

Tuesday
22 March 2016

Volume 607
No. 137



**HOUSE OF COMMONS
OFFICIAL REPORT**

**PARLIAMENTARY
DEBATES**

(HANSARD)

Tuesday 22 March 2016

House of Commons

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The House met at half-past Eleven o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

HEALTH

The Secretary of State was asked—

Cancer Survival Rates

1. **Andrew Stephenson** (Pendle) (Con): What progress has been made on improving cancer survival rates. [904250]

11. **Chris Davies** (Brecon and Radnorshire) (Con): What progress has been made on improving cancer survival rates. [904260]

The Parliamentary Under-Secretary of State for Health (Jane Ellison): Before I answer the questions, may I start by saying that I am sure the thoughts of the whole House are with the people of Brussels today after the shocking events that they have witnessed? As the Prime Minister made clear this morning, we will do all we can to support them.

Cancer survival rates are at a record high. We are on track to save an estimated 12,000 more lives a year for people diagnosed between 2011 and 2015, but we know that we need to strive to be better. The independent cancer taskforce report, “Achieving World-Class Cancer Outcomes”, which was published last summer, recommends improvements across the cancer pathway and sets a clear ambition for further improvement of survival rates.

Andrew Stephenson: I thank my hon. Friend for that answer, and I associate myself with her comments about the terrorist outrage in Brussels.

As my hon. Friend may be aware, the Rosemere cancer foundation has been fundraising for a new chemotherapy unit at Burnley general hospital, which will be a huge boost for cancer patients in my area. Because of the huge generosity of Pendle residents, Rosemere has already raised £90,000 towards its target of £100,000. Will she join me in congratulating Rosemere on its efforts and encouraging residents to help it to meet its full target?

Jane Ellison: Absolutely. It is a delight to associate myself with my hon. Friend’s support for that excellent local group. The Rosemere cancer foundation supports world-class cancer treatment throughout Lancashire

and south Cumbria. Around 4,000 chemotherapy treatments are delivered each year at Burnley general hospital, and the new unit will be of real benefit to local cancer patients from my hon. Friend’s constituency—for which, as he knows, I have great affection—and from the surrounding area.

Chris Davies: Is there anything further that my hon. Friend can do to incentivise NHS trusts to replace linear accelerators that are more than 10 years old, and thereby allow more patients to access cutting-edge radiotherapy techniques?

Jane Ellison: This, of course, is one of the areas covered by the cancer taskforce, and it is a very important matter. Cally Palmer, the NHS national cancer director and chief executive of the Royal Marsden, is leading on taskforce implementation. The replacement of LINACs is being taken into consideration in planning improvements across the pathway. That can only be done because we are putting into the NHS and into cancer treatment the money that we need to achieve those world-class outcomes.

Colleen Fletcher (Coventry North East) (Lab): Each year, 38,000 people in the UK are diagnosed with a blood cancer, but very few people are familiar with the term blood cancer. Patients have expressed concern about the fact that a lack of awareness has a significant impact on them throughout their patient journey, from causing confusion and uncertainty at diagnosis to making them unaware of the organisations that provide the support and care that they need. Will the Minister tell us what more the Government can do to tackle that lack of awareness in order to improve outcomes and survival rates for all patients affected by the 137 types of blood cancer?

Jane Ellison: The hon. Lady is absolutely right to draw the attention of the House to the challenge of joining up thinking across the cancer pathway. That is exactly the approach that Cally Palmer and the taskforce implementation team are looking at. I recently had a conversation with her and with NHS England representatives in which we talked about how we get that joined-up approach. That is at the heart of the taskforce’s recommendations, and we will be taking it forward for all the reasons that the hon. Lady has eloquently expressed.

Julie Cooper (Burnley) (Lab): Cancer Research UK has said that cancer waiting targets have been missed so many times that failure has become the norm. Does the Minister agree that failure to tackle that is undoing the good work of the last 15 years on survival rates?

Jane Ellison: These days, we are dealing with the fact that a hugely greater number of people are being diagnosed. The increase in the number of people being referred by GPs is extraordinary. For example, last year GPs referred nearly half a million more patients to see a cancer specialist. That is an increase of 51%. When it comes to waiting lists, of course we want to make sure that everyone is seen. The Government have committed more money to diagnostics, for example, but we expect the NHS to look urgently at any local dips in performance and to take action to make sure that all patients get access to treatment as quickly as possible.

Maria Caulfield (Lewes) (Con): Will the Minister join me in welcoming the Government announcement of funding for a new radiotherapy machine in Eastbourne district general hospital, which will improve cancer survival rates for patients from Seaford, Alfriston, Polegate and East Dean in my constituency?

Jane Ellison: Absolutely. My hon. Friend again highlights where we are investing, upgrading machines and putting in money, effort, people and resources to make sure that we can achieve world-class cancer outcomes. As I say, we are on course for record outcomes in terms of patients surviving 10 years beyond a diagnosis. However, we always want to do better, so I applaud the local efforts that she has highlighted.

Margaret Ferrier (Rutherglen and Hamilton West) (SNP): I would like to reiterate what the Minister said. As I sure my hon. Friends would agree, our thoughts go out to everybody in Brussels at this time.

Will the Minister please inform the House of what consideration has been given to bringing the bowel cancer screening age into line with that in Scotland—at 50 rather than 60—following the recent Westminster Hall debate on this subject?

Jane Ellison: We had an excellent debate. An extraordinary number of colleagues turned up in Westminster Hall, a debate of just half an hour, demonstrating how many people are interested in this important subject. I outlined in my response to the debate the fact that we have the bowel scope screening programme and the bowel cancer programme in England, which complement each other. The result, particularly of bowel scope screening, is that we can actually make a huge impact on mortality rates for people who are caught. I went into that in more detail in my response to the debate, but that is the key to making sure we identify more people and stop them dying from this dreadful disease.

Deprivation of Liberty Safeguards

2. **Ann Coffey** (Stockport) (Lab): What recent representations he has received on the effect on health budgets of the administration of deprivation of liberty safeguards. [904251]

The Minister for Community and Social Care (Alistair Burt): I have received a range of representations on the effect of the deprivation of liberty safeguards, including on the impact that the current system has on health and care budgets. The hon. Lady is a respected voice on the challenges that these safeguards pose, and I can reassure her and the House that there is ongoing work to address those challenges.

Ann Coffey: I thank the Minister for his reply. Deprivation of liberty assessments are costing Stockport Council £1.2 million this year, as a result of the Cheshire West judgment. Not one single penny of that is providing social care. This is clearly unsustainable at a time when social care budgets are under intense pressure. Something needs to be done now; we cannot wait for the Law Commission. Will the Minister consider, as a small step forward, scrapping costly automatic annual reassessments and the necessity to reassess every time an elderly person leaves a care home to go into hospital?

Alistair Burt: I will happily look at anything that might assist us. As the hon. Lady knows, we are caught in the process of trying to deal with a court judgment and the issues surrounding mental capacity in relation to deprivation of liberty safeguards, which are genuinely serious and cannot be easily changed at the stroke of a pen, as well as the extra costs that the problem has raised. We are now close to hearing the Law Commission's post-consultation proposals. I understand that it will publish its latest analysis in mid-May and will have drafted detailed legislation by the end of December. I will look at any suggestion of hers that might ease the situation practically.

Mr David Nuttall (Bury North) (Con): Will the Minister confirm that when the new legislation is finally introduced, it will be simpler to understand and result in fewer bereaved relatives facing distressing delays when a loved one dies in care?

Alistair Burt: My hon. Friend is absolutely right. What has caused the confusion has been a definition of loss of liberty and dying in state detention that bears no relation to anyone's common-sense understanding of the situation. Whatever new legislation is proposed by the Law Commission, it must meet the test of being much simpler, but it must also meet the legislative test of meaning what it says so that it does not get disrupted in the courts again.

Hepatitis C

3. **Roger Mullin** (Kirkcaldy and Cowdenbeath) (SNP): If he will make it his policy to eliminate hepatitis C. [904252]

The Parliamentary Under-Secretary of State for Health (Jane Ellison): The UK Government take the issue of prevention, diagnosis and treatment of hepatitis very seriously. I can confirm that Public Health England and NHS England, together with key stakeholders, are continuing to develop a strategic approach to tackling hepatitis C, including plans which have now been published for treatment through operational delivery networks.

Roger Mullin: So far as I am aware, the Scottish Government provide treatment for all those with sensitive hepatitis C, including those infected with contaminated blood, and that transforms the lives of patients and reduces the risk of further infection in the population. Will the Minister commit to providing similar access to treatment in England?

Jane Ellison: The National Institute for Health and Care Excellence has provided guidance on the new drug, so the hon. Gentleman is right to highlight how effective the new treatments are compared with what was previously available. The NHS is in the process of rolling out its response. It has already treated a number of people, and there is a commitment to treat 10,000 people with those treatments in 2016-17. We are of course looking more widely at how we can tackle these issues, not least in the context of the tragedy of those infected with contaminated blood, which he has highlighted.

Jim Shannon (Strangford) (DUP): What discussions has the Minister had with her counterpart in Northern Ireland regarding the reduction and eventual eradication of hepatitis C? Does she agree that it is important to have a strategy that encompasses the whole United Kingdom of Great Britain and Northern Ireland?

Jane Ellison: Absolutely. The consideration of all aspects of how we eliminate hepatitis C over time is important, but we should not underestimate what a difficult job that is, largely because an awful lot of people are not aware that they have it—they are asymptomatic and therefore much of the burden of the disease is not visible to us. However, there is always more we can do, and we continue to make this issue a priority.

Junior Doctors Contract

4. Kirsten Oswald (East Renfrewshire) (SNP): Whether the terms and conditions of the junior doctors contract were finalised before he took the decision to introduce that contract. [904253]

The Secretary of State for Health (Mr Jeremy Hunt): May I start by echoing the thoughts of my the Under-Secretary of State for Health, my hon. Friend the Member for Battersea (Jane Ellison), for the people of Brussels, with whom we stand shoulder to shoulder?

In my statement to the House on 11 February, I gave a broad outline of the new terms for doctors and dentists in training, which were recommended as fair and reasonable by Sir David Dalton. I am still reviewing the exact terms, alongside the equality impact assessment, and finalised terms will be published shortly.

Kirsten Oswald: When the Secretary of State declared that he was imposing the contract on junior doctors last month, he claimed the support of senior NHS leaders, many of whom subsequently denied supporting his position. Given that foundation trusts are free to offer their own terms, how does he envisage enforcing that contract?

Mr Hunt: We consulted widely with NHS leaders about the terms of the new contract, and they confirmed that it was fair and reasonable. Any decision to proceed with a new contract when it is not possible to have a negotiated settlement is inevitably controversial, but we wanted to ensure that independent people thought that the terms of the contract were fair. I think we have done that, and when junior doctors see their new contracts—as they will do shortly—they will realise that we were right to say that.

Helen Whately (Faversham and Mid Kent) (Con): Underlying the dispute over the junior doctors contract is a long-standing problem of morale among junior doctors, and a failure to pay enough attention to their experiences in training. I welcome the Government's decision to launch an independent review led by Professor Dame Sue Bailey, and I ask my right hon. Friend to update the House on the progress and timing of that review.

Mr Hunt: As ever, my hon. Friend speaks with great knowledge about NHS matters, and she is right to say that some of the underlying issues have nothing to do with contractual terms but are about very big changes in the way that training has happened over recent years, in particular the loss of the firm system and the sense of camaraderie that was part of the deal for junior doctors in training. We would like to see whether we can rectify some things that have gone in the wrong direction, but we have not yet had the co-operation of the British Medical Association for that independent review, which is led by the highly respected Professor Dame Sue Bailey. I hope that the BMA will co-operate with that, because it is a big opportunity to sort out some long-standing problems.

Dr Philippa Whitford (Central Ayrshire) (SNP): There are currently 4,500 gaps for trainees in the NHS. Junior doctors often have to cover those gaps, which can mean having to do extensive extra shifts, or even covering two roles at the same time. It looks as if that situation will get worse, because fewer than half of the most junior trainees have applied for ongoing training this year. Does the Secretary of State accept that that represents a serious threat to patient safety?

Mr Hunt: The purpose of the changes is to improve patient safety, and particularly to deal with the issue that we have higher mortality rates for people who are admitted to hospital at weekends than for those admitted during the week. Because of the confrontational approach taken by the BMA, it has been difficult to negotiate an agreement, but we are committed to doing the right thing. What is right for patients is also right for doctors. We have been talking about morale, and the biggest way to dent doctors' morale is to prevent them from giving the care that they want to give patients, so we must sort that issue out.

Dr Whitford: I suggest that what is good for doctors is also good for patients, and if people are being texted four or five times a day and asked to do a second shift to cover for a junior and a senior post at the same time, that is not good for either. On 11 February the Secretary of State said that he was imposing the contract to bring stability to the NHS, but that has not exactly gone well. What is his plan to re-establish his relationship with junior doctors and get us back out of where we are now?

Mr Hunt: With the greatest respect, we are trying to solve a problem that in Scotland is being ducked. We want a seven-day NHS with mortality rates that are no higher at weekends. There is no plan in Scotland to deliver that across the whole NHS. Rather than sniping, the hon. Lady should recognise that, in the interests of patient safety, we need to take difficult decisions. In the end, doctors will see that it is the right thing for them, too.

Justin Madders (Ellesmere Port and Neston) (Lab): First, on behalf of the Opposition, I associate ourselves with the comments made by Ministers about the tragic events in Brussels, and offer our condolences and solidarity to the people there.

Yesterday in Westminster Hall, there was a debate calling on the Health Secretary to resume meaningful contract negotiations with the BMA. The Health Secretary was not there—I do not know, but perhaps he was out buying a leaving present for the Chancellor—but if he had been, he would have heard his junior Minister confirm that, since the announced imposition, the Government have made no attempt to prevent further industrial action. They know more industrial action is coming. Do they not owe it to patients who would be inconvenienced by further strikes to get off their backsides and do something to prevent it?

Mr Hunt: The reason we made the decision to proceed with the new contracts is that we had independent advice that a negotiated settlement was not possible. On that basis, we decided that it was important to have certainty for the service by making clear what the new contract is. The contract that we decided on is one that strikes a mid-point between what the Government wanted and what the BMA asked for. It is a fair contract and a better contract for patients. The Labour party would support it if it was really on the side of patients.

Children and Young People's Mental Health Services

5. **David Rutley** (Macclesfield) (Con): What steps the Government is taking to improve support for children and young people with mental health problems. [904254]

The Minister for Community and Social Care (Alistair Burt): The Government are committed to delivering the vision set out in “Future in mind” and are driving forward a major system-wide transformation programme, working alongside our partners in Government and arm's length bodies to improve access to high-quality support across the country.

David Rutley: I thank my right hon. Friend for the steps he has set out. Will he join me in congratulating the charity YoungMinds on the important work it does in highlighting the mental health challenges young people face, not least from the so-called dark net and social media. Does he agree that we must ensure that the internet is a positive and not a negative force in tackling young people's mental health challenges?

Alistair Burt: Yes, the work that YoungMinds and a range of other partners have done and continue to do to ensure that children and young people can access information safely is commendable. Children, young people and their parents have expressed the need to access both high-quality and reliable information and support online. That was reflected in the “Future in mind” report on children's and young people's mental health. We are investing with MindEd and a number of groups and organisations to work on apps for young people. It is important that they have access to safe material to exclude that which is rather darker.

Mr Gareth Thomas (Harrow West) (Lab/Co-op): The Minister will recognise that walk-in centres run by experienced GPs can offer important support to children with mental health problems, yet popular walk-in centres that were established by local GPs in my constituency are being put out to tender, putting at risk the leadership and involvement of those experienced GPs in the centres.

Will the Minister give guidance to the NHS Procurement Authority that walk-in centres should be led by local GPs with experience of that area?

Alistair Burt: I will look at what the hon. Gentleman says. As he will appreciate, I am not responsible for individual commissioning decisions. The commissioners will have full regard to the needs of the local population when they are putting those services out. It is important that access is increasingly available at GP and primary level, as well as in other areas where the Government are investing further money. I will have a look at what he says.

20. [904271] **Jeremy Quin** (Horsham) (Con): Will the Minister inform the House of what dialogue is maintained between his Department and the Department for Education to ensure that those issues are picked up and that help is signposted as early as possible?

Alistair Burt: There is a growing relationship with the Department for Education—it is better than it has ever been. For the first time, there is a Minister responsible for mental health in the Department, and there is a schools champion for mental health, whom I met the other day at a conference in Cambridge. The Departments work closely together to deliver the vision set out in “Future in mind”. For example, there is a £1 million pilot project, working across 22 schools, to find the right people in schools to deal with mental health issues. There is much greater recognition that, the earlier we pick up these things, the better it is for youngsters and their future mental health.

Dr Lisa Cameron (East Kilbride, Strathaven and Lesmahagow) (SNP): Eating disorders among children and teenagers cause life-threatening health problems and even death. What steps is the Minister taking to enable early detection and intervention, which result in better prognoses and support closer to home?

Alistair Burt: There are two things that can help the hon. Lady. The first is the commitment to build £30 million a year into budgets over the next five years to support those with eating disorders, about which I spoke at a conference last week. The second is the earlier detection of eating disorders. We reckon that, by 2020, 95% of urgent eating disorder cases will be seen within a week, with routine cases seen within four weeks. There is recognition of the real danger now posed by eating disorders.

Luciana Berger (Liverpool, Wavertree) (Lab/Co-op): Earlier this month, school and college leaders reported a large rise in the number of students suffering from anxiety. Two thirds said that they struggle to get mental health services for their pupils, and of those who had referred a student to child and adolescent mental health services—CAMHS—most rated them as “poor” or “very poor”. Despite the Minister's warm words, things are getting worse, not better. Will he confirm that every single penny promised to children's mental health will reach those services and that none of this money will be used to plug the gap in hospital budgets?

Alistair Burt: Following long and frank conversations between me, the NHS and the Treasury, I can give the hon. Lady that assurance—every penny of the £1.4 billion pledged in the 2015 Budget for CAMHS and for eating disorders will be spent on children’s mental health by the end of this Parliament. It is not fair continually to say that nothing is going on. The first tranche of money—£173 million—is being spent: £75 million to the clinical commissioning groups; £30 million to tackle eating disorders; £28 million for the expansion of children’s IAPT—improving access to psychological therapies—services; £15 million for perinatal services; and £25 million to address other issues involving training. That is money already committed and it is being spent now. The problems that she mentions are a high priority and are being dealt with.

Luciana Berger: I listened carefully to the Minister, but by his own admission—in response to parliamentary questions—he is going to underspend this year by £77 million on his pledge to spend £250 million on CAMHS, and by £11 million on his £15 million pledge regarding perinatal mental health. He talks about the importance of intervening earlier. Does he agree with Labour that every child should receive personal, social, health and economic education so that young people are equipped with the resilience better to support their mental health?

Alistair Burt: We cannot have it both ways, it would seem. I have given a pledge, which the hon. Lady asked for in her first question, that the £1.4 billion committed to CAMHS will be spent by the end of this Parliament—and it will be. It is known that the first tranche has not been fully committed, but this is the first year and some money has to roll over. However, I have made absolutely sure that that money will be spent, including on perinatal services, which will reach a much better place than when we came into office, and that is very important. The work will be done. PSHE is not a matter for this Department, but I fully agree that it is important that children have such information. The pressure caused through social media, sexting and the like means that children these days need to have a very up-to-date, modern understanding of issues associated with personal health and social education, which I fully support.

Mr Speaker: May I gently point out to colleagues that, very useful and comprehensive though these exchanges have been, as usual at this stage we have got a lot to get through and we need to speed up a bit? There is a long waiting list of colleagues and we must get through that list.

100,000 Genomes Project

6. **Maggie Throup** (Erewash) (Con): What progress the 100,000 Genomes Project has made on providing UK leadership for international developments in precision medicine. [904255]

The Parliamentary Under-Secretary of State for Life Sciences (George Freeman): Our groundbreaking 100,000 Genomes Project, which was announced by my right hon. Friend the Prime Minister as part of our 10-year life sciences strategy, represents the moonshot of medicine in making the UK the first nation on earth to sequence

the entire genetic sequence of 100,000 genomes from NHS patients. Through our precision medicine strategy, the launch of 13 genomics medicine centres in the NHS, funding from Government and the precision medicine catapult, we are winning international plaudits and attracting inward investment, as a sign of our commitment to a 21st century NHS.

Maggie Throup: I recently visited the medical school in Nottingham where I saw the great work being carried out, including groundbreaking genomics work on identifying Alzheimer’s risk genes. What support is the Department providing to ensure that work is fully funded and expanded, so that the east midlands and the UK continue to be world leaders in the search for treatments and ultimately a cure for Alzheimer’s, based on our research?

George Freeman: I pay tribute to my hon. Friend, who had a distinguished career in the life science sector, including through setting up her own business. She is right to highlight the work at Nottingham University which, along with Leicester and Birmingham, represents something of an east midlands powerhouse. The Nottingham University Hospitals NHS Trust is part of the East of England NHS Genomic Medicine Centre, recruiting patients and becoming one of our hubs for NHS genomics medicine. In addition, we are actively supporting research into Alzheimer’s through our £1 billion a year National Institute for Health Research budget, the £150 million Dementia Research Institute and our dementia plan. I continue to lead conversations with dementia charities.

Mental Health Services

7. **Alex Chalk** (Cheltenham) (Con): What progress the Government have made on achieving parity of esteem for physical and mental health services. [904256]

The Minister for Community and Social Care (Alistair Burt): We remain committed to achieving parity of esteem between mental and physical health, and we are investing more than ever in mental health. We welcomed the publication of the Mental Health Taskforce report last month and will work to embed its recommendations in our policies.

Alex Chalk: Steph Cater, a 17-year-old at Pate’s Grammar School in my constituency, is concerned that mental health in-patient services are distributed unevenly, meaning that those needing treatment can end up being cared for hundreds of miles away from their families. What more can be done to ensure that those in crisis are treated closer to home?

Alistair Burt: A review of beds in 2014 partly redressed that uneven distribution. In my hon. Friend’s area, an analysis of the impact of the new beds shows that the average distance travelled to child and adolescent mental health services units in the south-west has improved from 114 miles in 2014 to 39.9 miles in 2016. It is not enough simply to provide more beds, however. We have to provide more community-based support and treatment—that is at the heart of “Future in mind”. The number of out-of-area treatments also has to be reduced.

Norman Lamb (North Norfolk) (LD): I was delighted that Paul Farmer's taskforce report endorsed the plan first proposed by the Secretary of State and myself in 2014 to have comprehensive maximum waiting times in mental health by 2020 so that people with mental ill health have exactly the same right to treatment on time as others. I was delighted that the Government endorsed the whole plan, but dismayed that Simon Stevens then confirmed that there was no money to implement it. How will the Minister ensure that the comprehensive waiting time standards are implemented by 2020?

Mr Speaker: If anything, questions are getting longer, not shorter. I say with great courtesy to the right hon. Gentleman, whom I hold in the highest esteem and whose track record is greatly respected across the House, that his question was far too long.

Alistair Burt: Two things: the first set of waiting time standards—the first ever by a Government—are already in place from April 2015, with 50% of people experiencing an episode of psychosis treated within two weeks and improved waiting times for talking therapies; and, secondly, we have to get the database right. The right hon. Gentleman will know that we are doing an extensive and much greater data trawl to find a base on which those waiting times can be set, but it remains our determination to get them introduced by 2020.

Future in Mind Strategy

8. **Mr Gavin Shuker** (Luton South) (Lab/Co-op): What improvements have been made to child and adolescent mental health services since the publication of the Government's strategy, "Future in mind", in March 2015. [904257]

The Minister for Community and Social Care (Alistair Burt): Progress has been made on many of the key ambitions set out in "Future in mind". Of greatest significance is the development of local transformation plans that cover the full spectrum of children and young people's mental health issues, from prevention to intervention for emerging or existing mental health problems, for every clinical commissioning group in the country.

Mr Shuker: This month, the Mental Health Network, representing NHS providers, said that very little, if any, of the money promised for child and adolescent mental health has yet materialised and that some services are experiencing cuts in-year. The Minister must accept, despite his assurances to my hon. Friend the Member for Liverpool, Wavertree (Luciana Berger), that the Department's efforts in getting this money out the door has been woeful. What will he change?

Alistair Burt: I do not necessarily, despite the energy of the hon. Member for Liverpool, Wavertree, accept everything that she says. I gave a list of where the money is being spent. However, I think I can help both the hon. Gentleman and the hon. Lady. Much more is being done to ensure that CCGs deliver what they need to deliver in relation to mental health. This year's figures will show that, whereas there has been a 3.7% uplift for CCGs, there has been an uplift of 5.4% in mental health

spending. With more transparency and more determination by the NHS on CCG spending, hopefully what people are saying and feeling will become less justified in the future.

Healthcare Spending

9. **Kelvin Hopkins** (Luton North) (Lab): How much was spent on healthcare as a proportion of GDP in (a) 2009-10 and (b) 2014-15; and what estimate he has made of the amount that will be spent on healthcare as a proportion of GDP in 2020-21. [904258]

The Secretary of State for Health (Mr Jeremy Hunt): Because in 2010 the country faced a deficit that constituted 11% of GDP, all major political parties committed to plans that reduced Government spending, including on health, as a proportion of GDP. However, because of this Government's commitment to the NHS, health spending as a proportion of Government spending will increase from 14.2% to 15.8% over the decade.

Kelvin Hopkins: Former coalition Minister David Laws has recently written that under the previous Government the NHS chief executive told Ministers that the health service required an additional £30 billion, and that he was forced to cut that figure and squeeze it down to £15 billion, but was allocated only £8 billion by the Treasury. That was a savage cut of £22 billion to what the NHS really needed. Is that not the root cause of all the NHS's problems, and does it not make utter nonsense of the Government's claim to be protecting NHS funding?

Mr Hunt: What the hon. Gentleman describes as a "savage cut" was a real-terms increase of £10 billion a year, which was £5.5 billion more than his party proposed as part of the platform he stood on at the last election.

16. [904266] **Nigel Huddleston** (Mid Worcestershire) (Con): Does my right hon. Friend agree that as well as focusing on health inputs and how much we spend on the NHS, it is also important that we focus on health outcomes?

Mr Hunt: My hon. Friend is absolutely right, which is why I am so proud that under this Conservative Government we have put 27 hospitals into special measures, 11 of which have now come out of special measures. We are improving the standard and quality of care, and increasing the number of people being treated across the board. Outputs matters, and that is what this Conservative Government will deliver.

Heidi Alexander (Lewisham East) (Lab): The Health Secretary may talk a good game on funding, but the reality in A&E departments and GP surgeries tells a very different story. The whole system is on its knees, and the revelations of the former Chief Secretary to the Treasury this weekend confirmed what everyone in the NHS already knew—making £22 billion of efficiency savings over the next four years is pure fantasy. In the interests of transparency, therefore, will he now publish the full analysis explaining how NHS England arrived at the figure of £22 billion?

Mr Hunt: Let us look at what the chief executive of NHS England, Simon Stevens, actually said, and not what he is alleged to have done, which he denies. He said that, when it came to the spending review, the Government had listened to and actively supported the NHS's case for spending and that he could kick-start his plan for the NHS. But it is rather academic—is it not?—because Labour refused to fund his plan at all, which all goes to show, when it comes to the NHS, that Labour writes the speeches but Conservatives write the cheques.

Heidi Alexander: I did not ask the Health Secretary what the chief executive of the NHS said. I asked the right hon. Gentleman to publish the analysis behind the £22 billion figure, but he will not do so because he knows that the only way to achieve these politically motivated efficiencies is by making cuts to staff and pay. The truth is that the NHS survives on the good will of its staff, yet he has pushed that good will to breaking point. How does he expect to improve current services, let alone deliver a seven-day NHS, with fewer staff and a demoralised workforce?

Mr Hunt: Under this Government, staff levels have actually risen: we have 11,000 more doctors and 12,000 more nurses. If the hon. Lady is worried about NHS funding, perhaps she might look in the mirror, because in 2010 her party wanted to cut funding to the NHS—in Wales, it actually did cut it—and in 2015 it wanted £5.5 billion less than the Conservatives. The NHS does not need Labour rhetoric; it needs more doctors and more nurses, which we can have only on the back of the strong economy that only the Conservatives can deliver.

NHS Staff Morale

10. **Dr Rupa Huq** (Ealing Central and Acton) (Lab): What recent assessment he has made of staff morale in the NHS. [904259]

The Parliamentary Under-Secretary of State for Health (Ben Gummer): The Department assesses staff morale in the NHS using engagement scores from the annual NHS staff survey. I am delighted to say that the engagement score currently runs at 3.78 out of 5, which is a rise from the position in 2012, when the survey began, when it was at 3.68.

Dr Huq: On top of the junior doctors debacle, the staff survey shows that midwives are stressed, with 90% of them working extra shifts unnecessarily. I have raised before the case of the radiographer Sharmila Chowdhury, who was sacked for exposing bribes at Ealing hospital, but has yet to get a practical response, other than the words, “Francis review”, which has yet to be implemented. When will the Government get a grip on plummeting morale in the NHS?

Ben Gummer: The hon. Lady asked a number of questions. On the specific issue about this particular member of staff, I know that my right hon. Friend the Secretary of State has met her, and I would be happy to discuss this further. The hon. Lady is wrong about the Francis recommendations, which are being implemented in full. She should look at the balanced results from the staff survey, with more staff saying that their motivation at work is going up, with the number recommending

their trust as a place of work and as a place to receive treatment going up, and with the number able to contribute to improvements at work also going up. There are issues in the staff survey that we would like to address—it is unfortunate to see reports of bullying and harassment going up—but we are addressing the problem through the staff partnership forum, which I chair. Overall, however, this is a balanced and positive return from the staff survey.

Andrew Bridgen (North West Leicestershire) (Con): Will my hon. Friend confirm that, as well as the importance of staff morale, we should note that in hospitals where seven-day working has been implemented, patient morale is also improving considerably?

Ben Gummer: My hon. Friend is right, and the returns from the friends and family tests across the country show increasing patient satisfaction with the NHS.

22. [904274] **Liz McInnes** (Heywood and Middleton) (Lab): How does the Minister think that staff morale is affected when people hear the Government's constant refrain of “implementing seven-day working”, particularly among pathology staff and others who have for decades provided a 24/7 service?

Ben Gummer: Despite the best efforts of Labour Members, staff morale has gone up over the past few years. The situation is not helped when the nature of the junior doctors contract is misrepresented, as it continually is by Labour Members. If they were to give a fair account of the contract to their constituents, I am sure we would see further improvements in staff morale in years to come.

Nusrat Ghani (Wealden) (Con): Staff morale at Uckfield community hospital is exceptionally high, partly owing to its receiving 100% in a recent friends and family survey. Will the Minister join me in congratulating all the nurses, volunteers and front-office staff in Uckfield community hospital?

Ben Gummer: I happily congratulate the staff at my hon. Friend's local hospital. This shows where good constituency representation, reinforcing the efforts of local people working in local hospitals, can produce improvements in staff morale and therefore in the experience of patients, which is something from which Labour Members would do well to learn.

Barbara Keeley (Worsley and Eccles South) (Lab): In a recent survey, 70% of GPs warned that their workloads were becoming unmanageable, and 55% said that the quality of the service they provided had deteriorated, with too few patients getting appointments, treatment and the range of services needed. We now hear reports of a large decrease in applications for GP training places, and this is one of the last cohorts to be fully trained by 2020. Unless the Minister takes urgent action to address these issues affecting GP morale, workload and recruitment, patient care will just get worse. What is he going to do about it?

Ben Gummer: The hon. Lady raises the issue of GPs. We are ensuring that there will be 5,000 additional GPs by the end of this Parliament, which addresses precisely the issues that she raises.

Barbara Keeley *indicated dissent.*

Ben Gummer: I do not know why the hon. Lady is shaking her head. She asked what I am doing, and 5,000 additional GPs will help to solve her problem. Secondly, we are putting a greater proportion of funding into general practice, by comparison with the proportion of the NHS budget as a whole, than any previous Government. Thirdly, we are increasing the number of GP training places. I am pleased to report that we are doing well in ensuring that more people in training positions are choosing to become general practitioners.

Hospitals in Special Measures

12. **John Stevenson** (Carlisle) (Con): What progress his Department has made on improving the performance of hospitals in special measures. [904261]

The Secretary of State for Health (Mr Jeremy Hunt): Trusts put into special measures have recruited 1,363 more doctors and 4,190 more nurses, with one estimate saying that this has reduced mortality rates by up to 450 a year.

John Stevenson: In the past six years, the North Cumbria University Hospitals NHS Trust has had four chief executives, an acquisition that is going nowhere and a so-called success regime that is reporting later than intended. There are clearly tough decisions to be made in the north Cumbria health economy, and the sooner they are made, the better. Will the Secretary of State undertake to ensure that the recommendations of the success regime are implemented in full and in a timely manner?

Mr Hunt: I thank my hon. Friend for his persistent campaigning on behalf of his local trust. He is right that there are big issues there. He is also right generally that the NHS has too rapid a turnover of chief executives. There is a new one, Stephen Eames, who is one of the top-rate NHS chief executives. The Care Quality Commission says that things are improving and mortality rates are going down. I will support my hon. Friend in every way I can to resolve the situation as quickly as possible.

Valerie Vaz (Walsall South) (Lab): As the Manor hospital is in special measures, Walsall mothers-to-be are being denied the right to choose to have their babies at that hospital. Will the Secretary of State confirm that there are safe staffing levels at the Manor and at other hospitals?

Mr Hunt: What I can tell the hon. Lady is that we have 83 more doctors and 426 more nurses at Walsall Healthcare NHS Trust than we did in May 2010. The trust has a quality improvement plan, and it has had an improvement director since February.

Mesothelioma Research

13. **Alex Cunningham** (Stockton North) (Lab): What recent representations he has received on the future funding of mesothelioma research. [904262]

The Parliamentary Under-Secretary of State for Life Sciences (George Freeman): I thank the hon. Gentleman for raising this issue. Mesothelioma is a terrible disease from which more than 3,000 people die in this country every year. The Government are completely committed to supporting treatment, prevention and compensation. In the last three months my noble Friend Lord Prior has had a number of discussions with interested parties, and, as the hon. Gentleman will have noted, my right hon. Friend the Chancellor was able to announce £5 million of funding for a new mesothelioma research centre in last week's Budget.

Alex Cunningham: The British Lung Foundation has welcomed the £5 million that the Government have announced for a national mesothelioma centre, but when will those funds be released, and how will the Government ensure that funding for research is sustained in the years that follow?

George Freeman: We are engaged in active discussions with the various parties, including charities such as Cancer Research UK, and we have received some interesting submissions from some of the research institutes. Over the coming weeks, we will consider how best to put that £5 million from the Government to work in order to maximise inward investment and build UK leadership in this important centre.

Cough Assist Machines

14. **Mary Glendon** (North Tyneside) (Lab): What steps he is taking to ensure that people with muscle-wasting conditions who require a cough assist machine have access to such a machine, commissioned in the community by their clinical commissioning group. [904263]

The Parliamentary Under-Secretary of State for Health (Ben Gummer): NHS England is working with Muscular Dystrophy UK through the Bridging the Gap project, and looking at issues such as the provision of cough assist machines, which are a local matter for clinical commissioning groups. A number of CCGs now have commissioning policies for these devices, based on a policy developed by Walsall CCG and shared nationally as an example of good practice by Muscular Dystrophy UK.

Mary Glendon: Twenty-one-year-old Freddie Kemp, who had muscular dystrophy, sadly died of cardiac and respiratory complications. He had been refused a machine by his CCG. The Minister said that he was working with Muscular Dystrophy UK. Will he meet representatives of that organisation to discuss what can be done to persuade CCGs to prioritise the provision of these important machines?

Ben Gummer: I thank the hon. Lady for bringing the matter to the House's attention. Of course I will meet any groups who are concerned with it. I understand that the clinical evidence is divided in respect of the efficacy of cough assist machines as opposed to manual massage, but Walsall CCG has sought to resolve that—successfully, I understand—and other CCGs might wish to adopt its template. However, I will of course discuss with the hon. Lady personally the issues that she has raised.

HIV Pre-exposure Prophylaxis

15. **Catherine West** (Hornsey and Wood Green) (Lab): What the timetable is for the launch of the public consultation on HIV pre-exposure prophylaxis for adults at high risk of contracting HIV. [904264]

The Parliamentary Under-Secretary of State for Health (Jane Ellison): NHS England will invest £2 million over the next two years in order to run, together with Public Health England, early implementer test sites which will seek to answer the remaining questions about how PrEP could be commissioned in the most cost-effective and integrated way to reduce the incidence of HIV and sexually transmitted infections for those at the highest risk.

Catherine West: Yesterday NHS England scrapped plans to fund PrEP. Is there anything that the Minister can do to end this erratic and inconsistent decision making? Does she agree that yesterday's decision to abandon the roll-out of a game-changing drug totally failed those who are at risk of contracting HIV?

Jane Ellison: NHS England's senior specialised commissioning management team made that decision, and I think NHS England recognises that it could have been made earlier. However, it is also recognised that NHS England has already done valuable work. Some important lessons have been learned, and we do not want to lose that. We must now work with both NHS England and Public Health England to understand how we can continue to learn from, for example, the test sites.

Mike Freer (Finchley and Golders Green) (Con): I share some of the concerns expressed by the hon. Member for Hornsey and Wood Green (Catherine West) about the roll-out of PrEP, but it is only one tool in HIV prevention. Will my hon. Friend update the House on the progress of the HIV prevention innovation fund?

Jane Ellison: My hon. Friend is right to draw the House's attention to the fact that PrEP is only one part of prevention, although obviously we understand its importance. He is also right to mention the innovation fund, which, of course, he championed. We have invested up to £500,000 in new and innovative ways to tackle HIV. Some excellent organisations have come forward with some very innovative approaches, and we have also established the first national HIV home sampling service.

Topical Questions

T1. [904240] **Dr Andrew Murrison** (South West Wiltshire) (Con): If he will make a statement on his departmental responsibilities.

The Secretary of State for Health (Mr Jeremy Hunt): The latest performance figures show the challenges that the NHS faces in coping with extraordinary levels of demand. Despite these pressures, however, the Government are making good progress in our ambition that NHS care should be the safest and highest quality in the world. Figures from the Health Foundation show that the proportion of patients being harmed has fallen by more than a third in the past three years, that

MRSA infections have nearly halved since 2010, and that *C. diff* infections fell by more than a third over the same period.

Dr Murrison: The "Five Year Forward View" said that the NHS would need between £8 billion and £21 billion extra from the Treasury by 2021. It got a commitment of £8 billion, which was opposed by the party opposite. Can the Secretary of State say when the Stevens plan will be formally reviewed, and where in the range between £8 billion and £21 billion he expects the real requirement will be found to lie?

