham is planning for job losses of 350 staff members, the University of Strathclyde is looking for £35 million in savings, and the University of Edinburgh is set to move towards a sweep of compulsory redundancies.

Rachael Maskell (York Central) (Lab/Co-op): I am devastated to hear of the situation in Southend. In York, financial pressures are also prevalent. It is very clear that the financial model is failing. This is impacted by not only the resourcing that universities are able to generate but the change to international student visas. Does my hon. Friend agree that the Government need to undertake a complete review of higher education funding and ensure that the model works, in order to invest not only in education but in our local economy?

Mr Alaba: Yes, I do agree. We need to look at the business model and make sure that it is sustainable, certainly when it comes to higher education, which is a huge and significant asset of our country. We need to future-proof it, so I welcome my hon. Friend's comments.

Pam Cox (Colchester) (Lab): I thank my hon. Friend for securing this debate. I share his concern about the impact of the closure in Southend, which is a community that I know very well. Does he agree that the community in Colchester will also be hard hit by the situation, with a number of redundancies in and around that campus too?

Mr Alaba: Absolutely; this closure affects the community in Southend and in Colchester. Four hundred members of staff will be made redundant across both campuses. Another consequence is the uncertainty that this is causing the student community, the staff and the whole wraparound community that supports the institution.

I welcome the Government's actions to support students and universities financially, including through an inflation-based increase to both maintenance loans and tuition fees.

Lee Pitcher (Doncaster East and the Isle of Axholme) (Lab): I am also desperately sad to hear the news, as a former student of the University of Essex. It gave me the platform to get here and speak today. On the subject of student loans, I have Doncaster Sheffield airport in my constituency, and at the moment, those who want to do a formal course to become a pilot cannot access student loans. It is really difficult for people in an area like mine, with great deprivation and many disadvantaged students, to fulfil their ambition to become a pilot. Does my hon. Friend agree that we need to look at future courses, and at how we support and fund students to do those too?

Mr Alaba: I thank my hon. Friend for his contribution, and I agree. I have met members of the aviation community. In my constituency, we have London Southend airport, so I have met its senior leadership team, who have expressed the need to get more talent—to get more pilots through. That is hard, and it is prohibitively expensive for people from particular socioeconomic backgrounds. More work needs to be done to enable people from all backgrounds to access all courses and career opportunities.

It is encouraging to see the efforts being made to help our world-leading higher education institutions work with industry partners to capitalise on the research they produce. On that note, I am hopeful that the £30 million of funding recently awarded to universities and research experts will incubate growth and create jobs for the future. Those measures, paired with rejoining the Erasmus study scheme, are expected to deliver a brighter financial outlook for our universities following more than a decade of underfunding.

Given the scale of the challenge facing higher education providers, I urge the Government to continue exploring additional support. Although I am focusing on Southend, it is vital that we acknowledge and address the increasing pressures emerging across the nation. There are things that we can learn from our international counterparts, where close ties between institutions and industry have often given rise to pioneering companies. These relationships not only fuel innovation but offer universities a reliable source of income that can shield their success from unpredictable financial pressures. We have the talent to do the same here, and we should support universities in commercialising their intellectual property through public investment and by encouraging private backing.

Although I welcome this Government's plans to streamline the Intellectual Property Office, I hope that universities and other higher education providers will be given adequate thought when carrying out those reforms. Beyond IP and investment, we should be supporting students to build industry connections during their time at university by offering a year's work placement on every course and skill-building discovery modules. It is also worth expanding the investigation of the university grant reintroduction to reduce over-reliance on finding an ever-increasing number of international students.

As I have acknowledged, universities offer far more than research and economic growth, and any plan for support must be accompanied by engagement with the wider community. The issues posed by the planned closure of the University of Essex's Southend campus continue to evolve and develop. I thank the residents who have been in contact with me in recent weeks to share their stories; I share their very real concerns.

I am also grateful for the support from unions such as Unison and the University and College Union on this matter. Unison recently launched its "Stop the Cuts" campaign in the hope of keeping the campus open and avoiding compulsory redundancies across Essex University. My colleagues and I are committed to continuing to push the senior leadership team to achieve a solution that works for staff, students and the whole of Southend. Will the Minister speak to how the Government are supporting higher education providers across the UK to prevent situations similar to that facing the University of Essex in Southend?

11.32 pm

David Burton-Sampson (Southend West and Leigh) (Lab): I thank my hon. Friend the Member for Southend East and Rochford (Mr Alaba) for securing the debate. He knows that we both care passionately about this matter, especially given the impact that the closure of the Southend campus of Essex University will have on both our constituencies and our constituents. It is a great shame for the students of today and the students of tomorrow, and a great loss for the city.

Let me begin by expressing my backing for my hon. Friend's positive moves to support students who have expressed concerns to both of us in recent weeks. I understand and share those fears, which is why my hon. Friend and I, together with the leader of Southend city council, are pursuing the university's leaders to create a workable plan at least to alleviate the worst effects of this deeply disappointing decision and find some resolution for the staff, the students and the city of Southend.

I was so fortunate that my own university experiences told a very different story. It is said that education opens doors to worlds you never knew existed. I look around me now; when I started out as a child of a working-class single-parent family—the first to attend university—I could never have imagined standing here today. The opportunities afforded to me by attending university and completing my degree have helped to shape my career and make me the person I am, both personally and professionally. It might come as a surprise, when hon. Members look at the shrinking violet I am now, to learn that I trained as an actor; I took a degree in performing arts at the world-renowned Liverpool Institute for Performing Arts. The end of the acclaimed East 15 acting school in Southend, a casualty of this campus closure, is therefore a loss very close to my heart. I spoke to a course lecturer over the weekend who is devastated at the loss of this facility—not just the loss for her, as she will not be able to transfer to Colchester, but at the loss for the students, and for the city; it loses the Clifftown theatre, a much-loved cultural resource.

Like the rest of my generation, I was lucky enough to get a grant for my degree. That experience changed my life. My degree gave me lifelong skills and abilities and expanded my horizons. The days of grants are sadly long gone, but the ambition should not be gone. That is why the closure of the Southend campus is a disaster. It denies the students of the future opportunities to train in their chosen area. Many of the courses are for key workers, including vitally needed nurses, dental technicians and midwives, who have trained at that campus in Southend for the past 18 years. Now, all that is to end, and local youngsters will have to go elsewhere to fulfil their dreams. If they do not have the means to do so, this could snuff out their ambition and deny their potential, with lifelong repercussions.

Pam Cox: Would my hon. Friend agree that it is a desperate situation when so many of our universities are heading into deficit? According to the Office for Students, we are talking about a very large number—about 40% to 50%. Does he agree that we really need action to put our universities back on a secure financial footing?

David Burton-Sampson: I agree with my hon. Friend's analysis. We have been left in this situation by the last Government, and this Government have the job of getting our universities back on to a good footing. I hope that they will do all they can to address her concerns.

I have grave concerns about the impact that the closure will have on the skills pipeline and much-needed jobs in south Essex, in particular for future generations. If the facility is no longer in existence, how will we attract people to train in these vital subjects? Will the Minister give me an assurance that promotion of, and attraction to, vital skills courses elsewhere in Essex for young people in my constituency and the wider south Essex area will be considered, as well as ease of access, now that the Southend campus will no longer be there?

The challenges that students in the middle of a course face are obvious and too numerous to expand on here; they range from the expense of commuting to the campus in Colchester, to being forced to abandon caring duties for their families. The future of this cohort is fundamentally at risk, and we are fighting hard to make sure that no one is forced to drop out. My hon. Friend the Member for Southend East and Rochford and I have heard terrible stories about students already quitting mid-course,

[David Burton-Sampson]

despite being in deep debt. This must not happen. Can the Minister give me assurances that the Department for Education and the Department of Health and Social Care will do all they can to ensure that no one is forced to abandon their course because of this closure?

My hon. Friend has outlined the work that the Government are doing to bolster higher education after 14 years of Tory neglect. I am delighted to see that the Government will reintroduce targeted means-tested maintenance grants by the end of this Parliament for disadvantaged students on priority courses. These grants will provide financial support that does not need to be repaid, helping to remove barriers to opportunity and making sure that no one is left behind. I want to see opportunities retained locally for my constituents in Southend West and Leigh, so that even if the university campus is no longer with us, the crucible of the ideas that were forged there for so many futures is not lost.

11.39 pm

The Parliamentary Under-Secretary of State for Education (Josh MacAlister): I would like to express my gratitude to my hon. Friend the Member for Southend East and Rochford (Mr Alaba) for securing the debate. He has a dedicated record of 15 years of service as a youth mentor, and has worked as a school governor, overseeing the education of young people, so he provides an invaluable perspective on these matters, and particularly on the transition to higher education. I also note the contribution and efforts of my hon. Friend the Member for Southend West and Leigh (David Burton-Sampson) on this matter.

The work of both Southend Members in supporting students in their area demonstrates their clear commitment to the principle that education must be the primary engine for breaking down barriers to opportunity. This Government share that ambition and are focused on delivering the structural changes required to make it a reality.

I was personally struck by the remarks of my hon. Friend the Member for Southend East and Rochford on Second Reading of the English Devolution and Community Empowerment Bill; he stated that his constituency is a "proud coastal community" that has too often been

"left behind when it comes to connectivity, educational outcomes and investment in skills."—[*Official Report*, 2 September 2025; Vol. 772, c. 185.]

Our post-16 education and skills White Paper sets out our vision for a world-leading skills system that breaks down barriers. We are determined to ensure that, as my hon. Friend said,

"Where someone lives should not negatively impact their future."—[*Official Report*, 20 March 2025; Vol. 764, c. 597.]

Our skills White Paper provides the blueprint for delivering the Prime Minister's new target of two thirds of young people participating in higher-level learning—academic, technical or apprenticeships—by age 25, up from 50% today. But we can only deliver this by putting the sector on a secure financial footing. That is why we will increase tuition fee caps for all higher education providers in line with forecast inflation in academic years 2026-27 and 2027-28. We will then legislate, when parliamentary time allows, to increase caps automatically for future academic years. That is crucial for getting to the root of some of the challenges that our higher education institutions face regarding sustainability.

This increased investment must be matched by a commitment to excellence. We will make future fee uplifts conditional on higher education providers achieving a higher quality threshold under the Office for Students' quality regime, and will restrict fee income where that cannot be demonstrated. That will protect taxpayers' investment and reward providers for higher quality.

We are also committed to supporting the aspirations of every person who meets the requirements and wants to attend higher education. We will introduce targeted means-tested maintenance grants of up to £1,000 a year from academic year 2028-29, providing vital extra support for students from low-income households without increasing their debt. Those grants will be funded by the introduction of a levy on income from international students. To help students from the most disadvantaged backgrounds, we will future-proof financial support by increasing maintenance loans in line with forecast inflation every academic year. Furthermore, I am particularly proud that we will provide extra support for care leavers, who will automatically become eligible to receive the maximum rate of maintenance loan from academic year 2026-27.

I am aware of the concerns raised about the University of Essex's decision regarding its Southend campus, and I assure my hon. Friends that the Department is working closely with the Office for Students, the university and local partners to understand the effect on students, and to secure practical options. The Department's priority is to protect students' interests by ensuring continuity of study, and access to clear information, support and practical options.

When a campus closes, providers are expected to act in the best interests of students, including by enabling transfers, where that is a student's choice. Hon. Members rightly expect good-quality communication from the institution about how the change is implemented. The change should support improved value for money for all, and should be backed by a stronger focus on increasing participation for disadvantaged learners. My hon. Friends the Members for Southend East and Rochford, and for Southend West and Leigh, have spoken directly with my noble Friend the Minister for Skills, and have been working proactively with Ministers in the Department of Health and Social Care, NHS England, and local partners. My hon. Friends' local leadership on seeking early local collaboration will play a vital part in minimising disruption for students.

My Department will continue to work closely with the Office for Students, the university and others in the area, including Members of Parliament, as the situation relating to the University of Essex develops. I thank my hon. Friends the Members for Southend East and Rochford, and for Southend West and Leigh, for their continued championing of the needs of local students, and reassure them that the Government will support their efforts to manage campus changes in a way that minimises disruption for students and ensures that the area has a bright future.

Question put and agreed to.

11.45 pm

House adjourned.

Westminster Hall

Monday 12 January 2026

[SIR EDWARD LEIGH *in the Chair*]

Call for General Election

4.30 pm

John Lamont (Berwickshire, Roxburgh and Selkirk) (Con): I beg to move,

That this House has considered e-petition 727309 relating to a general election.

It is truly a pleasure to serve with you in the Chair, Sir Edward. Democracy is fundamental to any free and functioning country. Every hon. Member in this House is here for one reason: our constituents put their trust in us through the ballot box. We stood on manifestos, political parties made promises, and voters judged those promises and placed their faith in those they believed would honour them. That is why this petition matters.

More than 1 million people have signed this petition calling for a general election, including 1,124 people in my constituency in the Scottish Borders. It is important to be clear: under our constitutional arrangements, a petition itself cannot trigger a general election. [HON. MEMBERS: "Hear, hear."] That authority rests with the Prime Minister, unless he is overridden by a vote of no confidence. Even so, I hope that the Government will reflect carefully on the scale of this petition. Parliament considers many petitions, but this one is set apart by its size and by the speed with which public support has been mobilised. Each week, as I speak to constituents across the Scottish Borders, most fair-minded people accept that Governments must adapt to world events and unexpected challenges, whether a pandemic or a war. What they will not accept is a party promising one thing before an election and then doing the complete opposite once in power.

Stuart Anderson (South Shropshire) (Con): Does my hon. Friend agree that what Labour promised before the election, to people from farmers to publicans, has been completely betrayed? Almost 2,000 of my constituents in South Shropshire have signed this petition because they believe that the Government have failed and betrayed the British people.

John Lamont: My hon. Friend is absolutely right. I am going to return to the word "betrayal" later, but there is a real sense that what was promised before the election has simply not been delivered.

During the 2024 general election campaign, Labour promised one thing above all else: change. We have certainly seen change, but it is not for the better. On the morning of Friday 5 July 2024, the new Prime Minister stood on the steps of No. 10 and promised a "Government of service". He promised to put the country before his party.

Claire Hazelgrove (Filton and Bradley Stoke) (Lab): Hear, hear.

John Lamont: He promised not to raise taxes—Labour Members are not "Hear, hear!" now, are they?

The Prime Minister promised accountability and transparency. The question that many of us are now asking is: service to whom? To his hard-left Back Benchers? To his trade union paymasters? This Labour Government have now been in power for 18 months, and Britain is suffering as a result. We have a Prime Minister surrounded by advisers who appear to lack both clarity of purpose and a coherent plan for the country.

Let us remind ourselves of some of the broken promises that have fuelled the public anger. Winter fuel payments were cut within weeks of Labour taking office, leaving pensioners feeling the cold last winter. Labour promised in its manifesto not to increase national insurance, yet the jobs tax raised employer national insurance contributions and, combined with the un-Employment Rights Act, has increased the cost of hiring a worker by around £1,000. In total, we have seen £64 billion—£64 billion—in tax rises across the Chancellor's first two Budgets. Let us hope, for all our sakes, that the Chancellor does not get a chance to deliver another Budget.

Before the election, the Prime Minister told the National Farmers' Union that

"losing a farm is not like losing any other business—it can't come back."

He was right. Yet his Government introduced the family farm tax, a policy that threatens the future of family farms across the country. Although we welcome the partial U-turn announced just before Christmas, that tax should be scrapped entirely. I pay tribute to farmers for their tireless campaigning over the past year, including many in my constituency, such as Peter Douglas from Hawick and Robert Neill from Jedburgh.

Pubs and hospitality businesses are also facing a bleak future under this Labour Government. Rising business rates, higher costs and the jobs tax are battering businesses that are vital to our economy. Pubs such as · the Allanton Inn in Berwickshire or the Black Bull in Lauder are at the heart of our local communities. Hospitality venues are closing, laying off staff and cutting hours as a direct consequence of this Government's decisions. While the number of pubs remained broadly stable up until 2024, following the Chancellor's jobs tax announcements, closures accelerated in the first half of 2025 at a rate of two venues per day. By mid-2025, there were 374 fewer pubs than at the start of the year.

Illegal immigration is another clear example of failure. The Prime Minister promised to "smash the gags". Instead, small boat crossings rose by 13% in Labour's first full year in office. Last year, more than 41,000 people entered the United Kingdom illegally, with 32,000 now housed in asylum hotels at the taxpayer's expense. That outcome is hardly surprising when one of the Government's first acts was to scrap the deterrent to discourage illegal migrants from heading to the UK. We know that deterrents work. The previous Conservative Government reduced Albanian small boat crossings by over 90% through a returns agreement. We now have a Home Secretary who talks tough, but a Government too weak to make the difficult decisions needed to fix the problem.