Mr Hunt: We are actually putting in £10 billion of additional public money to support the NHS over the next few years. That means that we need to find between £20 billion and £22 billion of efficiency savings. We will be reviewing the progress of the plan as we go through it, but I want to reassure my hon. Friend that I meet the chief executive of NHS England to view the progress of the plan every week and that we are absolutely determined to ensure that we roll it out as quickly as possible.

T4. [904243] **Margaret Greenwood** (Wirral West) (Lab): I would like to express my sadness at the news that two people in my constituency lost their lives in a house fire yesterday. My thoughts are with their family and friends at this extremely sad time.

The coalition Government legislated for NHS hospitals to earn up to 49% of their money from private patients. Arrowe Park hospital in my constituency is highly valued by local people for the service that it delivers, so for the sake of clarity will the Minister tell us whether he sees an increase in the number of NHS beds being used for private patients and a decrease in the number being used for NHS patients as a sign of success or a sign of failure?

The Parliamentary Under-Secretary of State for Health (Ben Gummer): The matter of private beds is entirely for the trust to decide, but we are very clear that NHS patients should always come first.

T3. [904242] **Henry Smith** (Crawley) (Con): In the last decade, under the then Labour Government, Crawley hospital saw its accident and emergency and maternity units close. However, I am pleased to say that in recent years we have seen casualty services returning, as well as the introduction of a GP out-of-hours service and a greater number of beds. Will my right hon. Friend join me in congratulating the NHS staff in my constituency who are working so hard to deliver these new services?

Mr Jeremy Hunt: I am absolutely delighted to join my hon. Friend in congratulating the staff in his constituency. A&E targets there have been met in the year to date: at the moment they are seeing 36,509 more people in under four hours every year compared with six years ago. The trust is meeting its 18-week target and its diagnostic waiting time target, so that is a very good performance.

T8. [904247] **Ian Blackford** (Ross, Skye and Lochaber) (SNP): Scotland has consistently outperformed all other nations in the UK on A&E over the past year. With England's performance dropping in every single month since weekly publication was abandoned last

July, does the Secretary of State think it is time to return to more frequent analysis and to eliminate the obfuscation of the six-week delay in publication?

Mr Hunt: I am somewhat surprised at the complacency of the hon. Gentleman's question after Audit Scotland identified in the autumn that performance against seven of the nine key targets for the Scottish NHS had deteriorated in the past three years, that spending since 2009 had fallen in Scotland while increasing in England, and that spending on private sector providers was increasing. The hon. Gentleman should think about that before he criticises what is happening in England.

T5. [904244] **Dr Tania Mathias** (Twickenham) (Con): Successful cardiopulmonary resuscitation often involves people knowing where the nearest public access defibrillator is located. In my constituency, however, it is difficult to find out exactly where such defibrillators are located. Will the Minister ask the Department of Health to carry out a live mapping of public access defibrillators as well as ensuring that every workplace with a first aid point has a clear sign showing where the nearest defibrillator is located?

The Minister for Community and Social Care (Alistair Burt): This work is already in hand through the British Heart Foundation. I should like to add that last week the Chancellor announced another £1 million to make public access defibrillators and CPR training more widely available in communities across England. Coupled with last year's funding of £1 million, that means that there are now over 690 more publicly accessible defibrillators in communities across England. That mapping work is important, however, and my hon. Friend is right to raise it.

Rosie Cooper (West Lancashire) (Lab): I believe that the Capsticks governance review, published today, will show that serious harm was caused to patients and staff, that there was a culture of bullying and harassment even after the Francis inquiry, and that Liverpool Community Health NHS Trust is the community equivalent of Mid Staffs. In the spirit of openness and transparency, will the Secretary of State instigate a public inquiry to establish the full extent of the harm caused to patients and staff?

Ben Gummer: May I commend the hon. Lady for the brave stance that she has taken on this difficult issue? I will certainly take her concerns seriously. I want to read the report now that it has been delivered, and will speak to her at the earliest possible opportunity to establish how the Government and local commissioners can take things forward. It is imperative that the NHS has the best possible culture for how staff are treated and heard. I hope she will look at the announcement made by my right hon. Friend the Secretary of State about ensuring that people have the freedom to speak up and safe spaces in which to blow the whistle.

T6. [904245] **Will Quince** (Colchester) (Con): At Colchester general hospital, insurance premiums under the clinical negligence scheme for trusts have more than doubled to £11.2 million in four years. What steps is the Department taking to reduce that figure?

Ben Gummer: My hon. Friend points to variations across the service. Premiums sometimes go up and down in different trusts. We are examining the whole scheme at the moment, and I am happy to speak to him further about what we are doing.

Gavin Robinson (Belfast East) (DUP): Does the Secretary of State agree that this week's public debate about breastfeeding has been destructive and condemnatory of women who suffer from post-natal depression and struggle to bond emotionally, never mind physically, with their children? Do we need to reframe the debate and reduce, rather than reinforce, the stigma for mothers who want to do the best by their children?

Ben Gummer: As my right hon. Friend the Minister for Community and Social Care, who is responsible for mental health, takes forward the increase in funding for perinatal mental health, he will want to work with me on breastfeeding rates and the relationship between breastfeeding and mental health that the hon. Gentleman correctly raises.

T7. [904246] **David Tredinnick** (Bosworth) (Con): Is my right hon. Friend aware of the agreement struck by President Obama and Prime Minister Modi of India to collaborate on the research and development of traditional medicines for preventive and palliative cancer care? Should we not be aiming for a similar agreement, bearing in mind antimicrobial resistance?

The Parliamentary Under-Secretary of State for Health (Jane Ellison): It is worth saying that the National Institute for Health and Care Excellence does not recommend homeopathy to treat any health condition. My hon. Friend mentioned antimicrobial resistance, and an increasing number of studies from around the world show that resistance to common treatments is growing, which serves to underline the importance of the responsible stewardship of all drugs and medicines and why the international efforts on AMR, in which the UK is at the forefront, are so important.

Mr Ben Bradshaw (Exeter) (Lab): Given the latest, very worrying reports about goings on at the office of the Parliamentary and Health Service Ombudsman, does the Secretary of State still have confidence in the leadership of this vital regulator?

Mr Jeremy Hunt: I have expressed my concerns on the behalf of patients about some of the things that have been happening, but I respect the fact that it is a matter for this House and its relevant Committee, not for the Government, to deal with. I do have concerns, and it is important that patients have confidence in the ombudsman, because it is a vital, independent avenue to challenge NHS trusts when things go wrong.

T9. [904248] **Chris White** (Warwick and Leamington) (Con): Will my right hon. Friend join me in congratulating chief executive Glen Burley and the whole team at Warwick hospital on delivering the excellent new orthopaedic ward, which I was honoured to be invited to open? Will he tell the House what support the NHS is being given for similar state-of-the-art facilities across the country?

The Parliamentary Under-Secretary of State for Life Sciences (George Freeman): I am delighted to join my hon. Friend in that congratulation and to confirm the announcement in the autumn statement that the Government are committed to putting £4.8 billion of capital into the NHS every year through to 2021. That will include funding for proton beam therapy and for major new hospitals at Brighton and at Sandwell, in addition to our billion pounds a year for NHS research and our £700 million a year for medical research through the Medical Research Council.

Alison McGovern (Wirral South) (Lab): The financial year ends next week. What does the Secretary of State expect the NHS provider budget deficit to be by then?

Mr Jeremy Hunt: We know that the deficit will be bigger this year, and that there is extreme pressure. Part of the reason for that is that NHS trusts have rightly said that, in the wake of what happened at Mid Staffs, they want to ensure that their wards are properly staffed, but they have done that by using unsustainable agency staff. The most important thing that we need to do is to move to permanent full-time staff rather than agency staff who are too expensive and not good for care.

T10. [904249] **Philip Davies (Shipley) (Con):** A number of my constituents are unable to access an NHS dentist. May I ask the Minister to look at the availability of NHS dentists in my constituency and use his good offices to ensure that there is enough capacity for all of my constituents who want to use a good NHS dentist to be able to access one locally?

Alistair Burt: Overall access to NHS dentistry is good, but it does vary from area to area, and West Yorkshire, as the hon. Member for Dewsbury (Paula Sherriff) well knows, is one of the areas that worries us and that we are trying to do something about. Work is being undertaken in the West Yorkshire area to look at issues around NHS dentistry. I have met a number of hon. Members to discuss this matter. It has my attention, so I will be monitoring it closely, and my hon. Friend was right to raise it.

Debbie Abrahams (Oldham East and Saddleworth) (Lab): The King's Fund analysis revealed that there will be not a £10 billion, but a £4.5 billion real-terms increase to the NHS. Will the Health Secretary apologise for misleading not just this House but the public as a whole?

Mr Speaker: Order. The hon. Lady must not accuse a Member of misleading the House. If she wishes to insert the word "inadvertently" she would spring back into order, which is where I am sure that she wishes to be. Do I take it that the word "inadvertently" has been inserted?

Debbie Abrahams: I am happy to insert "inadvertently".

Mr Jeremy Hunt: The hon. Lady may inadvertently have not been listening to my previous answers. Let us look at what Simon Stevens, the chief executive of the NHS, actually said about that spending settlement. He said that the Government had listened to and "actively supported" the NHS case for public spending.

Mr Speaker: I call Dr Sarah Wollaston, the Chair of the Health Committee.

Dr Sarah Wollaston (Totnes) (Con): Following the very welcome announcement of a graduated levy on sugar, sweet and drinks manufacturers, will the Minister please tell the House what discussions she is having with manufacturers to speed up the reformulation process and also to introduce a differential in price at the point of sale? Given the importance of childhood obesity, will the Department welcome the opportunity to take over the lead on this strategy so that we can make progress on this vital issue?

Jane Ellison: There are a number of invitations there, some of which I will resist. My hon. Friend is absolutely right to highlight the importance of this announcement. Obviously, it is the first step towards the Government's comprehensive childhood obesity strategy, which we will be launching in the summer. The Chancellor of the Exchequer was absolutely right to go ahead with this and to move forward. The burden of childhood obesity, as she knows all too well, falls very, very heavily on poorer communities, and my right hon. Friend was absolutely right to champion that measure, because it will make the most difference in the poorest areas.

Greg Mulholland (Leeds North West) (LD): Families with boys with Duchenne muscular dystrophy are anxiously awaiting the NICE guidance to be published next week. Can I get an assurance from the Minister that, with this drug already being licensed and available in 18 countries, if NICE approves it, NHS England will bring the funding forward very quickly?

George Freeman: The hon. Gentleman is a doughty campaigner. Although he tempts me to pre-empt the decisions of NICE, I cannot, and it would not be appropriate for me to do so. I am afraid that we will just have to wait for its decisions, which are rightly taken on the best clinical evidence.

Amanda Milling (Cannock Chase) (Con): Hednesford is a dementia-friendly town, and I am pleased that my office team, who are based on Market Street in Hednesford, will be receiving dementia-friendly training next month. Does the Minister agree that we should be encouraging more towns to become dementia-friendly?

Mr Jeremy Hunt: I absolutely recognise the excellent work that is happening in Hednesford, and in South Staffordshire, as a dementia-friendly community. I know that there are more than 2,000 dementia friends in Cannock Chase. Fantastic work is going on, and I thank my hon. Friend for her support.

Mark Durkan (Foyle) (SDLP): When will we have a decision on the future of the human papilloma virus vaccination programme? Will it be clear, and is there due engagement with the devolved counterparts?

Jane Ellison: As the hon. Gentleman knows, two programmes are going on. There is a very large-scale piece of modelling work going on with regard to the HPV vaccination for boys, and that work, as I have previously told the House, will look to report in 2017. We already have guidance on HPV for men who have

sex with men from the Joint Committee on Vaccination and Immunisation, and we are working through it in some detail to see how we can take it forward in practical terms.

Several hon. Members *rose*—

Mr Speaker: Order. I am afraid that demand exceeds supply. We must now move on.

Points of Order

12.34 pm

Mr Pat McFadden (Wolverhampton South East) (Lab): On a point of order, Mr Speaker. Have there been any discussions between you and the Government about a possible statement on the terrible events unfolding in Brussels? Of course, we do not yet know the final facts, but a number of innocent people have been killed. We do not yet know whether there are any British victims, but there will be many families anxious to find news of relatives. I am sure that those on both sides of the House would welcome the opportunity to question the Prime Minister and the Home Secretary about the ongoing efforts of the police and security services here to protect the public in the UK from similar attacks.

Mr Speaker: I thank the right hon. Gentleman for his point of order and for the terms in which he put it to me. As Members present throughout Question Time will know, condolences have been expressed by Members on both sides of the House as regards the victims of this terrible outrage and their loved ones who will live with the consequences. The short answer to the right hon. Gentleman is that I have had no such discussions with any Minister to date. I think that it is a matter of public record that the Prime Minister has been chairing an important meeting of Cobra this morning and I think it will be accepted in all parts of the House, not least by the right hon. Gentleman, that the Prime Minister is punctilious in coming to the House to address these matters at such a point as he feels that he has the requisite level of information to impart to colleagues and is best placed to be informative and helpful. We should await the development of events, but the serious concern registered by the right hon. Gentleman will be keenly felt across the House. I thank him again for the terms in which he raised his point.

Bill Esterson (Sefton Central) (Lab): On a point of order, Mr Speaker. My thoughts are with the people of Brussels, as will be those of all Members of the House. I understand that Ministers will as a priority work with our colleagues in Brussels, putting security in this country first. I have been contacted by a number of my constituents who travelled to Brussels earlier today and who are trying to get home, as I am sure are many others. They have been told by the airline, Ryanair, that it will cost them £6,000 to be brought back to this country. Through you, Mr Speaker, may I ask Ministers to intervene and suggest to Ryanair and other carriers that all efforts are made to help those who want to come back to this country in a reasonable way?

Mr Speaker: I thank the hon. Gentleman for his attempted point of order. That is not a matter for the Chair, but, again, he has raised a question of real and immediate concern. That real and immediate concern will have been heard by those on the Treasury Bench and, knowing the hon. Gentleman's ingenuity, I feel sure that if he does not receive some sort of contact or reassurance from an appropriate quarter, he will not rest in continuing to highlight his concern, and I thank him for doing so.

Geraint Davies (Swansea West) (Lab/Co-op): On a point of order, Mr Speaker. On Friday, the Government were taken to the Supreme Court by ClientEarth for

failing to meet EU air quality standards which have resulted in 40,000 deaths a year at a cost of £20 billion a year. Are you aware of any statement that will be made by the Government on this important issue, particularly in the light of what is happening in the Budget? They have an opportunity to stop people dying and becoming disabled, rather than charging people for being disabled.

Mr Speaker: I confess that I have received no such indication. Once again, the hon. Gentleman has put his concerns on the record. They will have been heard and doubtless he will return to the matter if he does not receive the satisfaction he seeks.

Mr Iain Wright (Hartlepool) (Lab): On a point of order, Mr Speaker. May I seek your advice and guidance on a matter of principle for this House? Select Committees have the power through this House to send for persons, papers and records, to enable them to obtain oral and written evidence to allow them to undertake their work. In keeping with this long-established power, the Business, Innovation and Skills Committee, which I chair, has sought to take evidence from the owner of Sports Direct, Mr Mike Ashley, on the treatment of workers at his company. That was in response to reports that workers at Mr Ashley's warehouse in Shirebrook were not being paid the minimum wage. I have received correspondence from workers at Sports Direct, who have told me of practices such as employees being made to clock out but having to continue to work so that wages were not over budget; of staff kept for an hour after their scheduled finish time without pay to tidy shops; and of workers finishing work at 5 am and being required back at work two hours later.

We on the Select Committee naturally and not unreasonably wish to question Mr Ashley on the review of working conditions at his company that he announced he would undertake personally. After his refusal to accept our initial invitation to attend on a mutually convenient date, last week the Committee formally ordered Mr Ashley to attend on 7 June. Yesterday he indicated to the press, although not to the Committee, that he has no current intention of attending the Committee. He referred to the order to attend as

"an abuse of the parliamentary process"

and described the Committee as "a joke". I do not think that scrutinising reports of Victorian-type employment conditions in modern-day Britain is a joke.

Can you confirm, Mr Speaker, that the Committee has acted in accordance with the procedures of this House? Can you advise me what steps can now be taken to ensure that Mr Ashley complies with the very reasonable request, and then the formal order, of the BIS Committee?

Mr Speaker: I am grateful to the Chair of the Business, Innovation and Skills Committee for notice of his point of order. The House delegates to nearly all its Select Committees the power to send for persons, papers and records. Each Committee is free to decide whom to invite to give oral evidence, and if the invitation is refused, the Committee may decide to make an order for the attendance of a witness.

In response to the hon. Gentleman's direct question, therefore, it appears to me that so far the proper procedures have been followed. As long as the Committee is acting within its terms of reference, the House expects witnesses

[Mr Speaker]

to obey the Committee's order to attend. If, after due consideration, the hon. Gentleman's Committee wishes to take the matter further, the next step would be to make a special report to the House, setting out the facts. The hon. Gentleman may then wish to apply to me to consider the issue as a matter of privilege, and to ask me to give it priority in the House. Under procedures agreed to by the House in 1978 and set out on page 273 of "Erskine May", this application should be made to me in writing, rather than as a point of order. I would then be happy to advise him on the options open to him.

Mr Dennis Skinner (Bolsover) (Lab): Further to that point of order, Mr Speaker. This could be a long, drawn-out process, based on what Mike Ashley has been doing and saying over the years. He operates zero-hours contracts for many thousands of people. There are very few full-time people. He believes that as a billionaire he can do as he likes. I put it on the record for you, Mr Speaker: you had better act very firmly with the person concerned. There used to be a woman in the House working for the Serjeant at Arms called Mary Frampton. We will need one to deal with him.

Mr Speaker: We have such a person. I can say only that I shall always profit by the counsels of the hon. Gentleman.

Mr David Winnick (Walsall North) (Lab): Further to that point of order, Mr Speaker.

Mr Speaker: Is it on an unrelated matter?

Mr Winnick: The same matter.

Mr Speaker: I do not know that there is more to add, but I will give the hon. Gentleman the benefit of the doubt—he is a very experienced Member. I have tried to treat of this matter fairly and factually, but of course I will take a point of order from the hon. Gentleman if he persists.

Mr Winnick: The point of order I wish to raise with you, Mr Speaker, is simply this: in view of the obvious contempt that this person has shown for the House of Commons, would it not be appropriate for him to appear at the Bar of the House? [HON. MEMBERS: "Hear, hear."] There have been occasions in the past when that has occurred, and the House of Commons has shown that it will not tolerate such contempt. I put it to you that that could perhaps be considered as well.

Mr Speaker: I am very grateful to the hon. Gentleman for his point of order. I recognise that there are historical precedents, but it is only right for me to say that it is not for me to make any such decision. If we were to get to that point, and I am not suggesting that we shall do so—I am not seeking to anticipate events—that would be a matter for the House to decide, but I hope that I have dealt fairly, squarely and intelligibly with the important matter that the Chair of the Select Committee and others have raised.

Taxi and Private Hire Vehicle Operators (Regulation)

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

12.45 pm

Wes Streeting (Ilford North) (Lab): I beg to move,

That leave be given to bring in a Bill to make provision about the skills and knowledge required of a person driving a taxi or private hire vehicle (TPHV) and related responsibilities of TPHV company operators and service providers; to require operators of TPHV companies and service providers to hold specified types and levels of insurance; to make provision about the tax liability of TPHV companies and service providers; and for connected purposes.

I am grateful for the opportunity to present the Bill, and I am delighted by the strength of support from right hon. and hon. Members on both sides of the House, which is reflected, I think, in the attendance today.

The Bill seeks to put fair competition and passenger safety at the heart of the taxi and private hire vehicle industry in London and across the country. The advent of new technology in the industry is revolutionising the way people navigate our great capital city; indeed, it is revolutionising transport in cities across the United Kingdom and the world. At its best, disruptive technology drives innovation and increases competition, with enormous benefits for businesses and consumers alike. However, as we have seen on the streets of London, it also brings significant challenges. The Bill seeks to address some of those challenges, which have been neglected for far too long.

The debate about the future of London's taxi industry has been unfairly characterised as a debate between those who support competition and innovation on the one hand and those who want to cling to the past on the other. That is lazy analysis. It is true that London's iconic black taxi trade is at risk; indeed, I would go as far as to say that the threat to it is existential—but the cabbies I represent are not afraid of change and innovation, they are not afraid of new technology and they are not afraid of competition. However, they are finding it increasingly hard to compete in a changing marketplace with both hands tied behind their backs. [Interruption.] It is great to see even the Chancellor taking an interest in their plight. [HON. MEMBERS: "Taxi?"] The Chancellor may need a taxi.

I represent many black taxi drivers; indeed, Ilford North was once known as "Green Badge valley", and it is still not unusual to see taxis parked on the driveways of Gants Hill, Clayhall, Barkingside and Woodford. I also represent hundreds of minicab drivers and drivers who work for new market entrants such as Uber. Like many Londoners, I use black taxis, particularly in central London. I also use minicabs and apps such as Uber locally. I welcome the choice and enjoy the benefits of competition, but I also recognise that the explosion in the number of private hire vehicles in London presents regulatory challenges and risks for passengers.

An investigation for LBC by Theo Usherwood exposed the ease with which individuals can access a private hire licence without adequate insurance. We know that a number of vehicles are already on the road without appropriate insurance. Last year, *The Guardian* was able

to demonstrate how easy it was for an Uber driver to pick up a customer, having provided fake insurance paperwork via the company's operating system. Some private hire vehicles are illegally plying for hire and touting, increasing the risk of passengers getting into cars driven by unlicensed and unknown drivers, with considerable risk to their safety. This is an illegal practice that the regulators ought to be acting a lot harder on. Guide Dogs UK found in a survey of assistance dog owners that 43.5% of respondents had been refused access to private hire vehicles, and it is all too common for lesbian, gay, bisexual and transgender passengers to experience discrimination.

Though I enjoy price competition as much as anyone else, is it really fair to expect cabbies to compete on fares while Transport for London continues to put up regulated fares for black taxis and apps such as Uber are able to drive their prices down, as profit-shifting allows them to avoid paying their fair share of taxes here in the UK? If we fail to act, London's iconic black taxis will be driven off our streets. This is bad for competition, bad for passengers, and bad for London.

The Bill proposes action in three areas to improve passenger safety and make competition fairer so that our black taxi industry can continue to survive and thrive alongside minicabs and other private hire operators. First, on the issue of training, private hire vehicle drivers undertake only a rudimentary topographical test and in many cases do not undergo formal training. This sees many relying on sat-nav, which means that the risk of collision is increased owing to sharp braking or not focusing on the road ahead. The Bill proposes that in order to obtain a PHV—private hire vehicle—licence all drivers should complete an enhanced Driver and Vehicle Licensing Agency assessment, requiring additional skills such as how to drop off and pick up passengers and wheelchair exercises to learn how to support the disabled. PHV drivers should also undertake an assessment on the principle of plying for hire and touting regulations, so that there can be no excuses for breaching regulations. PHV drivers should be properly and fully trained and assessed in their obligations under the Equality Act 2010, so that protected groups such as LGBT people and disabled people can travel with confidence.

The second issue that the Bill seeks to address is insurance. The current system requires “hire and reward” insurance for all drivers where the responsibility for insurance rests with individual drivers. There is a higher cost for this insurance, which means that many private hire vehicle drivers can be tempted to opt for a cheaper form of insurance when accepted by a licensed operator. In order to resolve this issue, I propose moving to a system of operators' insurance that places the responsibility on operators as a prerequisite for obtaining their licence. This will deliver three key benefits for passengers and the industry: guaranteeing that cars managed by the operator are insured so that customers have confidence that they are safe; reducing the cost of insurance through bulk purchasing, thereby delivering better value for money; and making the regulators' task easier because checking a few thousand operators is easier than checking over 100,000 individual policies. Some companies, such

as Addison Lee, already do this voluntarily, meaning that customers and businesses can book with the confidence that is sometimes lacking around private hire operators.

Finally, my Bill makes provision for the tax liabilities of taxi and private hire vehicle companies. It cannot be right that some companies in this industry are making huge profits but not paying their fair share of taxes. Lower fares are great, but some operators are frankly trying to drive their competition off the road through new apps by offering lower fares made possible by offshore tax arrangements, in effect robbing Peter to pay Paul. I pay particular tribute to my right hon. Friend the Member for Don Valley (Caroline Flint), who a week ago today brought forward her own ten-minute rule Bill on transparency for multinationals. Her proposals would be a refreshing step in the right direction.

This Bill would introduce a requirement for the Chancellor or the Financial Secretary to the Treasury to make an annual statement to this House on the progress of the OECD's base erosion and profit-shifting project and the action that Her Majesty's Government are taking to ensure that there is proper scrutiny in this area—though I hope that the Chancellor might be better at making progress there than on his own targets. It is a small measure, but it would indicate the view of this House that the Government need to do much more to tackle tax avoidance. These changes collectively would go some way towards levelling the playing field. TfL needs to go further than it currently proposes, and, in any event, these challenges also exist in towns and cities across our country.

Gwyneth Paltrow once said:

“Brits are far more intelligent and civilised than Americans. I love the fact that you can hail a taxi and just pick up your pram and put it in the back of the cab without having to collapse it.”

Perhaps more profoundly, Professor John O'Keefe, a Nobel prize-winning neuroscientist, said:

“Some of the best navigators in the world are London taxi cab drivers. They have to learn 25,000 streets and how to get from one to the other.”

I am sure that the whole House will agree that Brits are more intelligent and taxi cab drivers are the best navigators in the world. They are also small businessmen and women providing a world-famous service and struggling to make their families a good living. We owe them a chance to compete fairly, and we owe it to our great capital city to ensure that the iconic black taxi industry and the great iconic black taxi itself are not consigned to London's history books. For these reasons, and so many more, I commend this Bill to the House.

Question put and agreed to.

Ordered,

That Wes Streeting, Lyn Brown, Neil Coyle, John Cryer, Clive Efford, Mr David Lammy, Kate Osamor, Joan Ryan, Mr Virendra Sharma, Mr Gareth Thomas and Mr Charles Walker present the Bill.

Wes Streeting accordingly presented the Bill.

Bill read the First time; to be read a Second time on Friday 22 April and to be printed (Bill 154).

Ways and Means

Budget Resolutions and Economic Situation

AMENDMENT OF THE LAW

Debate resumed (Order, 21 March).

Question again proposed,

That,

(1) It is expedient to amend the law with respect to the National Debt and the public revenue and to make further provision in connection with finance.

(2) This Resolution does not extend to the making of any amendment with respect to value added tax so as to provide—

- (a) for zero-rating or exempting a supply, acquisition or importation;
- (b) for refunding an amount of tax;
- (c) for any relief, other than a relief that—
 - (i) so far as it is applicable to goods, applies to goods of every description, and
 - (ii) so far as it is applicable to services, applies to services of every description.

Mr Speaker: Before I call the Chancellor of the Exchequer, I should inform the House that I have selected amendments (b) and (a), so both can be debated together with the Budget motions today. With the leave of the House, I will call the shadow Chancellor to move amendment (b) after the Chancellor has opened the debate. At the end of the day's debate, the Question will first be put on amendment (b). As long as time permits before 7 pm, I shall then call the hon. Member for Dewsbury (Paula Sherriff) to move amendment (a) formally, and the Question on that amendment will be put. The House will then proceed to decide on the Budget resolutions.

12.57 pm

The First Secretary of State and Chancellor of the Exchequer (Mr George Osborne): Let me start by offering all our condolences to the victims, and their families, of the attacks in Belgium. The full details of this morning's horrific attacks are still emerging, but we know that at least 13 people died in the attack at Brussels airport and that there are reports of multiple dead at Maelbeek metro station. As details of these horrific events continue to unfold, my thoughts and prayers, and indeed those of right hon. and hon. Members in all parts of the House, are with those who have lost loved ones or have been injured.

Earlier this morning, the Prime Minister chaired a meeting of Cobra attended by the Home Secretary, myself and others. The police have confirmed that, on a precautionary basis, they are increasing the policing presence at key locations, including transport hubs, to protect the public and provide reassurance. In London, the Metropolitan police have deployed additional officers to patrol key locations and the transport network, and Border Force efforts have been intensified.

It is too soon yet to comment on the details of these attacks, which are still emerging, but the Government would reiterate that the UK threat level remains at "severe", meaning that an attack is highly likely. We would urge the British people to remain vigilant, and the Home Secretary will keep the House updated. But let us

be clear: terrorists seek to threaten our values and our way of life, and they will never succeed. It is a reminder of what a precious thing our democracy is, and this Budget debate is part of that democratic process.

This is the first time in 20 years that a Chancellor has spoken on the last day of the Budget debate, and I think it is fair to say that we have had a livelier debate about this Budget than about many. Let us be clear: the key principles behind this Budget are that if we are going to deliver a strong and compassionate society for the next generation, we have to live within our means, we have to back business to create jobs and we have to make sure work pays by putting more money into the pockets of working people. That is what we committed to in our manifesto. That is what the British people elected us to deliver. That is what this Budget does, and that is what we are going to vote on tonight.

Several hon. Members rose—

Mr Osborne: I will give way in a moment, but let me straightaway address the resignation of my right hon. Friend the Member for Chingford and Woodford Green (Mr Duncan Smith). I am sorry that my right hon. Friend chose to leave the Government. Let me here, in this House, recognise his achievements in helping to make work pay, protecting the vulnerable and breaking the decades-old cycle of welfare dependency. Together, we had to confront a huge deficit and uncontrolled welfare spending. Of course, there is always robust discussion between the Treasury and the spending Departments when money needs to be saved. The decisions we make to keep our economy secure are always difficult, and where we do not get them right, I have always been prepared to listen and learn.

I am very proud that my right hon. Friend and I worked together longer than any two people who have done our jobs before us in any Government, and we have been part of the team that has reduced the number of people on out-of-work benefits to levels not seen for 40 years, reduced inequality, seen poverty fall, seen child poverty fall and seen pensioner poverty fall, and got a record number of people into work—a long-term economic plan and welfare reform delivering a fairer society for all.

Chris Leslie (Nottingham East) (Lab/Co-op): I am grateful to the Chancellor for giving way. It is less than a week since he stood up to deliver the Budget and made that decision affecting disability independence payments—something that upset many hundreds of thousands of people across this country. He has made a welcome U-turn, but should not he now acknowledge that that decision was a mistake that he should say sorry for?

Mr Osborne: I am going to come on to speak about the disability benefits and our way forward, but I have made it very clear—I have just said it—that where we have made a mistake, where we have got things wrong, we listen and we learn. That is precisely what we have done. Where is the apology from the Labour party for the things that they got wrong? Why don't they take a leaf out of that book? Why don't they get up and apologise for the countless decisions that added to the deficit—that bankrupted our country?

The progress we have made on social justice did not happen by accident. It happened because we in this Government set out to turn our economy around, to control spending, to back business and, yes, to reform welfare.

Tim Farron (Westmorland and Lonsdale) (LD): Will the Chancellor give way?

Mr Osborne: I will give way in a moment to my former partner in the coalition Government that undertook many of these welfare reforms. The reform has meant difficult decisions to strengthen the incentives to find work and the sanctions for not doing so; to make sure that every hour extra that people work is rewarded, instead of seeing them trapped in dependency; and to cap benefit payments so that our welfare system is fair both to those who need it and to those who pay for it. It has not been easy, and it has often been opposed, but the truth is that many of the acts of progressive social change that we seek to achieve in government are difficult and they are opposed. In any democracy, you have to fight to make lasting improvements in society, and that is what we have done.

Tim Farron: I thank the Chancellor for giving way, and I want to associate myself with the remarks that he made earlier about the appalling situation in Brussels.

Does the Chancellor agree with me that the one thing that is more dangerous for our economy than his remaining Chancellor is that we might leave the European Union; and does he agree that his being called out by his former colleague as acting not in the economic interests of the country, but in a short-term political way, introduces a risk that the referendum will be a referendum on him, not on the future of our role in Europe? Will he act in the national interest and resign?

Mr Speaker: May I remind Members that interventions should be brief? We want to hear from both Front Benchers, and I want to hear from dozens of Back Benchers. I repeat that interventions should be brief.

Mr Osborne: That was like one of those interminable interventions at ECOFIN. I happen to think that it is better to be in that council than not, but that is a debate for another day. We are talking here about the reforms we are making to welfare and to our economy.

Gareth Johnson (Dartford) (Con): I am grateful to the Chancellor for giving way. Is he aware that had he stuck with Labour's plans for fuel duty, a litre of petrol would cost 18p more than it does? Has he assessed what impact that would have on the lowest-earning people in our society?

Mr Osborne: My hon. Friend is absolutely right. If we had stuck with the fuel duty escalator that we inherited from the last Government, it would have cost much more to fill up a car, which would have cost small businesses much more. We took action in this Budget to freeze fuel duty for the sixth year in a row, because we are on the side of working people.

Sir Simon Burns (Chelmsford) (Con): To put this debate in context, would my right hon. Friend like to share with the House, in both financial and non-financial terms, how much help this Government have given to assist the sick and the disabled since May 2010?

Mr Osborne: I am coming on to talk about disability benefits, but my right hon. Friend is absolutely right to draw attention to the support we give—close to £50 billion—to disabled people. When we look just at the disability benefits, disability living allowance and personal independence payment, we see that that support has gone up from £13 billion when we came into office to £16 billion today, and it will go up to £18 billion in the future. As my excellent right hon. Friend for Preseli Pembrokeshire (Stephen Crabb), the new Welfare Secretary, made clear yesterday, we continue to give support to disabled people. I will come on to deal with that in detail.

Yvette Cooper (Normanton, Pontefract and Castleford) (Lab): The Chancellor boasted when he opened the debate that this was the first time a Chancellor had opened the final day of a Budget debate. He will know that that is because it is also the first time a Chancellor has had to drop the biggest revenue raiser in his Budget within two days of announcing it. The former Work and Pensions Secretary, who has just resigned and to whom the Chancellor paid great tribute, described the Budget as “deeply unfair” and “drifting” in a wrong direction that will divide the country, not unite it. He said all those words after the Chancellor announced that he was ditching the PIP cuts. Is the former Work and Pensions Secretary deluded?

Mr Osborne: I am glad that the right hon. Lady intervened, because I have done a little research and, frankly, I wish that when she was the Chief Secretary to the Treasury we had seen a few more revenue raisers in Budgets, such as savings in welfare and savings in public expenditure. During the period in which she was the Chief Secretary, the deficit went from £76 billion a year to £154 billion a year. The measures that my right hon. Friend and I have been taking over the last six years are to clear up the mess that she and her colleagues in government left.

Several hon. Members *rose*—

Mr Osborne: Let me make a little more progress, and then I will come back. The proof that these difficult changes are worth while—

Yvette Cooper: Will the Chancellor give way?

Mr Osborne: I will give way to the right hon. Lady. I have said that when we have made a mistake, we have listened and learned. When is she going to apologise and say that she made mistakes and her colleagues made mistakes during that period in government, which is what we have been clearing up for the last six years?

Yvette Cooper: The Chancellor did not address the issue of the unfairness of his Budget, so will he address the issue of the revenue behind his Budget? He has abandoned £4.4 billion in revenue raisers from his Budget. Where is that money going to come from, or will he change the scorecard that he set out?

Mr Osborne: I will tell you what is unfair: to saddle the next generation with debts you have no way of paying off. That is what the right hon. Lady did. [*Interruption.*] That is what she did. I will come on specifically to disability benefits, but let me tell her

[Mr Osborne]

about fairness and what we have done over the last six years. We have taken action that means 500,000 fewer children are growing up in workless households than when she was at the Treasury, 1 million fewer people are on out-of-work benefits and over 2 million more people are in work than when we came to office. That is the social justice record we on this side of the House are proud of.

I am also proud that the work continues, and in this Budget we are taking further steps to build a stronger society. There is money and reform to improve our nation's schools. There is action to reduce sugar intake and give our children better healthcare. There is support for the savings of low-income families. There is more help and housing for homeless people. There are personal allowance increases that will lift another 1 million of the low-paid out of income tax altogether, and there is an increased minimum wage ahead of the introduction of the first ever national living wage in just two weeks' time. Those are all in the Budget we will debate today—all the actions of a compassionate, one nation Conservative Government determined to deliver both social justice and economic security.

Rachel Reeves (Leeds West) (Lab): The new Secretary of State for Work and Pensions said yesterday, in his first statement, that the Government would not be making any further cuts to welfare during this Parliament, but later on he said that there were “no plans” to make further cuts to welfare during this Parliament. Will the Chancellor now confirm, for the sake of disabled people and others, that there will be no further cuts to the welfare budget in this Parliament?

Mr Osborne: Yesterday, my right hon. Friend the Secretary of State gave exactly the Government's position, which is that,

“we have no further plans to make welfare savings beyond the very substantial savings legislated for by Parliament two weeks ago, which we will...now focus on implementing.”—[*Official Report*, 21 March 2016; Vol. 607, c. 1268.]

I will now address the specific issue of welfare savings and disability, but I should have thought that the hon. Lady, when she got to her feet, might have thanked the Government for delivering the flood defence schemes that she asked for for her city, and which were in the Budget statement a week ago.

Let me turn to the disability benefits. We are proud that this Government are providing more support to the most disabled people. It was very clear that while the reforms proposed to personal independence payments two weeks ago drew on the work of an independent review, they did not command support. We have listened, and they will not go ahead. Even if they had, this Government are spending more on disabled people than the previous Labour Government ever did.

People have asked what this means for future support for disabled people, for our welfare cap and for the numbers in the Budget. Let me directly address all three points.

Several hon. Members *rose*—

Mr Osborne: Let me address these points, and then I am happy to take interventions.

First, over 3 million disabled people are now in work, which is 300,000 more than just a couple of years ago. We are also providing more support than ever before for the most disabled people. The budget has risen, will continue to rise and is much greater than the one we inherited. We are going to take our time, listen, consult widely and continue to build a system of disability support that works much better with our health and social services. As my right hon. Friend the Secretary of State said in his excellent statement yesterday, we will continue to support disabled people, and we will work with him to make sure that we do.

Paul Maynard (Blackpool North and Cleveleys) (Con): Does the Chancellor agree with me that we can be a compassionate Conservative Government only if we have a strong, stable economy, with a reduced deficit, to enable us to protect the most vulnerable in society?

Mr Osborne: My hon. Friend is absolutely right. I was coming on to make precisely that point.

Several hon. Members *rose*—

Mr Osborne: Let me deal with the measures we are taking to control spending, and then I will take some interventions.

The welfare cap is the instrument we have introduced to set out, in a transparent way to Parliament, what we aim to spend on welfare. It is independently judged by the Office for Budget Responsibility every autumn, which is when we either have to comply with the cap or explain to Parliament and the country why we have not done so. I find it incredible to hear Labour Members protesting about the welfare cap. It never existed at all under a Labour Government: there was no cap, no control on the largest area of Government spending, no transparency, no independent forecast, and as a result, welfare costs soared by 60% and the country was brought to the brink of bankruptcy.

Margaret Greenwood (Wirral West) (Lab): On Friday afternoon a couple, Mr and Mrs Ford, came to visit me at my surgery. Mr Ford, who is in a wheelchair, is unable to feed himself, dress himself or do anything for himself. They live on £559 a month in PIP, plus £63 per week in carer's allowance. They still have a mortgage to pay. They have clocked up 80 years of national insurance contributions between them. They ask the simple question, “How are we meant to cope?” They were in a real state of distress. Will the Chancellor please now apologise to such people for the distress that he has caused?

Mr Osborne: I have already said that we are not going ahead with those changes. [*Interruption.*] I have addressed these issues. The truth is that that family and many more families are getting increased support under this Government. We would not be able to provide any of that support unless we had a strong economy and we controlled public spending, because the people who suffer most when the economy—[*Interruption.*]

Mr Speaker: Order. I apologise for having to interrupt the Chancellor. [*Interruption.*] Order. Members are yelling—in some cases, from sedentary positions—very noisily. If people put questions to the Chancellor, they must leave him to respond. The same will go for

Government Back Benchers when they no doubt challenge Members speaking from the Opposition Benches. Let us try to restore some sort of order to this debate.

Mr Osborne: Mr Speaker—

Andrew Griffiths (Burton) (Con): Will my right hon. Friend give way?

Mr Osborne: Of course.

Andrew Griffiths: Will the Chancellor confirm to the House that this Government are spending £2 billion more on support for the disabled, that inequality is at its lowest rate for 25 years according to the Institute for Fiscal Studies and that there are 2 million more people in work thanks to this Government? Is that not what we are doing for the vulnerable?

Mr Osborne: My hon. Friend is absolutely right: more people in work, reduced inequality, reduced poverty, more disabled people in work and, by the way, we got in a freeze on beer duty as well.

Several hon. Members *rose*—

Mr Osborne: Let me make a little progress, and then I will give way again.

Not proceeding with the PIP changes means that spending on disabled people will be just over £1 billion a year higher by the end of the decade than was set out in the Budget. This will be an important factor, but only one of many, that will affect the overall forecast for welfare that the OBR will make in the autumn—

Several hon. Members *rose*—

Mr Osborne: I am going to make some progress.

At that point, we will assess the level of the cap. What my right hon. Friend the new Work and Pensions Secretary said yesterday, with my full support, is that we do not have further plans to make welfare savings to replace the £1 billion more we will spend on PIP. We made very substantial savings in the Welfare Reform and Work Act 2016, which has just passed through Parliament. We have now legislated for the £12 billion a year of working-age welfare savings we committed to in our manifesto, and we are now going to focus on implementing that.

Several hon. Members *rose*—

Mr Osborne: Before I give way, let me say this about benefits to pensioners because it has been raised. People say to me that we are not saving enough from pensioners while, in the same breath, complaining about everything from long-term increases in the state pension age—to keep pace with rising life expectancy—to restrictions on the lifetime allowances for the largest pension pots. The truth is that we have made substantial savings from pensioner welfare—£500 billion of savings—which are vital to the long-term sustainability of our public finances, but we have made these savings in a way that enables us to go on giving people who have worked hard all their lives a decent, generous basic state pension. We committed to that in our manifesto, and I am not going to take it away from people.

Geraint Davies (Swansea West) (Lab/Co-op): Does the Chancellor accept that poorer people spend a much higher proportion, if not all, of their income, while richer people save? Does he not accept that his Budget, which has transferred money from poor people to rich people—it is a sheriff of Nottingham Budget, robbing the poor to pay the rich—will undermine growth and deficit reduction, which is wrong both morally and economically?

Mr Osborne: Under this Government, the richest 1% are paying a higher proportion of income tax receipts than in any single year of the last Labour Government whom the hon. Gentleman used to support when he was a Member of Parliament for Croydon—until he was replaced by a much better Member of Parliament for Croydon.

Several hon. Members *rose*—

Mr Osborne: Let me make progress, and then perhaps I will take more interventions. On the Budget numbers, I find it ironic to receive all these expressions of concern from Labour Members about making the sums add up when they presided over the biggest single fiscal fiasco in the country's history and have a black hole in their current plans so large that it would break the Hadron collider.

Several hon. Members *rose*—

Mr Osborne: I will give way in a moment, but let me make this point. The central fiscal judgment of the Budget, and of this Government, is clear: borrowing has been cut from £155 billion when we came to office to £55 billion next year, and there have been falls every year; and higher spending on people with disabilities will be reflected in the autumn statement forecast, and we do not propose to make any further changes ahead of that. We can afford to absorb such changes when we are getting public spending under control, and we can make those changes and still achieve a sensible surplus of 0.5% of GDP by 2019-20. In short, we will go on delivering the economic security that this country elected us to provide.

Graham Evans (Weaver Vale) (Con): Talking of Labour fiascos, may I remind the House of Gordon Brown's 10p tax fiasco? We have taken 3 million of the lowest paid workers out of tax altogether.

Mr Osborne: My hon. Friend is absolutely right—what a contrast! This Government turned the 10p tax into 0p as we raised the personal allowance and took the poorest out of tax altogether.

Mr David Anderson (Blaydon) (Lab): If it has been relatively simple to absorb this change, why on earth did the Chancellor introduce it in the first place and frighten the life out of seriously disabled people in this country? People were terrified about what was being proposed, yet the Chancellor has just said that we can absorb this change easily. Why did he do it in the first place?

Mr Osborne: If we take no decisions to control welfare spending and public expenditure, we destroy the nation's finances, and the people who suffer are precisely

[Mr Osborne]

the most vulnerable in society. Yes, we have taken difficult decisions, but where we have not got them right, we have listened and we have learned. If we had not taken those decisions, the country would be in an even bigger mess than the one we inherited.

George Kerevan (East Lothian) (SNP): The Chancellor mentions security, including for the poor. Does he realise that until Monday, 340,000 people on PIP were worried that their benefits were going to be cut? If he just apologised and changed that, we could move on and discuss the economics.

Mr Osborne: I could not have been clearer. I said that we listened, we learned, we made a mistake, and we withdrew the proposals. The hon. Gentleman talks about days of the week, and Thursday would have been the day when Scotland separated from the United Kingdom if the nationalists had had their way. They would have plunged that new country into a fiscal crisis the likes of which few western countries have ever seen. They would have impoverished the Scottish people and driven businesses away. They based all their numbers on oil revenue forecasts that were totally fanciful, and it is time that they got up and apologised for leading the Scottish people into that potential trap. Thankfully, the Scottish people thought better.

Several hon. Members *rose*—

Mr Osborne: Let me make some progress. We have taken difficult decisions to control public expenditure and reduce a crippling budget deficit.

Yvette Cooper *rose*—

Mr Osborne: I have given way twice to the right hon. Lady so I will now make progress and explain what we have done to clear up the mess she left. We took more decisions last week in the Budget, but we will also implement these decisions today to ensure that the work of reducing our deficit is done fairly, and that we ask more from the well-off. Look through the measures. They include provisions on dividends, lifetime pension allowances, stamp duty on second properties, banks and hedge funds, and a host of measures to tackle evasion and avoidance. The Institute for Fiscal Studies has been quoted a lot over the past four days in the Budget debates, and its head stated that

“the very highest earners have seen significant tax increases”.

I think that has been a reasonable thing to ask of the most well-off when faced with such a budget deficit, because we are all in this together.

Christopher Pincher (Tamworth) (Con): On personal economic security, during the Chancellor’s Budget statement, my constituent Dan Ball, who is aged 19 and from Amington, tweeted to say, “This lifetime ISA—where can I get one?” Does that not demonstrate that young people up and down the country see in this Budget an opportunity for their generation to save?

Mr Osborne: My hon. Friend is right to raise his constituent’s concerns about where he can get hold of the new lifetime ISA. It will be coming in from April

next year, but his constituent can open a Help to Buy ISA now, roll it into the new lifetime ISA when it becomes available, keep the Government bonus, choose to save for a home or a pension, and not have to face the agonising choice that so many people have faced in the past. It is part of a Budget that backs savers.

Several hon. Members *rose*—

Mr Osborne: Let me make a little progress and then I will take more interventions. It is a classic socialist illusion to think that we can solve all society’s problems with taxes on the very richest, and it is the age-old excuse for not managing public spending or welfare costs. That brings me to a central point that I want to make to the House today: there is not some inherent conflict between delivering social justice and the savings required to deliver sound public finances—they are one and the same thing. Without sound public finances, there is no social justice.

Wes Streeting (Ilford North) (Lab) *rose*—

Mr Osborne: I will give way in a moment to the Member for the taxi business.

It is the easiest thing in the world to do this job and say yes to every new demand for Government spending and to please all the people all of the time, but we know where that leads. We know that because before me we had a Chancellor who spent a whole decade going around the country saying yes to even more spending and ever higher welfare bills, and we know what happened then: it brought our country to the brink of collapse. That was not compassion; it was economic cruelty, and the people who paid the price are those who always pay the price when Government spending gets out of control and welfare bills spiral. It was not the politicians at the time who paid the price—no, they are happily sitting on the Opposition Benches; it was the poorest who paid the price and the most vulnerable who suffered. Those people lost their jobs and had their livelihoods snatched from them, and those are the people I am fighting for—real, decent, hard-working people, not numbers on a Treasury spreadsheet: people whose lives would be impoverished, and whose hopes and aspirations would be crushed, if we had gone on spending more and more than the country earns. Getting things right for those people is what I am all about, and that weighs on every decision that I have taken as Chancellor over the past six years. Those are the people whom we in the Conservative party have been elected to serve.

Wes Streeting: The Chancellor rightly talks about learning lessons, but it is also important to have clarity about the future. The Government line seems to be that there are no plans to further reduce the welfare budget, but yesterday the Secretary of State for Work and Pensions said in the House

“we will not be seeking alternative offsetting savings”,

and that

“the Government will not be coming forward with further proposals for welfare savings.”—[*Official Report*, 21 March 2016; Vol. 607, c. 1279-86.]

Will there be further welfare cuts or not? What is the answer? The Chancellor has not offered any clarity this afternoon.

Mr Osborne: That is exactly the position set out by my right hon. Friend the Secretary of State, and agreed by me and the Prime Minister. We understand that if we do not control spending, we will have a fiscal crisis. Because we are controlling spending and have passed difficult welfare legislation in recent months, the deficit is coming down and we are delivering economic security.

Chris Philp (Croydon South) (Con): Given what the Chancellor just said about the importance of fiscal responsibility, will he confirm that, had he listened to the advice of the Labour party over the past five years, our national debt would be £900 billion higher?

Mr Osborne: My hon. Friend is absolutely right. The analysis shows that, had we not taken the decisions to reduce the structural deficit, we would have added £1 trillion further to our national debt. That is proof that we can never trust Labour with the nation's public finances.

Maria Caulfield (Lewes) (Con): Does the Chancellor agree that Conservative Members will not take lectures on fiscal management from the Labour party? Its legacy from 13 years in government was a Post-it note saying that there was no money left.

Mr Osborne: My hon. Friend is absolutely right. That is all we found in the Treasury—a letter saying, “I’m sorry. There’s no money left.” After 13 years of a Labour Government, that summed up their economic achievement.

Several hon. Members *rose*—

Mr Osborne: Let me make a little progress before I give way again.

We will go on driving down the budget deficit. We are down from borrowing £1 in every £4 when I became Chancellor to borrowing just £1 in every £14 next year. We will then be on to the security and good times of a budget surplus—a country earning more than it spends, and a generation that does not pass its debts on to its children and grandchildren. That is what we committed to do in the manifesto and what we were elected to do, and it is what this Budget delivers.

Finally, let me turn to the measures in the Budget that back enterprise and business. Again, I completely refute Opposition Members who say there is a choice between backing business and promoting social justice. We cannot have social justice without a strong economy, and we cannot have a strong economy unless we have a tax system that backs business and enterprise.

James Cartlidge (South Suffolk) (Con): We inherited an unprecedented budget deficit. It is not just about controlling spending—the country has to earn more. Is it not the case that the only way to do that is to cut corporation tax and capital gains tax so that our entrepreneurs can go out into the world, compete and earn this country the living it needs?

Mr Osborne: My hon. Friend is absolutely right. Without a strong economy, we cannot have social justice, and we cannot have a strong economy without successful, vibrant businesses.

Steve Brine (Winchester) (Con): My right hon. Friend spoke a lot last week about the next generation and Chancellors who always said yes. One thing he said yes to last week that was very much welcomed by many young people in Southampton and across the south was the backing of the new children's hospital in Southampton with £2 million of match funding. That is what looking after the next generation looks like. May I say thank you on behalf of many people across the south?

Mr Osborne: My hon. Friend campaigned tirelessly for that extra money for the hospital in Southampton—he raised the matter countless times in the Chamber. That shows that, if Members persevere on getting the vital services for their local constituency, the Government listen and deliver for them in this Chamber.

Several hon. Members *rose*—

Mr Osborne: Let me make a couple more points and then I will take another intervention.

Yesterday, the Leader of the Opposition stood at the Dispatch Box to reply to my right hon. Friend the Prime Minister. People have focused on what the Leader of the Opposition failed to say, but I am focused on what he did say. He said we should not be reducing taxes on business. In other words, he thinks the answer to the challenge of low productivity and of growth in an uncertain world is that taxes on business should be higher. I totally disagree with that approach. That is Labour's answer these days: pile the taxes on business and increase the basic rate of income tax on working people, as they propose in Scotland. Again, the price would not be paid by Labour Members. It would be paid by the young people who cannot get jobs—they cannot get jobs in countries where business taxes are too high and where enterprise is stifled. It would be paid by people who work in our public services, whose resources would be drained as the economy became more and more uncompetitive. It would be paid by the whole country, as living standards declined and the nation got poorer.

If that is the Budget hon. Members want, they should vote in the No Lobby tonight. If they want a small business Budget that cuts taxes for small firms, takes 600,000 businesses out of paying business rates, and reforms commercial property tax so that small premises pay less, that is the Budget we are voting on tonight. If they want an enterprise Budget that boosts investment in our small and medium-sized firms, with lower CGT, dramatically reduces burdens on our vital oil and gas industry, and gives us the lowest headline business tax rates of any of our competitors, that is the Budget we are voting on tonight. If they want a one nation Budget that increases the resources for education, supports children's healthcare, devolves power across our nation and builds infrastructure for our future, that is the Budget we are voting on tonight. If they want a Budget for working people that helps them to save for their future, freezes their fuel duty and cuts income tax so they keep more of the money they earn, that is the Budget we are voting on tonight.

It is a Budget that delivers security, that helps the next generation and that backs working people. It is a one nation, compassionate Conservative Budget, and I ask the House to support it tonight.

1.36 pm

John McDonnell (Hayes and Harlington) (Lab): I beg to move amendment (b), in paragraph (2), after “tax”, insert—

“(except in relation to value added tax on insulation, solar panels and any other category of energy-saving material or their installation)”.

I and my party share the sentiments expressed by the Chancellor and those across the House in condemnation of what happened in Brussels today. Our thoughts and prayers are with the victims and their families. We support the security measures, of course, taken by the Government and say to the people of Belgium that we stand with them.

I am glad to see the Chancellor has at least turned up today. Let me make it clear from the outset that, in my view, and I believe the view of many others, the behaviour of the Chancellor over the last 11 days calls into question his fitness for the office he now holds. I also believe that it certainly calls into question his fitness for any leading office in government. What we have seen is not the actions of a Chancellor, a senior Government Minister, but the grubby, incompetent manipulations of a political chancer.

For the record, let us go back to last Friday week. The Chancellor personally forced through cuts in personal independence payments. The statement issued by the Government that Friday on PIPs was not a consultation and not a suggestion; it was a statement of policy. Personal independence payments are the benefits that, for many disabled people, make life worth living. They help them get to work. They help them have some normality in their lives. Often, they keep people out of residential care. The Chancellor was willing to cut away that vital support to some of the poorest and most disadvantaged members of our community. Do not tell us that we are all in this together.

Kevin Brennan (Cardiff West) (Lab): Would it not at the very least help to dispel the impression that the Chancellor is acting in his own political interests, rather than in the national economic interest, if he made it clear today that he was not going to stand for the leadership of the Tory party so that he could concentrate on his job as Chancellor of the Exchequer?

John McDonnell: The reason I refer back to fitness for office is because many of us know the distress that has been caused to so many people over the past week.

James Cartlidge: The hon. Gentleman makes a very personal point about fitness for office on the day of a major terrorist attack. Will he withdraw his previous support for terrorist organisations that have attacked this country?

John McDonnell: Mr Speaker, you heard me share the sentiments of the whole House on the issue of Belgium. To bring that into the debate as a political point at this stage is unacceptable. *[Interruption.]*

Mr Speaker: Order. I made it clear earlier that attempts to shout the Chancellor down were unacceptable. That was made very, very clear and I do not think anybody would doubt or deny it. I make it similarly clear that no

attempt in this Chamber will be successful if it is an attempt to shout down the shadow Chancellor. Get the message: it ain't gonna happen.

John McDonnell: On that Friday before last, there was outrage among disability groups—the Multiple Sclerosis Society, Parkinson's UK and Disability Rights UK. Why? Because all of them, like many of us, had gone through that process of agreeing the criteria—at least coming to some compromise on what would constitute the criteria for access to this benefit. But the Chancellor moved the goalposts, those already agreed through consultation. Disabled people and their families have been sick with worry about the threats to their benefits.

Tom Tugendhat (Tonbridge and Malling) (Con): The hon. Gentleman has called into question the morality of the leadership of my right hon. Friend the Chancellor, but would the hon. Gentleman please discuss with this House the morality that allows him to stand with bombers who murdered my friends in Northern Ireland and to question the integrity of the Chancellor? *[Interruption.]*

Mr Speaker: Order. Before we proceed further, perhaps I can just say to the House, on my own account and on the basis of sound procedural advice, that we must stick to the matter of the Budget. *[Interruption.]* Order. I do not require any comeback or any comment, agreement or disagreement. Let us proceed in a seemly manner with the debate. That is in the House's interest, and that is what the country has a right to expect.

John McDonnell: This is a challenge to the judgment of the Chancellor.

Clive Efford (Eltham) (Lab): During the Chancellor's opening speech, we heard him say that the Government have legislated to make £12 billion-worth of savings within the welfare budget. That means that this £4.4 billion attack on PIP was in addition, and it was based neither on social justice nor on compassion. Does that not show that this Government are mean-minded and prepared to attack people who have disabilities? It is not necessary to make these cuts in welfare and they should guarantee that they are not going to return with this cut.

John McDonnell: The proposals that came forward did not just shock those on our side of the House; they shocked many Members from across the whole of the House with their brutality.

Christopher Pincher: Will the shadow Chancellor give way?

John McDonnell: No, I have given way enough—I will come back to the hon. Gentleman.

There is scheduled to be a 6% real-terms decline in spending on disability benefits between 2015 and 2020. After that Friday, when we reached the Wednesday of the Budget, we discovered that these cuts to disabled people were being made to pay for capital gains tax cuts benefiting the richest 5% in our society and for corporation tax cuts. Of course, a deep feeling of unfairness was felt in this House, among Members in all parts of it. I welcome the expression of concern by the right hon. Member for Chingford and Woodford Green (Mr Duncan Smith)

during that period and his conversion to our cause of opposing these benefit cuts. But the first person to call attention to the scandalous targeting of people with disabilities was my hon. Friend the Member for Oldham East and Saddleworth (Debbie Abrahams). She rightly said, in response to the announcement:

“In coming to this decision, the Tories are yet again ignoring the views of disabled people, carers and experts in the field, trying to press ahead with changes, just two years since the introduction of the system.”

After it became clear that the cuts to PIP were planned as a way to fund tax cuts for the wealthy, my right hon. Friend the leader of the Labour party made this issue a key part of his excellent response to the Budget last week, and he was not alone in doing so. My hon. Friends the Members for Ilford North (Wes Streeting) and for Nottingham East (Chris Leslie) were among several Opposition Members who pressed the Chancellor on the issue, as I did when opening the Budget debate last Thursday. I want to give thanks to everyone on our Benches and across the House who has helped to force this rethink and helped end the worry that thousands of disabled people have been experiencing in the past week.

Andrew Bridgen (North West Leicestershire) (Con): The shadow Chancellor is right about U-turns being embarrassing, but I remember his embarrassing U-turn on the fiscal responsibility charter. Does he regard himself at the moment as a socialist or a Marxist, and does he agree that all that the politics of the far left offers people is an equal share of misery?

John McDonnell: This is a debate about the threat of cuts facing some of the most vulnerable people in our society. This is not a time for engaging in student union politics in this Chamber.

By Friday of last week, the Chancellor was facing so much criticism that he needed to find someone to blame. So, in one of the most despicable acts we have witnessed in recent political history, the Chancellor sent out his large team of spin doctors to try to lay the blame on the former Secretary of State for Work and Pensions, the right hon. Member for Chingford and Woodford Green. That was a disgraceful act of betrayal of one of the Chancellor's own Cabinet colleagues to save his own skin and his leadership hopes.

Pete Wishart (Perth and North Perthshire) (SNP): Will the shadow Chancellor give way?

John McDonnell *indicated assent.*

James Cleverly (Braintree) (Con): Will he give way? [HON. MEMBERS: “Ooh!”]

Mr Speaker: Order. [*Interruption.*] Order. Leave me to deal with this. Mr Cleverly, I have known you for years and you have always struck me as a very polite fellow. You are getting over-excited, young man. You will have an opportunity to intervene, perhaps in due course, but you don't do it like that. Learn from a few old hands.

Pete Wishart: I am surprised that the shadow Chancellor is taken in by some of the crocodile tears from the Tories and this concern for the disabled. Surely he

agrees that this is nothing to do with the Tories' new-found concern for the disabled in this country—it is all about their euro civil war.

John McDonnell: Let me move on. I appreciate the point made. The betrayal was why the right hon. Member for Chingford and Woodford Green resigned. I have not agreed with a single policy that he has brought forward, but I do not doubt his sincerity in the policies that he has pursued.

Dr Rupa Huq (Ealing Central and Acton) (Lab): Does my hon. Friend not agree with the words of the right hon. Member for Chingford and Woodford Green (Mr Duncan Smith) that this Chancellor's policies are “in danger of drifting in a direction that divides society rather than unites it”?

Was the right hon. Gentleman not right when he said that?

John McDonnell: I believe that the right hon. Gentleman's interview on the Marr programme on Sunday expressed a profound concern that he had about the unfairness of the Budget, and we agreed with this. As I said, I have not agreed with a single policy he has pursued, but I do not doubt his sincerity. The right hon. Gentleman saw—

James Cleverly: Will the hon. Gentleman give way?

John McDonnell: I will in a minute. There is no need to shout out so loud again.

The right hon. Gentleman saw the unfairness of the PIP cuts to disabled people in the Budget. As he said, it is a Budget that benefits high earners. He also saw himself being set up by his own Cabinet colleague.

Catherine McKinnell (Newcastle upon Tyne North) (Lab): The shadow Chancellor is right to say he does not agree with the former Secretary of State's policies. Indeed, even with the U-turn on PIP disabled people are still left distressed by the reforms that will still be going through. Will he join me in urging the Chancellor and the new Secretary of State for Work and Pensions to look again at this very flawed process?

John McDonnell: I fully concur. The same week that this was being discussed, ESA was being cut by £30 a week.

James Cleverly: I thank the hon. Gentleman. He has been speaking now for 14 minutes. He has criticised Conservative Members for making this about politics and people, but I was just wondering when he will actually get around to talking about any of the Budget proposals.

John McDonnell: The role of the Opposition is to hold the Government to account. We are holding this Chancellor to account for a potential attack on disabled people that I believe would have devastated their lives.

What I find most disgraceful through all of this is that there has been no word of apology from the Chancellor or any Conservative Member. Apologise, I say. I say apologise for the pain and anguish he has caused disabled people and their families in the past

[*John McDonnell*]

two weeks. We all make mistakes. I understand that. But when you make a mistake and correct it, you should at least apologise.

Anna Turley (Redcar) (Lab/Co-op): Does my hon. Friend share my view that the most distressing thing the former Secretary of State said this weekend was the point he made about

“it doesn’t matter because they don’t vote for us”?

Is there not a constant thread running through everything—from the bedroom tax to local government cuts to this Budget—that this is a deeply political Government who do not care unless people vote Tory?

John McDonnell: I find a form of electoral politics, where you target a vulnerable group in society just because they do not vote for you, unacceptable. Not a word of apology! One nation Conservatism? It is a contradiction in terms.

Chris Philp: May I remind the shadow Chancellor that the richest 20% are now paying 52% of all income tax, which is up from 49%, and that the national living wage is putting money into the pockets of our country’s poorest citizens?

John McDonnell: The hon. Gentleman refers only to income tax. If he had looked at last weekend’s analysis of the overall cuts and what has happened with regard to tax and benefits, he would have seen that it is actually the poorest decile who are paying the most. The two groups hit hardest are young women with children and older women with caring responsibilities. Some 81% of the cuts are falling on women. This is a discriminatory Budget.

Chi Onwurah (Newcastle upon Tyne Central) (Lab): We are pleased that the Chancellor has found that the PIP cuts are a cut too far, even for this ideological Government. Does the shadow Chancellor agree that characterising all benefits claimants as workshy, stay-in-bed, lazy scroungers, which the Chancellor of the Exchequer has done on many occasions, contributes to an atmosphere in which it is acceptable to enrich the better off at the cost of the poorest among us?

John McDonnell: That language has been used by the Conservative party. Let me return to the Budget. The hon. Member for Braintree (James Cleverly), who has now left us, asked me to return to the Budget, so let me press on.

Even worse, there is still no certainty about further welfare cuts. We were told yesterday by the new Secretary of State for Work and Pensions—this was repeated today—that there were to be no further cuts to welfare in this Parliament. Within minutes, the Treasury were briefing to correct the Secretary of State, as that then became “no planned cuts”. There is complete confusion—chaos on chaos. Nobody believes or has any confidence in the mealy-mouthed assurances that are being given today.

Steve Brine: Will the hon. Gentleman give way?

John McDonnell: In a second.

The PIP withdrawal now leaves a £4.4 billion hole in the Chancellor’s Budget, as has been consistently pointed out by my right hon. Friend the Member for Normanton, Pontefract and Castleford (Yvette Cooper).

Steve Brine: Will the hon. Gentleman give way?

John McDonnell: Let me finish this point.

The simple fact is that the sums in the Budget, as my right hon. Friend pointed out, simply do not add up anymore. They simply do not compute.

Yvette Cooper: The shadow Chancellor will be aware that page 26 of the Red Book states that the Chancellor will set out plans to meet the welfare cap by this autumn, and that page 198 of the OBR report says that that will require further welfare savings of £3 billion a year. Did he hear the Chancellor say clearly this afternoon that he was going to ditch the plans for £3 billion a year of additional welfare cuts by the end of this Parliament?

John McDonnell: Cuts upon cuts, and who to? The most vulnerable in our society.

Steve Brine: I believe that the shadow Chancellor and the Leader of the Opposition, with whom I have served on Select Committees, are decent men. The shadow Chancellor said five minutes ago that he did not agree with a single policy introduced by the former Secretary of State for Work and Pensions during his time in office. Given the shadow Chancellor’s new fiscal responsibility, with the new rules he announced just a week or so ago, will he tell the House—people will be looking to him, because he is the shadow Chancellor—whether he would keep the welfare cap? If he cannot tell me that, will he tell me just one single saving that he could make from the welfare budget?

John McDonnell: We supported the welfare cap. I find it ironic that that point is being made on behalf of a Government who are not meeting their own welfare cap. They are breaching it and then moving it up. They are moving the goalposts again.

Let us be clear that the £4.4 billion black hole in the Chancellor’s Budget means either further cuts in departmental budgets and to benefits, or stealth taxes. No solution has been announced today. We are told that all this will be resolved by the autumn. Between now and then, no public sector job, benefit or service will be safe.

Tim Farron: The hon. Gentleman is right that the Chancellor has a £4.4 billion black hole that needs to be filled by cuts to public services or by stealth taxes, but that is in existence only because the Chancellor has set himself a false target. Does the hon. Gentleman agree that the real problem at the heart of the Chancellor’s credibility is the fiscal charter?

John McDonnell: I am grateful for the hon. Gentleman’s intervention and I will come back to that point in due course. I realise we are under pressure of time, Mr Speaker, so I will try to be as brief as I can.

The Chancellor’s political manoeuvring has real consequences. The drama over Budget week has clouded a further astounding revelation about his behaviour.

His former Government colleague David Laws revealed at the weekend that the Chancellor pressurised senior officials to reduce their estimates of the funding needed to maintain the NHS. We discovered that the Chancellor had forced through a cut of almost half the funding—this was independently assessed—needed by the NHS. The result is that the NHS and hospital trusts around the country cannot plan. They are facing a crisis: waiting times are rising, staff are under intense pressure and morale is at rock bottom. At the start of the year, the NHS recorded its worst ever performance as services struggled to cope with demand. It is now facing its biggest funding crisis for a generation and that is putting patient care at risk.

Sammy Wilson (East Antrim) (DUP): Does not the welfare cap, and support for it, suggest that if welfare spending goes up, we will have to revisit that spending? At that stage, would the shadow Chancellor cease to support the cap, or would he support measures to keep within it?

John McDonnell: We support a welfare cap, and we believe we have better policies—building homes, for example, rather than spending money on housing benefit—that would enable us to meet it.

Nothing in the Budget says that the NHS can find £22 billion in savings over the next few years. The idea is pure fantasy written into the Budget. It is typical of this Chancellor to opt for spin and presentation over addressing the real problems. He needs to stop living in fantasy land and to start being honest with the public over his own numbers.

Michael Ellis (Northampton North) (Con) *rose*—

John McDonnell: I have been extremely generous in giving way, but we are running out of time.

On schools, this was far from a Budget for the next generation, as the Chancellor claimed it was. Not only is the plan to turn every school in the country into an academy unpopular with parents and teachers, but we now know that schools face an 8% real-terms cut in their funding. This is the first time since the 1990s that schools' funding has been cut.

As the hon. Member for Westmorland and Lonsdale (Tim Farron) said, at the heart of all this failure is the Chancellor's economic incompetence. His huge mistake was to force through a fiscal rule that has proved to be unworkable. Against all sound economic advice, he put politics above economics and imposed a fiscal rule that now, like his Budget sums, simply does not add up. Virtually every target he set himself has been missed. On the deficit, which he promised would be eradicated last year, he has failed. The debt was supposed to be falling, but it is rising.

Rushanara Ali (Bethnal Green and Bow) (Lab): The former Work and Pensions Secretary described the cuts to PIP as deeply unfair when juxtaposed against tax cuts for the wealthy. Does my hon. Friend agree that the Chancellor should consider scrapping that tax decrease for the wealthy to help to fill the £4.4 billion black hole, which might help to improve his competence?

John McDonnell: That is the sort of proposal we should be considering and voting for today.

Several hon. Members *rose*—

John McDonnell: I want to finish the next section of my speech. I am straining your patience, Mr Speaker, so I shall press on.

The Chancellor is set to leave our children with £1.7 trillion of Government debt. Hundreds of billions have been borrowed on his watch. The welfare cap, which the hon. Member for East Antrim (Sammy Wilson) mentioned, is set to be breached each year until 2020. The OBR confirmed to the Treasury Committee that it would be breached by £20 billion over five years. The Chancellor has broken two of his own rules already. The third—the overall surplus—now hangs by a thread, and only with some seriously creative accounting will he meet it.

Meanwhile, across the country, the Chancellor's economic approach is failing, as was evidenced by last week's OBR report: forecast for growth—down; forecast for wages—down; forecast for productivity—down; and forecast for business investment—down again. Why will he not take responsibility for the last six years?

Antoinette Sandbach (Eddisbury) (Con): Does the hon. Gentleman celebrate the fact that 1,700 of the lowest paid in my constituency will be taken out of tax altogether as a result of the Budget, and that 1.3 million of the lowest paid have already been taken out of tax altogether in this Parliament?

John McDonnell: That is why we support the increase in the lower-rate threshold, but we have concerns that shifting the thresholds in that way actually benefits higher earners too much.

At the bottom of the Budget is a Chancellor who, as some have mentioned, is more interested in his political career than the welfare of disabled people, and more interested in becoming the leader of his party than in the health of our economy. He is not a Chancellor but a political chancer. I pay tribute to colleagues on both sides of the House who forced him to U-turn on his proposed cuts to disabled people.

This is not a one nation, compassionate Budget—nobody believes that—but a Budget shot through with unfairness at its heart. Even one of the Chancellor's own Cabinet colleagues last week denounced it as fundamentally divisive and unfair. It is not a competent Budget. It fell apart within a couple of days, and the Chancellor still cannot explain how he will fill the £4 billion hole. This is not a Budget for the long term either—a long-term economic plan that lasts three days? It is a Budget built around short-term political tactics and it has backfired spectacularly. They used to say that a week was a long time in politics but, under this Chancellor, a weekend is the length of a long-term economic plan. What a failure!

This is not a Budget for the economy or the country, either, but one that is constructed around self-imposed austerity. It is about politics—incompetent politics at that—not economics, and it has blown up in the Chancellor's face. For the sake of his party—he might think about that—and certainly for the sake of the country, it is time for him to go.

2.6 pm

Mr Kenneth Clarke (Rushcliffe) (Con): I congratulate my right hon. Friend the Chancellor on reviving the tradition of the Chancellor speaking on the last day of

[Mr Kenneth Clarke]

the Budget debate. It is one of the many things that my successor, Gordon Brown, should not have abandoned. I think we will agree it has enlivened the debate very considerably, compared with what usually happens. I also congratulate him on his extremely effective and spirited performance in defence of his Budget. He rightly took pleasure in his achievements so far in his term as Chancellor.

It is remarkable that we are having such a lively debate on the Budget at a time when, as we have just discovered from listening to the shadow Chancellor, there is absolutely no alternative economic strategy or policy on offer—no doubt my party will make up for that lack of challenge in its own curious way, but meanwhile I congratulate the Chancellor on where he has got so far.

In case the Chancellor is worried about the controversy surrounding the Budget, let me tell him that it is not unusual. I have been here so long that I have seen much worse. Geoffrey Howe's 1981 Budget was extremely controversial, and passions ran higher, and far more seriously, than they have on this occasion. Nigel Lawson had his Budget speech interrupted, and the House was suspended because of disorder, when he tried to cut the taxes on the higher paid.

I had merely one defeat on a Finance Bill. I lost to a rebellion on the Floor of the House. My mitigation was that it was not my proposal—it was Norman Lamont who proposed VAT on domestic fuel—although I still think it was perfectly sensible. I immediately came back with more tax proposals to get the revenue I had lost, but my right hon. Friend is quite right to wait for events between now and the autumn statement and then to continue the fiscal discipline he has rightly maintained so far.

Geraint Davies: The right hon. and learned Gentleman probably knows that the Royal College of Physicians has announced that 40,000 people are dying a year, at a cost of £20 billion, from diesel emissions and pollution. Does he think the Chancellor should reconsider promoting green transport, public health and savings and rebalancing the tariffs on electric, diesel, hydrogen and petrol in order to save lives and money?

Mr Clarke: We have been extremely active on that front, but scientific knowledge is moving on. I remember when diesel was positively subsidised by Governments because it was thought to be more environmentally friendly. In a more appropriate debate, those issues are well worth pursuing. I understand the problem. I turn to what the Chancellor has to devote himself to: the Budget judgment and its implications for the economy. The Chancellor accepted, as he has to, that that is his principal responsibility. The Chancellor has the most difficult job in government, because he has to spend all his time challenging all the lobbies that demand extra expenditure and challenging his colleagues to find savings or improvements in the budgets of their Departments in order to close the gap.

What this Chancellor has not done is take a short-term view at any stage. That is why he has achieved such remarkable economic success. What I liked about his Budget speech was when he stressed how it was for

future generations. What he said a few moments ago—a soundbite, if I may say so, which I had not heard before: there is no social justice without sound finance—is one of the best summations of one nation Conservatism I have heard for a very long time.

Keith Vaz (Leicester East) (Lab) rose—

Mr Clarke: I shall be in trouble with the Speaker and everyone else who wants to speak if I give way. Otherwise I would love to give way to the right hon. Gentleman.

Mr Speaker: Let me say to the right hon. and learned Gentleman that he has never been in trouble with the Speaker.

Mr Clarke: I am trying to be reasonably concise rather than too expansive. I apologise to the right hon. Member for Leicester East (Keith Vaz).

I tried to think of what I would have done had I been Chancellor in the present situation. Before the Budget was delivered, I expected a much tougher Budget. Thank the Lord that I am not in my right hon. Friend's position; I never had to face problems of the kind that he inherited from his predecessor. My instincts are classic, traditional stuff for anyone for whom the iron of the Treasury has entered the soul. This is the first Budget after an election, we have not made fast enough progress in eliminating the deficit and debt, and we will not have sound future progress with a modern rebalanced economy unless we have done that, so my first thoughts would have been to get on with it.

I would have introduced a Budget, as I frequently did in my time, raising taxes and cutting public expenditure. I am glad to hear, for reasons that I shall return to later, that my right hon. Friend has committed himself to his continuing long-term objective, and has decided to pause. I thought this was going to be a popular Budget. People speculate as to why we chose an easier path. [Interruption.] The Chancellor has in the short term relaxed fiscal policy. It is good that the Bank of England is retaining a very relaxed monetary policy, but it will tighten it if we were to abandon fiscal discipline. In the short term, my right hon. Friend has lowered taxation and lowered Department spending targets for cuts. He has eased off on public spending and lowered taxation. I was surprised by that.

I assume that this was partly caused by the considerable uncertainty that the economy faces. No one has addressed that issue in any of these debates, although the Chancellor did in his Budget speech. The global economy is slowing down, and mainly as a consequence of that, the British economy is slowing down. The uncertainties for our economic prospects over 2016 are very concerning. There are many uncertainties, all of which would threaten most of the developed economies if things go wrong. We still do not know whether China, for example, is going to achieve a soft landing; I think it will. In the emerging markets—there are associated problems with emerging market debt—there is volatility and some unsoundness in the financial world.

And there is the risk of Brexit. I am very glad that the Governor of the Bank of England decided to reassure people by setting out publicly that he was prepared to take action if we had a flight of capital from this country should people be alarmed about the referendum.

So far, such risk has led only to a big decline in the value of sterling and the freezing of most people's investment plans. One would be a bit of an idiot to invest in the British economy in anything that had the slightest risk when we do not know what the circumstances and trading patterns are going to be in six months' time.

I assume one reason why my right hon. Friend took a more relaxed view than a traditional Chancellor would have done and did not make those big spending cuts or increase taxation—in fact, he eased taxation for businesses and the low-paid—was to avoid the mistake of being too severe when circumstances might well worsen as the year goes on. That underlines the point that, in the long term, one cannot forecast and fix these kind of things further forward.