Labour also promised to take back our streets and recruit more police officers. Instead, there are now 1,316 fewer police in England and Wales than when they took office. Then there is digital identification—

[John Lamont]

something that people did not vote for, did not want and do not need. Innovation has its place, but we should not mandate ID for law-abiding citizens or exclude those who choose not to participate from taking their full rights.

Stuart Anderson: I have made clear my views on the authoritarian approach of digital ID. Many constituents in South Shropshire would be excluded because of remote connectivity. Does my hon. Friend see that as a major issue?

John Lamont: My hon. Friend is absolutely right. Not only is it something that was not discussed before the election, it is something that there is no public support for. But in rural communities, such as those in the constituencies that both my hon. Friend and I represent, there is a real issue with connectivity and how it will work in practice. People may be deprived of the ability to access vital public services as a consequence, if we believe the things that some Labour MPs are saying that they hope this ID system will achieve.

This Government have been blown off course, with multiple U-turns on income tax, WASPI—Women Against State Pension Inequality Campaign—compensation, welfare reform and the long overdue inquiry into grooming gangs—the list grows longer by the day. This Government are riddled with chaos and scandal, with Ministers resigning over fraud, corruption allegations, tax issues and ethical failures, right up to a Prime Minister who claims excessive freebies. Britain deserves better.

From my emails, surgeries and doorstep conversations, I know that colleagues will recognise the same mood across the country: disappointment, anger and a profound sense of betrayal—the word "betrayal" comes up time and again. Labour Members should reflect carefully on why so many people feel that way. The Government's response to this petition was to dismiss it, and to dismiss the voices of the more than 1 million people who signed it. Those concerned should not be brushed aside simply because parliamentary mechanisms do not allow this House to act for them directly. This Government are giving the impression that they believe themselves to be above public opinion. The Opposition will not allow that.

Mr Mark Francois (Rayleigh and Wickford) (Con): As my hon. Friend knows, seven of the top 10 constituencies in terms of numbers of people who have signed the petition are in Essex, and they include my own constituency. That is how unpopular Labour is in Essex. Does he think that might have anything to do with why Labour councillors want to cancel the local elections in Essex in May? Or is that just an amazing coincidence?

John Lamont: My right hon. Friend makes an excellent point. This time last year, we had a petition on a similar subject, which millions of people signed, and I think Essex was also at the top of the league table for numbers of signatures. I am a member of the Petitions Committee, which is why I am presenting the petition on behalf of the Committee—a few other members of the Committee are here today. We deal with petitions every single week, but very rarely do we see petitions that attract this level of support and public participation, such is the sense of anger and betrayal felt by people out there in the country.

As I was saying, the Conservatives will continue to challenge and force reversals of damaging policies, just as we did on the winter fuel payment, the family farm tax and the grooming gangs inquiry. Labour promised to be different, but instead it has presided over a catalogue of broken promises, scandals and policy announcements that no one supports.

Douglas McAllister (West Dunbartonshire) (Lab): In preparing for this e-petition debate, I clicked on the House of Commons Library service, which invites Members to look at a Government tracker produced by the registered charity and independent fact-checking organisation Full Fact. Did the hon. Member click on that and look at its findings in relation to the 86 pledges from the Labour party manifesto?

John Lamont: I have not looked at that particular facility. I am here to represent the 1 million people who signed the petition calling for an election and all the people I speak to each week in my constituency who are fed up with the U-turns, betrayals and chaos that this Government—the party that the hon. Gentleman represents—are presiding over. I make no apology for standing up for those people and putting the case that they have asked me to make on their behalf. The Labour Government may still have the votes, as the hon. Gentleman has demonstrated, but they have lost the country. Britain deserves far better than this Prime Minister and this failing Labour Government.

Robbie Moore (Keighley and Ilkley) (Con): I am sure that my hon. Friend will remember the Prime Minister saying that

"not a penny more on your council tax"

would be implemented by this Labour Government, yet constituents in the Worth valley, across Keighley and Ilkley, have experienced a rise of 14.99% in the past two years under Labour-run Bradford council. Does my hon. Friend feel that that meets the Prime Minister's promise?

John Lamont: My hon. Friend makes an excellent point. One of my recollections from the last general election was the then Conservative leader, my right hon. Friend the Member for Richmond and Northallerton (Rishi Sunak), saying in the leaders debate, "Mark my words: if you think Labour is going to win this election, start saving now, because they are going to put up your taxes." And guess what? He was absolutely right. Tax after tax has gone up, despite the promises that the Labour leader made—I will happily take interventions from Labour Members.

After all the Prime Minister's promises not to put up taxes, look at us now: £64 billion-worth of tax rises, thanks to the Labour Chancellor, just in the past 18 months. What an absolute embarrassment. No wonder people are fed up with politics. No wonder people do not want to take part in voting any more. They feel utterly betrayed, and you lot are responsible.

Several hon. Members *rose*—

Sir Edward Leigh (in the Chair): "You lot"? Not me, thank you very much.

I will not impose a time limit, but Members can see that quite a lot of people want to speak, so I am sure they will be considerate to colleagues and will focus on the petition.

4.43 pm

Patrick Hurley (Southport) (Lab): It is a pleasure to serve under your chairmanship, Sir Edward.

The petition presents itself as the voice of democratic urgency. In truth, it is something with which we are far more familiar, and something far less noble: it is nothing more than the collective stamping of feet, accompanied by the online equivalent of the call and response, "What do we want? And when do we want it?" We have all encountered this impulse before—or at least those of us who are parents have. It is an impulse pandered to by the Tory MPs who are present: the impulse of the toddler. But a democracy cannot be run like a nursery. This great country of ours, which they repeatedly let down over 14 years of decline, cannot be governed like one either. However loudly certain voices and views might be expressed, or however much they are featured on GB News or shared on Facebook late at night after half a bottle of wine, the truth is that we do not get something simply because we want it.

Mr Francois: Is the hon. Gentleman seriously saying—his attitude is unbelievably patronising—that the more than 1 million people across the UK who signed the petition are basically all children who do not know what they are doing? That is his implication, which is deeply insulting to 1 million-plus people, including our constituents.

Patrick Hurley: I thank the right hon. Gentleman for his intervention.

Back in 1983, when he was the Leader of the Opposition —*[Interruption.]* Members may remember Michael Foot— the right hon. Gentleman will never be the Leader of the Opposition. Michael Foot thought he was storming to victory back in 1983. "Look at this," he said to John Golding. "I've got a rally here. There's a thousand people cheering me on." "But Michael," John replied, "there were 122,000 outside saying you're crackers." A million people have signed the petition, but how many people voted in the general election? Well over a million people.

This Parliament was elected in a general election held under rules that were well known in advance, and those rules include a parliamentary term. Some Members might not like it, but it is true. The rules do not include a rolling plebiscite triggered whenever a sufficiently large group of people becomes bored, frustrated or impatient—or someone has shared a video clip with them on WhatsApp.

Robbie Moore: Will the hon. Member acknowledge that, in the history of petitions debates, the two most highly subscribed debates have been on petitions asking for a general election in this Parliament? Does he acknowledge that the fact that both those petitions were signed by more than a million people illustrates huge frustration at the Government and that people want them to change course?

Patrick Hurley: I acknowledge that a million people want the Government to change course.

The petitioners who have put their names to the petition say that the people want change, but they are not the majority of people in this country. There are tens and tens of millions of people in this country and only 1 million people signed the petition. Here's the news: the people actually got change in 2024. Eighteen months ago, we got a Government who explicitly said they would not just go and put sticking plasters on the gaping wounds of the previous 14 years. We got a Government who explicitly said it would take a decade of national renewal. That is what we went to the people with 18 months ago, and that is what they were happy to vote for. We said it would take a decade to fix the country's problems and the mess the Conservatives left us in.

The people who want change now are the very same people who want to go back to the years of stagnation and decline under the Conservatives—the years of austerity under Eric Pickles, George Osborne and Michael Gove, and, of course, the self-harming referendum that has done this country no favours whatsoever.

Mr Francois: The hon. Gentleman may recall that 17.3 million people voted in that referendum, peacefully and democratically, to leave the European Union. That is a lot more people than voted for Labour at the general election. If he is not prepared to respect the opinion of the million people who signed the petition, and as he is all about numbers today, will he respect the will of the 17.3 million people who voted to leave the EU? Or is that not a big enough number for him either?

Patrick Hurley: Those people voted in good faith and they were lied to by people like him—

Mr Francois: I beg your pardon? Withdraw!

Patrick Hurley: They were lied to inadvertently.

Sir Edward Leigh (in the Chair): Order. The hon. Member must withdraw that comment.

Patrick Hurley: I will withdraw it, but does the right hon. Gentleman respect the vote in 1975 on the exact same thing—staying in the European Community, as it was—which was overturned 41 years later? In every Parliament, at every moment, some people want change and others do not. Some want more spending and others do not. Some want radical reform and others want stability. The fact of merely wanting something to happen does not constitute a constitutional imperative. If it did, the Government would be paralysed. We would lurch endlessly from one election to the next, just like we did at the end of the last decade, incapable of governing because the Government were perpetually campaigning. That is evidence not of a democracy that works, but of a democracy that is failing, just like it failed in 2017 and 2019, and just like it failed when the Conservative party was partying while members of the royal family were dying.

An election is not a comfort blanket to be demanded whenever politics becomes difficult or the previous Government's chickens come home to roost. There is a tendency in debates such as this to treat an election as

[Patrick Hurley]

though it is some kind of harmless release valve. It is not. A general election is disruptive, expensive and all-consuming. It stalls legislation, freezes decision making and turns Parliament in on itself. That is necessary at the right moment, but it is not something to be done after 18 months simply because people have run out of patience.

Mr Luke Charters (York Outer) (Lab): I am genuinely quite baffled that so many Conservative and Reform MPs are here, given that they have missed important debates in this House on things like employment rights. To be fair to the Conservatives, they went to the debates on VE Day and VJ Day; there were no Reform MPs at those debates. What does my hon. Friend make of that?

Patrick Hurley: It looks like Reform MPs turn out only when there is something in it for them.

We should be honest about what the petition represents. It is not a considered proposal for the better governance of this country. We can tell that by the way Opposition Members are giggling behind their hands on the other side of the room. The petition is not accompanied by a constitutional argument for changing this place to make it better, nor by any sort of legislative necessity. It is simply an expression of dissatisfaction at how long it has taken the new Government to fix the problems that were left behind after 14 years of chaos, division and decline caused by the Conservative party. There were years of economic stagnation, a referendum of such consequential proportions that the economy has barely grown since 2016, and a Tory Government who were more concerned with looking after themselves than with looking after the most vulnerable in this country.

Mr Francois: At least we buy our own glasses.

Patrick Hurley: It doesn't look like it.

If adults behaved in their working lives the way the petition urges Parliament to behave—abandoning responsibility at the first sight of trouble, and demanding resets whenever outcomes failed to please them—we would call it irresponsible and childish. We would not reward it. Democracy requires more than just knee-jerk, reflexive wanting. To indulge every demand for an immediate election is not to respect the voters, but to infantilise them. The House should do better than that.

4.53 pm

Olly Glover (Didcot and Wantage) (LD): It is a pleasure to serve under your chairship, Sir Edward. I thank the hon. Member for Berwickshire, Roxburgh and Selkirk (John Lamont) for his eloquent introduction of this important topic. Over a million people have signed the petition, and 4,929 of them are constituents of mine in Didcot and Wantage in Oxfordshire. I want to start by summarising some of the reasons they gave for asking for a general election and, indeed, this debate when they wrote to me.

Some people feel that the Government's impact on small businesses and economic growth is too much to bear—for example, a small business owner who is considering having to close his business as a consequence. For other people, it is more about international matters, including concerns about the Government's approach to the Gaza situation. Others felt that working-class people have been disregarded and betrayed by the Government, given what was promised before the general election. For other people, there was an overriding feeling of dissatisfaction and general incompetence. Some people, particularly those who send their children with special educational needs to private institutions, were concerned about the impact of VAT on school fees.

Although I am no fan of the Government and agree with some of those criticisms, I am afraid I must politely disagree with my constituents, because I do not think we should have a general election, for three reasons. First, there are no straightforward criteria for assessing when it is time for a Government's time in office to end early, because under our first-past-the-post system a Government almost never earns more than 50% of support in the first place. We could end up with an endless revolving door of elections and brand-new Government chaos. The period in the late 2010s, when we saw frequent general elections, did not lead to a general increase in satisfaction with the political system, or to a feeling that the economic or general outcomes for the country had improved.

To be fair, Governments deserve time to learn the ropes and get things right, albeit this Government have not necessarily used their time so far very well. But we must hear and understand the underlying reasons that have led to the petition and the call for a general election. There are lots of things that we need to change about our politics, which we need to make relevant and responsive again. Notwithstanding the very good opening remarks by the hon. Member for Berwickshire, Roxburgh and Selkirk, I am afraid the exchange we heard during the previous speech perhaps shows what is wrong with our politics at the moment and why it puts people off: relitigating the arguments of 10 or 15 years ago, with a lot of "he said", "she said" or "they said" between representatives of the two main parties, which between them have been running our country for the overwhelming majority of the last 100 years or more.

Instead, I offer some better ways to address the discontent and boost engagement with politics. At the risk of sounding naive and full of optimism about the future—my Liberal Democrat colleagues know I never do that, as I am yet to understand the philosophical or intellectual basis of optimism, but I will put that to one side—what we really need in our politics is more listening to each other and more sharing of political ideas, not just as parties but as 650 people who all have different backgrounds, and who bring those different backgrounds and life experiences to this place. We need to do that to achieve better representation for our constituents, because none of us individually can hope to represent directly, or have the lived experience of, all of our tens of thousands of constituents. That would be impossible. We can only listen to them, learn from them and reflect on that.

Dr Scott Arthur (Edinburgh South West) (Lab): I thank the hon. Gentleman for his constructive comments about the need to change the political culture inside this place, but there is also a need to change it right across the country, including in our councils and devolved Governments. Does he agree that working to roll out proportional representation across all our electoral systems would change the culture both in the country and in this place?

Olly Glover: I am going to have to launch a cyber-security inquiry, because the hon. Gentleman has clearly hacked my notes. *[Laughter.]* I entirely agree with him and pay tribute to him, because he is a consistent and passionate advocate for proportional representation, as am I. That is something on which we can agree.

Actually, some people said they signed the petition because they would like to see proportional representation, because they feel the current Government do not represent the views of the country. Of course, many people meant that critically, but it also reflects the simple numerical fact that we have a voting system that gave a majority to a party that won 33.7% of the vote on the lowest turnout in 24 years. It would of course be unrealistic to even hope that such a Government could represent the views of the country, because they are so far below representing what at least 50% of people think.

Absent our changing the culture of this place so that we have more listening and sharing of ideas, I agree with the hon. Member for Edinburgh South West (Dr Arthur) that we need proportional representation to create a structure to enable that. We could have a long debate about what forms proportional representation could take, but I think people would find that even more dull than anything else. However, proportional representation would enshrine the idea of more than one party having to co-operate, compromise, listen and engage in order to form a broad-based and more representative Government.

I also feel that we need to get back to the idea of fixed-term Parliaments. It was perhaps a matter of regret or irony that the time when we did have fixed-term Parliaments was one of some of the greatest political turmoil that this country has had, but that does not mean that the idea is not sound. It is not right that a Prime Minister of whatever party affiliation should be able to treat the country like a political casino, choosing on a whim when to have a general election. That does not help serious policy or long-term thinking over those four or five years. Instead, a fixed-term Parliament would give everybody clarity on how long a Government are in—absent some particularly drastic circumstances, obviously. It would be good for the economy, good for the markets and good for that Government themselves. It would certainly be good for the civil servants and people who have to enact the instructions of that Government.

We also need reform to political finances. Thankfully, we are a long way from the hundreds of millions of dollars spent in every special election in the United States, but it is still important that large financial interests are not able to have a disproportionate influence on our politics—or at least not without proper transparency and declarations. More is therefore needed to strengthen the role of the Electoral Commission.

We also need a media landscape that is fuelled by facts and respectful discussion of views, rather than misinformation and the screaming that happens between people of different views on social media. That is also important, and comes through creating better politics.

While I agree with a lot of the criticisms of the Government that have led to my constituents signing this petition, instead of a general election now, I hope that the Government will reflect—and I hope to hear from the Minister on this—on what else we can do to restore or build up people's faith in politics, and have a much more broad-based political system. Who knows? Maybe, this afternoon, the Minister will have a damascene conversion to proportional representation. I look forward to finding out.

Sir Edward Leigh (in the Chair): I thank you for a cerebral speech, which will probably do you no good at all.

5.2 pm

Josh Newbury (Cannock Chase) (Lab): It is a pleasure to speak with you in the Chair, Sir Edward. I am very much an advocate of these e-petition debates, because they enable our constituents to set the agenda here in Westminster Hall. I thank the Petitions Committee for its hard work, as always. E-petition debates are an excellent example of our democracy in action, and their importance should never be underestimated.