A great deal of the debate around the Budget centred on the forecasts and the Office for Budget Responsibility. The fact that the OBR's forecasts keep changing so rapidly just underlines what I am saying about the uncertainties for the immediate future. Fortunately, thanks to my right hon. Friend, the British economy has been the fastest growing developed economy in the last 12 months, and we are probably less at risk than most others. However, the fact remains that this was a time to be cautious. Personally, I would have maintained the squeeze—it has all been put off until the latter half of this Parliament, and into the next if we are not careful—because so long as the economy continues to grow, and there is a reasonable prospect that it will, we should not be running a deficit of this percentage of GDP, piling up more debt for our successors.

My doubt is whether this pause was totally justified. I accept that it probably was; but certainly we must resume things. I listened to a shadow Chancellor who plainly does not have an idea in his head about how he would save any money or do anything other than continue spending and borrowing. It is totally profligate stuff, as we have seen very much in the past.

I am very glad that my right hon. Friend made the changes to business taxation. When I was in office, I put up taxes, but I never put up business taxes because I was trying to encourage growth. We still need to make our economy stronger, so it is welcome that the Chancellor stepped in, keeping our corporation tax level at a competitive rate. I particularly welcome the help he has given to small and medium-sized businesses. Encouraging business is, of course, the best way of protecting ourselves against economic risks for the future in this uncertain world.

My right hon. Friend has not been wholly generous towards big business. He and the Government have been leading in the OECD on attempts to tackle the problem of tax evasion and tax avoidance on the part of big multinational companies. He has incorporated the first serious attempt for a long time to attack the problems of tax relief on interest when it is exploited and misused, on royalties and on past losses. I get told a lot about how the Chancellor should be collecting more from big international companies, but no Government have done a blind thing about tackling this tax avoidance for the past 20 years. This Government are leading international discussion towards agreement, which is what is needed, and in this Budget, the Chancellor has started to act.

We are told that we are relieving tax on the rich, but everybody knows—I certainly know, and not just from the newspapers—that the Treasury has been looking at

the idea of doing more on tax relief for the wealthy when they contribute to their pension funds. If they have very high earnings, tax relief on pension funds is the way of avoiding tax and it is a great way of ensuring that 45% tax is not paid on a very considerable part of one's income. That was the case, but we have now put a cap on it. I feel that we are still rather too generous, but in today's politics that was another lobby, and when someone leaked it, it was seen off by the pensions industry in about 10 days flat. So my right hon. Friend was not allowed—on that occasion, I suspect, because of fear about what would happen on this side of the House—to proceed with fairly modest changes in tax relief for the rich.

As far as other tax moves that my right hon. Friend has made, on personal allowances and the thresholds for the higher rate, because the higher paid—the rich—now pay such a huge proportion of tax, it is almost impossible for Chancellors to ease the tax burden on the low-paid and the ordinary citizen without it being possible to demonstrate mathematically that they have done quite a lot for the rich as well. If Chancellors bought that argument every year, they would never move the threshold at which people start to pay tax, and they would never raise the 40% rate for the people who are currently in modest jobs and find that they are subject to a marginal rate of 40% because Gordon Brown started the habit of freezing the threshold in order to secure stealth taxation. Raising these thresholds is welcome, and I am glad that my right hon. Friend felt able to do it.

Other measures should be seriously canvassed. The pensioner benefits, to which I am entitled, are discussed every now and again. I am always told that we have put things in a manifesto, but I have yet to meet a candidate or an elector who read the last general election manifesto, which, although it seems to contain considerable detail, was certainly not crucial to my constituency victory, or, I suspect, to anyone else's. We have ruled out ever raising income tax, ever raising national insurance, ever raising VAT; we appear to have ruled out doing anything at all that would stop the very wealthiest people having free bus passes and receiving the winter fuel allowance. I am not going to advocate the breaking of manifesto pledges, but I know of no prosperous pensioners, and certainly none who are in full-time employment like me, who would object to, at the very least, those benefits being made taxable.

I think that there is a case for considering those measures and various alternatives, but I will not risk going into it any further, first for reasons of time, and secondly because, given today's populist politics, I fear that if I do, some lobby yet unknown to me will descend on me in the next two or three days in order to mount a campaign, through our ridiculous media, to blow that case out of the water.

Of course we must judge the Budget on its own merits, and I understand why my right hon. Friend has got to where he is. No two Chancellors have ever done the same in respect of every measure. Within our system, a Chancellor makes an overall judgment, and this Chancellor retains my full confidence: I am prepared to support his judgment.

I have another reason for supporting my right hon. Friend's judgment. As I have already said, the present Government are in a strange position. Absolutely no alternative proposition is being advanced by anyone

[Mr Kenneth Clarke]

outside. Some pundits, and, as a result, some politicians, seem to believe that we are wrong to maintain our target of a balanced budget over the cycle, or however we choose to put it. They suggest that, actually, there are no problems, and the answer is simply always to run a deficit, on and on and on. After all, it is free money. It is a bit troublesome that interest rates might return to normality one day, but meanwhile, just let it pile up: it will sort itself out.

People on the far right say “Tax cuts, that is all you want. Tax cuts will inspire such tremendous entrepreneurship that jobs will be created, wealth will be created, and it will all be paid back. You will not be in debt for long.” On the left, the argument is “Boost every welfare payment, increase public spending on every public service, and that will generate such demand from the grateful taxpayer recipients that they will pump it into the economy, and it will pay for itself.” That is Mickey Mouse economics, as practised by the last Labour Government, and it got us into this trouble that we are still—thanks to my right hon. Friend—getting out of now.

As for my final reason for backing my right hon. Friend’s judgment, his record, after eight Budgets and six years, is absolutely amazing. I must concede, having been one of his competitors at one point, that he is far the most successful departmental Minister in this Government to date. If anyone had said, when he took over the state of affairs that he took over more than eight Budgets ago, that he would stand here, in charge of the fastest growing economy in the developed world, with near-full employment and with employment at record-breaking heights, able to demonstrate the steadily improving state of not only the public finances but the condition of the poor, as well as the alleviation of social problems across the country, that person would not have been believed. It is a quite remarkable performance.

So I back my right hon. Friend’s judgment. I am also delighted that he is helping us all to avert the risk of Brexit in the forthcoming referendum, because, if the public were so ill advised to vote for it, that would be the only thing that could really send this economic recovery off the rails in a big way.

Several hon. Members *rose*—

Mr Speaker: Order. Before I call the spokesman for the Scottish National party, it may be convenient for the House to know that, owing to the level of demand among those wishing to contribute to the debate, a five-minute limit on Back-Bench speeches will have to take effect immediately after his own speech.

2.26 pm

George Kerevan (East Lothian) (SNP): Let me begin by associating the SNP with the words of the Chancellor and the shadow Chancellor in expressing sympathy for the people of Belgium—Flemish, Walloon, and recent immigrants—at this tragic hour.

I must give the Chancellor his due. He gave us a bravura performance: in my view, a more assured and more interesting performance than we were given last week. However, I am always worried when he goes into

his expansive, emotional mode. What is he hiding? We know what he hid last week, which was the fact that he would have to come back and tear up his Budget and create a new one, but what did he hide this week? He hid what he always hides and never addresses: the crucial issue of productivity. Without productivity growth, there can be no tax growth, no jobs growth and no wage growth. The truth is that, under this Chancellor, productivity has risen at an annual average of 0.1%. Since the top of the boom in 2007, the cumulative increase in UK productivity has been less than 1%. That is the Chancellor’s failure.

I have great respect for the Chancellor, but he is not a Chancellor who ever had a real job. He is not a Chancellor who ever worked in the private sector. He is not a Chancellor who ever had to lie awake at night—as I have, and as, I am sure, have many other Members on both sides of the House—and worry about how to pay the next wage bill. This Chancellor is an intellectual Chancellor: that is his problem.

Chris Philp: I have spent the last 15 years setting up and running businesses. As someone who has done that, I am glad that it is this Chancellor who is sitting in that seat, because he is the man who has created jobs and helped businesses like mine! [*Interruption.*]

Mr Speaker: Order. May I just say, for the benefit of the House, that moderation and good humour are the precepts of “Erskine May”. Members on both sides of the House can learn from the right hon. and learned Member for Rushcliffe (Mr Clarke), who has just given a textbook example of a robust speech made with good humour. Many Opposition Members can do the same, and new Members could learn from them.

George Kerevan: Thank you, Mr Speaker. I serve on the Treasury Committee with the hon. Member for Croydon South (Chris Philp), and I did not take what he said personally.

If we do not get productivity, what happens? We do not get growth. The right hon. and learned Member for Rushcliffe (Mr Clarke) gave us a wise presentation, as he normally does, but he slipped up a little. He said that, under this Chancellor, the United Kingdom had experienced the fastest growth in the developed world. That is not true. As he phrased it, it is not true—unless, of course, Australia is not developed; unless, of course, the United States is not developed; unless, of course, Sweden is not developed; unless, of course, Korea is not developed; unless, of course, Spain is not developed. All those countries experienced faster GDP growth than the UK in 2015, largely because they experienced faster productivity growth. That is what this Chancellor has not delivered. That is not what this Budget contains. And that is this Budget’s weakness.

If we look at the failure of productivity growth in the UK under this Chancellor, we see that productivity is lagging in practically every commercial and industrial sector. Crucially, productivity has been falling by an average of 1% a year in the financial services industry—our flagship industry, our key service industry, the industry that is leading our service exports. This Chancellor has devoted a lot of time and effort to reconstructing the financial services sector—I grant him that—but what have we got? Falling productivity. According to the

Office for National Statistics, productivity in the British financial sector, including insurance, is now behind the level of financial services productivity in France and Italy. That is not a great record, Chancellor. Here is the bottom line: if we do not have productivity growth, the cash economy will not grow, wages will not grow and income to the Treasury will therefore not grow.

Marcus Fysh (Yeovil) (Con): Does the hon. Gentleman not recognise that there is a lot in this Budget to improve the performance of the economy? Does he not agree that a massive cut in business rates will deliver exactly the productivity that he is talking about?

George Kerevan: I utterly accept that point. This is at the core of what I am saying. The kind of business rate cuts for small companies that the Chancellor has belatedly introduced in this Budget have long been available in Scotland. What has happened to productivity in Scotland? Despite the Scottish Government's limited drivers for economic growth, productivity in Scotland has gone up 4.4% since the recession. That is more than four times what this Chancellor has managed to deliver. In Scotland, our limited tax powers have forced us to concentrate on the supply side, and my bill of fare against the Chancellor is that he does not do that. Yes, there are lots of bits and pieces in the Budget that I welcome—particularly the move to clamp down on transfer pricing in multinational companies—but in the end, there is no strategy. The Chancellor has no strategy apart from his rendezvous with 2020 and trying to run a budget surplus.

Sammy Wilson: Does the hon. Gentleman accept that he is perhaps being a bit harsh? There are many supply-side measures in this Budget, including improved investment in infrastructure and the digital economy and cuts in corporation tax and business rates, all of which should help investment and therefore increase productivity.

George Kerevan: Indeed, and I welcome all the supply-side measures, but—[*Interruption.*] Wait for it! We have had five Budgets in the past 15 months. Why did those measures not appear in the last four of them? In fact, if we count today as well as last week, we have had six Budgets in that time. Why did those measures not appear before? This is not about the Treasury officials, who are bright men and women; this is about the fact that there is no strategy apart from trying to run a budget surplus in a particular year, because the Chancellor knows that if he does not deliver in 2020, what is left of his reputation after this week will be in shreds.

Mr Steve Baker (Wycombe) (Con): I should like to draw the hon. Gentleman's attention to page 2 of the Red Book. It states:

“This is precisely why the UK has been working through its long-term economic plan. Since 2010 the plan has been focussed on reducing the deficit, while delivering the supply side reforms necessary to improve long-term productivity growth.”

Will he at least concede that the Chancellor has in his Red Book precisely the kind of strategy that he is criticising him for not possessing?

George Kerevan: I cannot accept that. There is a tension in the Chancellor's mind. It is like good and evil sitting on either shoulder. One side is telling him to run

a budget surplus, because that is an easy road to take. That is not badly thought out. Given the number of rules that Chancellors have thought up over the years and then failed to implement, running a budget surplus is an extremely simple rule. It is just too crude, however. That argument vies with the supply-side strategy.

Following on from the question from the hon. Member for Wycombe (Mr Baker), another friend from the Treasury Select Committee, let us look at what the Office for Budget Responsibility says in its report about how the Budget supply-side measures will work. It states:

“We also expect smaller positive contributions to potential output growth over the next five years from population growth, while average hours worked are expected to trend down over time.”

With a decrease in average hours, in input and in population growth, where is the productivity increase going to come from? I should like to hear the answer from the Chancellor.

Geraint Davies: Does the hon. Gentleman agree that we have such hopeless productivity growth because, first, our research and development is very low, by international standards, and secondly, so is infrastructure investment? Thirdly, the rights and security of people in work are now low, making it easier for them to be sacked. In Germany, where people can stay in work, employers have to invest in their productivity because they cannot get rid of them. Here, however, we are destroying rights and creating short-term, low-paid jobs, which is resulting in lower productivity.

George Kerevan: I could not agree more with all three points, so I will just accept them.

The Red Book also shows that public sector net investment—capital investment in the public sector—is set to fall for the next four years. I have to ask Conservative Members this question. With industry in trouble and manufacturing contracting, as it has done in the past quarter, how will it help productivity if we have to cut public sector net investment in the capital side of the economy in order for the Chancellor to meet his rendezvous with destiny in 2020 and have his budget surplus? We need investment in capital in order to have productivity—that is where it comes from.

It is interesting to see what the OBR thinks we will have to do in order to get the books to balance. It believes that UK private sector business investment will have to make up the difference. It believes that private business investment will come to the rescue and contribute a quarter of the expenditure contribution to GDP growth in the period to 2020 in order to achieve the Chancellor's fabled budget surplus. So, to make all the sums work, there has to be growth. Where is the growth coming from? According to the OBR, a quarter of all the potential expenditure in the economy between now and 2020 has to come from business investment. [*Interruption.*] Bear with me as I go through the numbers, because they are important. According to the OBR, business will have to contribute 0.6 percentage points each year to GDP in order for the economy to grow sufficiently to deliver the taxes to enable the Chancellor's budget to come into balance.

There is only one problem. Historically, from 1990 to 2008—that is, throughout the boom period—the level of investment that British business managed to achieve

[George Kerevan]

as a percentage of GDP annually was 0.3, which is precisely half what the OBR thinks that business will have to invest between now and 2020 if the Chancellor's numbers are to work. That is not going to happen.

David Rutley (Macclesfield) (Con): The hon. Gentleman says that the Chancellor lacks strategy, but that is clearly not the case. He was clearly not listening to the same Budget speech that I was listening to. That speech included supply-side measures, with business taxes going down and infrastructure being improved. We are seeing massive Government investment in the northern powerhouse to tackle the challenges, and private sector investment is coming in on the back of it, including £1 billion of investment in Manchester airport over the next 10 years. Is not that the sort of leverage that the Government should be seeking?

George Kerevan: If the hon. Gentleman had been listening carefully instead of following his script, he would understand that I am in favour of all the supply-side measures that we can get, because that is how we get growth. I am simply pointing out that the Budget figures that we have been presented with in the Red Book, alongside the OBR's independent analysis, suggest that business investment will have to be double the level of its historical average, at a time when the global economy is slowing, in order for the Budget numbers to work. That is not going to happen.

The hon. Member for Macclesfield (David Rutley) made a reasonable point, however, and I shall follow on from it by asking: how do we boost business investment? The Budget includes a cut in corporation tax, yet our rate is already the lowest in the G20. How can a further cut produce any more inward investment? The incentive is already the biggest it is going to be, so cutting it even more at the margins will not increase incentive. That will just waste funds. Even with that—I have raised this in the House before—because there is so little outlet for investment at the moment, much of companies' profits from reduced corporation tax is going into share buy-backs, which is a complete waste of time because it does not add to productivity.

The other tax issue in the Budget is the cut in capital gains tax. There is an argument for cutting capital gains tax, but here's the point: which Chancellor raised capital gains tax in 2010? It was the Chancellor who is sitting there. Where is the long-term plan in raising it and then lowering it? The confusion of signals is exactly why businesses are not investing. They do not know what taxes will be from one Budget to another, which, at the moment, is every three months. [Interruption.]

David Rutley: I thank the hon. Gentleman for giving way. I was not seeking to make a point, but I will now. The Chancellor has clearly demonstrated that he has his public finances under control—[Interruption.] The deficit is massively down and he is now in a position to take forward the changes to which the hon. Member for East Lothian (George Kerevan) refers.

Madam Deputy Speaker (Natascha Engel): Order. The hon. Member for East Lothian (George Kerevan) has been on his feet for 15 minutes and is taking an

awful lot of interventions—he is very generous like that—but over 40 Members want to speak and I do not think that I am going to get everybody in. If he limits the number of interventions he takes, I will be very grateful.

George Kerevan: As ever, Madam Deputy Speaker, I am at your service and the service of the House. I will come to my final point, because I am sure that we will be discussing this at the next Budget in another three months.

The Chancellor talks about living beyond our means. He prioritises the budget surplus. He talks about intergenerational fairness. He says that if we do not get overall national debt down, it will be a burden on future generations. Let us test that and go back to the late 1940s and 1950s, when the national debt as a share of GDP was more than twice what it is now and was coasting at over 200% at one point. For most of the '50s it was 150%, which is twice what we have at the moment. Where did it come from? It came from Governments, particularly Conservative Governments, borrowing money. Most of the rise in national debt did not come during world war two, but during the late '40s and early '50s as we tried to rebuild Britain's infrastructure following the depredation of the war. Harold Macmillan was building a million houses a year. We invested and the national debt was pushed up.

Here is the thing: if huge national debts weigh heavily on future generations, let us look forward. What happened to baby boomers such as the right hon. and learned Member for Rushcliffe and me? Our generation has houses and pensions. We have benefited from state-funded investment in national infrastructure. The whole notion that investing and running up a budget deficit places a burden on future generations is not historically true. Did the economy grow fast in the '50s and early '60s? Yes, it did.

Here is my final point and my message for the Chancellor to reflect on: when trying to control public spending, what matters is what it is spent on. Harold Macmillan and the Conservative Governments of the 1950s invested in infrastructure. This Chancellor is borrowing to invest in current spending, which gets blown away by the wind, and if we do that, we fail. It is no wonder that the Chancellor wants his rendezvous with destiny in 2020. He wants to pretend that he can run a budget surplus. It may never happen. Even if it does for one year, it is unsustainable. The Chancellor does not understand business or how the economy works. He pretends he does and talks a good game, but he has not delivered productivity, which is the core thing that we need in this country.

2.44 pm

Mrs Maria Miller (Basingstoke) (Con): It is a great pleasure to follow the hon. Member for East Lothian (George Kerevan), who always speaks so eloquently, but I must say that I disagree with absolutely every word he said. Boosting productivity is at the heart of this Government's Budget, which is plain for everybody to see. My right hon. and learned Friend the Member for Rushcliffe (Mr Clarke) said that the global economy is slowing down and that we need to be fighting fit for the future. This Budget will help put Britain in that place.

I pay tribute to the Chancellor for delivering such a strong Budget, but what we should all do first is pay tribute to our nation's wealth creators. It is they, not us sitting here in Parliament, who have put Britain back on top with one of the world's strongest economies. They are the farmers whom I met last week in Hampshire. They are the partners who run the new John Lewis store in my constituency. They are small and medium-sized businesses up and down the country. They are people like Beryl Huntingdon, who runs Absolutely Offices, or Graham Murphy, who runs RDT. They are the people, innovators and entrepreneurs putting Britain back on top. We must acknowledge their immense hard work in getting our country into the position it is now in.

Catherine McKinnell: Will the right hon. Lady give way?

Mrs Miller: If the hon. Lady will forgive me, I want to make progress because of the number of people who want to contribute.

The Government have recognised their role in creating the right conditions for business success. They have created an environment in which businesses feel confident about investing by putting in place the right reductions in business and job taxes to encourage growth and success. They have put in place the right infrastructure investment—the £100 billion going into infrastructure over this Parliament, including Crossrail 2, which will do so much to reduce pressure on other parts of the rail network, such as the Wessex route, which affects many hon. Members and is well over capacity. The Budget is also investing in people, underlined by the commitment to 3 million new apprenticeships by 2020, including 5,000, some of which will be degree level, in my constituency at the Basingstoke College of Technology.

People are the biggest asset of most organisations. According to the CBI, some of the biggest challenges facing business in the UK today are retaining top talent and getting appropriately skilled staff. We may have record employment levels, which is to be applauded, and the highest number of women in work, but if we are to be fighting fit for the future, we must get the best out of every single member of our community. While much has been done, there is still more to do, particularly on women's role in the workforce.

Record numbers of women are in work and the Chancellor is to be congratulated on that, particularly because of the investment he secured for doubling the amount of free childcare. There are 2 million women who would like to be in work and 1 million working women who would like to work more, but they cannot find the right jobs. Some 41% of women in this country work part time, many because they cannot get hold of the right flexible work that fits around their family and caring responsibilities. I gently draw the Chancellor's attention to the second report of the Women and Equalities Committee, which is all about one of the Government's great aspirations: to eliminate the gender pay gap in a generation. We can do that if all jobs are more flexible, if men are better able to share care in their family life, and if there are national pathways for women to get back into work.

I also draw the Chancellor's attention to an Equality and Human Rights Commission report, published today, on the level of maternity discrimination that 77% of pregnant mothers and people on maternity leave are

enduring. We are not making the best use of women in this country, and I would like the Government to pledge to take active steps to change the situation, so that all women can do a job that they want to do in order to make the biggest contribution they can to boosting productivity in this country.

2.48 pm

Paula Sherriff (Dewsbury) (Lab): I rise to speak to amendment (a), tabled in my name and those of the hon. Members for Glasgow Central (Alison Thewliss), for Berwick-upon-Tweed (Mrs Trevelyan) and for Leeds North West (Greg Mulholland). I served on the Finance Bill Committee with the hon. Member for Glasgow Central last year, and it was during that Bill's passage that she and I first tabled amendments on this issue. I hope that we will finally see them reflected in legislation this year.

I thank the hon. Member for Berwick-upon-Tweed, who, as a Government Back Bencher, co-sponsored the amendment, and my right hon. and hon. Friends who have given their support, but it is the campaigning work of so many others outside this Chamber that has driven us forward, including more than 300,000 people who signed Laura Coryton's petition on the issue. The campaign against the tampon tax will serve as an inspiration. It is an example of how grassroots campaigns and Back-Bench Members can make a positive change at the highest level.

It is one of the absurdities of our tax regime that tampons and sanitary towels are treated as luxuries, when periods are simply a fact of life for women. Last week, we heard appalling reports from food banks about how women, who were unable to afford tampons, were resorting to using newspapers and socks.

Mrs Miller: Will the hon. Lady join me in thanking the Financial Secretary, who is in his place, for all his hard work in taking the fight directly to the European Union and in negotiating the change that the Government have put on the table today?

Paula Sherriff: I do thank the Financial Secretary in the same way that I thank everybody who has supported this long-standing campaign.

It cannot be acceptable that women are having to use socks and newspapers as a substitute for sanitary protection. I hope that, as well as cutting prices across the board, we can ensure that all women have access to the protection that they need.

This campaign is not just about money. It is about time that we removed the stigma attached to the basic facts of women's lives. The Prime Minister said yesterday that he will always remember explaining this issue to the 27 Heads of Government at the European Council. The fact that they had to address this issue directly is itself a great step forward for women.

I am glad that the Government have now taken on board the campaign's message. It makes me the first Opposition Back-Bench MP successfully to move an amendment to a Budget resolution. If nothing else, I will at least achieve lasting fame as a parliamentary pub quiz answer. That does not mean that our work is done here. There are a couple of outstanding issues that I hope the Minister can address.

[Paula Sherriff]

Most pressingly, there is the question over what will happen to those women's charities that have benefited from the tampon tax fund since the autumn statement back in November. I hope the Minister will confirm today that even after the tax is scrapped he will continue to provide the financial support that they so desperately need.

We will also need to take the final step by legislating for the measure the Finance Bill, and at European level. It would be fitting if this House could pass those amendments before the referendum in June, and I hope that the Minister can commit to that timetable today. On the latter point, I hope that he will be back at the Dispatch Box tomorrow with the expected announcement of the EU VAT action plan.

There is also a challenge to ensure that women get the full benefit of the tax cut, and that the cut does not simply result in increased profits for the manufacturers and retailers of sanitary products. I am writing to them on that matter myself, and I encourage the Government to join me. Those companies might be able to provide part of the answer to the issue of future funding for women's charities. I hope that it would not be too much of a test of our powers of persuasion to encourage them to advertise women's charities on their packaging, and make donations themselves. Women have no choice but to pay companies for their products, and I hope that those companies will make the choice to help pay for our services.

Alison Thewliss (Glasgow Central) (SNP): I thank my honourable sister for giving way on this point. I thank her for her support and for the work that we have done on this. I fully support what she is suggesting about the charitable giving from the sale of packets of tampons and sanitary towels. Does she accept that the definition of sanitary products needs to be widened slightly to cover items such as breast pads for mothers who breast feed, maternity pads for women who have just had children and incontinence pads, which are not always available to people free of VAT?

Paula Sherriff: I thank the hon. Lady for her intervention, and I very much look forward to campaigning with her on the issues that she has just mentioned.

This evening we have the opportunity to put right an historical injustice by making clear our intent to abolish VAT on female sanitary products. The amendment allows us to do just that, and I hope that the whole House will support it.

2.54 pm

Graham Evans (Weaver Vale) (Con): Thank you, Madam Deputy Speaker, for calling me to speak in this very important debate. It is a pleasure to follow the hon. Member for Dewsbury (Paula Sherriff), to whom I pay tribute. Given the mark that she has made on this place—I am pretty sure that I speak for the whole House in this regard—she will be more than just an answer in a future pub quiz. It is also a pleasure to follow my right hon. and learned Friend the Member for Rushcliffe (Mr Clarke). He is certainly still a big beast. He was a big beast in the Treasury and he is now turning out to be a bit of a national treasure on the Government Benches.

This Budget puts the next generation first—I have to declare an interest here, as I have three young children—and it continues our long-term plan to reduce the deficit and achieve a surplus, and sets out the long-term solutions to long-term problems to ensure that Britain is in a strong economic position for the future.

Thanks to the work of my constituency neighbour, my right hon. Friend the Chancellor, Britain is set to be the fastest-growing economy in the G7, with the Office for Budget Responsibility predicting growth rates in excess of 2% for the remainder of this Parliament. [Interruption.] We are still the envy of the European Union, and we are stronger together. The challenges that the country faces are growing: global stock markets have had the worst start to the year for 45 years, prospects for emerging markets have worsened, and the sharp fall in the price of oil and commodities has contributed to lower global growth.

Eight years ago, the UK was one of the worst prepared countries to face the financial crisis. Today, it is one of the best prepared. We have fixed the roof while the sun was shining. Against that backdrop of global uncertainty, this Budget delivers security for hard-working taxpayers. Small businesses are the engine room of our country. They account for 99% of all private sector businesses, employing 15 million people—60% of all private sector employment. The combined annual turnover of SMEs was £1.8 trillion last year, nearly half of all private sector turnover in the United Kingdom.

Along with many small businesses across Weaver Vale, I welcomed the announcement in last week's statement that business rate relief would be doubled permanently. Businesses with a rateable value of £12,000 and below will receive 100% relief. Some 600,000 small businesses across the country will now pay no business rates whatsoever.

Simon Danczuk (Rochdale) (Ind): On that point, I also welcome the fact that, from 2017, 600,000 small businesses will be taken out of business rates, but it does not happen for a year. Retail business rate relief, which is worth £1,500, has also been abolished, but small shop owners will still have to pay that £1,500 for the next 12 months. Is that not disappointing?

Graham Evans: I bow to the greater knowledge of the hon. Gentleman, who does a great job as a small business owner in Rochdale. We cannot do everything at the same time, but overall I welcome this Budget. I am sure that he, too, welcomes the overall message to small businesses as they receive help with those reliefs.

Businesses with a property rateable value between £12,000 and £15,000 will receive tapered relief. Two thousand properties in Halton Borough Council and 7,000 properties in Cheshire West and Chester have a rateable value of below £15,000 and will all benefit substantially from the changes.

Building a northern powerhouse and rebalancing the national economy is a core part of this Government's economic strategy. In 2015, over half a million more businesses were established outside London and the south-east than in 2010. A third of new businesses are in the northern powerhouse, and the overwhelming evidence is that those new businesses are creating more and more jobs.

In my constituency of Weaver Vale, unemployment is down by 57% since 2010. Almost three quarters of the growth in employment has been in full-time jobs, and real wages are rising strongly. Since 2010, there have been around 4,000 new housing starts in Cheshire West and Chester, and just under 2,000 new starts in the Halton and Runcorn area.

Nationally, housing starts are at their highest levels since 2008, and are up by 91% when compared with the low point in 2009. Local authorities will be able to access the £1.2 billion starter home land fund to help prepare more brownfield sites for starter homes, such as the legacy brownfield sites from ICI in Northwich in my constituency. This Government are helping generations of younger people in their 20s and 30s to buy their first home. Crucially, they are protecting our green belt while at the same time helping more young people to get on the property ladder.

The UK was the fastest growing major advanced economy in 2014, the second fastest in 2015 and it is forecast by the OECD to be the fastest growing in 2016. Under Labour, £1 in every £4 spent by the Government was borrowed, which was absolutely outrageous. Now it is £1 in every £14. The deficit has been cut by two thirds, and we will run a surplus by the end of this Parliament.

This Budget moves Britain from a high-tax, high-welfare, low-wage economy to a high-wage, low-tax, low-welfare economy. Next year, the long-awaited Mersey gateway bridge will be opened by a Conservative Government—and a Conservative Chancellor has made that happen. That reminds the world, if it ever needed reminding, that Great Britain and the north of England are open for business.

2.59 pm

Mr Iain Wright (Hartlepool) (Lab): I would like, if I may, to advance the argument made by the hon. Member for East Lothian (George Kerevan) about the downgrading of productivity. Productivity was the central economic challenge of this Parliament—so said the Chancellor last year. A failure to address the productivity gap between ourselves and our main economic rivals would undermine our competitiveness and reduce living standards, so to address that, the Government published their productivity plan in July 2015.

In our inquiry into the plan—our first in this Parliament—my Select Committee found it to be somewhat worthy but vague, and without the firm delivery and implementation measures needed truly to address the productivity challenge. Of course, it is difficult for any Government to turn around something as substantial and structural as the productivity gap, especially only nine months after the publication of their report, but the downgrade to productivity in last week's Budget reinforces the Committee's view that although many measures in the plan were welcome, collectively they did not constitute a radical departure or step change that would really help to boost productivity. Crucially, as the OBR stated in its report last week:

“Lower productivity growth means lower forecasts for labour income and company profits, and thus also for consumer spending and business investment. In aggregate, this reduces tax receipts significantly.”

Productivity improvements require a long-term and sustained approach to business investment, yet the Red Book shows how much business investment—that engine

that will power better competitiveness, increase wealth creation and employment generation and, ultimately, bring about higher wages and rising living standards—has stalled. Real business investment fell in the final quarter of last year. The manufacturing sector in our country is in recession. The OBR forecasts that business investment will be 2.6% in 2016, a massive 4.9 percentage points weaker than only four months ago at the time of the autumn statement.

The Government are not helping through their policies. The Chancellor should be encouraging firms to invest in the latest technology, plant and machinery to ensure that they can compete with the most modern kit anywhere in the world, as well as investing in research and innovation to ensure that British-based firms are coming forward with the goods, services and products that the world wants to buy.

Robert Jenrick (Newark) (Con): Is that not exactly why the Chancellor has cut corporation tax and capital gains tax: to encourage companies of all sizes, particularly small and medium-sized businesses, to invest in research and development, new products and the jobs of the future?

Mr Wright: I would suggest that the approach on capital gains tax is contrary to having a long-term economic plan, as it encourages short termism—people do not scale up, but sell out quickly. That is a major structural concern.

To a large extent, the Chancellor has done positive things in this Parliament to encourage investment. In particular, the changes to the annual investment allowances are very welcome and will allow firms to invest with greater certainty. Other countries, however, are doing much more, and Britain risks missing out. Addressing the huge disincentive in business rates for firms wanting to invest in new plant and machinery should have been at the very top of the Chancellor's list, and although the changes to business rates for small businesses were welcome and constituted the largest tax cut of this Budget, it seems ridiculous that the Chancellor did not resolve the ludicrous situation whereby a firm faces a larger tax bill in the form of higher business rates by choosing to invest in new plant and machinery. For a Government who pledged to do all they can to rebalance the economy towards manufacturing and specifically, in the past six or seven months or so, to help the hard-hit British steel industry, the omission of that single measure from the Budget was a significant blow for industry, particularly the steel industry, which wanted the Government to give a favourable signal to invest.

Mr Angus Brendan MacNeil (Na h-Eileanan an Iar) (SNP): It seems that there is only one club in the Conservative golf bag for tackling productivity, and that is tax alone. The Conservatives have to face up to infrastructure, to the low-wage economy and to the lack of housing. Owner occupancy is at a 20-year low and house building is low as well. Workers need houses, and if that growth does not happen, combined with infrastructure, productivity will remain low.

Mr Wright: The hon. Gentleman makes an important point about infrastructure, and there was very little in the Budget to address that. Earlier, I mentioned the

[Mr Iain Wright]

possibility of rebalancing. In 2012, we were promised an export-led recovery, and the Government announced proudly a target of £1 trillion of exports by 2020. I am all for ambition and for stretching targets, but given the Government's limited ability to shift the needle on the value of exports by companies, that ambition seemed at best somewhat misplaced and, at worst, even very foolish.

The OBR stated last week that the Government will miss its target by 36%, which is £357 billion, and that net trade will actually be a drag on economic growth for every single year of this Parliament, but there was nothing in this Budget to boost exports. The word "exports" did not even pass the Chancellor's lips in his statement on Wednesday and it was not mentioned again this morning. Does that mean that the Government have shelved that target? Will Ministers consider providing assistance and encouragement in the form of export vouchers so that firms from Britain can invest and export?

A further way to boost productivity is by investing in skills, and the flagship skills policy of this Government is the target of 3 million apprenticeships by 2020, funded through the apprenticeships levy. Now, only 2% of larger firms will pay that, so what will happen to the other 98% of firms, as well as the detail of the levy? We were promised by the Minister for Skills in the run-up to the Budget that all would be revealed, including this new shiny model, in the Chancellor's Budget statement, but for a Budget billed as putting the next generation first, there was precious little detail about how the apprenticeships levy—only 12 months from its start—will operate in practice. As with exports, the word "apprenticeships" was not even mentioned by the Chancellor.

Roger Mullin (Kirkcaldy and Cowdenbeath) (SNP): Does the hon. Gentleman agree that one of the biggest drags skillswise on productivity in our economy is at the intermediate and higher intermediate skill levels? We have had this problem for more than 30 years.

Mr Wright: The hon. Gentleman makes an important point. My point is that by trying to ramp up the quantity of apprenticeships while making a major—possibly the major—change to the institutional architecture of apprenticeship delivery, the Government risk missing their target and that, as a result, the skills policy in this country will be affected adversely.

Budgets are rarely remembered past a couple of weeks or months. This one will be remembered, but for all the wrong reasons: incompetence, callousness, clumsiness and the resignation of a Cabinet Minister. It is also concerning that it will be remembered for downgraded productivity and a failure to address it, leading to lower economic growth, relatively falling living standards, lower tax receipts and deteriorating public finances. The Budget has helped to make this country somewhat poorer.

3.7 pm

Mr Steve Baker (Wycombe) (Con): I rise to support the Budget and, in particular, to welcome the Government's supply-side reforms. This has been a dramatic Budget, and I would be failing the Government if I did not concentrate on the areas of drama. First, on the disability

reforms, the challenge before the Government is clear: to deliver a policy that we can all be proud to defend in our constituencies and in front of any objective scrutiny. I do not think we would have been able to do that if the Government had not wisely made the decisions that they have over the past few days.

When I look at page 150 of the OBR's report, on the successive forecasts for spending on disability benefits, I can see that the Government's envelope within which to deliver this humane disability policy is very clear. When we came to power in 2010, the Government were spending £12 billion on disability benefits, which rose to £16 billion by now, which is an increase of a third. The figure is forecast, with the reversal of the PIP measures, to reach £18 billion by 2020-21. It is clear that the Government have an envelope within which to work to ensure that we have a world-class policy that any of us can defend, even in an environment of fierce and partisan political attack.

I signed the two amendments on VAT to highlight the extent to which VAT is controlled by our membership of the European Union. Neither amendment has legislative effect. I congratulate the hon. Member for Dewsbury (Paula Sherriff) on her amendment, which, as she said, makes clear our intent to zero rate tampons and other sanitary products. Of course, both amendments are pursuant to Government policy, and this is the bitter irony of our membership of the EU. We had to have a dramatic row over VAT in the context of an EU referendum in order to secure the following commitment from the European Council:

"The European Council notes that the Commission intends to publish shortly a communication on an action plan on VAT. It welcomes the intention of the Commission to include proposals for increased flexibility for Member States with respect to reduced rates of VAT, which would provide the option to Member States of VAT zero rating for sanitary products."

That is welcome, and it is clear that the Government's policy and the House's wish is that sanitary products should be zero-rated. It is welcome that the Government have secured this change of EU policy but, particularly as a participant in the campaign, I do not want us to have an EU membership referendum every time we want a different policy on our second largest tax.

Mr Kenneth Clarke: Will my hon. Friend accept that British Governments have always supported the idea of having an EU framework on VAT? Otherwise, the problem is that there is pressure on Governments to compete with each other in lowering the tax on selected products when they think that their manufacturers or producers will benefit. Also, it is very difficult to operate an open trade area if everybody is going for competitively different tax rates. If we go too far down that path, the main beneficiaries are smugglers.

Mr Baker: My right hon. and learned Friend raises some interesting points and, although I am grateful for the additional minute for my speech that he has given me, I cannot touch on all of them. He illustrates the difficulty of operating a customs union among interventionist nation states. The old doctrines of liberalism did not require that one got rid of non-trade barriers, for the most part. There were no non-trade barriers because laissez-faire was the norm. I abridge an argument that could be made at much greater length, but at the heart of the exchange that we have just had is the difficulty

involved in interventionist nation states attempting to engage in free trade. In a world of globalisation, air travel and the internet, we need some degree of harmonisation on a global scale, provided that that enjoys democratic consent. That is probably a subject for another debate, but I am grateful to my right hon. and learned Friend for his intervention.

Until the VAT directive 2006/112/EC is changed, it will be technically unlawful under EU law for any amendment to be introduced in UK law, even if it is not applied and takes effect in the future. That is the situation that we face. It is similar to the situation concerning insulation products, on which a judgment in the European Court of Justice on 4 June 2015 ruled that

“The United Kingdom cannot apply, with respect to all housing, a reduced rate of VAT to the supply and installation of energy-saving materials, since that rate is reserved solely to transactions relating to social housing.”

That is the position in law while we are in the EU. Although I hear what my right hon. and learned Friend says, it is a fact that while we remain in the EU, we cannot control what is currently our second-biggest tax. I am grateful that we have had this opportunity to put this part of the EU membership debate on the public record and have it discussed in the media. I am particularly grateful that the Government will not be opposing either amendment. If there is a Division, I shall certainly vote for amendment (a) and I shall probably abstain on amendment (b).

Perhaps the most dramatic aspect of the Budget is a subject that I have talked about at every Budget. It is a subject that I mentioned in my maiden speech—the insane state of monetary policy all around the world. If the European Central Bank was printing €80 billion of new money every month in paper and shipping it around the continent in articulated lorries, it would already have destroyed faith in paper currency. Yet, because the process is one of buying Government and corporate bonds, we simply notice a recirculation of money and celebrate the coarse aggregate results. In 25 seconds, I cannot give a lecture on capital-based macro-economics—[HON. MEMBERS: “Oh!”] If Opposition Members would like to call a Back-Bench debate on the subject in their own time, I would be glad to give them the lesson. I welcome this Budget, but its dramatic consequences will be felt much later as a result of easy money.

3.14 pm

Rachel Reeves (Leeds West) (Lab): The Budget was a story of missed targets for the Chancellor and missed opportunities for our country and, like the Budget of 2012, it is rapidly turning into a total mess. I am pleased to see some of the U-turns, but much more is needed.

I associate myself with the remarks of my hon. Friend the Member for Hartlepool (Mr Wright), the Chair of the Business, Innovation and Skills Committee. He spoke powerfully about the importance of rebalancing our economy. That is greatly needed, especially after some of the numbers we saw in the Budget last week. As a result of the lower productivity, the lower exports and the other things my hon. Friend spoke about, economic growth has been revised down for every single year of this Parliament. A staggering £71 billion has been knocked off our tax revenues. As a result, the Government are now set to borrow an extra £38 billion over the next five years. That is why, after breaking his promise to clear

the deficit in the last Parliament, the Chancellor has now broken his pledge to bring the debt down as a share of GDP in this Parliament as well.

Mr Stewart Jackson (Peterborough) (Con): Would the hon. Lady’s argument not have a lot more weight and credibility had her party—as she well knows because of her position on the Front Bench—not opposed every single one of the £83 billion-worth of welfare cuts that had to be made in the wake of the 2010 fiscal inheritance?

Rachel Reeves: I wonder whether the hon. Gentleman still thinks we should go ahead with the cuts to personal independence payments. It certainly sounds like it from those remarks.

Let me deal with the specific issues surrounding personal independence payments and the impact that this Government have had on disabled people. While the fiasco is unfolding around us, let us remember the broader points. This is a Government—the Chancellor, the Prime Minister, the former Secretary of State for Work and Pensions and the current Secretary of State for Work and Pensions—who forced through the bedroom tax, affecting 500,000 people, the majority of them disabled, by about £700 a year. This is the Government who forced through the closure of the independent living fund. This is the Government who forced through cuts to employment and support allowance only last summer, affecting 500,000 people and worth about £30 a week or £1,500 a year. The U-turn on personal independence payments, although welcome, deals with only a fraction of the damage and the pain that the Government have caused to disabled people in all our constituencies.

Let us be clear what this U-turn means. The new Secretary of State for Work and Pensions came to the Chamber yesterday and said that the Government are not going back to the welfare bill and to disabled people for further cuts. But in the course of yesterday’s statement, that was watered down a little. The Government now have “no plans” to come back to the welfare budget and disability benefits. That is reminiscent of when they had no plans to increase VAT and all the other things they had no plans to do, until they did them and until they hurt the people who least need to be hurt.

When the Chief Secretary winds up the debate this evening, I would like to hear whether there are no plans, or whether the Government can guarantee that there will be no further cuts to the welfare budget or to the benefits of disabled people. We know that there is a black hole of £4.4 billion in the public finances. If it is not the wealthy and not disabled people, who is going to pay the price? Are there going to be further cuts to education, health, defence and our police? Will there be further increases in taxes—on VAT and taxes for ordinary working people? Something has to give and we need some answers about the black hole in the Budget that we are voting on, although we do not know what it means. What does it mean for all those different groups of people?

As the Chair of the Office for Budget Responsibility told us at the Treasury Committee meeting this morning, the issue is not just that there is a £4.4 billion black hole in the social security budget, but that the Government have failed to meet their welfare cap. They are going to fail in every year of this Parliament, by a staggering

[Rachel Reeves]

£20 billion—£20 billion more on social security spending in this Parliament than the Government set out, a further black hole in their public finances. Why did they get into this mess in the first place? It is because they wanted to cut taxes for the wealthiest in society. They wanted to cut capital gains tax, increase the threshold before people started paying the 40p rate of tax, and increase the ISA limit from £15,000 to £20,000 so that we can all save the full £20,000 a year tax free. That is great for those who have the money, but most of our constituents are lucky to earn £20,000 a year, let alone put it away in savings. That is why the Government raided the social security budget yet again to give tax cuts to their friends, the wealthiest and the most privileged in our society.

Last week's Budget could have been different. For example, the Government could have put more money into infrastructure investment. In my constituency, we are paying a heavy price for the floods on 26 December. The Chancellor said earlier that I should have welcomed the money for flood defences, but in 2011 the Government cancelled a flood defence scheme in Leeds worth £135 million. Last week, they announced £35 million for Leeds. Well, I am sorry for not thanking the Chancellor, but an offer of £35 million rather than £135 million is not really worth the thanks, and the businesses in my constituency will pay a heavy price if the rains come again.

Rachael Maskell (York Central) (Lab/Co-op): I was with the Environment Agency just last night, and it told me it will not have sufficient funds to put in place measures—particularly catchment management measures—to prevent future flooding.

Rachel Reeves: Last week, the Government announced £150 million for York, Calder Valley, Leeds and Cumbria. However, as I said, the scheme that was cancelled in Leeds was worth £135 million, and that £150 million is for flood defences, flood resilience and flood maintenance. Yet again, the Government are short-changing people who need them to step up to the mark, as our volunteers in York and Leeds and across the north of England did when the rains fell, the rivers rose and buildings—houses and businesses—were flooded.

Last week's Budget could have been different. It could have been a different Budget for disabled people. It could have been a Budget that helped ordinary working people and the most vulnerable in our society. It could have been a Budget that put money into the northern powerhouse and the infrastructure that we need. However, it was a different Budget, because this Government have different priorities. That is why we need a Labour Government on the side of ordinary working people and the most vulnerable in our society.

3.21 pm

Mr Stewart Jackson (Peterborough) (Con): The hon. Member for Leeds West (Rachel Reeves) made a strong case, but, unfortunately, it is desperately flawed. As she knows, the fact of the matter is that, in the 13 years of the Labour Government, the gap between the richest 10% and the poorest 10% widened. During her party's period in government, we had record numbers of children in workless households, and unemployment, including youth unemployment, rose.

Graham Evans: My hon. Friend is making a powerful point. During 13 years of Labour, many gaps were created, but particularly the north-south divide. Does he therefore welcome the Chancellor's announcement of the High Speed 3 line from Manchester to Leeds, which will significantly cut train times—by 30 minutes?

Mr Jackson: I do. My hon. Friend is absolutely right. The fact of the matter is that this Government are taking the difficult decisions on infrastructure—on things such as nuclear power and airport capacity.

Wes Streeting: Will the hon. Gentleman give way?

Mr Jackson: I will not at the moment, but I might later.

The previous Labour Government, in very benign economic circumstances—mainly driven, of course, by debt and borrowing—failed to take those decisions.

I welcome the Budget in general terms—of course, I took issue with the Chancellor's comments about Brexit, and I think the OBR's anodyne comments on Brexit were misrepresented. However, there were some good things in the Budget, which was not a redistributive Budget from poor to rich, but largely a redistributive-neutral Budget, as the Institute for Fiscal Studies said.

Mr MacNeil: Will the hon. Gentleman give way?

Mr Jackson: I will not at the moment.

I welcome the lifetime ISA. I welcome the tax crackdown on offshore property developers and transfer pricing. It was good to see the changes in the personal allowance, which will take many of my constituents out of tax.

Indeed, my constituency is in a very fortunate position, and I pay tribute to the Chancellor for delivering nothing short of a jobs miracle. We have seen the largest reduction in youth unemployment in the history of my seat—and probably in England as a whole—at over 70%, and there has been a more than 60% reduction in adult unemployment. We also have record numbers of apprenticeships. That is taking people out of poverty. That is the great record of this Government.

The decision to resile from the commitment on PIP was absolutely right. There is a moral, social equity issue—[HON. MEMBERS: "A U-turn."] It is a U-turn—that was well spotted by Labour Members. However, it was absolutely right to make that decision. It was right for my right hon. Friend the Member for Chingford and Woodford Green (Mr Duncan Smith) to point up the juxtaposition of tax reductions for well-off people and the change in PIP. However, it ill behoves Labour Members to lecture the Government, when they voted against every welfare change in the last Parliament. What would they have done, and what would they do now? It is incumbent on the Opposition to come through with a coherent, comprehensive alternative on fiscal policy, public expenditure and tax.

Let me raise two issues that have caused me some concern with the Budget. The problem the Government have encountered, which we have discussed over the last few days, has given rise to a proper debate about intergenerational fairness. We need to look again at pensioner benefits. We cannot discuss welfare without looking at things such as the triple lock and pensioners

benefits. I rarely agree with my right hon. and learned Friend the Member for Rushcliffe (Mr Clarke), but he is absolutely right that we cannot see these things in a vacuum, and it is important that we look again at means-testing and pensioner benefits. It is morally wrong to make large transfers of wealth from the young to the old. There has to be a consensus on this issue.

One suggestion I would make is that, if we are going to means-test pensioner benefits, we should perhaps link that to the most acute societal issue we have at the moment, which is adult social care. We should have co-ordination and integration between acute district hospitals and the provision of care and housing for older people. I think there are older pensioners who would understand that, and it is something the Treasury needs to go forward with and look at very seriously.

The second concern is that, as we speak, Cambridgeshire County Council—it is not my local authority, because Peterborough City Council is a unitary authority—is looking at the devolution plans for East Anglia. At the moment, those do not stack up. We have not had enough information—in some senses, I am reprising the comments of my hon. Friend the Member for North West Norfolk (Sir Henry Bellingham) yesterday—and we need more. The proposal has been rushed to get it in the Budget statement. It needs to be finessed. We need to carry businesses with us. Neither local enterprise partnership agrees with it. The majority of councils are, at best, ambivalent, and that includes Cambridge City Council, which has rejected it. We need to look at this proposal again.

Mr Anderson: Will the hon. Gentleman give way?

Mr Jackson: I will not at the moment.

It may be that there are synergies between Lowestoft and Peterborough, or between Norwich and Ipswich, but I have yet to see them. Let us have more information about funding, governance, infrastructure spending, the role of an executive mayor and what will happen to the existing local government structure. I am not against this in principle, but we cannot promise £30 billion of spending over the next 30 years without more facts. We need to see those, and that is the challenge I give to those on the Treasury Front Bench.

3.28 pm

Catherine McKinnell (Newcastle upon Tyne North) (Lab): We learned many things from last week's Budget, and we have learned perhaps even more from the fallout since. However, the overriding message we seem to be getting is that, six years into his job, the Chancellor cannot keep a promise and does not seem to learn from his past shambolic Budget mistakes. He promised to balance the books by last year, to get debt falling as a percentage of GDP each year and to keep welfare spending within his welfare cap, but on virtually all of his own fiscal targets, as the independent Office for Budget Responsibility confirmed last week, he has failed to deliver.

Of course, this Government's shortcomings go much further than the Chancellor's own meaningless targets. A mere six months ago, the Prime Minister told his party conference that he would govern according to "one nation, modern, compassionate" Conservatism. This is the same Prime Minister who last week cheered

on a Budget that cut capital gains tax, raised the threshold for the 40p rate, further cut corporation tax, and would see the poorest losing about £1,500 a year in the next few years while some of the richest gain £200. To top it off, the Chancellor pledged to slash disability benefits by up to £1.3 billion a year, which the OBR estimated would lead to some 370,000 disabled people losing an average of £3,500 a year.

Robert Jenrick: I want to give some context on the important point about capital gains tax that is being made by the Opposition. Jim Callaghan created capital gains tax when he was Chancellor in 1965, but it has always been lower under Labour Chancellors than under Conservative Chancellors. Even after this change, capital gains tax will be 2% higher under this Chancellor than it was under Alistair Darling, and indeed Gordon Brown in the previous Labour Government.

Catherine McKinnell: I do not understand the hon. Gentleman's point. He is digressing on details of capital gains tax when the point I am clearly making is about the context in which the cut has been made, where the burden of this Budget very much falls on the poorest and the most vulnerable in our society. If that is compassionate Conservatism, bring the nasty party back!

I am pleased and relieved that the Government have backed down on this issue within less than a week. However, I am angry that those people who rely on the personal independence payment, including 1,100 people in Newcastle upon Tyne North, have endured days and weeks of huge anxiety about how they would cope if this level of support was cut. It is unforgivable. I remain equally concerned about how the existing reforms to PIP are quite clearly failing disabled people. Constituents continue to get in touch with me following my recent question to the Prime Minister because they have been told that they are no longer eligible for a Motability vehicle despite its clearly being the only means by which they can leave the house, or indeed get to work. The new PIP assessment is fundamentally flawed. I strongly urge the Work and Pensions Secretary and the Chief Secretary to the Treasury to revisit this issue with fresh eyes and look at reforming the current PIP changes before they embark on any further welfare reform.

Despite the Chancellor's so-called "revolution in the way we govern England",

with the pledge last May to give local areas greater control over local transport, housing, skills and healthcare, it appears that he does not place the same faith in local communities when it comes to our schools. Last week's Budget confirmed that, far from handing control to local communities, the Government are about to embark on the greatest ever centralisation of our schools system, which will see an end to the role, now a century old, of democratically accountable local authorities as the stewards of our children's education. My Front-Bench colleagues have already highlighted the glaring black hole in the finances of this plan—£560 million—which raises questions about the extent to which the schools budget will be raided to make up the shortfall.

Mr Jim Cunningham (Coventry South) (Lab): My hon. Friend mentions the schools budget. I do not know whether she is aware that in Coventry one or two

[Mr Jim Cunningham]

academies are already in serious trouble because of falling numbers as a result of certain changes in the education budgets.

Catherine McKinnell: I appreciate my hon. Friend's point. It is not just local academies that are in trouble—there are some much bigger and more serious questions that we need to raise. First, why are the Government doing this? There is no proof whatsoever that academies per se raise educational standards. It is a distraction that schools now need to focus on this rather than on their educational attainment. Secondly, how will the Government enable the local political leadership to drive up standards and work together, as happened so effectively with the London Challenge, if the power and decision making is so centralised in Whitehall?

Is the Department for Education even fit for purpose to deal with over 20,000 schools across the country—about 3,400 secondaries and almost 17,000 primaries? There are signs that it is already struggling with its current workload of 4,000 schools. As the Education Committee, of which I am a member, recently uncovered, the Department could not even deliver its annual accounts to Parliament in time and required a statutory extension, and there remains doubt as to when it will ever be able to present them. This mass rush to conversion will only add to the current mess. We need only look at the fiasco of the free schools application process, where there is no clear rhyme or reason to the Department's decisions to authorise new schools.

We see a Department in disarray. Of particular concern for my constituents is how the forced academisation process will fit alongside the large-scale programme of house building that is planned for our area. As a result of the coalition's national planning policy framework, some 21,000 new homes are expected to be built in Newcastle by 2030, a large proportion of which will be in my constituency. That will require new school capacity, but who will be the guiding mind that will match and create that new school capacity in an area that will be controlled by Whitehall? Newcastle City Council already finds itself in the impossible position of being unable to establish new community schools to cope with existing demand. How on earth will it be able to deliver the right school places across Newcastle upon Tyne North when every school is accountable to the Secretary of State?

Finally, in addition to the fact that apprenticeships were not mentioned in the Chancellor's Budget even though we were promised that they would be, another glaring omission was the lack of any announcement about how the Government intend to protect our regional airports from the impact of devolving air passenger duty to Scotland. That is crucial to Newcastle airport, which supports 12,000 jobs in the region, and through which £300 million of goods are exported every year. All talk of a northern powerhouse will be completely undermined if the Chancellor fails to deal with the issue urgently.

3.35 pm

Chloe Smith (Norwich North) (Con): It is a pleasure to follow the hon. Member for Newcastle upon Tyne North (Catherine McKinnell). This Budget, like my right hon. Friend the Chancellor's previous Budgets,

helps to create jobs. That is the right thing to do, which is why I continue to support the strategy of lowering business taxes to encourage growth. The corporation tax cut will benefit 1 million companies in Britain, and the business rates measure will help 600,000 small businesses. Cutting capital gains tax, as my hon. Friend the Member for Newark (Robert Jenrick) has carefully laid out, will help to boost enterprise. Reforming stamp duty and abolishing national insurance contributions will help the smallest businesses of all.

The Government have my wholehearted support in putting the next generation first. Our philosophy in the Conservative party is that debt is the most unethical thing of all to leave to the next generation, and I am proud that we continue to pay down the country's debts; to reduce spending that cannot possibly have the consent of those who are yet to come; and to steer towards a surplus, which will put the public finances in the strongest position for today's youngest.

Making it feasible for young people to buy a home or to save in a pension is crucial to intergenerational fairness, which is why I think that the lifetime ISA in this Budget is a positive thing. It should be seen alongside all the other measures that are already helping people in every corner of this country to get their first home. Ultimately, building homes is the most important way to provide homes at a price that can be afforded, and I urge the Chancellor and Housing Ministers to continue to build.

Mr Anderson: With the average pay for somebody on a zero-hours contract at £189 a week, how does the hon. Lady expect them to save in an ISA or buy a house?

Chloe Smith: I make two points to the hon. Gentleman. First, the percentage of people on zero-hours contracts remains about 2.5% of all who are in work. Secondly, as he will know from the small print of the Budget, for every £4 that somebody saves, the Chancellor will put in £1. That means that at the rate that the hon. Gentleman cites, for example, it is possible to consider taking up a savings product.

It is vital that those who come out of education and skills training have every possible opportunity, which is why the Budget is right to keep up job creation and investment in infrastructure. It is also crucial that we try to represent the values of the next generation. Generation Y—my own generation—and those coming after us value enterprise. Many will set up their own businesses, and many will work in a totally different pattern over their lifetime, so the Budget is smart to turn attention to the growing army of the self-employed. Many of the smallest businesses of all will welcome a drop in their NIC burden.

Richard Fuller (Bedford) (Con): Will my hon. Friend use this opportunity to congratulate the Government on the start-up loans scheme, which has done so much to help young people to go into business and fulfil their entrepreneurial objectives?

Chloe Smith: I certainly will, and I welcome my hon. Friend's reminder of that. I am sure he will agree with me on my next point, which is that we should also prize the ethical approach to business of many of those entrepreneurs. We should welcome the measures in the

Budget that begin to make sense of taxing multinationals in the 21st century. The Government have my full support in ensuring that our tax system demands and gets a fair contribution from companies large and small, domestic and global.

Let me turn to the welfare measures in the Budget. As is well documented, Generation Y has a sceptical approach to the welfare state, and support for the welfare state has steadily declined by generation. We should therefore remind ourselves of the basic principles of what welfare is for. It is a safety net for when we are unable to look after ourselves, perhaps because of sickness, old age or disability. It is a safety net that we will all need in one way or another, so we all have a responsibility to maintain it. Because we are going to live longer on average than previous generations, we need to make sure it is affordable for the future. We also, of course, expect the richest to pay most. In summary, we need a sensible method of working out who needs most support and how to get it to them.

I did not support the measures announced in the Budget seeking to reduce support for the disabled through PIP. The manifesto on which I and my hon. Friends stood at the last election made it clear that we would spend less on welfare, but that we would do so by protecting the most vulnerable. I have supported the Government's welfare reforms since 2010, principally because they put work first. Universal credit puts work first, as does the most recent reform of the rate for those who are on employment and support allowance and can work. In the 21st century, we should not write off people from work and independence; the policy of spending more on helping people to work despite a disability or a health condition is right.

In some cases, our welfare reforms have been about injustice in other ways, such as in relation to the removal of the spare room subsidy. For example, the pay to stay policy in our current Housing and Planning Bill will relieve taxpayers of subsidising the housing of those who may well earn more than they do, such as, dare I say it, the leader of Norwich City Council. These reforms are about fairness for taxpayers who foot the bill for a benefit they themselves could not expect to enjoy.

I am in the Chamber today to speak up for many constituents who simply want us to use limited resources to provide properly for those who need support. I helped constituents to record their concerns during the consultation on aids and appliances, and I am very pleased that my right hon. Friend the new Secretary of State for Work and Pensions has stopped that measure. We should protect the disabled and make savings elsewhere.

Our manifesto clearly pledged us to back pensioners. At some point in the future, however, we will have to look again at universal benefits. As I have said, the welfare state is a safety net, which means that pensioners need a decent income. That is why I wholeheartedly support the triple lock. But it does not necessarily mean that the most well-off pensioners need benefits as well, as my hon. Friend the Member for Peterborough (Mr Jackson) and my right hon. and learned Friend the Member for Rushcliffe (Mr Clarke) have already argued. When others are more in need—and, indeed, when there must be a balance with other generations—is it right to maintain such policies?

A Mrs Brown recently wrote to the *Norwich Evening News* letters page:

“Excuse me, but as a baby boomer I was...brought up in post-war abject poverty. We got an apple or orange for Christmas...I worked for everything I have. We never had credit and only had anything we could pay for or we went without.”

She is of course right. I deeply respect her and all my constituents, from any generation, who have worked hard and done the right thing. I am making an argument for fairness in the future, for helping those who most need it and for balance between the generations.

3.43 pm

Susan Elan Jones (Clwyd South) (Lab): It is a pleasure to follow other speakers in this Budget debate.

There is not a single Member of the House who has not received scores of letters in the past couple of weeks from people deeply concerned by what the Budget proposed on personal independence payments. Let me give the House just one example from my constituency. A woman living in a rural area, about 15 miles from the nearest railway station, was about to lose her Motability vehicle, which she uses to get to work, and she has a pretty severe disability.

I think it is abhorrent and extraordinary that the changes—we welcome them, whether they be resiled from, U-turned or whatever—have come about because of the internal workings of the Tory party, not because of the requirements of people in the most need and those of disabled people across our country. There is no morality in the way that decision was made, and the Government should hang their head in shame for all that has happened in the past few days.

On infrastructure, others have noticed—indeed, my hon. Friend the Member for Leeds West (Rachel Reeves) wrote an article about it—that according to latest figures from the National Infrastructure Pipeline, which monitors public and private sector projects of more than £50 million, only 114 of 565 major projects are under construction. In 2013 *The Economist* published an article entitled “Let's try to catch up with Mali”, which noted that OECD figures showed how low Britain ranks for infrastructure investment, including for rail, roads, airports and energy.

The Government now claim, as the Chancellor said, to be opening the door for growth in north Wales, but it is difficult to open a door to anything if people cannot get there. All the rhetoric about a northern powerhouse matters precious little if we do not deal with things such as tackling accident blackspots and single-track highways on both sides of the A483 and A5, or if we do not make it quicker and safer to travel on both sides of the border. We must also start speeding away with HS2 to Crewe, which will transform the economies of north and mid-Wales, and we need more direct trains to London on the Wrexham to Shrewsbury line to take the pressure off the Chester line and give us better connectivity. We should sort out a proper north Wales train infrastructure to Manchester and Liverpool airports, and we should consider what should be happening with 4G. I was intrigued to see astronaut Tim Peake out in space wishing us all a happy St David's day, because he would not have managed to do that if he had been on a mobile phone in Llandrillo.

The hon. Member for Norwich North (Chloe Smith) spoke about an ethical dimension for corporate taxation, but one issue that the Government did not consider in the Budget—although they needed to—is the insidious

[Susan Elan Jones]

closure of banks across our country. In Wales, 130 bank branches have closed or will close over five years. That is simply unacceptable, and those banks that close their branches are not paying anything back to wider society.

My final point is about measures on philanthropy or rather the lack of them in the Budget. Gordon Brown introduced millennium gift aid in a previous Budget, and if the right hon. and learned Member for Rushcliffe (Mr Clarke) were here now, he would say how either he or John Major introduced the initial gift aid proposals in 1990. There was no mention of anything to do with philanthropy in this Budget, however, and it is time to consider that issue in greater detail. That might involve the implementation of a gift aid package for text donations, or another look at corporate philanthropy—those are just some of the measures that I am trying to fit into a five-minute speech on a mixed Budget.

Finally, in my last few seconds, I welcome what the Chancellor said about EU membership. There are three MPs in Denbighshire. I might be the only one who welcomes the stay-in vote, but I do.

3.48 pm

Rishi Sunak (Richmond (Yorks)) (Con): I am grateful for the opportunity to support this one nation, responsible and pro-enterprise Budget. Tucked among the beautiful Yorkshire dales in my constituency is a thriving community that is built on the jobs provided by our small and medium-sized businesses—businesses such as the Wensleydale Creamery, whose cheese has taken a slice of Yorkshire to kitchen tables around the globe, or Tennants Auctioneers, a fourth-generation family business that is now one of the UK's largest private auction houses.

Before I arrived in this place, I spent my career investing around the world in companies such as those, and providing the capital to help them grow. I am delighted that this Budget recognises what my own experience has taught me: for growing SMEs, there are few more important ingredients for success than solid access to finance. Indeed, there are few more important ingredients for our nation's success than growing SMEs. Small and medium-sized businesses account for more than half of private sector employment. They are responsible for three quarters of the jobs created since the recession. They are also delivering social justice—the unemployed are six times more likely to find work with a smaller company.

Those companies need the fuel of deep capital markets to power their growth, but despite improvements, it is still not always easy for SMEs to get the funding they need. The challenges they face fall into two distinct categories: debt and equity. For debt finance, companies can go either to banks or to the corporate bond market, but our bond markets are underdeveloped. Europe's economy is the same size as that of the United States, yet its bond market is only a third as big, which means that our companies are too reliant on banks for their debt needs. Indeed, they are four times more reliant on banks than their American counterparts. At a time when banks are rightly deleveraging, the reality for British companies is that far too many loan applications go without success.

There are also problems for companies wishing to access equity finance. Although we are a European leader, the UK's venture capital market still has room to grow. Adjusted for GDP, the US's VC market is seven times the size of the UK's. We also lag behind Sweden, South Africa, Ireland and Israel. That matters because equity is the kind of capital that SMEs need to grow beyond their early stages. Thanks in part to the policies of this Chancellor, our nation has become one of the world's start-up capitals, but we must now focus our energy on growing those start-ups, for just 3% of British companies manage to expand beyond 10 employees, which is half the success rate of companies in the United States.

The Government have consistently shown that they understand those challenges, which is why they created the seed enterprise investment scheme, which has helped more than 3,000 companies to raise early-stage finance; why they launched the funding for lending programme to ease credit for SMEs; and why they fund the British Business Bank to power our growing companies.

Neil Parish (Tiverton and Honiton) (Con): I agree wholeheartedly with my hon. Friend. Getting enough capital, and venture capital in particular, and allowing small businesses to grow, especially those that traditional banking systems do not necessarily support, is key to stimulating more growth in our economy. I very much welcome his comments.

Rishi Sunak: I am grateful to my colleague, the Chair of the Select Committee on Environment, Food and Rural Affairs, for those comments. I will go on to some of those points in due course.

I am delighted that the Budget goes even further to encourage investment in our businesses and our job creators. I am confident that reducing capital gains tax rates together with a brand-new 10% rate for long-term investments in private businesses will unlock millions in much needed funding. From speaking with investors this past week, it is clear that those policies have cut through and generated a fresh wave of enthusiasm for investing in British companies. On debt, I welcome the Budget's further help for businesses rejected by traditional banks, which will now more easily be able to access alternative providers of finance.

Whether it is cheesemakers in the Yorkshire dales or FinTech companies in Old Street, the Chancellor has always backed the aspirations of Britain's growing companies. By continuing to close the tax loopholes that Labour left open, the Budget has another message: Britain is becoming not only the best place to do business, but the fairest place to do business. This is a Budget for the little guy, for a new generation of British ideas, and for a country where the rules do not bend for big balance sheets. It is a responsible, one nation, pro-enterprise Budget that will get our companies the vital funding they need to unleash their potential, and I commend it wholeheartedly to the House.

3.54 pm

Karin Smyth (Bristol South) (Lab): I want to focus on apprenticeships and the levy, which is key to opportunities for young people in Bristol South. I support the 3 million target by 2020. It is an ambitious target but we should be ambitious for our young people.

In many ways, Bristol is a booming city, with the highest household income outside London and easily the highest productivity of any big conurbation outside the capital, but apprenticeships are important in Bristol South because, as UCAS tells us, it sends fewer of its young people into higher education than any other constituency. Other opportunities are a lifeline to Bristol South's young people. Apprenticeships and training are the route to a better future for so many people living in our communities. Although Bristol South is not home to a huge number of large companies, very many small and medium-sized enterprises are based there, owned by and employing local residents. I may disagree with the hon. Member for Richmond (Yorks) (Rishi Sunak), but I am glad he mentioned SMEs. I am particularly interested in the role that they are going to play in the delivery plan for apprenticeships and how the levy is going to work for them.

Last week, three important interventions emerged and caused me concern. First, the co-chair of the Government's delivery board confirmed that SMEs will not be in the levy system when it launches, and that only firms paying the levy will have access to the new funding system from April 2017. Secondly, at the *FE Week* annual apprenticeship conference, we heard from the former Business Secretary about concerns that the levy may in fact be a revenue-raising measure, rather than a genuine one. Thirdly, we saw comments from the Social Mobility and Child Poverty Commission, which was concerned that the number of young apprentices has flatlined since 2010 and that many of these apprenticeships do not offer people a foundation they can build on.

I would like the Government to guarantee that every penny of the £3 billion this levy is expected to raise will be invested back into improving training and apprenticeships; that SMEs will have their fair share; and that the special and unique opportunities and challenges that SMEs bring to the apprenticeship table will be fully taken into account. How will young people, business, colleges and other training providers in Bristol South be able to access these opportunities? What guarantee can the Government give that my constituency will receive its share?

The Government plan for apprenticeships seems very much at the drawing board stage, so I am inviting firms in my constituency to help. I have issued an open call to SMEs in Bristol South to set out their ambitions for the shape of apprenticeship schemes over the next decade. I am sure the Government agree that the reaction and responses of employers to the levy will make or break the target. Will the Government therefore please accelerate the publication of the action plan, showing how the target will be met, how the levy will work and other fine details of the grand plan, so that I and others can work in Bristol South, alongside employers, colleges and other training providers, to promote and encourage full engagement?

An additional key consideration is the number of Bristol South residents who are not yet ready to take up an apprenticeship, so the detail of the Government's plans for pre-apprenticeship training is of interest. It is essential we ensure that Bristol residents are not blocked from accessing these valuable opportunities because of a lack of existing skills.

I also have concerns about the realism of the 3 million target by 2020. Do the Government agree that there is a genuine danger that an apparently arbitrary target will

risk a dangerous trade-off between quantity and quality? I heard of a call to my constituency office this week about a young person in Bristol South who was on an apprenticeship and was being asked to work from 7 am to 7 pm, with very poor support. That highlights the importance, in driving towards the 3 million target, of not ignoring the quality of that experience and support offered to young people. I also fear that post-19 loans will deter people from accessing training for the skills that employers need, which would have a negative effect on my constituency, so I look forward to reassurances on that from the Minister.

Earlier today, the Chancellor said to a Conservative Member—I hope he extends this to others—that where constituency MPs raise the issue of vital services for their constituency, this Government are listening.

In concluding, let me say that for me this is not a party political issue; I make my points in the spirit of co-operation and what is best for the people of Bristol South, who have sent me here to represent their interests. This is key to their ambition and aspiration.

3.58 pm

Richard Fuller (Bedford) (Con): Parents in Bedford and Kempston will have wanted a Budget that said, "Yes, we are going to make sure you get a good job. Yes, we are going to make sure you get a decent amount of pay, whatever job you do. Yes, we will make sure you can keep as much of your taxes as possible. And, yes, we will deliver a Budget that will make sure that your children have a better future than you do." The Chancellor, in his robust performance today, has demonstrated that this Budget can deliver on all those items.

I was shocked to hear the response from the shadow Chancellor, as he seemed to spend 20 minutes of his speech trying to hold the Chancellor to account for something that the Chancellor is not doing. That shows part of the Labour party's problem: there is no coherence in its approach to this Government. I would therefore like to provide a bit of coherence in my criticism of one aspect of this Budget—the sugar tax. I do so because it is not what it says it is, it will not raise the taxes ascribed to it and it will not achieve the health benefits that were its original vaunted purpose.

It is clear that this is not actually a sugar tax. There will be no tax on sugar in cakes, puddings or confectionary. That might be great for food manufacturers, restaurant owners and chefs, but it is not actually a tax on sugar. It is not even a tax on soft drinks, because sugars in milk-based drinks or fruit juices are not covered either. In fact, it appears to be a tax not on sugar, but on five companies: Coca-Cola, Britvic, AG Barr, Nichols Vimto and Lucozade Ribena Suntory. The Government ought to be careful about having very specific taxes targeted on very specific companies, because they will be open to challenge at the Commission or in the courts.

Seema Kennedy (South Ribble) (Con): My right hon. Friend the Chancellor made it very clear in the Budget that one of the objectives of the so-called sugar tax was to get companies to change their behaviour by making low-sugar drinks rather than full-sugar drinks. I used to drink a lot of full-sugar Vimto, but I now drink no-added-sugar Vimto. Does my hon. Friend accept that that is also one of the aims of the tax?

Richard Fuller: It is bizarre for the Government to attack one of the sectors of British industry that has done the most to innovate and bring in new products, while ignoring other parts of the industry that have not made the same changes. As my hon. Friend rightly says, the core of the issue is the impact on obesity. Office for National Statistics figures show that obesity among adults doubled between 1993 and 2013. The proportion of obese children in 2013 was 9.5%, which was higher than in 2012, but lower than in 2006-07. The products being targeted originate from way before the current obesity issue. Irn-Bru, which is often described as the national drink of Scotland, was introduced in 1901. Robinsons Barley Water was introduced in 1935, and Coca-Cola in 1886.

The Government are ignoring the advice of Public Health England which, in its October 2015 report, said that it is not possible to compare the impact of price increases achieved by, for example, the introduction of a tax on sugar sweetened drinks, with other factors, such as the demonstrated effects of marketing on children or the impact of in-store promotions on purchasing habits. Nevertheless, the general tone of the available evidence is that restrictions on marketing and promotions may be more effective than fiscal measures.

Neil Parish: Does my hon. Friend not think that it would be better for the Government to work with the companies to reduce the amount of sugar in their drinks, rather than bringing in any form of tax? In the end, all we will do is to make it more expensive for poorer people to buy these drinks. That will not necessarily stop them drinking them, whereas if the amount of sugar in them could be reduced, that might have a greater effect on their diet.

Richard Fuller: My hon. Friend, the Chair of the Environment, Food and Rural Affairs Committee, speaks with enormous sense and knowledge. He is, of course, absolutely right. It is much better to engage the industry than arbitrarily to impose a levy, especially one with such great uncertainty. The OBR states:

“The tax will operate with a specific revenue target of £500 million for the second year of implementation”.

It goes on—here is some real Budget gobbledegook—to say:

“From a pre-behavioural yield of over £900 million, the behavioural responses lower the yield to around £500 million a year. As a new tax likely to prompt a large behavioural response, these estimates are clearly subject to significant uncertainty.”

Well, there we have it—not a clue at all.

Maggie Throup (Erewash) (Con): Surely the two-year lead-in for the sugar levy is the right approach because that tells the manufacturers to reformulate. Surely the future and health of our children are more important than anything else.

Richard Fuller: The health of our children is, of course, extremely important, but, as I said, the sector is already innovating. There have been remarkable reductions in the sugar content of soft drinks compared with what has happened in other sectors, in which there has been no change in the amount of sugar that people consume. There are question marks over whether the levy will have the impact on health it is supposed to achieve.

In Mexico, for example, where a sugar tax was recently introduced, the calorie reduction amounted to six calories a day. This regressive measure goes much against the principles that the Chancellor himself rightly outlined as the overarching ethos of the Budget.

Mary Glendon (North Tyneside) (Lab): Does the hon. Gentleman agree that this tax, which has many ambiguities, simply indulges our celebrity chefs and gives them more credence than they deserve?

Richard Fuller: I could not be more delighted to have given way to the hon. Lady, because she is quite right. The sugar tax is a passion of TV chef Mr Jamie Oliver, who is just the latest in a line of celebrities—think of people such as Mr Russell Brand and Mr Benedict Cumberbatch—to use their position to influence public policy. To quote *The Independent*, the “chief beneficiaries of star-studded attempts to raise the profile of a good cause are the celebrity themselves”.

Can we have a new levy on policy pronouncements by well-heeled celebrities who sprinkle their fame to dazzle Ministers into ill-thought-through changes? The levy could pay for the unintended consequences for the public of their brief, highly jaundiced opinions. Emma Thompson’s pronouncements alone should secure the defence budget.

4.5 pm

Philip Boswell (Coatbridge, Chryston and Bellshill) (SNP): The Chancellor of the Exchequer’s Budget and the figures reported by the Office for Budget Responsibility—considered by many to be a contradiction in terms—demonstrate yet again the Chancellor’s inability adequately to manage the economy. He has failed on several key economic indicators and missed the targets the Tories have set for themselves. Notably, debt, deficit and borrowing levels are even worse than he promised last autumn.

Given time constraints, I shall summarily mention a few of the problems with the Budget, before focusing on a concern that has not been adequately covered by others. Page 136 of the OBR forecast shows that inflation is set to rise significantly from its current close-to-zero rate.

John Mc Nally (Falkirk) (SNP): Does my hon. Friend agree that a sharp rise in inflation can have a negative impact on working households?

Philip Boswell: Yes, I completely agree. With the sterling depreciation, thanks in part to the uncertainty created by the UK Government’s EU referendum, consumer inflation has started to rise. The OBR has predicted that CPI will rise from 0.7% this year to 1.6% next year. Likewise, RPI is set to rise from 1.7% this year to 3.2% in 2017. Such a spike in inflation can have a negative impact across the economy, as my hon. Friend mentioned, because it means that many households around the country that are already struggling, including in my constituency, will find that the price of necessities rises at a time when they can least afford it.