Wherever possible, I have taken the chance to speak in each petition debate where Cannock Chase has been a top signatory, to make sure that I am present in discussions that my constituents so clearly want me to be a part of. That has included debates on animal slaughter, immigration and paternity pay—all topics more than deserving of time in this House. However, the reality of what we are here to debate this afternoon is that calling for a general election in this way is simply not how our democracy works.

The people who signed this petition who feel that they are unhappy with the Government, or feel that things have not changed in the way they hoped—or perhaps as quickly as they expected—have every right to voice those frustrations. As an MP who lives in their constituency, who holds weekly surgeries and who goes out knocking on doors, I am not naive about the reasons why this petition has gathered more than a million signatures. I hear week in, week out about the difficulties and challenges that my constituents face.

One of the criticisms that is levelled at politicians is that we are incapable of thinking in the long term, that we are bound by four or five-year terms—perhaps even less if this petition got its way—and that there is therefore not enough time to focus on tackling the systemic issues that lead to the things that many of our constituents want us to address. We only need to look across the Atlantic to see what having elections every two years does to political culture and the ability of leaders to get things done.

So many Government Members talk about the last 14 years, not only because of the decline that we and a great majority of the public feel that Britain suffered during that time, but because of the short-term thinking during those four terms, which led to mammoth challenges such as a crisis in the public finances, crumbling infrastructure, prisons at bursting point, the NHS on its knees, net immigration of more than 1 million a year, small boats crossing the channel, asylum hotels—the list goes on. This Government are doing the unusual thing of rejecting the sticking-plaster politics of the short-term sugar rush, and instead going about the difficult job of fixing the big issues that Britain faces, some of which have been decades in the making.

Steve Yemm (Mansfield) (Lab): Might my hon. Friend agree that the very idea of calling a general election would undermine the whole principle of representative

[Steve Yemm]

democracy, particularly in communities like mine and his that voted for long-term political change rather than a short-term set of solutions and political churn?

Josh Newbury: Absolutely. I could not agree more. Knocking on doors during the general election campaign I was struck by my constituents who, contrary to what we might think when we see opinion polls that, particularly these days, waver quite dramatically, really wanted us to knuckle down and focus on tackling in a four or five-year term the long-term issues that we know are there in our country and need to be tackled.

When I was preparing for this debate I wondered where Prime Ministers of yesteryear were after 18 months into their tenure, so I had a look. Margaret Thatcher, who I will never praise but who it is fair to say did make decisions with a belief in doing the right thing rather than the popular thing, was 13% behind in the polls in December 1980. John Major was 22% behind. Tony Blair was 28% ahead, happily undermining my point, but Gordon Brown was 7% behind and David Cameron a few per cent behind. The right hon. Member for Richmond and Northallerton (Rishi Sunak) was 23% behind, and just a month later decided to call a general election. Few Governments enjoy widespread support 18 months into their time in office, but few have addressed as rapidly an inheritance like the one this Government were left just 18 months ago. I do not know about other hon. Members, but I quite enjoy a bit of positivity. Blue Monday is just around the corner, but anyone listening to some of the contributions in this debate might be mistaken in thinking that it is today.

The reality is that after a year of Labour, our NHS has received a £29 billion boost in funding. That translated into more than 5 million additional appointments, which, contrary to the talk of broken promises, was more than double what we promised in our manifesto. We secured a £400 million investment to boost clinical trials, improving NHS services and driving growth, and we brought 1,000 GPs into the workforce. I worked in a supporting role in general practice before I came into this place, and I know the difference that that investment is already making. One thousand practices are being modernised, including Chadsmoor medical practice, Rawnsley surgery and Red Lion surgery in my constituency. In the Budget, the Chancellor also froze prescription charges, and we are opening 250 new neighbourhood health centres so that our constituents can get treated closer to home.

Perhaps more than anything else, the NHS is a prime example of the cost of short termism and the lack of investment in our public services that we saw under the previous Government, and the progress that this Government are making in short order. NHS satisfaction figures, much like opinion polls, reflect the fact that we have a long way to go, but we have made rapid progress towards rebuilding.

In my part of the world and in many other coalfield communities, our retired mineworkers who powered this country and did one of the most dangerous jobs anyone can do were ignored for 14 years. But within 18 months of this Labour Government, members of both the mineworkers' pension scheme and the British Coal staff superannuation scheme won the pension justice that they had fought so long for. With the transfer of £2.3 billion to members of the BCSSS and £1.5 billion to the MPS, another historic injustice so dismissively overlooked under the previous Government has been righted under this Government.

On transport, for the first time since the 1990s we have frozen rail fares, which will help millions of our constituents save money. Last year, the Government confirmed backing for the improved M54-M6 link road, which will directly benefit commuters in Cannock Chase. The Bus Services Act 2025 will give transport authorities the ability to seize the opportunities of franchising and council-owned bus companies. On education, a quarter of children in my constituency are on free school meals—significantly above the national average—so I am proud that we are rolling out free breakfast clubs across the country, making sure children go to school nourished and ready to learn.

The Government also announced funding for 300 new nurseries, including Heath Hayes primary academy in my constituency, which opened the doors of its new nursery back in September. Recently, we scrapped the two-child benefit cap. Although Opposition Members might disagree with lifting thousands of children in my towns and villages, and 550,000 children across the country, out of poverty, I think it solves another stain on our country and is an investment in the future long-term success of our country.

We have announced homes for heroes, which will ensure that our veterans, as well as domestic abuse survivors and care leavers, get a roof over their heads—something that we have acted quickly on when nothing of the sort was done under the previous Government in 14 years, let alone 18 months. Hon. Members will be pleased to learn that I do not plan to list all of this Government's achievements—time is far too short for that—but I am sure many of my colleagues will be able to expand. Looking into this year, by March we will have more police on our streets, and by April more health hubs and an average of £150 off energy bills, with much more to come.

Positive change takes time. We know that from many decades of history in this House and in town halls up and down this country. Labour was elected with a resounding victory, a large majority and a mandate to make decisions that turn this country around. Anybody looking at our manifesto can see a vision of what Britain will look like by the time we get to the next general election. That is how our political system works. That is how British Governments have always been judged; they get four or five years and then the public have their say. That is true of our activities as individual MPs—the only people who can speak up for the communities that we represent in this place. In my first 18 months, I am proud to have spoken more than 110 times on a huge range of topics. That is more than seven times what my predecessor managed in her final 18 months representing the people of Cannock Chase. I have held surgeries in villages that have never had an MP offer face-to-face appointments, and I hope to be able to continue that for many years to come.

Sir Edward Leigh (in the Chair): I remind colleagues that this is a debate about a general election, so we want to keep it focused on that.

5.10 pm

Dame Harriett Baldwin (West Worcestershire) (Con): Thank you, Sir Edward, for allowing me to speak on behalf of the 1,892 people in my constituency who have signed this petition. I thank my hon. Friend the Member for Berwickshire, Roxburgh and Selkirk (John Lamont) for expounding why this is an important debate. I am in my fifth Parliament now, and I do not recall the Petitions Committee having to call as many debates on calling another general election in any other Parliament. This debate follows last January's, when 3 million people had signed the petition. Why are we seeing this appetite among our constituents to re-litigate the general election of 2024 so soon after it happened?

Peter Prinsley (Bury St Edmunds and Stowmarket) (Lab): I believe I just heard the hon. Member say that there had been a petition with 3 million signatures last year and one with 1 million signatures this year. If that is correct, does that mean that the number of people calling for an election has fallen by two thirds?

Dame Harriett Baldwin: That is probably 4 million people who have, in that length of time, signed the petition. I encourage the hon. Member to dream on.

Why have we seen the robust signing of these petitions over the past two years? It boils down to the fundamental principle of our democracy, which is based around peoples' manifestoes. We need to rely on political parties to set out a direction of travel in their manifesto and then to try to deliver it. The problem that has led to all these signatures is to do with not having been told in the manifesto about the Government's plans for change.

I could go on for the whole of this debate about the tax changes alone because we were told in the general election that if they were to win, the Government had no plans to raise taxes beyond what was outlined in their manifesto. Within months, in the first Budget the Chancellor raised taxes by an astonishing £40 billion a year for the duration of this Parliament and public spending by a further £30 billion. In total, that is a £70 billion a year increase in public spending—something that was deliberately not stated during the general election campaign.

Luke Murphy (Basingstoke) (Lab): On people not being told about things at a general election, I wonder how many people were told in the 2019 election that the Prime Minister—then Boris Johnson—would be replaced by Liz Truss and then the right hon. Member for Richmond and Northallerton (Rishi Sunak)? Is it not the point that things change over the course of a Parliament, and surely the change of a Prime Minister would be more merit for the calling of an election than the things that the hon. Member has cited?

Dame Harriett Baldwin: The hon. Member needs to be careful about what he says on that front, frankly. On taxes specifically, I do not think he can point to a single time in history where, in three months, there has been such a dramatic change from what was promised to the public in a general election campaign and what actually happened in the Budget.

I am going to focus on the non-tax matters. We have lots of votes on taxes over the next few days; I am going to raise some of the other things that this Government have chosen to do in their first 18 months that were decisively not in the manifesto. Giving away the Chagos islands and paying Mauritius to take them was a particularly egregious example of something not set out in the Labour manifesto. On multiple occasions, incredibly important local elections are being cancelled; that was certainly not in the Labour manifesto. A feature of this Government will be the proposed curtailing of jury trials—I notice silence now on the Government Benches, but that, again, was not in the Labour manifesto. I suppose one could grudgingly accept that purging political opponents from the other place was somewhat in the manifesto, but I do not think that stuffing it with political supporters to replace them was. I do not think cutting press access was in the Labour manifesto, I do not think introducing digital ID was in the Labour manifesto and I do not think rolling out an extensive increase in facial recognition on our streets was in the Labour manifesto.

If all those things were happening in another country, one might think they were the route to totalitarianism. These are the kind of things the public are very concerned about: it is not just the huge increase in taxes but the reduction in the freedoms we have taken for granted in this country for years that is causing so many of my constituents to call for another general election.

5.17 pm

Alistair Strathern (Hitchin) (Lab): It is a pleasure to serve under your chairmanship, Sir Edward. It is now just over two years since I was first elected to represent the community I live in. There is really no greater privilege than getting to be here and stand up for our constituents' concerns, particularly at a time when the stakes feel so high. In that spirit, I want to start by thanking everyone who engaged with the petition and brought the debate to the House of Commons today.

As my hon. Friend the Member for Cannock Chase (Josh Newbury) pointed out, petitions are an incredibly valuable way of ensuring that the public can continue setting the agenda in this place. Although I am sure I might disagree with some of the signatories on a great many things about politics and policy, fundamentally we probably share a concern that, for a long time and under successive parties, people have begun to worry that politicians have not always done a good enough job of serving them and their priorities, and have not shown themselves to be sufficiently capable of delivering the change they are looking to see. Not a single Member in this House should feel comfortable with the trend we have been seeing, over decades, in public attitudes to politicians as a force for good and disillusionment with politics generally.

The general election of over 18 months ago was not the first general election campaign I took part in. It was not even the first election in which I stood to be an MP, given that I had the opportunity a little bit earlier thanks to Nadine Dorries standing down during the previous Parliament. It was probably the one where the stakes felt highest and where the urgency of people's concerns about the challenges they were facing across our communities and their growing disillusionment about politicians' ability to affect them felt most acute. I spoke to constituents whose health had deteriorated far too poorly because of a long wait to see the NHS; to families who were fighting to access affordable childcare

[Alistair Strathern]

or the right support for their child at school under a broken settlement, both at early years and in education; and to people whose lives had been narrowed far too much by cost of living and growing interest rate pressures. Those pressures were not down to any failings of their own; it was not about a lack of hard work on their part, but about successive failures of the previous Government to drive down the cost of things that really impacted their lives.

It got to the point where, even on the very basics—whether that was secure borders or the ability to keep the roads in a fit state—my constituents were losing faith in the ability of politics to deliver on the things that touched their lives. None of us should be comfortable with that and, as the party now in government, we must feel the responsibility of putting it right particularly acutely. It is right that, at moments such as this, both the public and Opposition parties represented in the Chamber today have the chance to hold us to account for how we have dealt with the many challenges we inherited.

There is no getting away from the scale of some of the challenges that we have had to grapple with. The NHS, which was already on its knees, was looking at cutting appointments further just at the time they needed to be put back up, as was revealed to the Health Secretary just weeks into office. Our prisons were about to spill over; that fact was known to the previous Government but not revealed to the public at the last general election, if we are talking about transparency going into elections. The public finances were in an even tighter space than had been shared previously, as validated by the feedback from the Office for Budget Responsibility.

Those are all incredibly difficult circumstances to inherit. They make me very angry, and it makes the public understandably frustrated to hear about them, and I hear that frustration. I do not want to spend my time talking about challenges; I want to spend my time talking about solutions. If we are serious about putting right so many of the failings we inherited as a Government, we have to start by being frank with the public about the mess we inherited, and face up to the big and difficult choices needed to put right many of the challenges that the previous Government ducked for far too long—right up to calling the general election. Only the last Prime Minister will know why he chose to go the country early, but I do not think that anyone in this room can credibly claim that it was because he believed that things were only going to get better in his remaining time in office. That is a damning indictment of the trajectory of the country that we inherited.

Faced with all of that, we have had to start doing things that go beyond what we originally intended in our last manifesto. That is not an easy thing to have to do as a politician, but it is the right and brave thing to do when the circumstances dictate big and difficult choices to step up and meet the needs of those moments. We could not shy away from the fact that, if we were not going to find ways to invest billions more into the NHS, a situation that was already too difficult for too many of my constituents was only going to get worse.

We needed to invest in the things that were starting to show people right across my constituency that the state was not working, whether that meant putting more money into special educational needs and disabilities provision, investing to fix crumbling schools or offering a record settlement for repairing roads. We have started to fix, thread by thread, the fabric of the broken Britain that we inherited. Hopefully, between now and the next general election, we can start to demonstrate to people that politics can be a force for good yet again.

I am incredibly proud of many individual things that we have delivered over the last year. We invested in my local hospital to create new and expanded GP surgery places, meaning that we can deliver more appointments and deliver some of the fastest falls in waiting lists across the country. In my area, I know that we are making a real difference to the people who have already been seen. We are investing in extra nursery provision and free breakfast provision, and making sure that we invest in the expanded SEND places that my community needs. Families' lives have already been touched for the better by the changes that this Government have introduced, from the record investment that we are putting into fixing some of our broken roads, to the greater devolved transport powers over buses that we have given to Hertfordshire county council. Too many constituents have had issues with transport, public transport and driving for too long now. We are starting to invest in things that will show them over time that politics can be a force for good for their priorities again.

I do not want to pretend for one second that any of those choices or individual changes have touched the lives of everyone in my constituency yet. They will not have completely delivered the scale of change that we need to show by the next general election, but they are down payments on the promise we made at the last election and on the causes that I, on behalf of my constituents, will continue to campaign on every day that I am lucky enough to serve in this place.

I do not know when the next general election might be, but I am pretty confident that it is unlikely to be this year. Although I cannot promise that I agree with the petitioners on that urgent ask, I can promise them that, along with all my colleagues, I will work to tackle not only those individual issues but the wider cause of disillusionment that caused them to sign this petition every day that I am lucky enough to serve here.

I will not get everything right, and I am sure that I alone will make plenty more mistakes, however many years I have left in this place, but I will always look to deliver on the intent of restoring faith in politics and the public services that my constituents rely on, and show them that this Labour Government will deliver the change that they voted for and take decisions every day that will make a tangible difference to their lives over the years to come. Together, we can start to turn the tide on the managed decline and broken political settlement that we have tolerated for far too long in this country.

5.24 pm

Lee Anderson (Ashfield) (Reform): It is a pleasure to serve once again under your chairship, Sir Edward. Let us be honest: if this petition was likely to trigger a general election, I doubt very much whether some of my former colleagues would be in the room today, because many of them would lose their seats—*[Interruption.]* We all make mistakes, and when we do we should hold our hands up and say sorry.

Wherever I go in this country, and I travel a lot round this country every week, people say to me that they are sorry—sorry for voting Labour at the last general election—and that they will never vote Labour again. They wish they could turn the clock back and vote for a different party, normally Reform UK.

Dr Arthur: The hon. Gentleman talks about being sorry. Many people across the country voted Reform in local council elections on the basis that there would be either no increase in or perhaps even a cut in council tax. Now they face with rises at the very limit of what is legally possible. Is he sorry for that?

Lee Anderson: I will just correct the hon. Gentleman slightly. Nowhere in our national literature did anybody promise to cut council tax anywhere in the country. He may want to correct himself on that.

Anyway, I get people apologising for voting Labour. Sometimes the odd lunatic might say they are going to vote for the Green party—they are usually recaptured very quickly. But there is a glimmer of hope, because at the next general election, this lot over here, on the Labour Benches, will all be looking for jobs. Of course most of them are absolutely unemployable now, unless they fancy a job as a bailiff, because, let's face it, all they have done over the past 18 months is go into people's houses and take stuff off them—usually money from people's pockets. It is absolutely disgraceful. They can shake their heads or grin if they want, but they will not be forgiven—mark my words.

Just imagine when Labour Members are down at the jobcentre in a couple of years' time for their next job interview. The adviser says, "What have you been doing for the past couple of years?" Well, I can sum up their achievements already. For the past few years, they worked for an awful dictator. Under his leadership, illegal migration is totally out of control. Our streets are filling up with criminals; in Birmingham, they are filling up with rubbish as well—there are rats the size of small dogs roaming around Birmingham, feasting on tons of rubbish. They have closed pubs and restaurants. They have put 100,000 people in the hospitality industry on the dole.

Kevin Hollinrake (Thirsk and Malton) (Con): I agree with the hon. Gentleman's points about the hospitality industry and how difficult that is right now, but I come back to his party's commitment at last May's elections. I have a leaflet from the May elections, with his party leader on it, which says the party would

> "Reduce waste and cut your taxes".

I will be the first person to admit that governing is more difficult than it looks from the outside, but does he agree that that set unreasonable expectations among the electorate in those May elections?

Lee Anderson: Nowhere on the leaflet did it say we were going cut council tax, so the hon. Gentleman should maybe read it again.

This Government have stolen money off the workers by not increasing the income tax thresholds—something they promised to do—and they have given that money to the shirkers. By shirkers, I mean that these are able-bodied people—the bone-idle, basically. They refuse to go to work. In fact, they stay at home all day and sponge off the state—*[Interruption.]* Labour Members are shaking their heads. In fact, the only work some of these shirkers do is go out once every five years and deliver leaflets for this lot—great work if you can get it.

Our farmers have been attacked, our pensioners have been robbed and we have been locking people up for social media posts. And let's not forget puberty blockers—these are medical trials on children. Everyone on the Government Benches who supports that should hang their heads in shame.

The Government are ending the automatic right to trial by jury—shameful. They allow Islamist thugs to dictate police policy on the streets of Birmingham. They have turned a blind eye to Islamists threatening to kills Jews on the streets of London. They voted against having a national inquiry into the mass rape of young girls in Labour-controlled areas—absolutely shameful. Each one of them should be absolutely ashamed.

Patrick Hurley: If the hon. Gentleman is genuinely concerned about the rights of the children of this country, will he support cracking down hard on Elon Musk and X?

Lee Anderson: I think X has to clean its act up—that is simple, and I think we all agree with that. It is interesting that all these Labour MPs complain about X, yet they are all on X every day making silly comments—you could not make it up, Sir Edward. If they had any scruples or backbone they would all come off X, but I suspect that not one of them will; they will carry on.

Dr Arthur: How much money did the hon. Gentleman make from X last year?

Lee Anderson: I am not quite sure. I make about 400 quid a month from being on X. That is not exactly the "gotcha" answer the hon. Gentleman expected to that question, but I make no bones about it: I make money from X, and I pay about 45% tax on the money I make, which goes to the Treasury.

Let us not forget another flagship scheme of the Labour party: building brand-new social housing for illegal migrants who come over the channel. Meanwhile, we have a million Brits stuck on the council house waiting list. Yet anybody who calls that out—anybody who disagrees with that lot over there on the Labour Benches—is labelled a far-right racist.

It would be fair to say that every family in this country has been affected by this Labour Government, but not in a good way. We have all had enough of it. We are fed up to the back teeth of them. Let us discuss the Cabinet, starting with the Prime Minister, whose first instinct is to prioritise foreign judges over British people. We have an Attorney General who agrees with the European Court of Human Rights when it blocks foreign rapists and murderers from being deported. We have a Chancellor who does not understand the first thing about economic growth. We have an Energy Secretary who is killing our manufacturing sector with his net zero madness. We have an Education Secretary who says nothing about the radicalisation of our children by left-wing teachers.

We have a Justice Secretary who once said that Brexiteers were worse than Nazis. Mind you, Sir Edward, that is not the daftest thing he has said; just go on YouTube and have a look at his contributions on "Mastermind"—hilarious. We have a Foreign Secretary who is giving

[Lee Anderson]

away British sovereign territory and making us pay billions of pounds for the privilege. We have a Health Secretary who is ploughing ahead with giving children life-destroying hormone blockers. Worst of all, as a result of this Government we have radical Islamists, former Labour voters—and some politicians—waiting in the wings ready to stand for Parliament at the next election in once-safe Labour seats. Most of the Labour MPs in this Chamber are going to go—they will be on the dole.

Sir Edward Leigh (in the Chair): For a calming speech, I call Peter Prinsley.

5.32 pm

Peter Prinsley (Bury St Edmunds and Stowmarket) (Lab): It is a pleasure to serve under your chairship, Sir Edward. It is lovely to see so many hon. Members on the Opposition Benches—that is unusual in a Westminster Hall debate.

I am a new politician, but I like elections. I like them very much, especially if I can talk about the health service. I like talking about hospitals, about our plans for our hospitals, about getting the waiting lists down and about our plans for neighbourhood health centres and for revolutionising the IT. I also talk up research. However, I do not think that now is the right time for a general election because, as the Health Secretary is fond of saying, although much has been done, there is much still to do. I am sure that we will see great changes as we bring the public with us and renew the NHS, as is our sacred duty.

I am an optimist, unlike the hon. Member for Didcot and Wantage (Olly Glover). Some will say that we are U-turners, but I say that we are a Government who listen—we listen. We listen to my constituent, Roxane Marjoram of The One Bull, Bury St Edmunds, who met the Chancellor of the Exchequer and then wrote her a personal letter about the difficulties of the rates revaluation for pubs. I understand that we will see some reversal of that revaluation. Just a few minutes ago, in the Lobby, I met farmers from Suffolk who told me they were so happy with what the Prime Minister had said about increasing the threshold for the inheritance tax. This is a Government who listen.

Some Opposition Members have been critical of the Prime Minister. They say that he perhaps lacks vision. I am not sure quite what they mean by that. I say that he is the right man at the right time. Mr Boris Johnson—hon. Members may remember him—was previously described as a man with the wrong set of talents for his particular crisis. Our Prime Minister is, I believe, exactly the opposite.

The situation of the world at the moment is as hazardous as any of us can recall. I met a man in a dinner jacket at a black tie dinner just a few weeks ago who told me that he is the chairman of a local Conservative association and that, given the way the world is at the moment, he believes that the Prime Minister is doing a brilliant job. I also believe that to be the case, so let us not have a general election right now. The hon. Members sitting on the Opposition Benches know very well that we must not have a general election.

5.35 pm

Robbie Moore (Keighley and Ilkley) (Con): It is a pleasure to serve under your chairmanship, Sir Edward. I thank my hon. Friend the Member for Berwickshire, Roxburgh and Selkirk (John Lamont) for opening this debate on behalf of the Petitions Committee. Well over a million people signed this petition, a good proportion of them from my constituency of Keighley and Ilkley. They want me to speak on their behalf, and to reiterate that this debate is fundamentally about trust—why? Because trust matters in the relationship between constituents and their MPs—and not only MPs, but the Government of the day.

Let me take us back to the last general election, when many Labour Members were knocking on doors in my constituency promising change. They promised that, if they were lucky enough to get into Government, they would not increase taxes on hard-working people, would not raise council tax by a penny, would return to a politics of service and would ultimately deliver a strategy aligned to their manifesto.

What have we seen? We have seen rising taxes on working people. Council tax has been raised by 14.99% in my constituency alone in the last two years under Labour-run Bradford council, so that tax is increasing on hard-working people. We have seen betrayals and U-turns, and I will go into a few of them because ultimately that is why so many people—more than a million—have signed this petition. It illustrates the level of frustration out there among the wider population. This is the second petition on this issue that the Petitions Committee has considered.

Let us start with the betrayals. Our farmers and family businesses have been impacted by choices this Labour Government have made. Those choices and changes were not indicated before the general election, such as inheritance tax challenges with agricultural property relief and business property relief. We have seen 14 months of huge amounts of anxiety and frustration among our farming community and family businesses, which will now be exposed to an IHT liability of 20%, over and above a rise in the threshold to £2.5 million. That rise only took place at the 11th hour, three days before Christmas, after 14 months of many of those farmers and family businesses raising their concerns.

We saw Labour MP after Labour MP go through the voting Lobbies, backing the ambitions of the Prime Minister and Chancellor to increase tax on many of our hard-working farmers. Only one Labour MP had the courage and the backbone to stand up on behalf of his constituents and tell the Chancellor that he did not agree with the proposals she and the Prime Minister had made.

All those family businesses, whether in hospitality, brewing, manufacturing or engineering, are being impacted by the IHT changes. I was with the owners of a business that makes furniture in my constituency, who had worked out that their business property relief liability was already about £800,000. They employ 250 people in Keighley, and will be directly impacted by this Labour Government, who—dare I say—said that they would not do this and did not include it in their manifesto. That is a betrayal that this Labour Government has rolled out.

Mr Charters: The hon. Member uses the term "betrayal". I know he has been a steadfast voice for the defence of the Ukrainian people, so does he agree that the biggest betrayal this country has seen from a politician has been Nathan Gill, the former leader of Reform in Wales, taking money from a foreign power?

Robbie Moore: I have to confess that I am not aligned with the detail of that case, but what I do know is that the hon. Gentleman, who represents York Outer—a very rural constituency—and I believe sits on one of the key all-party parliamentary groups for food security, was one of those Labour MPs who voted against the inheritance tax changes that the Conservatives advocated. I am sure the hard-working farmers and family businesses in his constituency will feel a huge amount of frustration that he did not stand with them.

Then there is our pub industry. The huge rises in business rates and employer national insurance contributions are hitting many of those hard-working businesses within the hospitality sector and the pub industry. No wonder it is very difficult for a Labour MP to get a pint in a pub, many of which they have been quite rightly asked not to return to. Of course, the rise in employer national insurance contributions is hitting all businesses. I have had many conversations with our hard-working teachers and headteachers, who regularly tell me about the tough choices they face about making teaching assistants redundant because of the rise in employer national insurance contributions. The grant that comes out of central Government to cover the rise covers only about 70% of the increase in costs, so the additional 30% must be covered by the existing school budget.

There are also the free school meals and breakfast clubs—but who is paying for them? The schools are, out of their existing budgets. Labour MPs want to roll out the narrative that our constituents are going to receive all these benefits, and of course we want to see those benefits happen, but they must get to grips with the facts of the case. Hard-working hospices now cannot provide end-of-life care and schools cannot roll out education because they are having to make tough choices around paying increased levels of employer national insurance contributions. That betrayal was not in the manifesto.

Lillian Jones (Kilmarnock and Loudoun) (Lab): Does the hon. Gentleman agree that children deserve to be fed, and that it was right to raise employer national insurance contributions to pay into public services, in order to free up the resource to introduce breakfast clubs to feed young children, many of whom are in poverty due to Tory policies?

Robbie Moore: Obviously I agree that children need to be fed, but I would gently say to the hon. Member, "Be honest with the public." The Prime Minister promised before the general election that hard-working people would not be taxed. What was then rolled out? A rise in employer national insurance contributions. It is those organisations that provide a public service—our councils, hospices, hospitals, GP practices and schools—that are impacted by that rise, and their budgets have not increased at the same rate as those taxes have. Therefore, the level of service that they are able to roll out is diminished as a result of this Labour Government.

Having spoken to many constituents on the doorstep, I know that what angers them the most—the reason they signed this petition—is they have been duped by this Government through promises that did not come through and a strategy that was not in the manifesto. The Government then followed up with the U-turns—crikey, what have we seen this year alone? Inheritance tax changes have been rolled out on our farmers and small businesses—yes, the relief has increased, but it goes nowhere near far enough. The Conservatives believe that the family farm tax and the family business tax should be axed, but the thresholds have simply been tweaked.

Then, of course, there is the statutory inquiry into grooming gangs. Let us rewind to a year ago: the then Home Secretary, the right hon. Member for Pontefract, Castleford and Knottingley (Yvette Cooper), stood at the Dispatch Box and said that we would have five local inquiries into grooming gangs, yet every Labour MP voted against having a national inquiry. It was only as a result of campaigning by the Opposition, as well as by many victims and survivors, that the narrative that we had to have a national inquiry continued. A year later, the Government were brought to the House—dragged to the House—to say that we would be having a national inquiry.

Lee Anderson: I thank the hon. Gentleman for giving way; he is most generous with his time. Could he please explain why he thinks Labour MPs were so against voting for a national inquiry?

Robbie Moore: We have seen it at a national level, and the very same strategy was rolled out across Labour-run Bradford council, where a Conservative group motion was put before the council, urging it to vote for a national inquiry. What did the Labour councillors on Labour-run Bradford council do? They voted against that motion. This gets to the nub of the issue, because it should not be about politics; it should be about the difference between right and wrong. That, I feel, is why so many people have signed the petition. Yet again, this Labour Government—Home Secretary after Home Secretary—have been dragged to the Dispatch Box to carry out a further U-turn.

Dr Arthur: It is great to hear what is happening with Conservative council groups across the country in relation to the rape gang inquiry. What did the Conservative Government do over the last 14 years?

Robbie Moore: The grooming gangs taskforce was rolled out. As an individual, I have been clear; the independent inquiry into child sexual abuse under Theresa May, the Home Secretary at the time, provided a huge number of recommendations, and I have always advocated that they be put into force. But let us look at the timing. The 14 recommendations in the IICSA report—a very detailed report by Professor Alexis Jay—came out in 2022, and an equivalent amount of time has passed since the general election, so I ask the hon. Member for Edinburgh South West (Dr Arthur) why it is that this Labour Government have not implemented in full even one of those recommendations. That is shameful.

There have been further U-turns. The winter fuel allowance has changed. Our pensioners have been hugely negatively impacted by this Labour Government, and we can go on to the two-child benefit cap change and income tax. Labour MPs will say, "Those with the

[Robbie Moore]

broadest shoulders need to bear the brunt of these choices"—like the Chagos deal, which cost something like £47 million, or the roll-out of digital ID at £1.8 million. But who is paying these bills? Basic rate income tax payers will see their income tax go up by £220 this year. They are not the individuals with the broadest shoulders, but it is these hard-working people across Keighley, Ilkley, Silsden and the Worth Valley who will pay for the disastrous decisions that the Government have made in the last 18 months.

Alistair Strathern: If I heard the hon. Gentleman right, he criticised us for the £280 tax burden that basic rate taxpayers face because of the threshold freeze that is in effect this year. He knows, of course, that that threshold freeze was in his Government's manifesto going into the general election and part of their last Budget settlement. Did he criticise it at the time?

Robbie Moore: I do not agree at all with the basic rate income taxpayer having to pay an additional £220 this year. I do not think the vast majority of the country—including many of my constituents—voted for a tax rise of £64 billion over the last two Budgets to fund things that were not even in the Labour party's manifesto, such as digital IDs, the Chagos deal and the raising of employer national insurance, which, as I have indicated, has had a huge impact on many of my constituents.

The reality is that in areas such as Braithwaite, Bracken Bank, Oxenhope, Haworth, Stanbury and Oakworth in my constituency, and across the country, people were promised one thing and clearly got another. They have seen chaos and U-turns, and most of all, the effect of Labour's policies are hitting hard-working people across my constituency. The message to the Government is this: get a grip and start delivering for those hard-working people. Be in no doubt, the public will not forgive, and they will not forget.

Sir Edward Leigh (in the Chair): Order. I remind colleagues that the focus of this debate is not a general critique of the Government, or indeed a general defence of the Government. The focus of this debate is on whether or not there should be a general election.

5.49 pm

Amanda Martin (Portsmouth North) (Lab): It is a pleasure to serve under your chairship, Sir Edward.

I thank the Petitions Committee for this debate, and I thank those who engaged and signed the petition. Like my hon. Friend the Member for Cannock Chase (Josh Newbury), I always look at the petitions that come into this place, because they are a way for the public to raise their voice and set an agenda here. Like him, I can understand why people signed this petition. I will address that today because, like my hon. Friend the Member for Hitchin (Alistair Strathern), I am concerned about the rise of public mistrust in our politics and politicians—be that at a local or national level—and their ability to achieve positive change. Let me be clear, though: another general election is not the answer. People want long-term development and delivery, not political games.

We are now 18 months into this parliament, and we inherited a mess. I like to think about it in a pictorial way, seeing it as a desolate and broken kitchen. Plates were piled high, some lay smashed on the floor and some were empty. Some cupboard doors were falling off, and some of the cupboards were empty. The justice cupboard was overflowing with victims waiting for their day in court. The education cupboard was empty, having been neglected because trying to fix anything was felt to be a lose-lose-lose situation. The growth cupboard had been abandoned, while the NHS cupboard had just fallen apart and was lying on the floor. The bottle inside the defence cupboard was open and the liquid was spilling down on to the floor, as people and contracts were left. Worst of all, the child poverty cupboard was empty, as were many kids' stomachs.