Exports, which are already weak, will likely see further decline. Total export sales fell from £521 billion in 2013 to £513 billion in 2014, yet the Chancellor has declared an export target of £1 trillion by 2020. It is no surprise, then, that he is already likely to fall short of the target

by over £300 billion, as was touched on by the hon. Member for Hartlepool (Mr Wright), who is no longer in the Chamber.

On business investment, which was mentioned by my hon. Friend the Member for East Lothian (George Kerevan) and the hon. Member for Hartlepool (Mr Wright), there is more bad news with regard to productivity, and research and development. Page 12 of the OBR's "Economic and fiscal outlook" states that business investment will grow by only 2.6% this year, which is substantially less than the 7.4% predicted just three months ago in the autumn statement. Furthermore, the level of investment in 2019 is predicted to be a staggering 10% lower than predicted in December. So far, not so good.

I move now to an area of concern to me. Page 27 of the Red Book states that the Government expect to raise £25 billion from the sale of the Royal Bank of Scotland. Given several factors, however, including the current price of oil, I fear that this price might be exaggerated. In focusing on this issue, which I have grave concerns about, I would point out that between 2011 and 2014, RBS arranged £14.3 billion in leveraged loans to the oil and gas industry. In fact, RBS has been a leader among UK banks in arranging these high-risk loans. The falling price of oil has resulted in an increase in the default rates of these loans, however, and many of them have been repackaged into derivatives for sale to investors in the form of collateralised loan obligations—a derivative product starkly similar to the collateralised debt obligations that contributed to the 2007-08 financial crisis. How many of these risky loans RBS still has on its books remains uncertain, hence my concern for that particular £25 billion.

Let me take a minute to highlight what I view as a failure on the part of the Government to address the systemic risk inherent in the financial system and the wider economy in relation to the price of oil and leveraged investment. Alongside RBS, a number of US lenders with a large and active presence in UK markets have a high exposure on energy, due to leveraged lending in the oil and gas sector. For example, JP Morgan currently has \$13.8 billion in outstanding debt relating to loans out of the roughly \$100 billion in leveraged loans it issued to the oil and gas sector between 2011 and 2014. Wells Fargo arranged \$98 billion in leveraged loans to the sector in that same time period, many of which are non-investment grade, and \$17.4 billion of which is already outstanding. Alarm bells should be ringing somewhere.

On 15 December 2014, when the price of Brent was at \$60 a barrel, the *Financial Times* predicted that if the price of oil were to continue to fall,

"there is a stark parallel with the US property market collapse that heralded the start of the 2008 global financial crisis—and upended banks along the way."

Yet the systemic risk inherent to the financial system due to these high-yield loans and the "slice and dice" nature of derivative products relating to these loans that have been sold to investors were not even mentioned in the most recent Bank of England stress test result.

Finally, in the years since the 2007-08 financial maelstrom and ensuing recession, the Tory Government have demonstrated their expectation that the most vulnerable in society should pay the price for the mistakes of the financial institutions. In 2011, the Bureau of Investigative Journalism found that over 50% of Conservative

funding came from the City. We know whose interests the Conservatives have at heart. The Budget clearly highlights the fact that this attitude has not changed, as evidenced in the £3.5 billion of new cuts that it introduces. This Budget is not good enough, and if the Chancellor really wants to be head boy, he should heed his report card, which should read "Must do better".

4.12 pm

Richard Drax (South Dorset) (Con): Let me first condemn the outrage in Brussels today and those who perpetrated it. My sympathies and prayers go out to all the victims and their loved ones.

While some highly respected colleagues are sitting on the Treasury Bench, may I put in a plug for the armed police in Dorset and around the country, and not least in our capital, to receive more money for training? As a former soldier, I know full well the complications of storming buildings and dealing with civilians who are fleeing from bombs, as they were doing in the departure lounge this morning, as well as about the chaos, the blood, the gore, the mess and the noise. To go into a building that has been attacked, armed police need an incredibly high degree of training, otherwise even more problems could be caused.

Richard Fuller: Does my hon. Friend recall the Prime Minister saying after the events in Bataclan that he would support continued funding for the police and particularly for our armed police?

Richard Drax: I do, and I welcome the Prime Minister's comments. I am simply expanding on the need for highly specialist training. All kinds of things—images that can change during an attack and different lights—are needed in what will be a highly strategic attack. Our armed police would not be able to stay outside and wait for the Special Air Service to come; they would have to get into the building and save lives, as I am sure they would. I do not doubt for one second their courage or dedication. I am requesting that the Treasury and the Prime Minister look carefully at the moneys available to train our armed police to deal with assaults such as what we saw this morning which, sadly and tragically, are becoming more common.

Speaking of the military, may I congratulate my right hon. Friend the Chancellor on resorting to military tactics? It is always said that attack is the best form of defence, and my right hon. Friend's robust performance in the House today was a very good example of that.

I welcome much of what is in the Budget. I welcome the raising of the tax-free personal allowance, the increase of the higher-rate threshold to £45,000, the freezing of fuel, beer and cider duties, and the expanding of the savings culture. The Chancellor also reduced corporation tax and cut taxes for small businesses, and I want to direct my remarks about those measures to Opposition Members. We heard the shadow Chancellor say that they constituted a tax cut for the rich. May I remind the Opposition that such businesses are the engine room of our country? Many people risk their homes to invest in businesses and struggle for years to make a profit. They then pay for all the people whom we are trying to get into work, while also taking vast risks in making all the goods that we need for the economy to run, and generating the money that we need to spend on, for instance, schools and hospitals.

[Richard Drax]

The more money those business people keep, the more they can reinvest in their companies. It is not a matter of people jetting off in their 747s. I have visited many businesses, and I am sure that Opposition Members have done the same in their constituencies. I know that small engineering companies are now having to buy equipment that is worth £600,000, £700,000 or £800,000, and that profits are minimal. We need to help such companies for the sake of the future of our country, and the future of those whom we want to get back into work.

I agree entirely with my hon. Friend the Member for Bedford (Richard Fuller) about the sugar tax. I, too, have doubts about it, and I hope that Ministers will think again. I am also concerned about the effects of raising the business rates threshold for small businesses and exempting some businesses altogether. I am sure that someone will correct me if I am wrong, but I understand that more and more local authorities, particularly rural authorities like mine, will rely increasingly on business rates, because central Government funding will be reduced to zero. If that is the case, and if businesses are to be exempted from business rates—which I absolutely applaud; do not get me wrong—where will the money come from for small rural councils such as mine? I should be grateful if the Minister could answer that question when he sums up the debate.

Let me now say something about the personal independence payment, and all that has happened in that connection. Like others, I have huge praise for my right hon. Friend the Member for Chingford and Woodford Green (Mr Duncan Smith). Having been the leader of our party, a lesser man would have gone off into a cave and stayed there, but not this man; he went out and did all that he could do, and has done, for the poorest in our society. He has dedicated so much of his life to that, and I commend him for it.

I want to draw attention to an aspect of the PIP that greatly concerns me. Many constituents come to my surgeries and say that they have been assessed unfairly or lazily—whatever it may be. It is a tick-box culture, and I have never liked the ticking of boxes. In some instances, support has been withdrawn from my constituents while their cases are assessed, although many of them have had doctors' certificates explaining why they need the money. May I strongly urge the Government to look closely at the assessing system? We need occupational therapists, family members and doctors to contribute to assessments. It is true that that would probably be more expensive, but at least we would get the assessments right, rather than causing huge distress to those who are least able to deal with it by taking away what support they have, and then giving it back to them X months later when a Member of Parliament has become involved.

Finally, let me point out that virtually every departmental budget is now ring-fenced. Which areas can we stop ring-fencing? There must be savings to be made, not least in overseas aid, which I am sure could be spent and targeted in a far better way.

4.18 pm

Stella Creasy (Walthamstow) (Lab/Co-op): Let me begin by associating myself with the comments made by the hon. Member for South Dorset (Richard Drax) about the dreadful situation in Brussels.

This debate has seemed to be more about astronomy than about the Budget, because we have all been talking about black holes. However, there is a clear analogy to be drawn. It will be remembered that Stephen Hawking famously described what he called the “black hole paradox”: the idea that information could simply disappear into a black hole, never to be restored, although all matter contained information that was to be held in perpetuity. What a perfect analogy that is, given that, at this point, we simply have no information about how the Budget will stack up. Our colleagues in local government would rightly be horrified.

Where can we find information about the impact of the Budget? We can find it in our constituencies, and obtain it from the people whom we represent. In the time that I have been granted, I shall offer three areas of information on which we can judge the Chancellor's work. The first is personal debt; the second is savings; and the third is productivity. Those are three areas in which this Budget signally fails the British people.

It is no accident that personal household debt in this country is going up and up. “Unprecedented” is the term that the Office for Budget Responsibility has used to describe the impact of the Chancellor's plans on our constituents. Unsecured personal debt is set to reach 3% of GDP and to stay at that level. This is a black hole into which the Chancellor is asking the public to pour their own money to pay for his mistakes. Just how bad is the situation? The Bank of England tells us that people are now borrowing £1 billion a month in this country. In January alone, people put £500 million on their credit cards, and Aviva tells us that the average family debt is now £13,000, up £4,000 from last summer's level.

Those on the Conservative Benches who are casual about credit miss the point. Not everyone is paying the same level of interest. Some are being charged excessive amounts for the debts that they are getting into to pay for the Chancellor's mistakes. The hon. Member for South Dorset talked about people putting their houses up to fund their businesses, but many in our communities have long given up on the dream of home ownership as a result of the debt that they are now in. Wages have risen by just 4% in the last few years, but house prices have gone up by 76%. We know that every single penny matters. That is why it is such a problem that people face these levels of debt. This Chancellor is banking on the British habit of borrowing, but that is like putting Wayne Rooney in charge of a stock-take in a Nike shop.

This is not just about people's borrowing habits. The fact is that we are now a nation that cannot save either. We are saving just 4% of our disposable income, which is half as much as we were saving four years ago. That is the lowest level of personal saving since 1963. Help to Save will do little for the 26 million people in our country who do not even have access to £1,000 for an emergency. On this Government's watch, they have no rainy day money. Lifetime ISAs are out of reach for those people who have too much month at the end of their money.

We are seeing a situation of rising personal debt, and low or no savings, in which wages are now stalling. This has an impact on our public finances, because it leads to lower tax receipts. They are down £44 billion on the projections made in 2011. That is why we on this side of the House are angry when we see that those who will do well out of the Budget are those who can well afford

to pay. We know that 80% of the gains from the Budget will go to those in the top half of the income distribution, and that half of that amount will go to the top 20%. Meanwhile, debt is locking our people out of opportunities.

George Kerevan: Is the hon. Lady aware that the very act of running a budget surplus—that is, putting more in than we take out—forces the public accounts into a situation in which private borrowing increases?

Stella Creasy: The hon. Gentleman might not know of my long-held concerns about the way in which this Government are managing the public finances. We do not have time today to talk about PFI debt, or about PF2, which is going to lead to even more problems.

We on this side of the House get the fact that we need to get the deficit down, because every single penny that we pay in interest, and every single penny that we use to pay for the mistakes in this Government's borrowing, is money that could be invested in our people. It could be invested in the public services that our communities need in order to succeed. That is the point about this Budget. It is not just about the damage that it is doing to people today, or about the debts and destitution that they face now. It is about the narrowing of their horizons tomorrow, too.

We can see the Government signally failing to deal with the productivity gap Britain faces, and the 18% difference between ourselves and our competitors. They are failing to invest in our young people. By the end of this Parliament, China intends to produce 195 million graduates. Not just China is investing in its people; Brazil, Russia and Argentina are as well. Our children will have to compete with graduates from those countries, but our Government are offering them nothing in that regard. We can see the consequences for them in the productivity gap. And when the Government are forcing every school to become an academy, we can see that they are rejecting their own responsibility.

How very different this is from when we sat here a year ago and listened to the Chancellor claim that he was fixing the roof and that Britain would be able to walk tall again. He is a bit like one of those builders we see on the "Watchdog" programme. I would encourage the British people to go to their trading standards officer about him, but the Government have cut that service too. They are left with only one alternative, to look to an alternative party of government—the Labour party—to offer a genuine investment in the future of our young people and a genuine recognition of why fiscal responsibility matters. This is a black hole that is sucking everything out of this country—including, hopefully, the Chancellor's career.

4.24 pm

Bob Blackman (Harrow East) (Con): It is a pleasure and an honour to follow the hon. Member for Walthamstow (Stella Creasy). As a graduate in physics and maths from the University of Liverpool, I both congratulate and condemn her on managing to get both Stephen Hawking and Wayne Rooney into the same speech.

I want to send my condolences to the families of the victims in Brussels. I was in Brussels shortly after the Paris attacks and the degree of security being implemented demonstrated that the authorities were already on high alert. It is clearly a devastating tragedy.

The events of the past few days seem to have over-shadowed a remarkably good Budget from the Chancellor. Reducing business taxes to promote growth to enable people to have the dignity of earning a living, rather than a life on benefits, should be applauded on both sides of the Chamber, not condemned. I trust that that will be the Government's focus over the next four years.

London has done particularly well out of the Budget, but I have not heard many details mentioned in the Chamber. The Chancellor has invested £80 million in Crossrail 2, which will be this country's single biggest transport operation outside HS2 and something that we clearly need to get on with. I am looking forward to Crossrail 2 enhancing north-west London and my constituency in particular. It will be excellent for everyone involved in transport across London. Transferring business rates powers to the Mayor of London and London councils is remarkably important and will mean that the transport projects that London desperately needs will be funded by the business rates paid by London's businesses, with that money being appropriately retained. Kick-starting the redevelopment of Old Oak Common will be central to the generation of new homes, new jobs and new businesses and a much better transport infrastructure for London.

Combating rough sleeping across the country is important. Ensuring that people do not experience a second night out is vital, particularly in London. I ask the Chief Secretary to the Treasury, my right hon. Friend the Member for Chelsea and Fulham (Greg Hands), to make it clear when he replies to the debate how much of the money will go to London, because London has the biggest homelessness problem and we all want to see it combated. I recently visited FirmFoundation in my constituency, which does a brilliant job of dealing with single homeless men, but it needs additional resources to assist such men and to enable them to get back into a proper home and get their lives back together again. It desperately wants to know how it can apply for the extra money being made available, so I trust that we will hear more details later.

In contrast to my hon. Friend the Member for Bedford (Richard Fuller), I applaud the Chancellor for introducing the sugar tax. Given that behaviours can be driven by taxation, something of which I strongly approve, the Chancellor has missed an opportunity. I welcome the increase in tobacco duty, particularly on rolling tobacco, to encourage people to give up smoking. However, given that the Chancellor has said that the sugar tax will be spent on things to encourage a reduction in obesity, let us drive behaviour by adding additional duties. Just a penny increase on every cigarette smoked in this country would raise £500 million, which could be invested in initiatives such as encouraging people to give up smoking or, even better, not to start in the first place.

The other issue that I want to mention is something that is not going to go away: seeking justice for Equitable Life policyholders. I had hoped that we would hear something in the Budget about further compensation for both the pre-1992 trapped annuitants and the people who have not received compensation thus far. Let me put the Chancellor on notice that we will continue our campaign until we get justice for those who suffered as a result of that terrible scandal.

4.29 pm

Dr Roberta Blackman-Woods (City of Durham) (Lab): It is a pleasure to follow my namesake, the hon. Member for Harrow East (Bob Blackman). I did not agree with everything he said, but I associate myself with his comments about the dreadful events in Brussels today.

I am not sure that I buy everything that the right hon. Member for Chingford and Woodford Green (Mr Duncan Smith) said at the weekend, but he was right when he said on “The Andrew Marr Show” that the Budget was unfair and widely perceived to be so. When the Budget was announced last week, it contained cuts to support for disabled people while giving tax breaks to the wealthy and to large corporations. Although I agree with the right hon. Gentleman on the unfairness point, it is a pity that his conscience did not jump into life some years ago so that we could have avoided the suffering that his cuts—or the cuts that he supported—to tax credits, employment and support allowance and other benefits have caused to so many vulnerable people.

The decision to abandon the cuts to PIP are welcome, but we must not forget the distress that was caused to many, many people who have visited our surgeries in recent weeks. Those people were really concerned about how they would manage should the cuts go ahead. I have not finished worrying yet, because we do not know from where the £4.4 billion of cuts will come, never mind the £3.5 billion-worth of efficiency savings that are also mentioned in the Red Book. It is really irresponsible to ask Government Members to go through the Lobby tonight in support of the Budget when they know so little about the detail and where the cuts are going to be made.

The Chancellor said many, many times that this was a Budget for young people and for the future, but it most certainly was not. Where was the step change in new investment for our universities and colleges, allowing Britain to build the knowledge-based economy that the Prime Minister is so keen to talk about and that would provide high value jobs for young people and others? As the organisation Million+ said, universities will have to foot the bill for increased employer contributions to pension schemes without any additional funding, and it is very disappointing that the overall reduction in capital expenditure for the Department for Business, Innovation and Skills remains in place until 2020.

Similarly, the National Union of Students has been reminding everyone that the removal of education maintenance allowance, the scrapping of maintenance grants and the repayment hike for student loans have been devastating for many young people. The union, like others, is pleased about doctoral loans and some limited new money for lifelong learning—the individual savings account—and the apprenticeship levy, but, as it says, those measures are too little too late. It says:

“While George Osborne’s promises might sound appealing, his words do not make up for his actions. The government has forced cut after cut onto students who are already struggling to get by. If the chancellor truly wants to help young people, he could start by reversing his own damaging decisions.”

We all know that science funding is extremely important to our economy, so I hope that the Minister will ensure that the materials catapult centre proposed by Durham university gets the go-ahead.

The Budget was also unfair to regions. Once again, the north-east got very little out of it. There was some mention of a future upgrade to the A66 and A69, but

nothing significant to reverse the continued underinvestment in the region from this and the previous coalition Government. The chamber of commerce said of the autumn statement—it has spoken for many—that it was disappointed by the lack of substance around the northern powerhouse, particularly what it means for the north-east, and it has said the same of this Budget. We all know that north-east councils, along with other authorities in more deprived areas of the country, have had their budgets hit hardest, so how will this northern powerhouse be delivered? As my hon. Friend the Member for Newcastle upon Tyne North (Catherine McKinnell) said earlier, there was nothing about air passenger duty and how Newcastle airport will be supported to expand. The north-east could benefit from a huge increase in resources to renew our infrastructure, build our green energy sector, grow our automotive businesses and extend our processing sector, but there is nothing to support that, just ridicule for our schools.

4.35 pm

Maggie Throup (Erewash) (Con): I am delighted to contribute to today’s Budget debate and I congratulate my right hon. Friend the Chancellor on continuing to deliver a long-term economic plan that has seen unemployment in my constituency fall by a record 63% since 2010.

I have always been a passionate believer that for those who can work, work is the only real way to get on in life and succeed. This is not just a personal view but one that is shared by people up and down the country, and I am proud to belong to a Government who support a strong work ethic and are helping more families to keep more of what they have worked hard for. As a result of the measures announced in the Budget, in Erewash alone more than 45,000 people received an income tax cut and around 2,000 people were taken out of tax altogether.

Turning to business support, I warmly welcome the huge boost to the midlands engine, which includes £16 million of investment in our world-class aerospace industry, including support for Rolls-Royce, which has just announced that it is to create 350 new jobs locally as it prepares to ramp up the production of the new Trent XWB engine. Locally, SMEs and those who are self-employed stand to gain significantly from changes to small business rate relief and the abolition of class 2 national insurance contributions. These measures not only provide a welcome boost to the Erewash economy, where many of our businesses are small furniture manufacturers or engineering firms, but recognise the fact that those businesses are the real backbone of the British economy.

As chair of the all-party group on adult and childhood obesity and as a member of the Select Committee on Health, I want briefly to address the new sugar levy. The atrocities in Brussels today are a sharp reminder that the first duty of any Government is the protection of their citizens, but we rarely consider that phrase from anything other than a national security point of view. There is no doubt that obesity and the problems that arise from being obese, such as diabetes, cancer and heart disease, are becoming a serious issue within our society. Responsibility for tackling that lies on many heads—manufacturers, retailers, Governments, educators, health professionals—and, of course, on people taking

individual and personal responsibility for the matter. By introducing the sugar levy, the Government are accepting their duty to protect the health of our citizens and of generations to come. In that, I must disagree with my hon. Friend the Member for Bedford (Richard Fuller), who is no longer in his place.

I urge drinks manufacturers to step up to the mark and play their part in tackling the obesity crisis by reformulating drinks and recipes over the next two years to reduce added sugars. We cannot tackle the obesity crisis by a sugar levy alone, and I look forward to the Department of Health announcing further measures in the forthcoming weeks and months.

In my view, this is a fiscally responsible Budget for the long term, supporting workers, businesses and our future generations. More importantly, it is a one nation Budget that truly puts the health and wellbeing of our nation first and I commend it to the House.

4.38 pm

Chi Onwurah (Newcastle upon Tyne Central) (Lab): It is a pleasure to contribute to such an important debate and to follow so many speeches from my hon. and right hon. Friends. Although I might not have agreed with what the hon. Member for Erewash (Maggie Throup) said, I commend her focus on jobs and the importance of delivering a high-wage, job-based economy for our country. By contrast, the Chancellor opened with the mix of bluff and bravado, arrogance and malice that has become his trademark, but even so, I was absolutely astonished to hear him refer to social justice. This is a Budget with unfairness at its heart and misery in its veins. The Chancellor's record of failure—failure to achieve any of his own debt targets, failure to deliver decent wages—

Suella Fernandes (Fareham) (Con): Does the hon. Lady agree with me and the Institute for Fiscal Studies, which reported yesterday that since the Chancellor has been in place, the gap between rich and poor has narrowed because most people have got into jobs? That is the way to bring about social justice.

Chi Onwurah: I would thank the hon. Lady for that contribution, but it flies in the face of the lived experience of my constituents, who are in low-wage jobs, cannot make ends meet and find themselves attacked by this Chancellor's Budget. The Chancellor has failed to deliver for working people. His failure to raise productivity has been trumped in the past few days, in media terms at least, by his failure to deliver a Budget that lasts 48 hours.

The 1,443 PIP claimants in Newcastle will, like me, be pleased at least that that cut proved an ideological attack too far, but it is undoubtedly the case that by demonising and attacking all benefits claimants, the Chancellor hoped to create an atmosphere in which it was acceptable to enrich the better-off on the backs of the poorest and most vulnerable among us. It will be some compensation for them that members of the Government are now attacking and reviling each other almost to the same extent they have attacked and undermined benefits claimants.

I do not want to focus on the 48 hours following the Budget as experienced by the Chancellor. Instead, I want to give three examples of events that I attended in those

48 hours that highlighted the huge gap at the centre of the Budget, which was a failure to address our future economy and the future of the next generation, as he put it. On Thursday I visited the Big Bang fair organised by EngineeringUK with engineering professional bodies and businesses from across the country, where 70,000 young people discovered or rediscovered the excitement offered by a career in science, technology, engineering and maths. Those are the jobs of the future, the ones I want for my constituents, high-paid—not minimum wage, minimum skill—jobs.

But where were such jobs mentioned in the Budget? Where was the investment in the future to help create those jobs? There were, it is true, tax breaks for those hiring out their assets in the digital economy, but there was nothing for manufacturing or technology. There was no investment in digital infrastructure. There was no more detail on apprenticeships, which we need to ensure that we have the skills of the future. This was a Budget that left behind the technology that we need for our future.

That evening I visited the Creative Newcastle Get Digital summit, celebrating one of the fastest-growing sectors in the north-east, only hundreds of yards from where Stephenson's Rocket was built. That was the real northern powerhouse, powering our economy into the future. But the Budget offered a few hundred million pounds for investment in north-east transport, against the tens of billions of investment in transport in London. This Budget did not offer any investment in digital infrastructure, and we stand to lose the millions of investment from the European Union, thanks to the referendum and the chaos on the Government Benches over that.

Finally, on Friday morning I visited St Paul's primary school, where 10 and 11-year-olds were taking on the Pioneer challenge with employers and other schools across the region to promote STEM and entrepreneurship. Those children are the future basis for our economy in the north-east. They are proud Geordies, yet what the Budget did for them was to force the academisation of their school, taking it out of the local authority and the community that it seeks to support and atomising it—in effect, privatising it and taking away responsibility from the local parents and putting it on a desk in Whitehall, which is also where the northern powerhouse is found.

This Budget offered nothing for the future of our young people, for the north-east economy or for our country.

4.44 pm

Chris Philp (Croydon South) (Con): I would like to start with fiscal responsibility, as the Chief Secretary is on the Front Bench. Fiscal responsibility is very important—for the sake of our children, if nothing else. I have two-year-old twins, and there is nothing noble, moral or ethical about consistently spending more than we can afford and sending the bill to the next generation. Moreover, as the Chancellor eloquently put it earlier, without fiscal responsibility we cannot deliver the services that are so important.

Clearly, a good start has been made on fixing the deficit left behind in 2010; about half of it has been eliminated. Labour Members are right to point out that there is still more work to do, but it does not seem entirely appropriate for them to give angry lectures on

[Chris Philp]

the topic, when they have opposed every measure proposed by the Government over the last five years to reduce the deficit. In fact, had we followed their advice during the last Parliament, our national debt would be £900 billion higher than it is today.

During his thoughtful speech, my colleague on the Treasury Committee, the hon. Member for East Lothian (George Kerevan), suggested that high spending during the late 1940s and 1950s demonstrated that we could in fact spend money to grow. I am afraid that I dispute that analysis, because that spending spree ended in 1976, when we had to go cap-in-hand to the IMF. Even Denis Healey, the then Chancellor of the Exchequer, said:

“You can’t spend your way out of a recession”—
a lesson we would do well to remember.

George Kerevan: My point was to go not into the 1970s, but into the very specific period of the 1950s, when national debt as a share of GDP was significantly higher—twice as high—in many years than it is now. That did not lead to a burden on the generation that was young then—my generation—which is in fact extremely well-off as a result of that spending. I was trying to look at whether borrowing per se disbenefits future generations, and it does not—it depends on how we spend the money.

Chris Philp: I must respectfully disagree with the conclusions of my Treasury Committee colleague. If we look at economic performance in the 1960s and 1970s, we see that the enormous debt overhang, with the state spending too much money, was a drag on the economy and culminated in the 1976 bail-out. That was the natural conclusion of the overspending that started in the 1950s and continued through the post-war consensus period, which ended only in 1979.

The second main criticism levelled at the Budget by Opposition Members is on the issue of fairness. I am afraid I disagree with the comments made over the weekend by my right hon. Friend the Member for Chingford and Woodford Green (Mr Duncan Smith). This is a fair Budget, but let me produce some evidence to substantiate that.

Over the last five years, spending on disability benefits has increased by £3 billion, and it is forecast to increase further. That strikes me as fundamentally fair. We are spending more than we ever have on the NHS and on education—particularly on pupils from low-income backgrounds, via the pupil premium. Moreover, we are introducing the highest-ever national minimum wage—the national living wage—which takes effect in about a week’s time. We have taken millions of people out of income tax entirely, which disproportionately benefits people on low incomes. We have frozen petrol duty once again, which also disproportionately benefits people on low incomes, because things such as petrol duty are inherently regressive.

If we consult the Treasury’s distributional analysis, we see that the lowest 20% of earners pay just 6% of tax; we would expect that to be 20% if everything was even. They will pay the same in 2019-20 as they paid in 2010, while the top quintile will pay 52%—up from 49% five years ago. The highest earners will therefore pay proportionately more in five years’ time than they did

five years ago. This analysis excludes the effect of the national minimum wage; if that is included, the skew will go even further. I believe that this Budget is a fair Budget. It protects spending on the most vulnerable, and those with the broadest shoulders are bearing the burden.

Let me turn briefly to business. Before coming here, I spent 15 years setting up and running entrepreneurial businesses. There is a reason why our economy has created 2.4 million jobs in the past five years, and why youth unemployment in my constituency is down by an incredible 62%—it is not an accident. It is because corporation tax has been cut, which has encouraged businesses to invest in creating jobs. I am delighted that the Chancellor is continuing this very successful long-term economic plan—[*Interruption.*] I see it commands widespread support—with further cuts in corporation tax and capital gains tax to encourage investment. My Treasury Committee colleague suggested that lower corporation tax encouraged share buy-backs, which is a bad thing. I would respectfully suggest that share buy-backs cycle money back into the investor community, who can then reinvest in other opportunities.

I welcome the Government’s action on international tax evasion through the BEPS initiative, although they could forerun that with further moves on transparency and disclosure unilaterally in the UK, as has been suggested. There is a consultation document on giving the Financial Policy Committee further powers to direct buy-to-let mortgage lending, which appears to be very high. I urge the Government to look seriously at those proposals and enact them at the earliest opportunity.

I support this Budget. It is good for business and good for our country—and most of all, it is fair.

4.51 pm

Mr Jim Cunningham (Coventry South) (Lab): I am interested in something that the hon. Member for Croydon South (Chris Philp) said when he mentioned Denis Healey. There was another individual who said, “You never had it so good” in 1959, but by 1963 the economy of this country was in very serious trouble. People should be very careful when they start sloganising like that.

To be charitable about this Budget, the most one can say about it is that it is divisive. Frankly, it puts the burden of the national debt and the national economy on the shoulders of the poorest. Over the past few days—I will not rehearse it now—we have had the fiasco with the Chancellor and the Secretary of State for Work and Pensions. If the Chancellor had an economic plan, why was he blown off course over the past 48 hours or so? He would not have been blown off course if he knew what his economic plan was. Did he not know the implications of the cuts he was inflicting on the poorest members of our society?

During the general election, the Conservatives banded about a figure for cuts in benefits—I think it was £12 billion—but when they were pushed to spell out exactly where they would find that sum, they never answered the question. There has been a deception on the British public based on the argument that the country was in an economic mess that they inherited when in fact it was the world economic situation that had deteriorated. If Ministers really want to know about

this, they should watch the second part of the BBC 2 programme about Obama. The first part was about how Obama dealt with the debt that he inherited—from a conservative Republican, George Bush, by the way. Interestingly, at that stage Obama spent \$85 billion on bailing out the motorcar industries, so I have no doubt there was an economic problem.

The Government are preparing the ground for some of these measures by always hinting at the international economic situation, so if we listen to them very closely, we can expect more cuts. It is no economic strategy to continually inflict cuts on the poorer people in society, and on local government and the public services. On the one hand they say they value those in the public services, but on the other they only give them a 1% wage increase. If they really value the nurses and the doctors in this country, then they ought to give them a decent increase.

Equally, in fairness to the Government, I have to say that I certainly welcome the help given to small businesses. That is an important factor, because 3 million or 4 million jobs have been created in this country by small businesses, but sometimes they are picked up by the larger companies. People tend to forget that.

Not enough is being invested in skills, and we must be careful about that. It is one thing to have a target of 200,000 apprentices, but the question is: are they quality apprenticeships? More importantly, we had the recent example of student nurses, whose grants have been cut. A married woman who suddenly wants to study part time will no longer qualify for that grant.

Once again, the Government have placed the burden on local authorities. Over the next few years, Coventry City Council will have to find between £70 million and £90 million for something that has been slipped out in the Budget. Not a lot of people have picked up on this, and it certainly has not been mentioned today, but Government grant will be shifted on to local authorities. When local authorities have to put up council tax to counter that and to deliver public services, the Government may come along and call local authorities prolific spenders, or they may want to cap it three years down the road. These are things that we should be conscious of. In the west midlands, the police budget is 80% funded by Government grant. Can people not see the implications for those services and for local government in terms of jobs? As I have indicated, local government is paying a terrible price, along with the poor of this country.

I will finish by talking about academies. An academy is closing in Woodlands ward in Coventry, which is in the constituency of my hon. Friend the Member for Coventry North West (Mr Robinson). I do not want to intrude on his territory, but I intend to start taking the matter up with Ministers, as a route for consultation, and with the local authority.

4.56 pm

Seema Kennedy (South Ribble) (Con): Since 2008, all developed economies have struggled with low confidence, lack of investment and sluggish growth. How each finance Ministry has responded to that challenge is quite clear from the growth and unemployment rates of our competitor economies.

The long-term economic plan is not just a slogan; it is a plan that we can be proud of. Since 2010 it has delivered for our constituents record levels of employment,

stable interest rates and low inflation. Those are not just dry, dusty economic terms. They mean that in our constituencies, people have jobs; that we are not seeing mass house repossessions like we did in previous recessions; and that savings have kept their value. We have only to look at countries that are almost on our doorstep, such as Greece, to see that mass unemployment has massive social consequences when Governments lose control of their economies.

Our economy still faces great challenges. My hon. Friend the Member for Richmond (Yorks) (Rishi Sunak) talked about access to finance and investment, and I want to touch on those measures briefly. Many colleagues have quite rightly pointed out that cutting taxes leaves businesses with spare cash to invest. That leads to more recruitment and more tax take; it is a virtuous circle. I very much welcome the cut in corporation tax, and I disagree with the hon. Member for East Lothian (George Kerevan) who said we do not need to cut it any further because it is already low enough.

I welcome the 10% rate on long-term investment in small cap companies. We need to do more to foster a culture of long-term investment, and the Budget goes some way to addressing that. Access to finance is still a barrier for some businesses. I was glad to see that the British Business Bank will carry on supporting SMEs through the Help to Grow programme from this spring, supporting at least £200 million of lending, and that the enterprise finance guarantee programme will be extended until 2018.

I have long been troubled not only by the brakes on investment but by the barriers to entry that prevent entrepreneurs from starting up in the first place. Business rates are one such barrier, because they are a fixed cost paid by businesses before they even start up. When I have spoken to small businesses in my constituency, they have welcomed the extension of small business rate relief. I also welcome the discussion paper on the revaluation of properties for business rates, because the three-year cycle will fit in a lot better with standard rent reviews.

I welcome most the changes in stamp duty land tax for commercial properties. Again, this tax is a barrier to businesses opening or expanding. In my previous life as a commercial property solicitor, I saw small businesses unable to open or grow because of the stamp duty land tax, or they adopted avoidance behaviours, which did not help anybody.

I want to speak briefly about investment infrastructure in the north, which I feel passionate about. We need more investment, particularly in east-west connections. I respectfully ask Treasury Ministers if there could be some money in the next Budget for the Ribble bridge.

The aim to have £1 trillion of exports by 2020 will boost our economy, and the investment in UK Trade & Investment is most welcome. Yesterday was the festival of Nowruz, when Iranians celebrate their new year. I very much welcome the fact that my right hon. Friends the Chancellor and the Business Secretary will visit Iran in May, and I wish them the best of luck.

The record shows that this Government's long-term economic plan is working in the face of a difficult global economy. This Budget focuses on investment, and I shall be happy to support it tonight.

Several hon. Members *rose*—

Madam Deputy Speaker (Mrs Eleanor Laing): Order. There are still a great many Members who wish to speak, so I will have to reduce the limit to four minutes.

5.1 pm

John Mc Nally (Falkirk) (SNP): I give the Chancellor credit for one thing—he is consistent. After all this time, he is still failing: he has failed on key economic indicators; he has missed the targets that he has set; he has failed on his target debt and GDP; he has failed to hit his target on the current account and on public sector net borrowing. The one thing that the Chancellor has achieved is to prove beyond doubt that the Tories' claim to economic credibility now lies in tatters. The Budget announcement clearly reveals that the Chancellor and the UK Government made the move to a decade of austerity through choice, certainly not through necessity. No matter what further U-turns are announced, his Budget means that society's poor are in effect still paying for the mistakes of society's rich. This pursuit of austerity—this Government's callous actions favouring society's rich—means, as the Chancellor confirmed this afternoon, that it is always the poor who, in his words, “pay the price.”

Philip Boswell: Since the Bureau of Investigative Journalism found in 2011 that over 50% of Conservative party funding under the current Prime Minister comes from the City of London, does my hon. Friend agree that we can see whose interests the Conservatives truly have at heart?

John Mc Nally: I thank my hon. Friend for that very valuable point. I hope Conservative Members will think deeply about what he has said.

I want to take this opportunity to welcome the Secretary of State for Work and Pensions to his new position. I urge him to use his portfolio to protect, support, enable and empower the most vulnerable in society, and return to them some peace of mind. The Chancellor did not provide an answer earlier today when he was asked about the plans for welfare cuts. To my mind, he succeeded only in causing the disabled more stress than they are already experiencing.

Not only have the Government managed to fail on the economic and productivity targets they set themselves, but we can clearly see that the deficit, the debt and the level of borrowing are worse than was promised last autumn. By contrast, the Scottish National party has set out a sensible alternative to austerity, which would return the public finances to a sustainable path, while continuing to invest in public services.

It is worth noting that, after much debate, wrangling and negativity, the UK Government have, in my opinion, seen sense and agreed to introduce a graduated sugar tax on soft drinks in 2018. Let us hope that we see some corporate responsibility among manufacturers and that they will willingly announce reductions in the sugar content of their products.

Health is a subject about which I have been deeply concerned for some time. I spoke during the sugar tax debate in November, when I gave my support to Jamie Oliver, the celebrity who has been mentioned today, and the other MPs present that day who have fought hard to bring this issue into the public domain and bring about change. I met Jamie at a House of Commons debate on

diabetes, and I agreed with his aim of offering the public clear and reliable information about the sugar that we all consume—indeed, the planned confusion on some labelling reminds me of the Budget that we are discussing. I am grateful for the Government's U-turn from their position before the debate in November, when they stated that they had

“no plans to introduce a tax on sugar-sweetened beverages”.

Philip Boswell: Does my hon. Friend agree that the sugar tax is as much about taking the first step to reduce sugar consumption as about raising awareness?

John Mc Nally: Absolutely. It is the first step in raising awareness throughout the land, and as I said, perhaps more manufacturers should take cognisance of the fact that sugar is causing a lot of problems in this country.

I am delighted that the SNP was joined by the FairFuelUK campaign and *The Sun* in calling for a freeze on fuel duty. We have successfully pressured the Chancellor not to raise fuel duty—a victory for small businesses, rural communities, and family budgets across Scotland and the UK. I praise my hon. Friend the Member for Glasgow Central (Alison Thewliss) and other MPs—particularly the hon. Member for Dewsbury (Paula Sherriff)—for their help to remove VAT on women's sanitary products. I would like the Chancellor to go further, and I refer him to the gender pricing debate that colleagues and I took part in on 2 February, so that we make the added cost of living for women in the UK a thing of the past.