We have been in office for 18 months since inheriting that mess. Fourteen years of Conservative failure hollowed out our public services. The Conservative-Lib Dem coalition lit the fuse, and the damage was done in the years afterwards. Cities such as Portsmouth paid the price. Communities, families and individuals absorbed the shock, while those who were responsible simply walked away.

Those who were involved do not get to pretend that that was not their doing. Opposition Members should reflect on their role and not just brush it aside. Then there is Reform, which is a party of grievance, not Government, propped up by failing Conservatives who keep joining it—they could not win honestly, so they changed their logo instead. They are not fighting for Portsmouth or Britain; they are fighting for relevance. Many of my constituents can see through that.

I am not a commentator; I represent and serve my city. Before I came into this House, I spent 24 years as a teacher in Portsmouth—one of the most trusted professions in the country. I worked with children, families and school staff every day, and I saw how bad decisions in Westminster landed in real lives. Indeed, that is the reason why I came into politics. In my opinion, the previous Government trashed primary education and gave up on our young people.

That experience, as well as seeing my own friends and family suffer, shapes everything I do in this place. Progress must be practical, fair and deliverable, or it is meaningless. I represent Portsmouth. I live and have lived its challenges. Since being elected, I have spoken over 170 times in this place, for my place. My team and I have closed more than 9,000 constituency cases. I have visited schools, businesses, charities and community groups week in and week out, from Brownies to breweries, and from bubble tea cafés to boxing clubs. That is what service looks like.

Sometimes, there are tough conversations and real difficulties, but because we are focused on delivering change, change is happening, although positive change takes time. However, the two-child limit on universal credit is being removed, helping 2,460 children in my area, 60% of whose families are working. Breakfast clubs are feeding children for free before school, youth hubs are opening, children are being protected from online harms, school uniform costs are falling and wages are rising. Renters' and workers' rights are improving as we scrap exploitative zero-hours contracts and section 21 no-fault evictions. NHS waiting times are coming down, while GP capacity is expanding and dental access is being addressed. For the first time ever, violence against women and girls is being addressed, and men's health—

John Lamont: The hon. Lady is giving a list of her Government's achievements in Portsmouth North. In her constituency, youth unemployment is up. Will she add that to the list as well?

Amanda Martin: We will add it to the list. We need to ensure that children and young people who are not in education, employment or training are not neglected by the Government—and they will not be.

Men's health is finally being taken seriously. There is money for potholes, parks and policing. Pride in place funding is reaching deprived and previously ignored communities, like where my mum and dad were born, in Paulsgrove and beyond. Many of those policies, the Opposition voted against; if they had been in Government, we would not have had them.

Portsmouth is also a royal naval city. I am proud that my son serves, and that this Government are delivering the biggest armed forces pay rise in decades. Service families' homes are improving, families can keep pets now and veterans have proper joined-up support through Op Valour. It is delivery, and not slogans, for our armed forces.

Brexit hurt Pompey businesses, and the damage was real. We now need to rebuild trade and trust, as we are doing. The India trade agreement alone will bring £300 million a year into the south-east, and investment in defence and apprenticeships is helping to make life more stable for young people who are out of employment.

For many in our city, it is a far cry from the days when shipbuilding was snatched from us under the previous Government and replaced with three useless Portsmouth Ministers. Portsmouth is receiving £13.1 million for safer streets, cleaner streets, improved bus services, better cycling and vital flood defences for our island city, to name just a few things.

I am especially proud of my own tool theft campaign, in which I led a movement of local tradespeople and national bodies. Despite recent noise from the Opposition Benches, before I was elected, politicians ignored this crime and, in fact, this sector. But tool theft destroys lives, and we know that the trade sector builds homes. We worked with the sector and changed the law. That is what happens when people in Government listen and act.

Do we have more to do? Absolutely we do, always, but in the last 18 months, I, and we as a Government, have listened, learned and delivered. Change works when it is built with communities, not imposed on them. That is why calls for an immediate general election ring hollow. Accountability matters, and chaos does not. My constituents know that life is hard, but they also know who is showing up and who is shouting from the sidelines. The country does not need more noise; it needs people who serve where they live, take responsibility, and get on with the job.

I thank the residents of Portsmouth North who signed this petition, and I assure them that my door is always open. I understand the frustration and the anger, but I encourage them to come along to the coffee mornings, join me for one of my "pint with your MP" events, or attend one of my many public events. I am here to listen and help, and to deliver for Portsmouth North, because it has not been delivered for in the last two decades. Today and tomorrow—and as long as I am here in this place—it is important to me to do that. Everybody I love lives in my city.

Petitions are an important part of our democracy, but this debate will not build a single home, fix a single struggling public service or help a single family in my city. My focus is on delivery, not disruption. I serve Portsmouth and will keep doing this job. We have far more in common than what divides us.

5.57 pm

Matt Vickers (Stockton West) (Con): It is a pleasure to serve under your chairmanship, Mr Vickers. This Labour Government came to office on the back of so many promises, and more than a million people have signed this petition because so many of those promises have been broken.

Labour promised our farmers that it would protect British agriculture, but it slammed them with the family farm tax, threatening food prices, threatening food security and causing misery for families who have farmed for generations. Labour said that it wanted to help Britain's high streets and small businesses, but it battered them with the jobs tax, hiking up business rates and slashing reliefs.

Pensioners were promised security and support, but they had their winter fuel allowance ripped from their hands and were forced to sit in the cold and make the decision between heating and eating. Labour promised to cut energy bills by £300, yet the average family is now paying almost £200 more.

[Dr Rupa Huq *in the Chair*]

Labour promised us more police officers and police community support officers on our streets. Instead, we have seen cuts to police numbers and prisoners released early. We are now looking at an end to jury trials, and police chiefs are telling us about a funding shortfall of half a billion pounds.

Labour promised to end the use of asylum hotels, but the number of such hotels has risen and the number of those arriving illegally in the country has gone up, not just by a bit, but by 50%. Of those who have arrived illegally, fewer are now being deported.

The Prime Minister promised every council tax payer in the land "not a penny more" on council tax, yet council tax is on the up. In fact, taxes are on the up left, right and centre, and have reached a record high. Under this Government, those who work are paying more and more in tax and those who do not are getting more and more in benefits.

Dr Arthur: When the hon. Gentleman refers to people who are not in work getting more and more from the state, is he talking about our increase to the state pension?

Matt Vickers: We are talking about the end of the two-child cap and the ever-increasing amount spent on benefits in this country, while hard-working people—the guys who get up early and go out and graft all day—are paying more and more in tax. It is simply not fair.

[Matt Vickers]

Then there is the one thing in particular—it is one of many, actually—that did not feature at all in the Labour party manifesto but looks set to be imposed: digital ID. We do not want it, we do not need it and nobody voted for it. It fundamentally changes the relationship between citizen and state, and this Government have no mandate to do it.

Lee Anderson: The hon. Gentleman is being very generous with his time. He talks about pledges that were not made in the manifesto. I can think of three: a Deputy PM had to resign for tax dodging, a Homelessness Minister had to resign for making people homeless, and an anti-corruption Minister had to resign over corruption. Does he think those things should have been in the manifesto?

Matt Vickers: The Prime Minister promised us that they were going to be whiter than white—a new start for politics, "in the service of working people"—but it has been one scandal after another. It is entirely appalling.

But there is one thing that Labour MPs and the Prime Minister promised everybody that stands out: they promised change. Well, boy have we got change, but it is not the change anybody voted for. The last Government left this country with the fastest growing economy in the G7, but under this Government we are below the G7 average. Growth has limped along at rates so weak that monthly GDP has slipped into contraction. This is not the growth that Labour promised; it is living standards being squeezed and promises unfulfilled. The only place we are seeing any real growth under this Government is in the size of our national debt.

Unemployment is up 21%. That is 21% more people without the security of a pay packet; families without the cash they need, having to make tough decisions, unable to fulfil their aspirations. Virtually every Labour Government in history have left office with more people out of work; this Government are set to do it in record time.

Nowhere is that seen more starkly than in the hospitality sector. Yes, the sector has faced tough times in the tough environment in which it operates, but under the last Government 18,000 jobs were created in the sector. Under this Government, as a result of the choices made in No. 10, 111,000 jobs have been lost, and two hospitality businesses are closing every day. That is the youngster getting their first job. It is the people who set up a small business and work day and night to create jobs and deliver economic growth. The jobs tax, rocketing business rates and the Employment Rights Act 2025 have real consequences. They are costing jobs, increasing prices and sending businesses fleeing.

I agree with my hon. Friend the Member for Berwickshire, Roxburgh and Selkirk (John Lamont) when he says that the word that comes up on the doorstep, time and again, is "betrayal". People feel totally and utterly betrayed by this Labour Government, and Labour Members should ask themselves why. This Labour Government are riddled with scandal and chaos. They have broken pretty much every single promise they made to the British people. People have had enough. This is not the change anyone voted for. Our great country deserves better.

6.3 pm

Jim Dickson (Dartford) (Lab): It is a pleasure to serve under your chairship, Dr Huq. I welcome this debate. My comments tonight will be directed at everyone in Dartford who signed the petition and all others in my wonderful constituency that I have the privilege of serving in this place.

Ahead of the election in July 2024, this country was crying out for change, and Dartford was no different. I recognise that there is now an expectation of that change being delivered as quickly as possible. We know that delivering real change is not easy—it takes time—but in my view, when I look around my constituency, it is happening. With around three years likely left until a general election, I want to use this moment briefly to take stock of what I said in Dartford that I would prioritise before the 2024 election and where progress is being made.

Dartford is one of the fastest growing towns in the UK, with lots of new homes being built. I very much welcome the new families who are making a great contribution to Dartford alongside our wonderful, hard-working existing communities, but they know that although the population has expanded over the last 15 years, very little has been spent on increasing the local infrastructure—the roads, the health provision—to meet the growing population. That really should not have come as a surprise to representatives of local government or national Government.

On NHS provision, I promised, in partnership with the Government, that we would make progress, and since the election we have been seeing that. We see it in the expanded community diagnostic centre at the Livingstone community hospital site and in the funding for a new intensive care unit at Darent Valley hospital, which will add crucial capacity elsewhere on the site. Waiting lists are coming down, but we have much more to do—that is what I say to Dartford residents who signed the petition—in particular on GP capacity across Swanscombe and Ebbsfleet, where pressure on appointments is most acute.

I recently visited Swanscombe health centre, which is among the busiest in Kent. It has added 11,000 patients to its roll in the last five years as a result of our growing community, and it desperately needs infrastructure investment to meet that growing need. Despite the fact that community infrastructure levy money is being spent on increased provision, that part of my constituency would be ideal for one of the new wave of neighbourhood health centres being planned by Ministers in the Department of Health and Social Care. I hope to make that case robustly in the months ahead. If we have a general election, it will be difficult to do that.

Another key issue for Dartford on which I stood at the last election is that the town is regularly gridlocked by terrible traffic. My plan, which I put before residents at the election, was to get Dartford moving again—again, in partnership with the Government. We said we would invest in infrastructure, and we have had some hugely positive news on the lower Thames crossing, which will reduce congestion at the Dartford crossing and make Dartford residents' lives freer from terrible air and the congestion that they see every day. Government funding is now in place, and planning consent has been given for the lower Thames crossing. We are now at the start of a procurement process for the machinery needed to dig under the River Thames and create the new crossing. I am eagerly awaiting news from the Government on the next steps on the private finance package that needs to be put in place to make the scheme work. I am anxious to see spades in the ground in the near future, under this Government.

One of the crucial projects to get Dartford moving again is the repair of Galley Hill Road, which collapsed in early 2023—almost three years ago—cutting a crucial route between my constituency and that of my hon. Friend the Member for Gravesham (Dr Sullivan). That road closure has led to an increase in traffic and, in particular, an increase in heavy good vehicles passing through roads in Swanscombe that cannot accommodate them. It has been a disaster for the community.

I am pleased that it was a visit to that site by Transport Ministers after the 2024 general election that inspired the Government to create the structures fund announced in the spending review last year. The fund is designed specifically to repair rundown transport infrastructure such as Galley Hill Road. I have no doubt that had the last general election result been different, such a fund would not be in place. With details on the fund to come in the months ahead, it will be on Kent county council to put in a bid to the fund that has the best possible chance of finally getting Galley Hill Road fixed and once and for all ending the chaos on Swanscombe's roads and for its communities.

The final topic that I campaigned hard on at the general election and that I believe the Government are making a significant difference on is the restoration of neighbourhood policing. Each neighbourhood across Dartford is unique, and it is crucial that we rebuild relationships between communities and the police officers there to keep them safe. The neighbourhood policing guarantee, a key item in the 2024 manifesto and introduced by the Government last year, will put that into action alongside the 13,000 additional police officers, PCSOs and special constables that we are putting into neighbourhood policing roles. We are already seeing more police in Dartford.

Robbie Moore: I am pleased to hear the hon. Member running through his campaign literature, but does he think it is right that a basic rate income tax payer in his Dartford constituency is paying an additional £220 this year to fund things such as the roll-out of digital ID, which was not in the Labour party's manifesto, or the £47 billion Chagos deal? Is that the right thing for hard-working constituents in Dartford?

Jim Dickson: The residents in Dartford who voted for me wanted to see us deliver the things that I am talking about: infrastructure to improve their roads, a better NHS, additions to their local hospital and police on the streets. They are appreciating that. We are rebuilding the relationship between the police in Dartford and local residents.

I have been particularly pleased to meet officers across Dartford and the villages over the past 18 months, and I put on record my thanks for all they do. We have much more to do, particularly to ensure that police have the powers they need to tackle the troubling trend, which I have discovered in my constituency and across Kent more broadly, of catapults being used to target wildlife and people. I am gladdened by the response from Ministers at the Home Office and the Department for Environment, Food and Rural Affairs, which demonstrates again that this is a Government who listen.

Matt Vickers: Does the hon. Member know how many people have been put out of work in Dartford as a result of this Government's actions?

Jim Dickson: Not very many. Actually, Dartford is in receipt of significant additional infrastructure spending, which is putting people into work. An example of how young people are going to be in work in Dartford in the future—

John Lamont: Will the hon. Gentleman give way?

Jim Dickson: I am still responding to the last intervention. Dartford is lucky that North Kent college is the recipient of one of 10 national centre of excellence awards for construction. Dartford will be the south-east centre, and that will allow young people to get into jobs as infrastructure spending takes place in the constituency.

John Lamont: The intention of my intervention was to be helpful. The unemployment rate among young people in Dartford has gone up 11% in the past year as a direct consequence of decisions that the hon. Gentleman's Government are making. What does he say to young people who are having job opportunities taken away from them?

Jim Dickson: I say: look at the additional spending going into Dartford to create jobs, and look at the Connect to Work project, set up by the Department for Work and Pensions, which is helping young people who are a long way from the labour market into good, well-paid jobs.

We clearly have much more to do to ensure that we have the police we need in Dartford, but I am confident that people in Dartford feel safer and will continue to feel safer, as long as we do not have a general election that sees those changes lost.

Finally—this is something that I am personally proud of—hon. Members may know that I was contacted by the family of Simone White, who tragically died of methanol poisoning in Laos late last year. It has been an honour to work with Simone's family and the families of other victims of methanol poisoning on greater awareness of the risks. This is why it is important that we have a Government who listen. I am pleased that, as a result of the families' campaigning work, the curriculum is being changed to add the risk of poisoning from methanol abroad to teaching about the hazards people can encounter when travelling, and that the Foreign Office has worked with the families to update its advice. Those changes are a testament to the courage and campaigning of the victims' families, as well as to a Government who listen.

Since the election, we have made progress on crucial issues, with more to come in the years ahead. I look forward to working with Dartford residents, our vibrant community groups, our faith groups and our businesses to keep driving positive changes in our area. That is what I say to people in Dartford who signed the petition.

6.14 pm

Lillian Jones (Kilmarnock and Loudoun) (Lab): It is a pleasure to serve under your chairmanship, Dr Huq.

After only 18 months in office, this UK Labour Government have taken decisions that have ended Tory austerity and delivered the largest block grant to Scotland since devolution. After years of Tory under-investment, £50 billion for Scotland's vital public services—schools, hospitals and local councils, whose budgets have been cut to the bone—is welcome. Other decisions taken by this Labour Government will lift 95,000 Scots children out of poverty. That is helping 2,097 children in my constituency of Kilmarnock and Loudoun. After this Parliament, half a million children across the UK will be lifted out of poverty. That makes me burst with pride—it is the reason I am in politics.

We have raised the minimum wage, meaning that 200,000 Scots got a pay rise. We have delivered the Employment Rights Act 2025, protecting workers, strengthening their rights, banning zero-hours contracts and ending fire and rehire. We have confirmed £42 million in investment for Kilmarnock and Loudoun for infrastructure, regeneration and civic pride. That is Labour delivering for our communities.

Hundreds of miners in Kilmarnock and Loudoun have finally got justice too. BCSSS pensioners and the mineworkers' pension scheme members have seen uplifts to their pensions of 41% and 32% respectively. It was their money, and I am proud that this Labour Government finally gave them justice. We are coming after covid fraudsters too. Under this Government, we will get taxpayers' money back.

Labour has introduced a mansion tax and an online gambling tax, and it is standing up to big tech firm platforms, because free speech does not mean the freedom to abuse, exploit or degrade women or girls, although Reform may disagree.

The economy has been stabilised: six interest rate cuts have saved businesses in my constituency thousands of pounds, and made mortgages cheaper for homeowners—another manifesto commitment delivered. We have also delivered trade deals with Australia, India and the US, protecting 150,000 jobs, including thousands in the Scotch Whisky industry. We are giving opportunity back to our young people by securing the UK's return to the Erasmus+ scheme.

Those are just a few of our achievements after only 18 months, but there is much more to do. This Government are in the service of the British people, and I will continue to work hard and deliver for all in Kilmarnock and Loudoun.

6.16 pm

Dr Scott Arthur (Edinburgh South West) (Lab): It is a pleasure to serve under you, Dr Huq. I thank the hon. Member for Berwickshire, Roxburgh and Selkirk (John Lamont) for introducing the debate, although he was a little "glass half-empty" when assessing the Government's record.

One of the challenges facing the Government is that, when it comes to borrowing, our bond rate remains high because of the calamitous Budget set by Liz Truss. It showed the world that we were capable of making horrendously bad decisions, which also impacts on our ability to attract investment to the UK. Although I support the idea of a recall petition for MPs, a recall petition for whole Governments would just further weaken confidence in us as a country.

I do understand the sentiment of the people who signed the petition, and particularly the people from Edinburgh South West. Many would have started their first job, or perhaps got married, around the 2008 financial crisis, and that would have impacted their ability to move on in life. Some would have felt the impact of Brexit, which has been a huge financial disruptor in the UK, and again that would have affected their life chances. Both those things are once-in-a-generation events, but right in the middle of them, we had a once-in-a-century event—the covid pandemic. So a lot of people in the UK right now have not had a fair chance to get on in life, and that leaves them feeling frustrated.

Then, along come parties that are keen to sow division. They do not offer answers; all they do is amplify that feeling of mistrust and of being left behind. We heard that from the hon. Member for Ashfield (Lee Anderson), who gave us a long list of things he thinks are wrong with the country, but not a single solution other than misleading leaflets. That is something I talked about when I was touring schools in my constituency as part of Parliament Week last year. Children in modern studies and politics classes asked why politics is so divisive in the UK.

Lee Anderson: The hon. Gentleman is most generous with his time. He talked about divisiveness in politics, and he said that schoolchildren are picking up on that. At Quarrydale academy in Ashfield, a year 9 history class was being taught polities. There was a chart on the wall; on one side, it said, "far-right" and "Nazis", next to pictures of my hon. Friend the Member for Clacton (Nigel Farage), myself, Oswald Mosley and Mussolini. Does the hon. Gentleman think that that is the right way to teach our children?

Dr Arthur: This is a serious point. I would hope that teachers are not teaching children that. Although I disagree with the hon. Member's politics, I do not rank it alongside that of the far-right politicians he has mentioned from history. Of course, if this was part of a school assignment, I am sure he would be the first to talk about freedom of speech; children have that right as well. However, I hope that those things are not being taught in schools; in fact, I am sure they are not.

In the schools that I went to, one thing that came up was LGBT rights. Some students were absolutely disgusted by some of the comments from Reform, which were echoed earlier in the debate in relation to access to healthcare for people who are part of the trans community. Students are absolutely disgusted by what is happening because they care; they have friends who face this issue, and they care about it passionately. I urge the hon. Member to represent everyone when he makes his comments.

In the classrooms, I was challenged on what I thought the Government's greatest achievement was. I am an emotional person, and the thing that got me most emotional was voting for better employment rights for women and making it harder for employers to sack women just because they were pregnant, had had a miscarriage or were returning from having a baby. I think that is something we would all support; I know some Members might have voted against it, but I am sure we all think these are good things.

Likewise, I said I was proud of the work the Government were doing to lift hundreds of thousands of people out of poverty. I said that knowing that some of the children in that very classroom would benefit from that policy and that other children in the classroom would maybe know who those children were. I am really proud of what the Government are doing in that space.

John Lamont: As the hon. Member will know, there is wide speculation in the Scottish press about a plot among Scottish Labour MPs to bring down the Prime Minister. Labour MPs are quoted as describing the Prime Minister as "terrible", "incompetent", "mind-blowingly stupid", and saying they are going to get "slaughtered" in the Scottish Parliament elections. Is the hon. Member part of that plot?

Dr Arthur: Absolutely not. Those are not comments I am familiar with at all. I would advise the hon. Member not to focus on newspapers' speculation and to focus on supporting his constituents.

I talked to the young people in school about how the Government take our international treaties on both the climate and human rights seriously, and they value that. I also talked about the plans to extend the voting age for general elections in Scotland to 16. Young voters can already vote at 16 in other elections in Scotland.

Robbie Moore: Before the hon. Member moves on, does he recognise the level of frustration there is with the Employment Rights Act 2025? My inbox has been filled with a lot of emails and correspondence from lobby organisations representing those with disabilities and special educational needs. They are frustrated that the Act will make it much more difficult for an employer to take a risk on giving an opportunity to someone with additional challenges or needs, so that there will be much less opportunity for them. Is he proud that the Government are aiming to do that with the Employment Rights Act and are not recognising those challenges?

Dr Arthur: The hon. Member knows that that is not the intention of the Government. He is welcome to visit my constituency, where I can help him meet lots of people who already support those with additional needs into work. They are doing fantastic work. I am sure that whatever the Government do will build on that success.

I am proud that the Government have learned from Edinburgh and introduced a pavement parking ban last week that will give councils across England the powers to introduce one. Again, that is a great step in creating a more equal UK. I am also really happy with the road safety strategy, which will save thousands of lives.

In Scotland, as we have already heard, we have had our biggest ever settlement. It is still a bit of a mystery to me how the Scottish Government spent that money. One of the biggest challenges we face in Edinburgh South West—this will have been part of the frustration that led people to sign the petition—is the housing crisis. I was really disappointed that last week the Scottish Government voted to tax house building in the middle of a housing emergency. That is the kind of Government we face in Scotland. We could talk about the UK Government, but people should look at the Scottish Government before doing so.

And I am really proud of what my office has done in the past year. It has resolved 8,000 cases and accumulated £303,000 of financial gain for constituents, mostly due to my colleague Lucie in my office. We also had a big impact on the Budget. Our lobbying brought about changes to inheritance tax and infected blood payments, and also brought reform to the Pension Protection Fund, ensuring that there was some indexation of the payments.

However, cutting across everything that happens in my constituency, there is still the cost of living crisis. There is also the growing youth employment that we have, particularly in Scotland—a point raised repeatedly by the hon. Member for Berwickshire, Roxburgh and Selkirk. Immigration is also a real issue. People feel that the previous Government lost control of immigration—I think we can accept that—and that the current Government must do more to bring it back under control. I say that as someone whose life was saved by an immigrant back in 2015, and who also worked at a university. So I understand the benefits of immigration, but we have to get it to a place where it is supporting the country as a whole, and I think there are some questions about that.

To conclude, we have used the word "betrayal" quite a lot in the debate, and I really regret that, because it has often been used to deliberately amplify division in the country and among people listening to the debate. As a Parliament, we have a duty to talk much more about where we agree. I am sure we agree with the point raised earlier about improving employment rights for pregnant women, women returning from childbirth and women who have had miscarriages. I hope that, for the remainder of this Parliament, we can spend more time talking about what we have in common and engaging with the electorate on that. Then, we will perhaps be able to focus on delivery rather than petitions.

Dame Harriett Baldwin: On a point of order, Dr Huq. Could you clarify whether it is in order for so many Government speakers in the debate to have left the Chamber before the Front-Bench speeches to listen to their beleaguered Prime Minister at the parliamentary Labour party meeting?

Dr Rupa Huq (in the Chair): I think they all had to ask for permission. They should return for the concluding speeches, but we are finishing a bit earlier than we thought. We are already on the Front-Bench speeches. Usually, that would be 45 minutes before the end. I can inform the Chairman of Ways and Means and get some clarification for the future, because these things are always fluid. Anyway, I call the first of our Front Benchers, Lisa Smart.

6.27 pm

Lisa Smart (Hazel Grove) (LD): Thank you very much, Dr Huq. It is a pleasure to serve with you in the Chair.

Across the country there is a clear and growing discontent, with many people expressing frustration over the way the country does—and, importantly, does not—work. Waiting times for doctors' appointments are too long. Everything is so expensive, and more and more people feel like their income does not stretch to the end of the month. The social care reform we were promised will not arrive for at least three years, and new

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hospital projects will not be completed for decades. My own Stepping Hill hospital did not even make the list, despite its £138 million repairs backlog. Business owners talk of it being harder to take on and train new staff. Teachers report that they are not equipped to deliver the education our most vulnerable children need. And councils cannot stretch their budgets to do what most of us consider the basics—like filling the blooming potholes.

It is no wonder, then, that this widespread dissatisfaction is directed towards the current Government. Although they inherited various steaming piles of disaster from the previous, shambolic Conservative Government, Labour's recent back-pedalling and flip-flopping is bound to test even their staunchest supporters.

Josh Newbury: The hon. Lady rightly refers to the steaming piles of rubbish that this Government were left, but many of us believe that the rot really set in in 2010, when the austerity programme was initiated with her party's involvement. How many of those steaming piles of rubbish does she lay at her own party's door?

Lisa Smart: No Government is perfect, but I am immensely proud—and will be to my dying day—that some of my friends in a same-sex relationship can get married, when they were not allowed to do so under the previous Labour Government. I am immensely proud—I say this as a school governor for 20 years—that the kids who need the most support get it through the pupil premium. And I am immensely proud, that that showed that a grown-up, consensual coalition Government can work. The hon. Member will know—I am sure he read Alistair Darling's budgetary plans in the run-up to the 2010 election—that the then Labour Government planned to cut more than either the Liberal Democrats or the Conservatives. So although I did not agree with everything the 2010 to 2015 Government did—no sane person possibly could—I am proud that we delivered what so many people wanted and needed. There is always work for every Government to do.

The million or so members of the public who signed this petition, including 1,987 of my Hazel Grove constituents, are calling for a change via a general election. They are feeling frustrated and disappointed that this Government have failed to deliver the change that they promised at the 2024 election.

Helen Maguire (Epsom and Ewell) (LD): In my constituency of Epsom and Ewell, more than 1,500 people have signed this petition; I hear regularly on the doorstep how disgruntled and frustrated they are. They are tired of working so hard and barely making ends meet. Although the Conservatives left a complete mess, Labour has simply not delivered either. People are not any feeling better off. Does my hon. Friend agree that we must grow the economy? A great way to do that would be to have a bespoke customs union with Europe.

Lisa Smart: I am delighted that I am not going to be the first Liberal Democrat to mention a bespoke customs union with the EU. I strongly agree with my hon. Friend on that point; it is the biggest single lever that the Government could pull to boost growth in our economy.

Recently, we have seen the Government U-turn—rightly, in some cases—including on the family farm tax, following 14 months of calls for change from farmers, the Lib Dems and others. That has been alongside U-turns on winter fuel and benefit reform, to name just two others. I understand why a million people are underwhelmed. The Government have introduced a growth-crushing jobs tax that has stretched their manifesto pledge not to raise income tax on working people. As a result, jobs are being lost, economic growth is flatlining and the Government are not showing a clear enough vision to get us out of this mess.

While the Government now increasingly acknowledge that Brexit has been detrimental to economic growth, they have failed to take sufficiently meaningful action to address that reality. The figures are stark. According to the House of Commons Library, as of 2025 Brexit is costing British tax payers £90 billion annually in lost tax revenue. That is billions of pounds not funding our public services. The Government must move beyond merely attributing blame on Brexit and begin implementing solutions.

As my hon. Friend the Member for Epsom and Ewell (Helen Maguire) mentioned, we Liberal Democrats are urging the Government to negotiate a new UK-EU customs union, which could raise more than £25 billion annually for the Exchequer. A customs union would be the most effective means of dismantling trade barriers and stimulating economic growth. We must be far more ambitious in securing the best possible arrangements for UK relations with the EU—our largest trading partner.

Dr Al Pinkerton (Surrey Heath) (LD): Will my hon. Friend give way?

Lisa Smart: I give way to the Liberal Democrat Europe spokesperson.

Dr Pinkerton: I am grateful.

More than 1,800 of my constituents have signed the petition that has prompted today's debate. It would be arrogant for me to assume that those people are necessarily indicating their support for an EU customs union, although it would be sensible if they did. But what I hear from them is that they are feeling worse off than they did yesterday and face the prospect that their children will be worse off tomorrow than they are today. They have signed this petition asking for an urgent general election.

The Government have to reconcile this point: unless they can deliver meaningful growth that people can actually feel, there may not be a general election tomorrow but they will be made to pay a high political price the next time one comes. What are they going to do to give the UK the massive dollop of economic growth that this country needs and our constituents need to feel?

Lisa Smart: My hon. Friend, as always, speaks powerfully on these issues and I agree with him wholeheartedly, as I often do. This Government are struggling and the official Opposition look increasingly like a mediocre turquoise tribute act. However, we face an even more dangerous threat to our country's values and our future if the next general election delivers the results that the current polls suggest. There are political forces who, if left to their own devices, would move us closer to a model similar to that promoted by President Trump: one without a universal NHS, where patients face high insurance costs or are denied care altogether; one that relies on expensive fossil fuels and permits widespread fracking while climate change accelerates; and one where the Government can erode basic rights and freedoms by leaving the European convention on human rights.

We must be clear about what this political retirement home for disgraced ex-Ministers represents economically. Its fiscal proposals mirror the disastrous Truss mini-Budget, which its leader praised at the time. He now proposes to replicate it through massive, unfunded spending commitments supported only by vague promises of unrealistic savings. Perhaps even more troubling is the platforming of anti-vaccine conspiracy theorists and dangerous health misinformation. Shamefully, the leader of a UK political party has adopted Trump's approach of refusing to push back against dangerous misinformation, including false claims regarding paracetamol use during pregnancy that risk leaving expectant mothers suffering unnecessarily. That is dangerous claptrap from those seeking to win the next general election.

The Liberal Democrats advocate a fundamentally different approach to how we should change our country, in ways that the voting public would welcome and that would leave a lasting legacy. We must fix social care if we want to stand any chance of having an NHS that we can continue to be proud of. We must focus on genuinely local community engagement rather than centralised, developer-led planning, to get the homes, including the social homes, that our communities need and our constituents deserve, with zero-carbon homes as standard for all new construction. We must reform our politics and democracy so that the public feel that their voices are heard and that more people get what they voted for.

I welcome the Government's plans for the removal for life of hereditary peers from being able to make laws, and I will welcome the introduction of votes for 16 and 17-year-olds in future general elections. But that all feels a bit too timid, and the moment demands more. One of the most regrettable impacts of the Government's cancellation of local elections in some parts of England is that it gives succour to those who seek to stoke distrust in our democracy and divide our communities. Trust in our politics is vital, and we all need to take to steps to build it, not destroy it. Changing the way our politics works by capping donations to political parties, restoring the independence of the Electoral Commission to remove political interference in how electoral rules are enforced, and changing the way we elect our MPs are all suggestions I make constructively to the Minister.

Proportional representation ensures that seats broadly match votes, that every voter has a meaningful say, and that Governments represent the majority of the electorate. This Government got roughly one third of the votes in 2024; they were rewarded with roughly two thirds of the seats and almost all of the power. Evidence shows that PR leads to higher voter turnout, more representative Governments and more stable policy making. We already have PR in the UK, just not here in Westminster: it is already used in different forms in Scotland, Wales and Northern Ireland, as well as in the vast majority of democracies worldwide. It is surely reckless to maintain an electoral model that consistently produces such wildly disproportionate groups of MPs and leaves millions of voters feeling ignored.

Lee Anderson: Will the hon. Lady give way?

Lisa Smart: I would be utterly delighted.

Lee Anderson: I thank the hon. Lady. She talks about representation and proportionality in the country and in this place. Is she aware that Reform UK got 4.1 million votes in the last election, but got five MPs, and the Lib Dems got 3.6 or 3.7 million votes and got 71 or 72 MPs?

Lisa Smart: It was 72.

Lee Anderson: They got 72 MPs. Yet the Lib Dems are allowed on every single Select Committee and Bill Committee, but Reform UK is not. Is that fair?

Lisa Smart: I would be genuinely delighted to talk about the many and varied ways in which we could change this place that I am sure the hon. Gentleman and I would agree about. There is a chance that we agree, although I am not entirely sure whether we still do, about how we elect people to this place. People elect their MPs to come here and represent them, and that includes fair representation on Select Committees, and that should be proportionate. Given the total of 650 MPs, including five Reform MPs, there is a risk that we would end up with about 100 MPs on each Committee to maintain proportionality. I do not think that that is practicable or practical.