I am pleased that the Chancellor has followed the example of the Scottish Government and realised that small and medium-sized businesses are a huge driver of economic growth. I welcome the Chancellor undertaking a review of business tax, which is designed to be a road map to a more competitive tax. He could do no better than match the Scottish Government's commitment to supporting SMEs—a commitment which has meant that spending on economic development in Scotland is more than double the UK average. Over the last quarter, Scotland's overall employment rate has increased by more than the UK equivalent. Finally, I seek the Chancellor's reassurance that before Members make arrangements for a summer break, he will announce to the House the date of a corrective Budget.

5.7 pm

Mike Wood (Dudley South) (Con): The Budget builds on the Chancellor's strong record over the past six years of restoring sanity to the public finances, rebuilding the nation's economy and securing growth. It is a shame that the shadow Chancellor is no longer in the Chamber, but I am sure that the shadow Chief Secretary to the Treasury will pass on the message that despite the shadow Chancellor's mean-spirited comments to the Chancellor, such a feeling is not reciprocated on the Government Benches. Indeed, I am sure that I speak for all Conservative Members when I say that I hope that the shadow Chancellor will remain in his position for many years to come.

The Budget contains many measures that will benefit people and businesses in Dudley South by creating opportunities that are the hallmark of any compassionate society. There are nearly 3,000 small and medium-sized

employers in Dudley South, many of which will benefit from the permanent increase in small business rate relief thresholds, as well as the increase in thresholds at the higher rate of business rates. As the hon. Member for Coventry South (Mr Cunningham) was generous enough to acknowledge, such measures are indisputably good for small businesses. About 2,000 self-employed people in Dudley South will benefit from the abolition of class 2 national insurance contributions as part of an ongoing simplification and modernisation of the taxation system.

For me, the most significant announcement in the Budget last Wednesday was of a new enterprise zone for the Waterfront in my constituency. I had been running a campaign about that since before the general election, so I put on record my personal thanks both to the Chancellor and to the Minister for Communities and Resilience, who has responsibility for devolution, who have taken the time to meet me, to listen to the arguments for the enterprise zone and, more importantly, to understand and act on them.

The enterprise zone will create more than 4,000 net new jobs—*[Interruption.]* As the hon. Member for Wolverhampton South West (Rob Marris) said, it will create significant benefits not only for Dudley borough, but for the wider region, which I happily acknowledge. It will mean a 100% business rate holiday alongside 100% capital allowances on large investment in new plant machinery, which has been extended for eight years. It is a big boost to our local economy and promises to add millions of pounds to local prosperity. I thank Dudley Council and the Black Country local enterprise partnership for all the work they did in making that possible.

The Budget is a big step forward in creating opportunities for all nations and all regions of our country. The black country is well placed to take full advantage, and I will certainly support the Budget this evening.

5.11 pm

Melanie Onn (Great Grimsby) (Lab): I want to focus my comments on homelessness and the effects on it caused by the Budget and the changes over the past six years, specifically because I attended an event this weekend organised by Rucksack, a charity that gives advice and clothing to homeless people in Grimsby and the surrounding area. It directs rough-sleepers to hostels with spare beds and other organisations that can offer help, such as the YMCA, Salvation Army and Harbour Place, which is a well-known local organisation. They all do fantastic work but, due to the recent surge in homelessness, some local hostels have extensive waiting lists of 15 people who cannot get beds. Rucksack tells me that each of those organisations is substantially overstretched in offering their provision to local people in dire straits. Homelessness is not caused by fluctuations in the economy; it is about people's support structures.

In my area—I am sure the situation is replicated across the country—there is a critical shortage of appropriate properties for people suffering varying degrees of disability, and their partners, children or people they care for, because of the funding available for adaptations in social housing and private housing for people with disabilities. It is becoming more difficult not only because the funding is decreasing significantly, but because the thresholds that people face to qualify for it are so high.

It is a test for our society. I heard colleagues say eloquently yesterday that the debate is about whether we are compassionate enough to ensure that help is there for people in their most difficult time. We have failed that test in recent years. The Treasury briefed *The Sun* before the Budget that the Chancellor was drawing up plans to eradicate homelessness. How typical was that of the Chancellor! There was a great pre-Budget story for the papers, complete with a celebrity endorsement from Richard Gere to catch attention. On the day itself, that grand scheme turned out to be nothing more than a sticking plaster. I defy any Government Minister to stand up and say, with a straight face, that the scheme will get us anywhere near eradicating homelessness. As the chief executive of Crisis said, the measures do little to tackle the underlying problems.

I am no spreadsheet geek, by any stretch of the imagination, but I have had a look at tables 2.1 and 2.2 in the Red Book, which deal with measures in this Budget and those in previous Budgets and autumn statements that are due to come into effect this year. They relate to housing benefit changes, the temporary accommodation funding mechanism and reductions in social housing rents, which have impacts on the ability of housing associations to invest in existing properties or to build new ones. All those things have a significant impact on homelessness and the likely increases in it. The £115 million proposed is therefore a case of giving with one hand and taking significantly away with the other. I know that organisations such as Rucksack and other small charities in my constituency, such as Harbour Place, will say that they are not clear where that £115 million is going to go. It really needs to go to those who need it the most and the organisations that provide direct care and help. Under their welfare reforms, the Government made those under the age of 25 ineligible for housing benefit. That is another cut within this Budget, but I will end there.

5.15 pm

Chris White (Warwick and Leamington) (Con): A number of measures in this Budget will have a positive impact on smaller businesses, and it is absolutely right that we continue to stimulate growth in the size and number of small and medium-sized enterprises as they have undoubtedly been a key contributor to a strengthening economy, both locally and nationally.

The midlands is vital to our economy, and I am pleased that the Government—

Rob Marris (Wolverhampton South West) (Lab): Hear, hear.

Chris White: And Opposition Front Benchers are generous enough to recognise it as such.

Some 96,000 more businesses have been formed in the midlands since 2010, which amounts to about 52 a day. The announcement of the midlands engine investment fund, which will see more than £250 million invested in smaller businesses across our region, will be a boost for the local economy and will go some way to ensuring that the progress made in recent years is built upon.

It is worth recognising the tremendous impact that the reform of business rates will have. As the Chancellor outlined on Wednesday, it will mean that 600,000 businesses will pay no business rates at all. The Federation of

[Chris White]

Small Businesses has said that its members welcome this as an “important step”, and I echo that sentiment. The further cut in corporation tax to 17% by 2020, the freeze on fuel duty, and the action on VAT on overseas firms to create a more level playing field are all welcome measures.

We must not lose focus, however, on enterprise policy and the idea of the “march of the makers”, which is particularly relevant. Manufacturing is key to the midlands and an important aspect of rebalancing our economy. As co-chair of the all-party group on manufacturing and a member of the Business, Innovation and Skills Committee, I have worked closely with industry to discuss and hear about some of the challenges that it faces. High-value manufacturing catapult centres have been a revelation, and I am pleased that the Government continue to back them, with more than £200 million of investment since 2011 and an increase in financial support in the latest autumn statement. Fostering an environment in which innovation thrives has to be a priority when thinking long-term, and these catapult centres, which bridge the gap between businesses, academia and some of the UK’s world-class research centres, are instrumental in achieving that. However, such action must be matched by a supply of skills, and apprenticeships are of huge significance. In my constituency, Warwick Trident College works with industry—it partners with industry—and is providing hundreds of students with the necessary skills to succeed. Empowering further education colleges to extend the provision of tailored courses should be an important part of the Government’s future apprenticeship agenda.

Another underestimated sector is video games, which contributes a huge amount to our economy, not least in my constituency. There is no doubt about the value of the games industry to the economy: we are talking about £1.4 billion in gross value added, support for 23,900 jobs nationally and the generation of £429 million in tax receipts. We must continue to support this very important sector.

5.19 pm

Mr David Anderson (Blaydon) (Lab): It has been a bad week for the Chancellor. It was his eighth Budget and sixteenth economic statement, so he ought to know better. The Budget unravelled in 24 hours and then it got worse: outrage at PIP cuts as it became clear that the disabled were being sacrificed for the rich; education in chaos as he forced academisation on every school, using our kids in his war against local government; stealth cuts on the NHS and local government, with changes to employer pension contributions; and, to cap it all, the Secretary of State for Work and Pensions giving in after six years.

This latest mess only builds on the Chancellor’s catalogue of failure. He is still nowhere near eliminating the deficit, despite his plans to have done so two years ago. In February, we had the lowest manufacturing output for four years. National debt is up 50% under this Chancellor—up to an eye-watering £1.6 trillion—and he has lurched from one missed target to another. He has blamed everybody and everything except himself. He blamed the Greeks. He blamed the Queen for having a jubilee holiday. He even blamed the snow. He did not

find any money down the back of the settee this week, unlike the £27 billion he found miraculously before Christmas.

Who pays for the Chancellor’s folly? Who else but the poor, the vulnerable and the sick—those least able to fight back. The Resolution Foundation has him bang to rights. It showed that what the Budget really means is that on average the richest will get a £225 rise, while the poorest might get a measly rise of £10 a year. In fact, it shows that, with other changes and the cuts announced since last year, the richest in our nation can expect to be £235 a year better off, while the poorest will be £375 a year worse off by the end of this Parliament. He is the Robin Hood-in-reverse Chancellor. He has made a career out of making the poorest in our country even poorer.

It is worse than that, however, because in an amazing show of puffed-up pride, the Chancellor stated in his speech that the northern powerhouse is

“the most radical devolution of power in modern British history.”—[*Official Report*, 16 March 2016; Vol. 607, c. 960.]

Has he not heard what is happening in Scotland and in Northern Ireland, where they are running their own affairs, getting extra money and having proper devolution?

Mary Glendon: Does my hon. Friend agree that devolution for the north-east is no deal at all? It is a raw deal, because we cannot even agree between councils what we want. We are just not getting the real democracy we need.

Mr Anderson: I thank my hon. Friend for her intervention. I will come on to the north-east in a moment.

The Chancellor should be aware of what is happening in this city, where £2,000 a head is being spent on transport, while in my part of the world the figure is £5 a head. Where is the fairness in that?

The institutions of devolution were set up properly under a Labour Government who trusted the people with referendums and democratic discussion, but that is unlike what has happened in my part of the world. It is one thing to exaggerate—we all do it in this House, and I am as guilty as anybody else, believe it or not—but last week the Chancellor said from the Dispatch Box that

“powerful elected Mayors have been agreed for Manchester, Liverpool, Tees Valley, Newcastle and Sheffield.”—[*Official Report*, 16 March 2016; Vol. 607, c. 960.]

At least in the case of Newcastle, that is simply untrue. Newcastle is not being offered an elected mayor. That is exactly as it should be, as it is less than four years since the people of that great city rejected a mayor in a referendum by 62% to 38%. What is actually on offer is an elected mayor for the north-east, but that has certainly not been agreed yet. In fact, this morning Gateshead Council, one of seven councils involved, threw that out. Northumberland Council says it will agree to it only with certain additional powers that do not look like being given. Durham County Council has already said it wants a delay and not to be forced to make a decision on Thursday on proposed legislation that has not even gone through this House and will not do so until November.

So did the Chancellor—the great manipulator; the political strategist; the man who does not get out bed in the morning without weighing up the political advantage; the Machiavelli of Downing Street—make a mistake? He might have. If he made a mistake by saying that that

had been agreed in the north-east, he should come and apologise for it. If he did not make a mistake, however, and if he deliberately tried to mislead the House, he should come back here and tell the truth—that he was deliberately misleading the nation and pretending that the so-called northern powerhouse was up and running in the north-east of England, as it is struggling to do in the rest of England. I have been really chuffed in these past two days to hear the right hon. Member for North Norfolk (Norman Lamb) and the hon. Member for Peterborough (Mr Jackson)—I never, ever thought I would agree with the hon. Member for Peterborough—share exactly the same concerns as me and my hon. Friend the Member for North Tyneside (Mary Glindon), and saying very clearly that what is on offer is not fair, not democratic and not open to proper consultation.

The proof is in what the Chancellor said last Wednesday. This is a party political Chancellor who puts his and his party's interests first. He said last week, in relation to the £20 million for building houses in the south-west:

“it is proof that when the south-west votes blue, their voice is heard loud here in Westminster.”—[*Official Report*, 16 March 2016; Vol. 607, c. 961.]

Unfortunately for those of us who vote red, our voice is never heard, but we are going to keep on shouting at 'em.

5.25 pm

Shabana Mahmood (Birmingham, Ladywood) (Lab): During the Chancellor's opening speech today, I could not help but reflect that he should consider a job swap with his Financial Secretary to the Treasury, who did a much better job of trying to defend the indefensible in the Chamber yesterday. The Chancellor could have improved his performance by saying sorry—sorry to all the disabled people he has frightened over the last few days—but not for the first time for him sorry proved to be the hardest word.

On the basis of the things the Chancellor does say, it is clear he has a habit of saying one thing and then doing quite another. He famously promised in 2010 that he would eliminate the deficit within five years, but it now seems it will take him another full Parliament to achieve that. He said the debt would peak at 70% of GDP in 2013-14 and then fall and that our debt-to-GDP ratio would fall every year, but he has missed those targets.

The borrowing figures out today do not make for good reading for the Chancellor. Public sector net borrowing was higher than expected last month. Last week, the borrowing forecast was lowered to £72.2 billion, but the ONS tells us that borrowing so far this fiscal year, from April 2015 to this February, is already at £70.7 billion, meaning he can only borrow £1.5 billion in March. I very much doubt this is achievable, given that in March 2015 he borrowed £7.4 billion. It is another target that is likely to be missed. He said he would cap welfare spending, but he has well and truly bust his own welfare cap. Last summer, when he launched the productivity plan, he said it would produce “world-beating productivity”. It is a damning indictment of that plan that the OBR has significantly revised down its forecasts of our national productivity.

The combination of all those factors means that as a nation we are ill prepared for the global cocktail of risks that the Chancellor himself has spent the last three months telling us about. His habit of saying one thing

and doing another is something he has been getting away with for some time, but this year, finally, some on his own side are recoiling. His iteration of that famous phrase “We're all in it together” was too much for the former Work and Pensions Secretary. Taking money from the disabled and cutting capital gains tax for the better-off was more than he could bear—and he is not exactly a soft touch. It comes to something when the Government are deemed too right wing even for him.

The Government's retreat is welcome, but with it comes a hole in the Budget and a scorecard that no longer adds up. The scorecard already had the air of surrealism about it. Many people play fantasy football, but it seems the Chancellor plays fantasy Budget. The fiscal forecast for 2019-20 suggests that in one year we will go from a £21.4 billion deficit to a £10.4 billion surplus—never mind that we will never have reduced the deficit by that much in any year since 2010; never mind that the fiscal charter, introduced in October, has already been broken; never mind the retreat from the cuts to PIP.

The Chancellor has reigned over a litany of missed targets—growth down, productivity down, fiscal rules broken, a fantasy scorecard. The resignation of the right hon. Member for Chingford and Woodford Green (Mr Duncan Smith) puts the attention squarely back where it should be—on the Chancellor's ability to deliver what he says he will—and it has become clear, especially over the last few days, that he has utterly failed.

5.28 pm

Mark Durkan (Foyle) (SDLP): I am among those whose names are on both amendments today. I congratulate, in particular, the hon. Members for Dewsbury (Paula Sherriff), for Glasgow Central (Alison Thewliss) and for Berwick-upon-Tweed (Mrs Trevelyan), and I acknowledge the good work of Ministers on the important issue raised in amendment (b). I also acknowledge the thoughtful contributions today, including the critiques by the hon. Members for East Lothian (George Kerevan) and for Hartlepool (Mr Wright) on the issues of productivity and public sector investment.

On some of the more local aspects of the Budget, I must decry the fact that Northern Ireland gets very little out of the Budget, although that is not all the fault of Ministers. A lot of it is the fault of a dereliction of initiative and responsibility on the part of our own devolved Executive. They have not made the case for city deals in Northern Ireland. They have certainly refused for a very long time to make the case for a city deal for Derry, pretending instead that city deals were for England, which did not have devolution. That completely ignored the fact that much work on city deals has been done in Scotland and Wales. Some of them are represented in the Budget. I know that the city deals, in terms of the northern powerhouse, are not all necessarily what the Chancellor puffs them up to be, but they are initiatives worth pursuing, and we in Northern Ireland have been left out of them.

As for what is in the Budget for Northern Ireland, I welcome the spending for the air ambulance coming from the LIBOR fines. I and others had lobbied for that. Billed as a big gain for us are the enhanced capital allowances for an enterprise zone in Coleraine—a zone that should have been in Derry, which is the place of the highest unemployment. It is intended that Coleraine

[Mark Durkan]

can benefit from Project Kelvin—a project that was initially meant to benefit Derry in the first place and other places on both sides of the border. This has happened courtesy of a letter from the First Minister and the Deputy First Minister to the Chancellor before the 2014 Budget, asking for that enterprise zone so that Coleraine could benefit from Project Kelvin.

As for the wider arguments around PIP, having listened to the right hon. Member for Chingford and Woodford Green (Mr Duncan Smith) and to the Chancellor on both his Budgets, I think we have tuned into the cognitive dissonance game, whereby each gives an account of their motives and purposes on the record that are far removed from my sense of what is really happening and certainly far removed from my constituents' experience.

I am one of 22 who voted against the introduction of the welfare cap nearly two years ago in March 2014, and I am very glad that I did. We said at the time that while it was being bubble-wrapped as a neutral budgetary tool, it would be a cuts weapon in the hands of the Treasury—and that is exactly what it has been. What we heard from the former Secretary of State for Work and Pensions at the weekend was essentially that the welfare cap, which he voted for and used to boast about, has become simply a search engine for benefit cuts by the Treasury. We saw that in the summer Budget when the Chancellor revised the welfare cap downwards by £46.5 billion over four years. It is no wonder that we then saw other cuts being pursued.

We need to hear exactly what is going to be done with the welfare cap in future. Is it the case from what we heard from the new Secretary of State for Work and Pensions yesterday that the attempt to have further legislative change on welfare is going to be abandoned, or will the welfare cap be used to impose cash-limited administrative decisions on rates, rules, interpretations around criteria and so forth so that the cuts will effectively be stealth cuts? Yes, Parliament will be spared any legislative cuts, but the cuts will still be there by administering the welfare cap ruthlessly.

5.32 pm

Mr David Hanson (Delyn) (Lab): Oh—thank you very much, Mr Speaker. [Laughter.] I have been here so long that I was falling into a general stupor. I am so pleased to have you back in the Chair. It is pleasure to be here under your chairmanship, and I welcome you back.

Over the last couple of days, I have taken some time to think about when a Budget was either as bad or has unravelled as quickly as this one. I thought of this Chancellor's Budget of 2012, with its pasty tax and caravan tax, and I was reminded today of the failed Budgets of the right hon. and learned Member for Rushcliffe (Mr Clarke) in the early '90s. He raised VAT on fuel, including gas and electricity, and was defeated on it. However, after 24 years in the House, I cannot think of a Budget that has unravelled so quickly, or in such a damaging fashion, as the one proposed by the Chancellor of the Exchequer today.

We will vote on the Budget at 7 o'clock, when we do not even know—because we have not had an answer from the Chancellor today—from where the £4.4 billion loss of revenue from the appalling cut that he initially

proposed will come. He said, "Trust me: we will discuss this in the autumn", but it strikes me that we cannot wait until the autumn, given that we have a vote this evening. I hope that the Chief Secretary will respond to those central points when he winds up the debate.

The Chancellor admitted today that he had made a mistake. He admitted that he had made a U-turn. I put it to the House that this is no mistake, and no U-turn. This is simply the Chancellor who could not get his proposals through the House of Commons. The values that led him to make the choices that he made last week—the values that led him to choose to take money from disabled people in personal independence payments, and the values that led him to cut capital gains and business taxes—were values that he still holds today. If he could have got those measures through the House, he would have done so. His central value is one which ensures that we see a shift from the poor to the rich, that we have a small state, and that members of an out-of-touch elite are managing issues that they know little about, and care little about. I hope that the Chief Secretary, who represents Chelsea and Fulham, will accept that he lives in a bubble that does not relate to the lives of the vast majority of people in the constituencies that we represent.

On my patch, more than 1,200 people would have lost those personal independence payments. The fact is that the Chancellor has changed his mind not because of his desire to make the world better, but because his values would have been defeated, and defeated, dare I say it, by some of his own colleagues who faced the wrath of their constituents.

Time is limited, but I want to say three more things. First, we need to look at spending on infrastructure, including infrastructure in areas like north Wales. The Chancellor announced welcome money for Manchester airport, but we need a rail link to Manchester from north Wales. We need to think about how we can develop the north Wales economy with extra support for the HS2 route from Crewe to north Wales. We need to think about how we can electrify the rail network. That would be positive, valued investment, and we need to make it in a united European Union whose benefits are shared throughout the United Kingdom for all the people of the United Kingdom.

I take just one positive thing from the Chancellor's Budget today: the Government's commitment to campaign for a yes vote on 23 June. I look forward to working with them to achieve that yes vote for the good of the United Kingdom, and the good of north Wales.

Several hon. Members rose—

Mr Speaker: Order. I am afraid that, so that I can try to accommodate the maximum number of Members who have not yet spoken, I must reduce the time limit on Back-Bench speeches to three minutes, with immediate effect.

5.37 pm

Barry Gardiner (Brent North) (Lab): Let me begin like this.

"My husband was diagnosed with oesophageal cancer and has not been able to work since. We are now reliant on the ESA he receives. There is nothing more that either of us want than for life to somehow return to normal and for him to be able to return to

the job he loves. We did not choose these dreadful circumstances—the benefits system is intended to protect those in society as much as possible when things go badly wrong. Forcing people in very difficult circumstances into poverty seems an outrageous way for any government to behave.”

That is a letter from one of my constituents, and she is absolutely correct. More than 9,000 Brent residents rely on ESA to live independently and with dignity. Their income has been cut by £30 per week, and the cut in the PIP would have caused 640,000 disabled people to lose up to a further £3,500 a year by 2020. It is therefore with great relief that many of them will have watched the Government’s U-turn on the proposed £4.4 billion cut. However, disabled people in my constituency have already suffered real hardship under this Government as a result of the bedroom tax, the benefit cap, the benefits uprating policy, the scrapping of disability living allowance, and the 12-month time limit on contributory ESA.

Yesterday the new Secretary of State for Work and Pensions said in his statement that the Government would not be making further cuts in to the welfare budget, but that gives the Chancellor a serious problem. He has a fiscal charter which enshrines in law that he must achieve a budgetary surplus by 2020. Last Wednesday, he believed that in order to meet that fiscal charter, he had to make £4.4 billion of cuts affecting the most vulnerable people in our society, because he wanted to cut corporation tax and capital gains tax and to raise the higher-rate income tax threshold to benefit the very richest. If he is genuinely not seeking to identify other cuts in services to offset that £4.4 billion, it is essential that we are told how he does propose to balance the books. The choice is simple: he must make further cuts in services, increase taxes, or fail to meet his own fiscal charter.

The inescapable facts of the Chancellor’s record will come back to haunt him. In 2010, he promised to balance the books by 2015. He did not. This year, he has a deficit of £72 billion. He has a debt-to-GDP ratio of 83.7%, and productivity failure means that manufacturing still lags behind its 2008 level. This is the failing Budget of a failing Chancellor who lacked the courage to come to this House and explain its collapse yesterday. That failure branded him a coward. Today he came to the House, but his failure to apologise to the most vulnerable in our society has branded him a nasty coward.

5.40 pm

Mr Pat McFadden (Wolverhampton South East) (Lab): For six years now, we have had Budgets made on the basis of targets and rules announced by the Chancellor, which have then informed the Government’s spending choices. Each time, the Chancellor has set out his targets as an iron necessity, suggesting that any deviation from them meant that those guilty of the deviation could not be trusted with the public finances, yet time after time, the deviation has been his. The traps he has fallen into have been traps of his own making.

The Chancellor began in the last Parliament by telling us that he would eliminate the deficit within five years. He failed to do so. His strategy of austerity was so successful that he announced it would be necessary to carry it on for two Parliaments, rather than just for the intended one. Instead of eliminating the deficit, he

roughly halved it. That was the same pace of deficit reduction that Labour had asked for, but which he dismissed at the time as irresponsible profligacy.

Then, in this Parliament, there were three rules. First, there was a welfare cap designed to show how tough the Chancellor was on welfare. It lasted barely six months after the election. He was forced to break it, in his U-turn on tax credit cuts in the autumn statement, by the justified anger at his hitting the working poor who were trying to do the right thing by themselves and their families. His second fiscal rule involved a pledge to reduce debt year on year. Another fiscal rule made, another one broken. The Office for Budget Responsibility’s verdict is:

“The Budget measures make little difference to net debt in 2015-16, so we expect that target still to be missed.”

That leaves only his target for a surplus in 2019-20, which the OBR rates his chances of meeting as no better than 50:50.

This was supposed to be a Budget that did not frighten the horses, yet it has fallen apart in a matter of days. Whatever the motivations of the right hon. Member for Chingford and Woodford Green (Mr Duncan Smith), he has exposed the reality of the approach of the Chancellor and the Prime Minister to Budget-making: make up a rule, then pick on the same group of low-income people to pay for it time after time. The right hon. Gentleman has described the measure as “unfair” and “divisive”, but perhaps his most damning statement is that he believes the Chancellor targets the non-pension part of the Department for Work and Pensions budget because it relates largely to a group of people who do not vote Conservative.

The Chancellor says that we are all in this together, but we cannot all be in it together if the Budget is a series of tax giveaways on thresholds for higher earners, capital gains tax cuts and other measures that, in the main, go to the better-off while disabled people are expected to take a £4 billion hit. The cuts to the disabled have been abandoned, at least for now, but the bigger impact involves not just one spending measure. The Prime Minister and the Chancellor prided themselves on fashioning a one nation compassionate Conservatism, but that claim has now been turned to dust by this Chancellor’s Budget. This is not a reformed Conservative party; it is the same old Conservative party, rewarding those it thinks will vote for it and punishing those it thinks will not. It is not just one spending measure that has been killed; it is the whole project of one nation compassionate Conservatism.

5.43 pm

Steve McCabe (Birmingham, Selly Oak) (Lab): Most Budgets lose a bit of their lustre as the days wear on, but this one started to disintegrate before it was delivered, during its delivery and, spectacularly, afterwards. First there was the great pension reform that never materialised. Then the pound suffered a rocky period as Mr Memory—not!—tried to forget the deficit and the borrowing, and the fact that growth and exports should by now be seeing the sunny uplands as he had predicted. He then managed to knock down the share value of A.G. Barr, Britvic and Tate & Lyle with his clumsily scabbled together announcement of the sugar tax. What we have learned over eight Budgets is that this guy has run out

[*Steve McCabe*]

of excuses and is rapidly running out of friends. He is now correcting previous Budget errors—his errors. We see a cut in capital gains tax, which he increased in 2010, an increase in insurance premiums to pay for his cuts to flood defences, cuts in North sea taxes from the man who ignored advice and increased them in 2011, and a promised cut in business rates for small business, except that local authorities were promised such rates only four months ago, which is another £1.7 billion unaccounted for. The Government say that local authorities will be compensated, but will they be only blue authorities as usual?

What are we left with? We have the abolition of class 2 national insurance contributions, which on the surface will help the self-employed, although we need an assurance that it is not a cunning ploy to make them ineligible for employment and support allowance and another hidden welfare cut. Personal allowances will be raised, which is good for the top half of earners. There are also some new capital projects. The Chancellor is cutting corporation tax, which helps the service sector, but there is no sign of the rebalancing of the economy that he promised. There is nothing for manufacturing on capital allowances, and, of course, 9% of the catapult innovation resources is going to the Midlands and 46% to London. There is not a hint of support for the WASPI campaign. We have seen a legacy of 14% council tax increases, meaning an average of £162 for Birmingham households, to pay for his cuts to the police and social care. That is his plan for Birmingham.

In the fall-out of the Budget, we have been told that there are no new plans to attack the disabled. However, in a little-noted item, the Department for Work and Pensions is to receive £22 million to hire more staff to defeat disabled people's claims at PIP tribunals. Maybe there will be more cuts for the disabled after all. The Chancellor has failed. He has broken every promise. He is finished.

5.46 pm

Hannah Bardell (Livingston) (SNP): Thank you for calling me, Mr Speaker.

“By failing to prepare, you are preparing to fail.”

The words of Benjamin Franklin are as resonant and appropriate today as they were when he uttered them, especially in relation to this Government and their mismanagement of the public finances. The Government are failing to prepare our country by implementing, by their own parliamentarians' admissions, short-termist policies that risk failure in the long term. They continue to unravel the fabric of our society by pursuing their relentless austerity agenda.

As we come to the end of the Budget debate, there is much to reflect on, particularly after a weekend of turmoil for the “party of Government”. As the Tory party tears itself apart over Europe and its horrible benefits cuts, the most-affected people of our nations have a painful wait to find out how they will be affected by the Tory cuts. The IFS has warned that British voters should “all be worried” about the risk of job cuts and lower wages amid growing concerns of another economic downturn. The Chancellor's cuts have even been criticised by his own leader in Scotland, Ruth Davidson. That the

party of Government has the temerity to self-style itself the party of working people is an absolute joke. It has a target to increase the number of disabled people working, yet it cuts employment and support allowance and other supports that enable people with disabilities to find employment.

It is good to see that the Chancellor is taking a lead from the SNP Government in Scotland by cutting business rates, showing that while the Government often lag behind in reacting, they occasionally listen and do the right thing. However, it is important that the system is easy for business to understand and navigate. I have already heard some businesspeople raising concerns about the complexities of working out the rates reduction. Similarly, support for the oil and gas industry is welcome, but the time taken to reach the decision was woeful. Tens of thousands of people have lost their jobs and investor confidence is faltering. Quite frankly, it is too little, too late. Both the SNP and the industry have called for a proper strategic review of the tax regime for the North sea and our wait continues.

The apprenticeship levy is allegedly designed to help the next generation to get into work, but we are still waiting for clarity on how it will be implemented. I have raised the double-charging of industries such as oil and gas, but we continue to wait for a response.

The Guardian reported after the Budget that IPSE chief executive Chris Bryce described the move to abolish class 2 national insurance contributions as a

“long overdue and welcome step.”

However, he also said:

“The Government missed the perfect opportunity to back self-employed mums by giving them the same maternity pay as employees. This measure was recommended in the recent self-employment review.”

The Chancellor has failed to achieve his own targets on debt, the deficit, trade and exports and has stubbornly failed to listen to calls to invest in the economy.

5.49 pm

Tristram Hunt (Stoke-on-Trent Central) (Lab): I think we can all agree that this has been a pretty disastrous Budget, and that was the case even before the right hon. Member for Chingford and Woodford Green (Mr Duncan Smith) revealed the Government's extraordinary mendacity in their pursuit of policies for political purposes rather than for the national economic interest. What is worse, as my right hon. Friend the Member for Wolverhampton South East (Mr McFadden) said, they are hammering the working-age poor because they do not vote Conservative.

Even on the Chancellor's own terms, it is a shocking state of affairs. He has breached two of his three fiscal rules. Indeed, this Budget might end the period of fiscal rules that we have enjoyed for the past two decades. He has failed to meet his commitments to get debt falling as a share of GDP each year and he has failed to cap welfare spending. He tried to sweeten that with a spoonful of sucrose replacement, but we all saw through it.

The Chancellor is on track to meet only his third target, because he is deploying all sorts of fiscal shenanigans. He is rescheduling capital investment and shifting a one-off boost to corporation tax receipts. We also have to find £3.5 billion in unprotected spending.

The Chancellor is now set to borrow £38 billion more over the course of this Parliament than he planned just four months ago. Worst of all, this Parliament of productivity has stalled at the first outing. The OBR is clear on the collapse of productivity, even over the past six months.

Where I do agree with the Government is on the risk posed to our economy by fears of Brexit. The latest evidence from the CBI spells out the immediate costs to the British economy. Why, at a time of such fragile economic growth, would we knowingly want to turn our back on one of the most successful single markets in the world?

The key issue that we look at today is the morality of this Budget. To balance the books, the Prime Minister has chosen to focus on the weakest and most vulnerable in society. As the IFS has reported, the Government's tax and benefit changes have

“resulted in significant losses for those of working age in the bottom half of the income distribution.”

Then came the hit on the disabled, with the assault on PIP, now thankfully reversed. But who gained from all that? Well, it was those paying capital gains tax. Half went to 35,000 individuals with incomes of £100,000 a year or more. It is a totally shocking result. According to the Resolution Foundation, the poorest 30% of households are set to lose around £565 by 2020, while the richest 30% of households are set to gain around £280. That is the morality of the Conservative party, and that is why we will be voting against the Budget tonight.

5.52 pm

Angela Rayner (Ashton-under-Lyne) (Lab): Last week, the Chancellor told us that he would put stability first, choose the long term and deliver real opportunity and social mobility. I am afraid that this Government have not appeared very stable since that statement and, far from being long term, the Budget that was delivered only last week appears to have been abandoned before we have even come to vote on it.

I suppose there was some opportunity and social mobility, even if it was limited to the Department for Work and Pensions. The former Secretary of State revealed the simple truth in his resignation letter: this is a Chancellor who puts his career before the country. Even by his own fiscal rules, he has failed, and blaming Labour will just not wash. This was a Budget not for the long-term interests of the country, but for the short-term interests of his ambition to lead the country—an ambition that seems to have unravelled almost as fast as his Budget.

As remarkable as it is to watch what has unfolded on the Government Benches, my concern is what is happening for my constituents in Ashton-under-Lyne. My constituent Marie has worked all her life, but then, unfortunately, developed lymphoedema as a secondary of breast cancer. She should be entitled to a dignified life while managing her condition, and this Budget has sought to deny her that.

One borough that sits in my constituency is Oldham, and under this Government, Oldham is now the most deprived town in England, according to the latest figures of the Office for National Statistics. Since 2010, more than half of the council's income has been taken away. Real jobs are lost, real services are withdrawn and the

most vulnerable suffer the worst. Our local economy and businesses suffer. Meanwhile, councils such as Surrey, given minimal cuts to local government finance in the first place, now receive a sweetener of nearly £12 million on top. Guess what the two local authorities serving my constituency, Oldham and Tameside, received: a big fat zero. Of course, the Chancellor has revealed exactly why that is the case; people in my constituency do not vote for the Conservatives.

Cuts to ESA to fund tax cuts, proposed cuts for the working poor through tax credits and universal credit—if the cruelty was not bad enough, the incompetence is now becoming obvious as well. In the last Parliament, we saw plans to tax everything from caravans to pasties proposed and abandoned, and this year the Chancellor becomes the first Chancellor in history to have to accept not one but two amendments to his own Budget resolution just days after he tabled it. Mr Speaker, I do not need three minutes to tell you about this Chancellor. I have three words, and they are “Not good enough”.

5.55 pm

Geraint Davies (Swansea West) (Lab/Co-op): What a shambles from the Wizard of Osborne, with the revelation that the tin man, the former Secretary of State for Work and Pensions, has a heart. I do not really believe it myself—I believe that he is thinking of jobs after Brexit with the Mayor of London, but other people will have other views. Of course, we now have a new Secretary of State, the former Welsh Secretary, who has just done a U-turn on the Wales Bill and has now done a U-turn on disability payments. I never thought that crabs did anything other than move sideways, but there we are. He was cheering away at the Budget a few days ago, but apparently now he does not agree with it.

As usual, the Wizard of Osborne has blamed Labour, but let us not forget that in the 10 years to 2008 the economy grew under Labour by 40%, some 4% a year, whereas that figure is now about 2%. We left debt as a share of GDP at 55% and it is now 83%. Why is that? Because of economic failure and slow productivity growth. Why is that? Because we have low investment in research and development and in infrastructure compared with the rest of the developed world. In particular, that is focused on London and the south-east and not in the north, in Wales or elsewhere.

I welcome the sugar tax, which I have been fighting for and which is a good idea—taxing something bad to invest in something good while costing the health service less. Similarly, I would have liked the Chancellor to take bold steps on air pollution, as 40,000 people a year are dying from diesel pollution, costing £20 billion a year, but of course he did not have the guts to re-tilt the fiscal structure for taxes and incentives to promote a sustainable green transport system. Instead, we have this epidemic of pregnant women having their babies' mental health affected, children losing their lung capacity and so on. It is time that the Chancellor took that seriously.

I welcome the reduction in the Severn bridge toll, but that could have been reduced to a quarter of the price to cover operational costs as opposed to half the price, as the Government will continue to make a large margin of profit by basically putting a tax on trade with Wales. I welcome the news that there might be a new city deal for

[Geraint Davies]

Swansea and the fact that the Chancellor is still trying to support the EU. The reality is that if we do have Brexit, as IDS and others want, we will be turning our backs on a large market. The argument that we are essentially net importers does not follow because, in essence, that applies only to Germany and Spain.

Finally, I should mention the other stealth tax from employers' contributions on pensions, which is a back-door cut for the Welsh Government that I resist. In a nutshell, this is a sheriff of Nottingham Budget that I resist.

5.58 pm

Rachael Maskell (York Central) (Lab/Co-op): This was a Budget about words, not wisdom. I want to focus on that because we have now had six years of the Chancellor presiding over a very worrying economic picture while using a narrative to disguise the fragile place into which he has put our economy. It is also a Budget that exposed the worst aspects of the cruel, callous and uncaring Conservatives, crushing disabled people and some of the most vulnerable and economically disadvantaged groups in our society. Those actions over the past six years have worried me as the weaknesses in the structure of the economy have not been addressed and the economy has been used to deliver a political agenda, not productivity and not fiscal security.

This is leading to a risk shift, increasingly away from Government to local communities and individuals—those who cannot weather the storm. Politicians can use any words they want, but what lingers behind those words is what matters. Apprenticeships are not apprenticeships any more, the living wage is not a living wage, and affordable housing is unaffordable. Remember the phrase “long-term economic plan”? I will let hon. Members work that one out for themselves.

I know the impact of all this in my local community and on my local economy. York has a low-wage, insecure and high cost of living economy where housing is now inaccessible. We heard about the next generation being better off. With the debts that young people now carry and the difficulty in accessing housing, I was interested in the lifetime ISA, which will mean that the people who are least worse off will get £1,000, while those struggling with tax credit cuts and increased in-work poverty will feel the pinch.

I hang my head in shame at the way that disabled people are treated in the Budget. No compassion there. That takes me back to the economic picture which I worry so much about. The Chancellor has borrowed more than all Labour Chancellors put together throughout history, and wants to borrow even more now. The question is what he will do with that money. We know from our economic experts how to invest that money to lead not to a growing debt, but to growing productivity. When the Chancellor has had to cut his own growth targets twice in the past six months, from 2.4% to 2.2% and now to 2%, he is admitting that his economic plan is not working. He did not clear the deficit in the previous Parliament, and it seems that with this omnishambles Budget he will not do so in this Parliament either.

I am worried, and I am most worried about the people I represent. In six years of low productivity, their

insecurity and risks are rising, the local economy in York is totally inequitable—a two-speed economy, as it is known, speeding up for those who are well off—

Mr Speaker: Order.