The hon. Gentleman and I would agree in many ways on how we should reform this place and change it for the better. The voting tonight is due to start soon; we are going to be going for many hours until late tonight, as I understand it. I suspect that he and I will feel similarly about that as a way to run a country. *[Interruption.]* Voting is a good thing, of which there should more, but I think that other democracies in other parts of the world have found a more effective and efficient way of doing it than voting at midnight by walking through a corridor for 15 minutes.

It is reckless to maintain an electoral model that so consistently produces such wildly disproportionate groups of MPs and leaves millions of voters feeling ignored. If those trends are allowed to continue, it is not difficult to see how turnout will fall further, results will become even more distorted and political instability will grow.

We can look at what has happened in actual ballot boxes since the last general election: in 2025, the Liberal Democrats won more councillors than Labour or the Conservatives for the first time, and won more local council by-elections than any other party. We Lib Dems look forward to May's local elections and are well up for the next general election, whenever it is called. It is shaping up to be a battle to stop Trump's UK fanboys from doing to our communities what their idol is doing to America.

I am a bit worried about what the future holds for our country, but I choose to be optimistic. The British people are bright, innovative, witty and sarky, and they will not put up with snake oil salesmen peddling conspiracy theories and division for very long. The people will let the Government, whoever they are, know that they are

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livid with them—not usually by rioting in the streets but by taking the mickey out of them, mercilessly. Long may that continue.

6.40 pm

Kevin Hollinrake (Thirsk and Malton) (Con): It is a pleasure to speak with you in the Chair, Dr Huq, not least because when I was a teenager Dr Hook was one of my favourite bands—not all hon. Members will have heard of them.

Dr Rupa Huq (in the Chair): When you were "in love with a beautiful woman"!

Kevin Hollinrake: I was, absolutely.

I thank my hon. Friend the Member for Berwickshire, Roxburgh and Selkirk (John Lamont) for his excellent opening speech. He made so many good points, not least about the level of support for this petition. With 1 million signatories—including 2,040 people from my constituency of Thirsk and Malton—this is the eighth most-signed petition in history. This is such an important debate. The petition states that this country wants and needs "an immediate general election".

I am the first to admit, having been in government myself, that governing is not easy; it is a difficult business. But one or two Labour Members, including the hon. Member for Edinburgh South West (Dr Arthur), said that this petition was somehow about us sowing division. The hon. Member for Southport (Patrick Hurley) said that there was somehow a Conservative plot to bring this petition to a debate. As a number of hon. Members have said, there are real people out there very concerned about what they see as betrayal and about how much they have been let down. They are angry. Dismissing their concerns on the basis that there is some kind of political plot is a big mistake. It was also a mistake for the Government to respond, as they did to this petition on 11 August 2025, by saying that they are

"fixing the foundations, rebuilding Britain and restoring…confidence".

This Government are not listening and do not understand what the people are saying to them.

Dr Arthur: I think I am being slightly misrepresented, or perhaps I was unclear. I perfectly understand why people signed the petition. I explained that a lot of people feel left behind by the way the economy has evolved over the last 20 years. People are frustrated, and that frustration has been harvested by parties that offer no solutions to the problems. That is perhaps the point I was making; sincere apologies if I was not clear.

Kevin Hollinrake: I welcome the hon. Member's explanation. I appreciate it; he seems like a very decent Member. It is very important that we listen to the public. There are some genuine concerns about what the Government set out to do, and about what they are actually doing.

Lee Anderson: The hon. Gentleman is being most generous with his time and has returned me the favour of an intervention. He talks about listening to the public; the public are very angry about the Chagos deal. Does the hon. Gentleman think that the Opposition parties should use all the possible levers, in this place and the other place, to kill that Bill?

Kevin Hollinrake: I agree with the hon. Member entirely. That is a terrible Bill, which we have opposed at every stage. Paying tens of billions of pounds of taxpayers' money to give away our own territory and rent it back is ludicrous.

Dr Rupa Huq (in the Chair): Order. I am being told by the Clerk that this is getting way out of scope. We are debating a petition to have a general election.

Kevin Hollinrake: That issue is one of the many things that the people who signed the petition are concerned about, Dr Huq.

One of the big things that the Government promised, which I agree with them about, is the need to encourage faster growth in our economy. Of course that is right, but look at where that growth is. There is growth in inflation and in unemployment—including youth unemployment, which is rising significantly, with 5.2% of the working-age population unemployed compared with 4.2% when this Government took over. Taxes are also growing, to the tune of £60-odd billion a year. That is against the backdrop of the promises made about a fully costed, fully funded manifesto. No wonder people are angry. Debt and borrowing are up—on interest alone, gilt yields are higher than ever, at 5.72%. We pay £116 billion every year purely in debt interest. Small boat numbers are up 13%, year on year.

The cost of living is one of the greatest concerns of my and no doubt all hon. Members' constituents. Against the backdrop of a promise to cut electricity prices by £300 a year, the average household now pays £190 more.

Dr Arthur: It is important to reflect that because of Liz Truss's Budget, gilt rates are still higher in the UK than they would otherwise be. But gilt rates are rising right around the world—the hon. Member must accept that. While they are higher in the UK, they are high right around the world. Does he accept that every developed country faces that challenge? They are higher in this country because of Liz Truss as well.

Kevin Hollinrake: That last point is complete nonsense. I was going to agree with the hon. Member that generally Government borrowing is higher because of where interest rates are. The most important thing we can do is get inflation under control to reduce the cost of debt. But the reality is that our margin above the rest of the world is higher than it has been for years; I am sure the hon. Member will not dispute that fact.

How do we get growth? We do not go about it the way Members on the Government Benches are talking about. I listened to the hon. Member for Dartford (Jim Dickson), who made a good speech about the priorities of his constituents and what he is doing. But, as with a number of other Members, when it came to achieving growth all he talked about was long-term spending and infrastructure—I am not saying that is not important—or certain allocations of cash from the Government to those areas. What Government Members are not talking about is where growth is really driven from: small businesses. Governments do not create jobs—

not sustainably. The only thing that creates growth and increases the number of jobs in our economy is small businesses. That point has been notably absent from the comments of Government Members.

Patrick Hurley: If the hon. Member knows how to get growth and bring up the GDP of the country, why has the economy been stagnating since 2010? Why did he not do anything about it?

Kevin Hollinrake: The UK economy went through many challenges, of course, some of them caused by Brexit; the reality is that a change like that was bound to have a short-term effect—but only a short-term effect. The country grew faster than Germany and France during that period of time. The reality is that we were the third-fastest growing economy in the G7 over that period.

To go back to where we are today—*[Interruption.]* If only the hon. Member for Southport would accept, rather than chuntering from a sedentary position, that the reality is that small business drives growth and the number of jobs in the economy. Business confidence in July 2024 was plus five, according to the Institute of Directors; today it is minus 66—one of the steepest falls in history.

I speak as someone who has not been a politician all his life. I have done this for 10 years; in the 30 previous years, I started a small business that grew into a large business. I have been through the ups and downs. What the country needs, and what those businesses need, is confidence and stability of policy making.

Patrick Hurley: Will the hon. Member give way?

Kevin Hollinrake: I will make some progress. What have we seen in terms of that policymaking? We have seen U-turn after U-turn. My hon. Friends the Members for Stockton West (Matt Vickers) and for West Worcestershire (Dame Harriett Baldwin) mentioned the number of U-turns. *[Interruption.]*

Dr Rupa Huq (in the Chair): Order. We will suspend for 15 minutes for a Division in the House.

6.49 pm

Sitting suspended for a Division in the House.

7.2 pm

On resuming—

Dr Rupa Huq (in the Chair): We will resume with Kevin Hollinrake.

Kevin Hollinrake: Thank you, Dr Huq. I was talking about the many U-turns we had seen from this Government, which my hon. Friends also mentioned, such as on the winter fuel allowance and the family farm tax. I praise my hon. Friend the Member for Keighley and Ilkley (Robbie Moore) for the incredible job he has done campaigning on that, as well as on the family business tax, of course, which is even more pernicious in many ways, and the grooming gangs, which he did a huge amount on. Business rates is the latest U-turn coming down the track.

That is why people feel betrayed and angry. I am sure—having been there in the past as well—that hon. Members on the Government side of the House also feel betrayed and angry with their own leadership, for marching them up to the top of the hill and marching them back down again on many of these issues, but they do not feel as betrayed as the businesspeople in this country in particular. Those businesspeople need stability and need to understand exactly what is coming down the track next.

We have had a Chancellor who constantly allowed speculation to take place, months before a Budget. That destroys confidence, which damages the economy—the source of the investment needed to drive forward the economy and the number of jobs. That is the antithesis of what a responsible and good Chancellor should do.

As I said before, governing is not easy; we had many challenges ourselves, and we did not get everything right, but what we did during that difficult period of time—those 14 years—was get 1.2 million more people employed in our economy. Unemployment was halved during our time in office. Our schools went from 68% good or outstanding to 90% by the end of our tenure. We got 100,000 more doctors and nurses in the NHS. We got record numbers of houses being built—a 50-year record. That was all against the backdrop of covid, the cost of living crisis, and the other challenges that we had when we were governing this country. That shows what is possible, and, of course, at the same time, we were keeping the very dangerous right hon. Member for Islington North (Jeremy Corbyn) out of No. 10 Downing Street. Of course, many Government Members supported his leadership challenge.

We are here now, looking forward to a general election coming down the track. We are ready for a general election when the Government are, because, unlike them, we have a strong leader—against their weak leader. We will bring forward a stronger economy, with stronger borders and a stronger country. We will cut the cost of doing Government and make £47 billion of savings. With those savings, we will reduce the debt and, crucially, cut the cost of doing business, particularly for small businesses. We will scrap stamp duty for primary homes and scrap business rates for any business spending less than £110,000 a year on business rates. These measures support small businesses. That is what we would do, given the opportunity. We are all here in the national interest of course—to try to do the best by this country—but in our view, it is in the national interest for this Government to leave office and put a general election to the people.

7.5 pm

The Minister without Portfolio (Anna Turley): It is, as always, a pleasure to serve under your chairmanship, Dr Huq. I thank the hon. Member for Berwickshire, Roxburgh and Selkirk (John Lamont) for moving the motion on behalf of the signatories of the e-petition across the country asking for a general election. I was very struck by how many Opposition Members prayed in aid the number of people who signed this petition. Of course, it was enough to bring us this debate, which we must take note of, but as was flagged by my hon. Friend the Member for Bury St Edmunds and Stowmarket (Peter Prinsley), that number is down by two thirds on this time last year. I want hon. Members to think about that. If numbers are the driving force for how people

[Anna Turley]

feel and the strength of feeling about a general election, perhaps Conservative Members can reflect on that two-thirds decline and what it represents.

I thank all hon. Members who participated. So many of them have shown themselves to be true advocates of their communities and their constituents. We have seen some fantastic examples of passion and commitment to the issues that people care about in their communities and how hard some many Members of Parliament are working in the face of so much cynicism about politics today. I am extremely grateful for the opportunity to respond to this debate on behalf of the Labour Government—a Government that I am extremely proud to be a part of, following 14 years of Conservative and Lib Dem chaos and decline. I have listened to the contributions of the hon. Member for Berwickshire, Roxburgh and Selkirk and others, and it is clear now, as it was at the last general election, that the Tories are not serious, cannot be trusted and have not learned from the failures they made in office. I did not hear any apologies or any humility about the chaos and ruin they left. The noise and the bluster of impotent opposition that we have heard in this debate is leaving us to get on with the job of fixing the mess that they left.

I am not often surprised these days, but I have to admit that I am today, because it is a surprise to see the hon. Member for Ashfield (Lee Anderson) in this debate. The problem with Reform is that it cannot deliver the change this country needs, because it is not fit to govern, and despite being paid to represent their constituents, too often their MPs withdraw questions in this House, miss votes, and sit as bystanders in the gallery, but they always turn up when there is a chance to get on telly or get a clip for social media. I hope that the hon. Gentleman, a former Tory himself, is happy to welcome the 23rd former Conservative MP to Reform. If that does not send a message that Reform are the same old failed Tories in a slightly different shade of blue, then I do not know what does. It is just another party that does not believe in the NHS or rights for working people and has nothing to offer people on issues such as the cost of living that we know matter to them.

This Labour Government were elected with the largest majority that any party has secured since the last Labour Government's landslide victory in 1997. This Labour Government are committed to delivering the people's priorities, and since coming into office, we have been busy delivering on our promise of change. As Labour Members have articulated so clearly, we know that we were elected with a clear mandate to deliver the change that people asked for. My hon. Friend the Member for Southport (Patrick Hurley) said that people voted to reject the previous Government's record of 14 years of austerity, and he is absolutely right, because let us be honest about where we started when we won the election in 2024.

Decades of decline do not disappear in months; we know that. The financial crisis, Brexit, a pandemic and war in Europe all helped to drive the challenges that we have faced financially in this country. But on top of that, years of weak and irresponsible Government left living standards falling, public services stretched to breaking point, too many communities feeling forgotten and left behind, and, as the hon. Member for Hazel Grove (Lisa Smart) said, a steaming pile of rubbish. I could not agree more with her analysis.

That was our inheritance, but we know that life is still harder than it should be for so many people in this country, and I understanding that that is why so many people have signed this petition. People are absolutely right to be impatient. We know that the cost of living continues to bear down on people, but we are taking rapid action to ease that burden. I am proud that living standards are forecast to grow by 2.9% over this Parliament. Under the last failed Tory Government, disposable income fell for the first time since records began in the 1950s—hardly a record that Members here can begin to defend.

We are taking action to tackle the deficit and crisis that the previous Government created—the crashing of an economy, where they allowed Liz Truss to experiment with the country's finances and sent mortgages, rents and bills soaring. Since coming into office, we are reversing that decline. Families are already £800 better off. As my hon. Friend the Member for Kilmarnock and Loudoun (Lillian Jones) said, 200,000 workers in Scotland are getting a pay rise, mortgages are down £14,000 compared with where they were when we won the election, and wages are up more in 10 months than they were in 10 years with the Tories. That is a record to be proud of.

Robbie Moore: That is just not what people in Keighley and Ilkley and across the Worth valley are feeling. Why are the Labour Government increasing the amount of tax that a basic rate taxpayer is paying by another £220 this year? Why is it that Labour-run Bradford council has tried to increase council tax by 14.99% this year? On top of that, the Government are making decisions that were not in their manifesto, such as rolling out digital ID at a cost of £1.8 billon or the £47 billion Chagos deal. Those are things that the Government are doing beyond their manifesto promises, but which they are taxing hard-working people across Keighley for.

Dr Rupa Huq (in the Chair): Order. That is a bit on the long side for an intervention.

Anna Turley: I appreciate the hon. Member's attempt to reiterate the speech that he made, but I would have thought that he would be grateful that there are 3,250 children in Keighley who will benefit from the lifting of the two-child limit. Those are children who we are investing in and who are going to contribute to the future. We are breaking cycles of dependency. I would have thought that the hon. Member would welcome that. I am sure that people in his constituency whose mortgages have come down would also be very grateful for that.

In November, the Chancellor of the Exchequer delivered a Budget that is bearing down on the cost of living and lifting millions of children out of poverty. In the constituency of the hon. Member for Berwickshire, Roxburgh and Selkirk, nearly 1,600 children will benefit from the abolition of the two-child benefit cap thanks to action taken by this Labour Government.

John Lamont: The Minister is in danger of falling into the same trap that the Government did in their formal response to the petition, in that she is telling people that they should be grateful—"We're doing all these things. You should be grateful." People in my constituency do not feel grateful; they feel betrayed by a catalogue of broken promises.

Anna Turley: The hon. Member got up and talked about the glass being half-empty. If we are restoring trust in politics, it is important that we remind people about all the things that are happening. Of course, we know that it takes time for people to feel that in their pockets. We are confident that with every pay cheque this year, they will feel that more and more. However, the reality is that we should stand up and remind people about the changes that Governments make and that these changes have not happened by chance, but because of the choices made by this Labour Government, and I am proud to defend them.

In talking about the reasons for calling this debate, Opposition Members have talked about manifesto promises and so on. I want to run through some of the manifesto promises and commitments that this Government have made, to knock down their argument. This year we will take £150 off energy bills, the living wage is up £900 per year, we have extended the £3 bus fare, interest rates have been cut six times, we have frozen prescription fees to keep costs under £10 and we have taken 500,000 children out of poverty—that is an extra 3,000 in my constituency of Redcar. We are also protecting the triple lock for pensioners, which is worth over £1,900 over the course of this Parliament.

As the hon. Member has said, people in his constituency are still feeling the squeeze from the cost of living, but that is exactly why we have provided 30 hours of free childcare to help mums who are struggling to get into work and to get the support they need with childcare. That is £8,000 per year for parents. We have set up 750 primary school breakfast clubs to help those kids to get a healthy start in life. I have been to see them, and children not only get a healthy meal to start the day but dance classes and exercise to get their blood pumping and to get them ready for the day and ready to learn. They are breaking the cycle of poverty, which we have seen hold back too many children in our constituencies.

Kevin Hollinrake: Does the Minister agree that we do not end dependency and bring children out of poverty by driving their parents out of work? Hundreds of thousands more people are unemployed because of the policies that the Minister's party has pursued. Does she acknowledge that that is the case?

Anna Turley: The hon. Gentleman was in Parliament when 2,300 jobs in the steel industry were lost overnight in my constituency. We had to deal with the consequences of that. His party know all about putting people out of work. This is about breaking the cycle. Three quarters of the children growing up in poverty are in working households. The economy that we saw develop under the Conservative Government was one where work just did not pay. People were working all the hours and shifts they could, and they still were not able to feed their families. That is why we are supporting parents in getting back to work and getting their children happy, healthy and fed in school.

I also want to support the point made by my hon. Friend the Member for Portsmouth North (Amanda Martin) about the veterans strategy. There are 9,000 veterans in Portsmouth who have benefited from the hard-working campaigning she has done in her constituency. We have seen a big uplift in defence spending, and that is something I am deeply proud of in this country. We face a deeply insecure world at the moment. We have a Prime Minister who is rebuilding Britain's standing on the global stage and is putting defence spending at the heart of economic regeneration in constituencies like ours.

I could go on about manifesto pledges that have been met, such as banning trail hunting, ending hereditary peers, and the Football Governance Act 2025 giving fans a real voice in their football clubs. We promised 2 million more NHS appointments; we have delivered 5 million more already. We have halved the number of asylum hotels. There have been 1 million potholes fixed. My hon. Friend the Member for Dartford (Jim Dickson) has campaigned very hard about roads and potholes in his constituency.

We are supporting renters by abolishing no-fault evictions. We have established Great British Energy to drive our energy renewal in this country. We have delivered pension justice for mineworkers. In my constituency, thanks to Cleveland police, from May we are going to see a named police officer in every ward. That is 3,000 more police already. That is a lot done, but as I think my hon. Friend the Member for Hitchin (Alistair Strathern) described it, these are downpayments on progress. This is just the beginning. With every month, more and more people will start to feel the benefit of the Labour Government in their pockets, and I am proud to have delivered that.

The hon. Member for Thirsk and Malton (Kevin Hollinrake) talked about the importance of stability for small business. He is absolutely right, and calling for another general election completely flies in the face of that. Conservative Members may have enjoyed the chaos and upheaval of the last Government, where we had four elections and a referendum in four years. I was here; I witnessed it all. That had a disastrous effect. The public voted to end the chaos, and they want us to get on with governing the country and fixing the mess that the last Government left behind. That takes time and patience, but this Labour Government are committed to delivering on the change that the country voted for in the last general election.

As I have set out, there are manifesto pledges that have been met, and there are manifesto pledges that are being delivered. I am extremely grateful to my hon. Friends for highlighting so many of the positive impacts that this Government are having on the lives of their constituents. We will continue to take difficult and strong decisions in the national interest, after 14 years of failed Conservative Government. We saw a merry-go-round of failed Prime Ministers who slashed our public services, crashed our economy and frayed the social fabric of our country. Their Governments cut the NHS year after year and betrayed the promises they made to their country. As the Prime Minister said in his new year message, this is the year the country will "turn a corner" along the path of national renewal.

We will not shy away from making the big calls that are right for our country's future. We are proud of the progress so far. We know that people will feel the change this year in their pay packets and on the streets. We are proud to stand on our record at the next general election and we look forward to it. In the meantime,

[Anna Turley]

we will get on with delivering the change that the public voted for—the change they expect from a Labour Government—and building a fairer, more hopeful and better Britain.

7.18 pm

John Lamont: I reassure colleagues that I will not detain them for too much longer. I have to start by thanking the over 1 million people across the UK who signed this important petition, as well as all right hon. and hon. Members who participated in the debate. Let us be in no doubt; those 1 million people feel very strongly about this issue and the failure of the Government. I particularly thank my Conservative colleagues—my hon. Friends the Members for West Worcestershire (Dame Harriett Baldwin), for Keighley and Ilkley (Robbie Moore), for Stockton West (Matt Vickers) and for Thirsk and Malton (Kevin Hollinrake)—for their excellent speeches that spoke to the nub of our constituents' concerns.

As for the Labour MPs who bothered to turn up to defend their Government's record, I do not know what sweeties they were being offered to come along tonight. I will give the hon. Member for Hitchin (Alistair Strathern) his dues; he got the tone just right, recognising that people out there have big concerns about what is going on with not just this Government but politics generally. While I think he spoke to those concerns, I do not know what he would say to the extra 15% of young people in his constituency who are currently without work because of his Government's policies. As he will know, youth unemployment is up across the whole United Kingdom, and 15% in his seat.

I am afraid that the hon. Member for Southport (Patrick Hurley) got the tone completely wrong and misjudged the moment. I look forward to him bumping into one of his constituents who might have signed the petition this coming weekend, as we will all be out and about in our constituencies.

Many Labour Members spoke about how this is a listening Government, which is why they have done so many U-turns. However, I am afraid that does not really wash; it forgets the worry, uncertainty and fear that come while these policies are being implemented. The family farm tax is one such example, and the winter fuel payment is another. Many pubs and other businesses are terrified and unsure about how they are going to pay the higher rates and taxes. Yes, the U-turn may come eventually, but if there are months and months, or weeks and weeks, when people face the prospect of that change, that causes a lot of anxiety. Sadly, many farmers—I suspect this is why the Prime Minister ultimately had to intervene—are no longer here to see the benefit of the U-turn.

The reality is that taxes have gone up, despite the Prime Minister saying that they would not before the election. The benefits bill is going up more, and hard-working people are having to pay for it, again despite what the Prime Minister said before the election. There is a real sense of betrayal out there. I think that Labour Members, in the deepest part of their souls, also understand that, despite what they have said today. I am very grateful to everybody who has participated, and I hope that the 1 million people who signed the petition—as well as the 3 million or 4 million who have signed other petitions on this issue—feel that they have had their voices heard today.

Question put and agreed to.

Resolved,

That this House has considered e-petition 727309 relating to a general election.

7.21 pm

Sitting adjourned.

Written Statements

Monday 12 January 2026

TREASURY

Contingencies Fund Advance: National Savings & Investments

The Economic Secretary to the Treasury (Lucy Rigby): HM Treasury has agreed additional resource departmental expenditure limit and capital DEL funding for National Savings & Investments, supporting NS&I's business transformation programme, which will see it transition to a modernised operating model, with multiple service delivery partners.

Parliamentary approval for additional resource of £40,000,000 and capital of £69,000,000 will be sought in a supplementary estimate for NS&I. Pending that approval, urgent expenditure estimated at £109,000,000 will be met by repayable cash advances from the Contingencies Fund.

[HCWS1233]

CULTURE, MEDIA AND SPORT

Football Governance Act 2025: Statutory Deadline Regulations

The Parliamentary Under-Secretary of State for Culture, Media and Sport (Stephanie Peacock): Today I am updating the House on the introduction of the statutory deadline for the Independent Football Regulator's suitability tests for prospective owners and officers. These deadlines must be set by statutory instrument under the Football Governance Act 2025. The regulations, which are subject to the made negative procedure, were laid before both Houses today.

Setting a statutory deadline for these tests in law represents a significant milestone in one of the primary duties of this new and unique regulator: to ensure the long-term sustainability of our football clubs, keeping them at the heart of their communities.

Fans are bound to be apprehensive whenever their club's ownership or executive leadership changes hands. The IFR's new tests for prospective owners and officers will better protect clubs from unsuitable custodians. The tests will reassure fans of the financial resilience and source of wealth of new incoming owners, as well as the honesty and integrity of both new owners and officers. Clear statutory deadlines will also ensure that tests are carried out in a timely manner. This will give fans the much needed transparency they deserve.

Under the new regulations, once a new owner or officer test is commenced, the IFR will have an initial determination period of 90 days. Where necessary, this may be extended by a maximum of 60 days, giving a total possible period of 150 days.

The Government conducted a six-week targeted consultation to ensure the policy was informed by stakeholder views and ensure the determination period is appropriate for both the IFR and the industry it regulates. The proposals were shared with all leagues, the Football Association, the Football Supporters' Association, industry lawyers and all 116 clubs that will fall within the scope of the regulatory regime. While consultation responses were mixed, there was widespread agreement that the extension period and maximum time should only be seen as a longstop for complex applications. This is in line with the IFR's intent to progress applications promptly and efficiently, as far as practicable.

I acknowledge some stakeholders considered the deadline too long, noting the risks of uncertainty for investors and impact on clubs in crisis that require timely investment. However, a shorter period would reduce the IFR's operational flexibility to cater for the variances in complexity of owner and officer applications across 116 clubs. The IFR must have sufficient time to request additional information and carry out its assessment. If the period is too short it could lead to more applications failing, which may also deter investment. In addition to this, we believe the statutory deadline provides certainty to investors and that the full time will not be used in every case, specifically where a club is at risk.

However, a limited number of respondents suggested the deadline was too short to deal with complex cases. Our view is that a longer statutory period would risk creating a slow, cumbersome, anti-investment process. To ensure that the statutory determination period is used for the substantive assessment of an application, the regulations provide that the period begins only once an application is "duly made" in accordance with section 28 or 29 of the Act and the IFR's rules. This means that all information required for an application to be validly submitted must be provided before the determination period starts.

The deadline set by the regulations encourages the IFR to make timely decisions when testing the suitability of new owners and officers in a fast-paced industry. It also balances effective scrutiny while ensuring an investment in English football remains an attractive one for the right owner.

This Government continue to deliver on their election promises, to combat the poor governance and financial mismanagement of football clubs in this country, and to put fans back at the heart of English football.

[HCWS1234]

HOME DEPARTMENT

Terrorism Prevention and Investigation Measures: 1 September to 30 November 2025

The Minister for Security (Dan Jarvis): Section 19(1) of the Terrorism Prevention and Investigation Measures Act 2011 requires the Secretary of State to report to Parliament as soon as reasonably practicable after the end of every relevant three-month period on the exercise of their TPIM powers under the Act during that period.

The level of information provided will always be subject to slight variations based on operational advice.

TPIM notices in force (as of 30 November 2025)	2
Number of new TPIM notices served (during this period)	0
TPIM notices in respect of British citizens (as of 30 November 2025)	2
TPIM notices extended (during the reporting period)	1
TPIM notices revoked (during the reporting period)	1
TPIM notices expired (during reporting period)	0
TPIM notices revived (during the reporting period)	1
Variations made to measures specified in TPIM notices (during the reporting period)	0
Applications to vary measures specified in TPIM notices refused (during the reporting period)	0
The number of subjects relocated under TPIM legislation (during the reporting period)	1

The TPIM Review Group keeps every TPIM notice under regular and formal review. TRG meetings were convened on 4 and 13 November 2025.

One individual has been sentenced for breach of their TPIM measures in the period. On 2 October 2025 TPIM subject, TPD, was sentenced to 15 months' imprisonment with an additional year to serve on extended licence conditions having pleaded guilty to four breaches of their TPIM measures.

[HCWS1231]

SCIENCE, INNOVATION AND TECHNOLOGY

Social Media: Non-consensual Sexual Deepfakes

The Secretary of State for Science, Innovation and Technology (Liz Kendall): I will be updating the House via an oral statement later today.

[HCWS1235]

TRANSPORT

Local Roads and Highways

The Secretary of State for Transport (Heidi Alexander): I wish to update the House on the Government's work to improve the condition of local roads and the steps we are taking to ensure that record levels of investment deliver real benefits for communities.

The Government are committed to tackling the poor state of our roads. This financial year we have provided an additional £500 million for local highways maintenance, and have at the autumn Budget confirmed a record investment of £7.3 billion for the next four years, covering the period of 2026-27 to 2029-30. This funding increase and the provision of long-term funding certainty are designed to enable local authorities to invest in significantly improving the long-term condition of England's road and local highways network, delivering safer and more reliable journeys.

To ensure increases in funding drive improvements, we now require local highway authorities to publish transparency reports setting out their maintenance plans. These reports allow residents and taxpayers to see how funding is being used and help us monitor progress. The first reports were published in June 2025.

Based on our assessments of these reports, my Department yesterday published red amber green (RAG) ratings for each local highway authority, assessing the quality of local roads and progress against key aspects of local highways management. These overall ratings are supported by three underlying scorecards, measuring local road condition, the level of capital spend on highways maintenance and the extent to which local authorities have adopted best practice in highways management.

The aim of these ratings is to provide an evidence-based picture of local highways maintenance practices and outcomes to support improvements across the sector. They are designed to recognise and highlight good practice—for example in relation to preventative maintenance so that potholes do not form in the first place—while also helping the Department to identify where local authorities need to improve, and where more targeted support to local authorities may help them adopt best practice and improve road condition nationwide.

We recognise that historic underfunding has meant that local authorities have not necessarily had the resources or tools available to maintain roads in the way that they would want to. So a lower rating does not necessarily reflect a lack of local ambition. Where authorities face particular challenges, we will offer targeted support, including peer reviews by sector experts. This is alongside wider resources such as the Live Labs 2 highways innovation programme which we have extended into 2026-27 to enable further uptake of the programme's findings, and our update of the code of practice for well-managed highways, which will be published later this year.

These ratings will be updated annually, and so, over time, will provide evidence of the impact of the Government's increased and long-term investment into local highways and of local authorities' efforts in maintaining their networks.

These measures—increased and long-term funding certainty, improved evidence of local progress through our ratings, and more targeted support to local authorities—are intended to work together. They are part of the Government plan to improve the condition of our local roads and highways, ensuring that communities can benefit from safer, smoother and more reliable journeys.

[HCWS1232]

Written Corrections

Monday 12 January 2026

Ministerial Corrections

ENVIRONMENT, FOOD AND RURAL AFFAIRS

The following extract is from the debate on Rural Communities on 7 January 2026.

Mary Creagh: …I am grateful to have the bus Minister sitting next to me, and we have maintained the national £3 bus fare cap. *[Interruption.]* Members are shouting from a sedentary position, but there was no cap under the Conservative Government.

[*Official Report*, 7 January 2026; Vol. 778, c. 376.]

Written correction submitted by the Under-Secretary of State for Environment, Food and Rural Affairs, the hon. Member for Coventry East (Mary Creagh):

Mary Creagh: …I am grateful to have the bus Minister sitting next to me, and we have maintained the national £3 bus fare cap. *[Interruption.]* Members are shouting from a sedentary position, but there **would be no cap under a** Conservative Government.

WORK AND PENSIONS

Pension Schemes Bill

The following extracts are from the Report stage of the Pension Schemes Bill on 3 December 2025.

Torsten Bell: Government amendments 55 to 86 relate to clauses 100 and 107 of the Bill, on the validity of certain alterations to salary-related contracted-out pension schemes—more often referred to as the Virgin Media case.

[*Official Report*, 3 December 2025; Vol. 776, c. 1042.]

Written correction submitted by the Under-Secretary of State for Work and Pensions, the hon. Member for Swansea West (Torsten Bell):

Torsten Bell: Government amendments 55 to 86 relate to **clauses 100 to 107** of the Bill, on the validity of certain alterations to salary-related contracted-out pension schemes—more often referred to as the Virgin Media case.

Torsten Bell: The Budget last week confirmed the transfer of the full £2.5 billion-worth of reserves.

[*Official Report*, 3 December 2025; Vol. 776, c. 1042.]

Written correction submitted by the Under-Secretary of State for Work and Pensions, the hon. Member for Swansea West (Torsten Bell):

Torsten Bell: The Budget last week confirmed the transfer of the full **£2.3 billion-worth** of reserves.

Torsten Bell: The hon. Member for Caerfyrddin (Ann Davies) asked how many people will benefit from the change to the PPF indexation and how many will not benefit. The answer is that 250,000 members will benefit and 90,000 will not benefit, because their schemes did not provide for indexation in the scheme rules in the first place. I hope that answers the question she raised.

[*Official Report*, 3 December 2025; Vol. 776, c. 1081.]

Written correction submitted by the Under-Secretary of State for Work and Pensions, the hon. Member for Swansea West (Torsten Bell):

Torsten Bell: The hon. Member for Caerfyrddin (Ann Davies) asked how many people will benefit from the change to the PPF indexation and how many will not benefit. The answer is that **over 250,000 members will benefit and up to 90,000 may not benefit**, because their schemes did not provide for indexation in the scheme rules in the first place. I hope that answers the question she raised.

ORAL ANSWERS

Monday 12 January 2026

WRITTEN STATEMENTS

Monday 12 January 2026

WRITTEN CORRECTIONS

Monday 12 January 2026

No proofs can be supplied. Corrections that Members suggest for the Bound Volume should be clearly marked on a copy of the daily Hansard - not telephoned - and *must be received in the Editor's Room, House of Commons,*

not later than
Monday 19 January 2026

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