6.2 pm

Kate Osamor (Edmonton) (Lab/Co-op): I would like to focus my speech on the announcements in the Budget that all schools will be forced to become academies by 2020. This will lead to a fundamental shift in the way education is managed in this country, turning education into a business. I am concerned that, like most businesses, it will benefit the richer, and leave behind those who most need educational reform. This is a concern echoed by the public. More than 100,000 people have signed a petition to hold a public inquiry and a referendum on turning all schools into academies.

I have a history of campaigning against forced academisation. Before becoming an MP, I campaigned against forced academisation in Haringey. The experience taught me how much community support there is for the state sector in Britain, and how much people care about their schools having the right priorities for their children. Forced academisation is a costly exercise. The timing of this move appears highly questionable. At a time when councils, especially Labour-run councils, are having their budgets cut by 79%, and when they are having to make severe cuts to valuable front-line services, money spent on forced academisation seems like a political exercise, rather than money well spent.

Roy Perry, chairman of the Local Government Association's children and young people board, stated:

“With mixed evidence about academisation improving standards and when public spending is facing significant cuts imposing academisation on schools regardless of local opinion cannot be an appropriate use of public money.”

This policy was not in the Conservative manifesto. There needs to be proper debate and scrutiny, looking into the cost and how the policy will affect local communities.

Academies do not solve the big problems facing our schools—problems of a shortage of teachers, a shortage of head teachers, and increasing class sizes. Until we look at all those aspects, we should not proceed with academisation.

6.4 pm

Ruth Cadbury (Brentford and Isleworth) (Lab): Is this a Budget where those with the broadest shoulders bear the greatest burden, or is it one that cuts support for those who are already struggling, such as the parents and carers of people with learning disabilities whom I met in Hounslow yesterday, who are bearing the brunt of service and benefit cuts? The Resolution Foundation has shown that the poorest 30% of households are set to lose around £565 per annum by 2020, while the richest 30% are set to gain around £280. Is it not right to suggest, as the former Work and Pensions Secretary did, that we are not all in it together?

On housing, the lifetime ISA will, according to the Office for Budget Responsibility, actually increase home prices, and it has added 0.3% in its Budget book to the level that house prices will reach by 2021. That proves that the Government plan to use taxpayers' money to

further inflate house prices out of the reach of young people, rather than to build affordable homes for rent that help people on low incomes to have a permanent home over their heads.

Let me move on to the topic of today's budget debate: business and the economy. First, investment in infrastructure is essential for future growth, but business investment is falling, and the Government are set to spend just over half the level spent by the Government of 2010. Britain is set to slip yet further down the international rankings on infrastructure investments.

Secondly, are not skills a crucial element of our economic infrastructure? There is nothing in the Budget to help West Thames College, which, like all further education colleges, faces a 21% funding cut, resulting in a cut in courses and in the number of students being trained. There is nothing to provide the essential step change in skills that the UK economy needs.

Finally, on the 19% gender pay gap, the Women and Equalities Committee concluded today that not using women's skills fully costs the UK economy £36 billion or 2% of GDP. There is nothing in the Red Book to address that, and nor is there anything to address the fact that 81% of the Budget cuts have fallen on women.

So, is this a Budget from a Chancellor with a track record of growth and stability, or is it a Budget that yet again has to revise his figures on growth, productivity and exports downwards? I conclude by using words from the former Work and Pensions Secretary and by asking what the Chancellor cares more about—the “fiscal self imposed restraints” or the “national economic interest”.

6.7 pm

Peter Dowd (Bootle) (Lab): May I put on record my condolences to the people of Brussels and Belgium? My home town has been twinned with the town of Mons for more than 50 years, and the current Mayor of Mons—Elio Di Rupo—is the former Prime Minister of Belgium. I would therefore like to make sure my views are recorded.

Anything I say about the Chancellor in relation to the Budget will be as nothing compared with the thrashing he received over the weekend from his colleagues and particularly from the right hon. Member for Chingford and Woodford Green (Mr Duncan Smith) or, conversely, with the assault that the right hon. Member for Chingford and Woodford Green received in retaliation. It was the nasty party in full flow, arguing among themselves for all to see. If Conservative Members do that to themselves, hon. Members can imagine how easy it is for them to do the same to disabled people.

Before our very eyes, the acrid smoke from the smoke-and-mirrors Budget is starting to choke the Chancellor, and the mirrors have cracked. As for compassionate Conservatives, they would not know a good samaritan if he crossed the road to help them—by their standards, they would expect to be mugged. Expecting the country, at this point in the whole unfolding charade, to believe that a mass damascene conversion has taken place among Conservative Members is stretching credulity to its limits.

The Chancellor is fond of talking about cocktails: the problems faced by the economy are the result of a cocktail of external pressures—oil prices, the squeeze in China, the instability in the middle east—that have little

to do with him. In my view, what we have seen is more cock-up than cocktail. According to the Chancellor, that has nothing to do with the fact that, as John Humphrys pointed out on the “Today” programme, he has missed virtually every target he has set himself.

Labour Members would be impressed by the conversions we have seen if we did not smell a rat. At the end of the day, however, we all remember the right hon. Member for Chingford and Woodford Green punching the air at the autumn statement and trying to claim that the Chancellor was Mr Christmas. Evidently the Chancellor had laid his hands on another £27 billion, and of course Conservative Members were all cheering and chinking glasses. Well, the chinking of glasses is often followed by a hangover, and the hangover is on its way. The Government are going to have to deal with the hangover, because they cannot and must not—and we will not tolerate it—make people in the most vulnerable positions the fall guys for the arrogance, the incompetence and the brass neck of this Chancellor.

6.10 pm

Daniel Zeichner (Cambridge) (Lab): It was striking how little the Chancellor had to say about science and innovation in the Budget. Nearly 60,000 people are employed in the Cambridge cluster, and Cambridge is home to over 1,500 tech companies with a combined annual revenue of about £13 billion. This Government's record on science is erratic. Investment in research and development is only at 0.49% of GDP—below the OECD average of 0.67% and well below the EU target of 3%. That means that the UK comes last in the EU 27 and eighth in the G8 in terms of R and D spending as a proportion of GDP. The annual funding shortfalls resulting from the 2010 flat-cash settlement for the resource science budget meant a £1 billion loss to the UK research base over the lifetime of the previous Parliament.

There was some relief when the Government committed to protecting the science resource budget in real terms over the course of this Parliament, but £1.5 billion of this funding has been reserved for a new global challenges fund—a new funding commitment tucked within existing science resource funding. I would welcome clarification of how this will impact on current scientific research. It should be noted that funding for innovation and wider research sits outside the ring-fenced science budget. This funding supports companies, especially small and medium-sized enterprises, in translating their research into products.

Like many others, I was very disappointed by the Government's decision to bin research grants for companies and replace them with loans. This will have a significant impact on key early-stage enterprises, which have explained that they will struggle to secure investment if they have a hefty loan on the books. Sadly, the Government did not listen. They should, because, as I have said on previous occasions, Cambridge's future success is not assured. Last week, new data from the Office for National Statistics showed that house prices in Cambridge have risen faster since 2010 than anywhere else in the country. If people cannot live in the city, they are then forced to live outside, and that is why local transport matters so much.

I turn to the devolution deal—so-called. Let us be clear: Cambridge and the area around us need the freedoms to make the investments needed to tackle the

[Daniel Zeichner]

housing and transport challenges we face. That was why Cambridgeshire councils, business and universities came together to create the Case for Cambridge—a thoughtful and sensible set of proposals put to Government last year. However, instead of responding positively to that locally agreed and developed proposal, the Government came back very late in the day with a completely different solution, and basically said, “You’ve got three weeks to take it or leave it.” Unsurprisingly, the reaction has been furious. The local enterprise partnership has rejected it, individual business leaders have rejected it, the city council has rejected it, and today Cambridgeshire County Council rejected it. This is no way to deal with the huge and urgent challenge that faces one of the most successful parts of the country: it puts that very success at risk. I hope that those involved in this process—ultimately it is Treasury-led—will reflect on what has happened and reopen discussions in good faith with Cambridgeshire. Cambridgeshire needs a deal, but it needs a deal for Cambridgeshire, not for the Treasury.

6.13 pm

Ms Angela Eagle (Wallasey) (Lab): Today we have heard contributions from 30 Opposition Members and only 14 Government Members—the Government ran out of contributors quite a while ago.

The Chancellor has had to be dragged back to the Chamber today to explain what on earth has happened to his Budget which, after all, is still only six days old and already contains three U-turns. He put in a bravura performance, but there was not a windmill that he did not tilt at or a straw man that he did not set up. Even then, he had the gall to claim that he supports the vulnerable. At the end of all that sound and fury, however, his Budget was still a mess, and the idea of one nation Conservatism is still a national joke.

What we actually got was a botched Budget that has disastrously unravelled in just a few short days. It was a Budget created by a Chancellor far more concerned with advancing his own interests than advancing the national interest. We all knew that this was a Budget that had to be seen through the lens of the Chancellor’s own long-cherished ambition to become leader of the Tory party and Prime Minister, and that the chief interest the Chancellor was promoting was his own. In an effort to curry favour with his own side, he announced increases in tax thresholds and cuts to capital gains tax, and he decided that cuts to disability benefits would pay for them.

The Chancellor has presented a catastrophic Budget—omnishambles does not do it justice. The Prime Minister had ordered him to produce a “safety first” budget; instead, he has succeeded in producing a Budget that has torn the Cabinet apart. Despite his performance today, we see a Chancellor at bay, on the run from attacks in his own party. He has completely lost control of his own Budget. He is now so weakened that he is accepting amendments on the tampon tax and solar panels because he knows he would lose the votes, and he dare not let that happen. He has had to reappear in the Chamber today to explain where it all went wrong.

It took less than 24 hours for the Chancellor’s triumph of Wednesday to turn into chaos at the weekend. We have seen a Government in complete and utter disarray

and a Chancellor who has only succeeded in shredding his own reputation. Today, we see the utter collapse of his authority. His popularity has halved since the election, and two thirds of people who voted Conservative last May do not think that he is up to the job of being Prime Minister.

The Chancellor’s Budget was rightly savaged as deeply unfair by his then Secretary of State for Work and Pensions, the right hon. Member for Chingford and Woodford Green (Mr Duncan Smith). Back Benchers’ outrage grew as they realised that the huge cuts to disability support were being used to fund a tax giveaway for the well-off. We then had Panic Friday, as the Prime Minister realised that his party was in revolt and ordered a hasty retreat on the Chancellor’s biggest revenue raiser in the Red Book. Then came a dramatic Cabinet resignation by the Work and Pensions Secretary, who had reached the end of his tether. On Manic Monday, the cowardly Chancellor went missing, sending out his hapless junior to cover for him.

The former Work and Pensions Secretary made clear his opposition in his devastating resignation letter, in which he said that cuts to disability benefits were “not defensible in the way they were placed within a Budget that benefits higher earning taxpayers.”

That was this Chancellor’s choice. The former Work and Pensions Secretary called the disability cuts that the Chancellor presented last week “morally indefensible”. The former Work and Pensions Secretary has questioned the entire moral basis of the last six years of Conservative government, and weak assertions from Conservative Members that they are really, really compassionate are revealed for what they really, really are: hollow nonsense. The former Work and Pensions Secretary was also clear that he thought that the Chancellor’s welfare cap was unsustainable, and he questioned the motives of his erstwhile Cabinet colleagues, slamming the Chancellor’s indefensible Budget. He said

“they’re losing sight of the direction of the travel that they should be in”

and

“it is in danger of drifting in a direction that divides society rather than unites it. And that I think is unfair.”

It is still unclear in what form this Budget statement will survive, but it now contains an abandoned £4.4 billion of disability benefit cuts and an unspecified £3.5 billion cut in public expenditure. This is a Budget that continues to disintegrate before our very eyes. The Chancellor has given us a Budget that is an economic failure, a moral failure and a political failure. The OBR forecast accompanying the Budget formed a sharply deteriorating backdrop, caused mainly by his own failures at home. Productivity has been revised down and down. Growth has been revised down and down. Earnings have been revised down and are still lower in real terms than they were when the Chancellor took office. It is the same for business investment, which was downgraded by two thirds this year alone. That is not the forecast that most concerns the Chancellor, however. I do not know if you are a betting man, Mr Speaker, but over the weekend the odds on the Chancellor moving next door to No. 10 have slipped from a healthy 2:1 to a distant 4:1. He is on the slide—and fast.

This is a Chancellor who has an astonishing record of missing his own targets. He promised to protect our triple A credit rating—he has failed. He said he would eliminate the deficit by 2015—he has failed. In his 2012

Budget, he set out a target to double UK exports to £1 trillion by 2020—he has failed, admitting he will miss it by £357 billion. In his last Budget, the Chancellor established three targets he wished to be judged by in this Parliament. First, he promised to keep social security spending below an arbitrary cap he imposed on himself. He has, by his own admission, failed, and he will fail every year of this Parliament, and that was even before he was forced to row back on the cuts to PIP.

Secondly, the Chancellor promised to reduce debt as a percentage of GDP in every year. He will fail, by the end of the month, to meet his target, and he only met it last year by flogging off public assets, such as bits of Royal Mail. Thirdly, he has promised to have an overall surplus by 2020, and that rule is now dangling by the thinnest of threads. The Red Book shows that he only hangs on to meeting his economically pointless surplus rule by a series of tricks the Joker would have been proud of, and a promise to cut borrowing by an unprecedented £32 billion in a pre-election year. These are fiscal gymnastics that would embarrass the dodgiest accountant. It does not take a genius to see that this amounts to an economic plan that has lost all credibility in the country, just as he is losing credibility in his own party.

This Budget is also a moral failure. It is a Budget with unfairness at its very heart, from a Chancellor who is making the wrong decisions for our country. Since 2010, over 1 million people have been forced to go to food banks, and over 1 million benefit claimants have been sanctioned, often for utterly trivial reasons. Dying people have been found fit to work—one woman in a coma was found fit to work—and people have committed suicide. Homelessness has soared, and the bedroom tax has caused untold misery. The Chancellor has talked about workers and shirkers, stigmatising all benefit claimants, including those with disabilities, and that has led to a discernible increase in hate crimes against them. I hope the Chancellor is proud of that record, but it is clear that this is not and can never be called compassionate Conservatism.

This is a Budget that planned to eliminate the deficit on the backs of the poor and some of the most vulnerable in our society. None of this is morally justifiable. Never again will this Government be able to claim, “We’re all in this together”. Never again will they be able to don the mantle of compassionate Conservatism with any shred of credibility. This is a political failure of a Budget, as well as a moral failure and an economic failure. This is a Chancellor who has mishandled tax credit cuts, who has pushed and lost on Sunday trading and who has now mishandled disability benefit cuts, too. He is a Chancellor who has lost control of his Budget and lost control of his leadership hopes. This is an omnishambles Chancellor who has produced an immoral Budget, which is disintegrating before our eyes. That is why we will vote against it tonight.

6.23 pm

The Chief Secretary to the Treasury (Greg Hands): May I associate myself with the comments made by the Chancellor, Members on both Front Benches and many Back Benchers about the terrible terrorist outrages in Brussels this morning? I remind everybody that we stand shoulder to shoulder with the people of Belgium, as we in this country have done many times before against the scourge of terrorism.

The past four days of this debate have certainly been lively. I want to look back not just four days, but more than six years. Let us cast our minds back to six years ago, in 2010, when the whole world doubted the UK’s ability to pay its way. Now the UK is forecast to grow faster than any other major advanced economy in the world.

Six years ago, we were borrowing 25p out of every £1 that we spent—almost £6,000 per household per annum. Now that figure is down to 10p, and will be 7p next year. Six years ago our deficit was more than 10% of GDP. Now we are three years away from building that surplus. Our economy is a full 12.6% bigger than it was in 2010 when my right hon. Friend delivered his first Budget. Our foreign exchange reserves have doubled, and every day has seen an average of 1,000 jobs created. Inflation is low, poverty and inequality are falling, and wages are rising. Yes, that is due to our long-term economic plan.

We can only have a fair and compassionate society on the back of a strong economy. That is what the British electorate asked us to do in May, and that is what we are doing. We are proud of the jobs created over the past six years, proud of having lifted more than 1 million low-paid people out of income tax, proud of having introduced the national living wage, and proud of our record as a compassionate one-nation Conservative Government.

Let me respond to some of the points raised today, partly because the shadow First Secretary of State failed to mention any of them. The hon. Member for Dewsbury (Paula Sherriff) and my right hon. Friend the Member for Basingstoke (Mrs Miller) raised a technical detail and asked, with reference to the tampon tax, what will happen to the money now allocated for that in the Budget. That was a one-year bidding process, and all the organisations will get the money that we announced on Wednesday. The relevant clause for that will be in the Finance Bill, which will be published on Thursday.

Various Conservative Members, including my hon. Friends the Members for Warwick and Leamington (Chris White), for South Dorset (Richard Drax), for Richmond (Yorks) (Rishi Sunak), for Croydon South (Chris Philp) and for Dudley South (Mike Wood), my right hon. Friend the Member for Basingstoke, and others, praised the wealth creators and business, and this is very much a Budget for business, wealth creators and enterprise. My hon. Friends the Members for Harrow East (Bob Blackman) and for Peterborough (Mr Jackson), the hon. Members for Clwyd South (Susan Elan Jones) and for City of Durham (Dr Blackman-Woods), and the right hon. Member for Delyn (Mr Hanson) all mentioned infrastructure spending—albeit with slightly differing views—and individual projects.

The Government remain on course to deliver £100 billion in infrastructure projects this Parliament. The Budget announced more for flood defences, and for transport projects in the north, London and right the way across England. My hon. Friend the Member for Harrow East raised a point about rough sleeping, and we are committing £110 million extra for that. No allocations have yet been made, but London is very much a focus of that additional money.

When the hon. Member for Coatbridge, Chryston and Bellshill (Philip Boswell) spoke I had to stop and check that I had heard him correctly, because he spoke about a risk “in relation to the price of oil”. I can tell

[Greg Hands]

him something about a risk “in relation to the price of oil”, because if Scotland were to have separated on the SNP’s proposed date of this Thursday, it would now be facing a fiscal black hole of £19 billion, largely caused by a 98% collapse in oil revenue.

My hon. Friend the Member for Norwich North (Chloe Smith) called this a Budget for savers and the next generation. She is absolutely right, and the Lifetime ISA will apply even to those who do not put in the full £4,000 a year. We have also launched the Help to Save initiative, which will help lower-paid savers who are on universal credit or tax credits.

My hon. Friend the Member for Erewash (Maggie Throup) highlighted our income tax cuts, which deliver on our manifesto commitment—we are accelerating them for the low-paid, the lower-paid and the medium-paid.

We heard opposing speeches on the merits of the soft drinks industry levy from my hon. Friend the Member for Bedford (Richard Fuller), the hon. Member for Falkirk (John Mc Nally) and others. My hon. Friend raised a number of technical objections to the levy. We are consulting on the details and are keen to work with the industry on it, but hon. Members should make no mistake: we think it is the right thing to do to help to deal with the UK’s £27 billion per annum obesity problem.

The hon. Member for Foyle (Mark Durkan) thanked us on behalf of Northern Ireland for launching funding for the new air ambulance, which I know has been very well received. We are open to ideas on UK city deals coming from Northern Ireland, but I should say to him that the Stormont House agreement committed more than £2.5 billion to the Executive, which I think was very generous.

We heard from many former members of the Labour Treasury team—the shadow shadow Treasury team, as they have been called—including the right hon. Member for Delyn, and the hon. Members for Birmingham, Ladywood (Shabana Mahmood) and for Leeds West (Rachel Reeves). All protested at the policies and initiatives launched by the Government. I have two things to say to them. First of all, in all of the last Parliament, I do not recall any of them coming up with a single proposal to save money or cut spending, or to back any tax rise. More interestingly, not one of the shadow shadow Treasury team had a word of praise for their actual shadow Treasury team, which was absolutely compelling evidence of where they are going wrong.

It is because we have faced up to the facts and because we have taken the difficult decisions that our economy is fundamentally stronger, more resilient and better able to protect our families and households in uncertain times. Uncertain times are what we must currently deal with. Growth worldwide is slowing, commodity prices have fallen and productivity growth has been sluggish, particularly in the most advanced economies. The middle east remains unstable and global markets have experienced worrying turbulence. The UK is immune to none of that. Responsible government means preparing our economy for the challenges that lie ahead. It means ensuring that we never again find ourselves in the position we found ourselves in six years ago. It means that, when problems come up, we deal with them in full and early on.

Rachel Reeves: Many Labour Members have asked about the £4.4 billion black hole. Will the Chief Secretary to the Treasury please confirm whether that £4.4 billion will be plugged by further cuts to welfare, tax increases, spending cuts or more borrowing? It has to be one. Which is it?

Greg Hands: It is always good to hear from the shadow shadow Treasury team. I can tell the hon. Lady that more will be outlined in the course of this year in the autumn statement. However, we remain on course—*[Interruption.]*

Mr Speaker: Order. Members are becoming a little over-excitable. The Chief Secretary must be heard.

Greg Hands: We remain on course to deliver our budget surplus in 2019-20, which is far more than Labour ever achieved. I would have thought that the hon. Lady would take the opportunity to congratulate the Government on the new commitment to flood defences in Leeds, which she did not mention.

I will be working to find a further £3.5 billion of efficiencies by 2019-20 so that we deliver that surplus by the end of this Parliament. That means that we keep our economy on course, and we refuse to pass on the burden to our children and grandchildren.

At the same time, we will continue to reward aspiration, back growth, invest in education and help people get on in life—because this is a Budget that backs Britain’s businesses. It cuts the burden of business rates by £6.7 billion over the next five years, taking 600,000 of our smallest firms out of business rates altogether. It cuts the rate of corporation tax even further, to 17% in 2020, giving us the most competitive rate in the G7 and benefiting more than 1 million businesses. Through a £1 billion North sea oil and gas package, it is a Budget that helps Britain’s largest industry succeed in difficult economic times; through cuts to both the higher and basic rates of capital gains tax, it encourages investment—the lifeblood of Britain’s businesses; and, through the abolition of class 2 national insurance contributions, it creates a simpler tax system and a tax cut of more than £130 for the 3 million-plus self-employed people in Britain—this Government stand squarely behind them.

This is a Budget that puts cash into people’s pockets. It raises the tax-free personal allowance to £11,500 from next year, and the higher rate threshold to £45,000. We recognise that money should be in savings accounts as well as in pockets, so this is also the Budget that creates the lifetime ISA, helping people to buy their first home or save for their retirement. This is a Budget that freezes fuel duty, helping people every time they fill up their tank. It is a Budget that supports responsible drinkers; helps the nation’s pubs and gives a further boost to the Scotch whisky industry.

I recall seeing on the morning of the Budget the Scottish National party’s lead spokesman saying that he had three asks in this Budget, and he listed them on Twitter. They were to freeze fuel duty, to keep down duty on Scotch and to have a fiscal package for oil and gas. We have met all three of his asks and much more, and this is a very good Budget for Scotland, too.

It is a Budget that strengthens our tax base, through reforming the tax system so that it is in line with the realities of global, 21st-century economics. As I said, in

this Budget we take action on the scourge of obesity, which, as well as putting unsustainable pressures on the NHS, ruins people's health and quality of life, and costs the country about £27 billion a year.

Catherine McKinnell *rose*—

Greg Hands: I do not have time to give way. Because we continue to get the public finances under control, our Budget—*[Interruption.]* I am sorry, but all the Labour MPs elected in 2010 and 2015 do not remember the last Labour Government, and that is part of their problem. Because we get the public finances under control, our Budget gives this country a stable base from which to support those in need of support. That is a point that too many on the Opposition Benches still do not get: there can only be true social justice on the back of a functioning economy. Had we not taken action in 2010, borrowing would have been £930 billion more by the end of the decade than it is now forecast to be. On a serious point, one more downturn and we could have lost control altogether in this country, and when that happens it is the poorest and the most vulnerable who are hit the hardest. So we say: never again. That is why we take action now, so we do not pay later.

To conclude, I am sure that some on the Opposition Benches will vote against the Budget tonight, but they will be voting against more money going to our schools. They will be voting against 600,000 small businesses being taken out of paying business rates altogether. They will be voting against support for our North sea oil and gas industry. They will be voting against increases for children's healthcare. They will be voting against helping working people save for their future. They will be voting against lower taxes for the lowest paid. They will be voting against a better future for Britain.

I say that Members should vote for this Budget. Stability, security, prosperity is what the electorate asked us to provide last May and it is that which this Budget provides, and I ask the House to support it tonight.

Amendment (b) agreed to.

Amendment made: (a), after 'importation' in paragraph 2(a), insert—

'other than in respect of value added tax on women's sanitary products'.—*(Paula Sherriff.)*

Main Question, as amended, put.

The House divided: Ayes 310, Noes 275.

Division No. 221]

[6.40 pm

AYES

Adams, Nigel	Baron, Mr John
Afriyie, Adam	Barwell, Gavin
Aldous, Peter	Bebb, Guto
Allan, Lucy	Bellingham, Sir Henry
Allen, Heidi	Benyon, Richard
Amess, Sir David	Beresford, Sir Paul
Andrew, Stuart	Berry, Jake
Ansell, Caroline	Bingham, Andrew
Argar, Edward	Blackman, Bob
Atkins, Victoria	Blunt, Crispin
Bacon, Mr Richard	Boles, Nick
Baker, Mr Steve	Bone, Mr Peter
Baldwin, Harriett	Borwick, Victoria
Barclay, Stephen	Bottomley, Sir Peter

Bradley, Karen	Garnier, rh Sir Edward
Brady, Mr Graham	Garnier, Mark
Brazier, Mr Julian	Gauke, Mr David
Bridgen, Andrew	Ghani, Nusrat
Brine, Steve	Gibb, Mr Nick
Brokenshire, rh James	Gillan, rh Mrs Cheryl
Bruce, Fiona	Glen, John
Buckland, Robert	Goodwill, Mr Robert
Burns, Conor	Gove, rh Michael
Burns, rh Sir Simon	Graham, Richard
Burrowes, Mr David	Grant, Mrs Helen
Burt, rh Alistair	Gray, Mr James
Cairns, Alun	Grayling, rh Chris
Campbell, Mr Gregory	Green, Chris
Carmichael, Neil	Green, rh Damian
Cartlidge, James	Greening, rh Justine
Cash, Sir William	Grieve, rh Mr Dominic
Caulfield, Maria	Griffiths, Andrew
Chalk, Alex	Gummer, Ben
Chishti, Rehman	Gyimah, Mr Sam
Chope, Mr Christopher	Halfon, rh Robert
Churchill, Jo	Hall, Luke
Clark, rh Greg	Hammond, Stephen
Clarke, rh Mr Kenneth	Hancock, rh Matthew
Cleverly, James	Hands, rh Greg
Clifton-Brown, Geoffrey	Harper, rh Mr Mark
Coffey, Dr Thérèse	Harrington, Richard
Collins, Damian	Harris, Rebecca
Colville, Oliver	Haselhurst, rh Sir Alan
Costa, Alberto	Hayes, rh Mr John
Cox, Mr Geoffrey	Heald, Sir Oliver
Crabb, rh Stephen	Heapey, James
Davies, Byron	Heaton-Harris, Chris
Davies, Chris	Heaton-Jones, Peter
Davies, David T. C.	Henderson, Gordon
Davies, Glyn	Herbert, rh Nick
Davies, Dr James	Hermon, Lady
Davies, Mims	Hinds, Damian
Davies, Philip	Hoare, Simon
Davis, rh Mr David	Hollingbery, George
Dinenage, Caroline	Hollinrake, Kevin
Djanogly, Mr Jonathan	Hollobone, Mr Philip
Dodds, rh Mr Nigel	Holloway, Mr Adam
Donaldson, rh Mr Jeffrey M.	Hopkins, Kris
Double, Steve	Howarth, Sir Gerald
Dowden, Oliver	Howell, John
Doyle-Price, Jackie	Howlett, Ben
Drax, Richard	Huddleston, Nigel
Drummond, Mrs Flick	Hunt, rh Mr Jeremy
Duddridge, James	Jackson, Mr Stewart
Duncan, rh Sir Alan	James, Margot
Duncan Smith, rh Mr Iain	Javid, rh Sajid
Dunne, Mr Philip	Jayawardena, Mr Ranil
Elliott, Tom	Jenkin, Mr Bernard
Ellis, Michael	Jenkyns, Andrea
Ellison, Jane	Jenrick, Robert
Ellwood, Mr Tobias	Johnson, Boris
Elphicke, Charlie	Johnson, Gareth
Eustice, George	Johnson, Joseph
Evans, Graham	Jones, Andrew
Evennett, rh Mr David	Jones, rh Mr David
Fabricant, Michael	Jones, Mr Marcus
Fallon, rh Michael	Kawczynski, Daniel
Fernandes, Suella	Kennedy, Seema
Field, rh Mark	Kinahan, Danny
Foster, Kevin	Knight, rh Sir Greg
Frazer, Lucy	Knight, Julian
Freeman, George	Kwarteng, Kwasi
Freer, Mike	Lancaster, Mark
Fuller, Richard	Latham, Pauline
Fysh, Marcus	Lee, Dr Phillip
Gale, Sir Roger	Lefroy, Jeremy

Leigh, Sir Edward
 Leslie, Charlotte
 Letwin, rh Mr Oliver
 Lewis, Brandon
 Lewis, rh Dr Julian
 Lidington, rh Mr David
 Lilley, rh Mr Peter
 Loughton, Tim
 Lumley, Karen
 Mackinlay, Craig
 Mackintosh, David
 Main, Mrs Anne
 Malthouse, Kit
 Mann, Scott
 Mathias, Dr Tania
 Maynard, Paul
 McCartney, Jason
 McCartney, Karl
 McLoughlin, rh Mr Patrick
 McPartland, Stephen
 Menzies, Mark
 Mercer, Johnny
 Merriman, Huw
 Metcalfe, Stephen
 Miller, rh Mrs Maria
 Milling, Amanda
 Mills, Nigel
 Milton, rh Anne
 Mitchell, rh Mr Andrew
 Mordaunt, Penny
 Morgan, rh Nicky
 Morris, Anne Marie
 Morris, David
 Morris, James
 Morton, Wendy
 Mowat, David
 Mundell, rh David
 Murray, Mrs Sheryll
 Murrison, Dr Andrew
 Neill, Robert
 Nokes, Caroline
 Norman, Jesse
 Nuttall, Mr David
 Offord, Dr Matthew
 Opperman, Guy
 Osborne, rh Mr George
 Paisley, Ian
 Parish, Neil
 Patel, rh Priti
 Paterson, rh Mr Owen
 Pawsey, Mark
 Penning, rh Mike
 Penrose, John
 Perry, Claire
 Phillips, Stephen
 Philp, Chris
 Pickles, rh Sir Eric
 Pincher, Christopher
 Poulter, Dr Daniel
 Pow, Rebecca
 Prentis, Victoria
 Prisk, Mr Mark
 Pursglove, Tom
 Quin, Jeremy
 Quince, Will
 Raab, Mr Dominic
 Redwood, rh John
 Rees-Mogg, Mr Jacob
 Robertson, Mr Laurence
 Robinson, Gavin
 Robinson, Mary

Rosindell, Andrew
 Rudd, rh Amber
 Rutley, David
 Sandbach, Antoinette
 Scully, Paul
 Selous, Andrew
 Shannon, Jim
 Shapps, rh Grant
 Sharma, Alok
 Simpson, rh Mr Keith
 Smith, Chloe
 Smith, Henry
 Smith, Julian
 Smith, Royston
 Soames, rh Sir Nicholas
 Solloway, Amanda
 Soubry, rh Anna
 Spelman, rh Mrs Caroline
 Spencer, Mark
 Stephenson, Andrew
 Stevenson, John
 Stewart, Iain
 Stewart, Rory
 Streeter, Mr Gary
 Stride, Mel
 Sturdy, Julian
 Sunak, Rishi
 Swayne, rh Mr Desmond
 Swire, rh Mr Hugo
 Syms, Mr Robert
 Thomas, Derek
 Throup, Maggie
 Timpson, Edward
 Tolhurst, Kelly
 Tomlinson, Justin
 Tomlinson, Michael
 Tracey, Craig
 Tredinnick, David
 Trevelyan, Mrs Anne-Marie
 Truss, rh Elizabeth
 Tugendhat, Tom
 Turner, Mr Andrew
 Tyrie, rh Mr Andrew
 Vaizey, Mr Edward
 Vara, Mr Shailesh
 Vickers, Martin
 Villiers, rh Mrs Theresa
 Walker, Mr Charles
 Walker, Mr Robin
 Wallace, Mr Ben
 Warburton, David
 Warman, Matt
 Watkinson, Dame Angela
 Wharton, James
 Whately, Helen
 White, Chris
 Whittaker, Craig
 Wiggins, Bill
 Williams, Craig
 Williamson, rh Gavin
 Wilson, Mr Rob
 Wilson, Sammy
 Wollaston, Dr Sarah
 Wood, Mike
 Wragg, William
 Wright, rh Jeremy
 Zahawi, Nadhim

Tellers for the Ayes:
 Sarah Newton and
 Simon Kirby

NOES

Abbott, Ms Diane
 Abrahams, Debbie
 Ahmed-Sheikh, Ms Tasmina
 Alexander, Heidi
 Ali, Rushanara
 Anderson, Mr David
 Arkless, Richard
 Ashworth, Jonathan
 Bardell, Hannah
 Barron, rh Kevin
 Beckett, rh Margaret
 Benn, rh Hilary
 Berger, Luciana
 Betts, Mr Clive
 Black, Mhairi
 Blackford, Ian
 Blackman, Kirsty
 Blenkinsop, Tom
 Blomfield, Paul
 Boswell, Philip
 Bradshaw, rh Mr Ben
 Brake, rh Tom
 Brennan, Kevin
 Brock, Deidre
 Brown, Alan
 Brown, Lyn
 Brown, rh Mr Nicholas
 Buck, Ms Karen
 Burden, Richard
 Burgon, Richard
 Burnham, rh Andy
 Butler, Dawn
 Byrne, rh Liam
 Cadbury, Ruth
 Cameron, Dr Lisa
 Campbell, rh Mr Alan
 Campbell, Mr Ronnie
 Carmichael, rh Mr Alistair
 Carswell, Mr Douglas
 Champion, Sarah
 Chapman, Douglas
 Chapman, Jenny
 Cherry, Joanna
 Clegg, rh Mr Nick
 Clwyd, rh Ann
 Coffey, Ann
 Cooper, Julie
 Cooper, Rosie
 Cooper, rh Yvette
 Corbyn, rh Jeremy
 Cowan, Ronnie
 Cox, Jo
 Coyle, Neil
 Crawley, Angela
 Creagh, Mary
 Creasy, Stella
 Cruddas, Jon
 Cryer, John
 Cummins, Judith
 Cunningham, Alex
 Cunningham, Mr Jim
 Dakin, Nic
 Danczuk, Simon
 Davies, Geraint
 Day, Martyn
 De Piero, Gloria
 Docherty-Hughes, Martin
 Donaldson, Stuart Blair
 Doughty, Stephen
 Dowd, Jim
 Dowd, Peter
 Dromey, Jack
 Dugher, Michael
 Durkan, Mark
 Eagle, Ms Angela
 Eagle, Maria
 Efford, Clive
 Elliott, Julie
 Ellman, Mrs Louise
 Esterson, Bill
 Evans, Chris
 Farrelly, Paul
 Farron, Tim
 Fellows, Marion
 Ferrier, Margaret
 Field, rh Frank
 Fitzpatrick, Jim
 Fletcher, Colleen
 Flint, rh Caroline
 Flynn, Paul
 Fovargue, Yvonne
 Foxcroft, Vicky
 Gapes, Mike
 Gardiner, Barry
 Gethins, Stephen
 Gibson, Patricia
 Glass, Pat
 Glimdon, Mary
 Godsiff, Mr Roger
 Goodman, Helen
 Grady, Patrick
 Grant, Peter
 Gray, Neil
 Green, Kate
 Greenwood, Lilian
 Greenwood, Margaret
 Griffith, Nia
 Hamilton, Fabian
 Hanson, rh Mr David
 Harman, rh Ms Harriet
 Harris, Carolyn
 Hayes, Helen
 Healey, rh John
 Hendrick, Mr Mark
 Hendry, Drew
 Hepburn, Mr Stephen
 Hillier, Meg
 Hodgson, Mrs Sharon
 Hoey, Kate
 Hollern, Kate
 Hopkins, Kelvin
 Hosie, Stewart
 Howarth, rh Mr George
 Hunt, Tristram
 Huq, Dr Rupa
 Hussain, Imran
 Irranca-Davies, Huw
 Jarvis, Dan
 Johnson, rh Alan
 Jones, Gerald
 Jones, Helen
 Jones, Mr Kevan
 Jones, Susan Elan
 Kane, Mike
 Kaufman, rh Sir Gerald
 Keeley, Barbara
 Kendall, Liz
 Kerevan, George
 Kerr, Calum
 Khan, rh Sadiq
 Kinnock, Stephen
 Kyle, Peter

Lamb, rh Norman	Rees, Christina
Lavery, Ian	Reeves, Rachel
Law, Chris	Reynolds, Emma
Leslie, Chris	Reynolds, Jonathan
Lewell-Buck, Mrs Emma	Rimmer, Marie
Lewis, Clive	Ritchie, Ms Margaret
Lewis, Mr Ivan	Robertson, rh Angus
Long Bailey, Rebecca	Robinson, Mr Geoffrey
Lucas, Caroline	Rotheram, Steve
Lucas, Ian C.	Salmond, rh Alex
MacNeil, Mr Angus Brendan	Saville Roberts, Liz
Mactaggart, rh Fiona	Sharma, Mr Virendra
Madders, Justin	Sheerman, Mr Barry
Mahmood, Mr Khalid	Sheppard, Tommy
Mahmood, Shabana	Sherriff, Paula
Malhotra, Seema	Shuker, Mr Gavin
Mann, John	Siddiq, Tulip
Marris, Rob	Skinner, Mr Dennis
Marsden, Mr Gordon	Slaughter, Andy
Maskell, Rachael	Smeeth, Ruth
Matheson, Christian	Smith, rh Mr Andrew
Mc Nally, John	Smith, Angela
McCabe, Steve	Smith, Cat
McCaig, Callum	Smith, Jeff
McCarthy, Kerry	Smith, Nick
McDonagh, Siobhain	Smith, Owen
McDonald, Andy	Smyth, Karin
McDonald, Stewart Malcolm	Spellar, rh Mr John
McDonald, Stuart C.	Starmer, Keir
McDonnell, Dr Alasdair	Stephens, Chris
McDonnell, John	Stevens, Jo
McFadden, rh Mr Pat	Streeting, Wes
McGarry, Natalie	Stringer, Graham
McGinn, Conor	Tami, Mark
McGovern, Alison	Thewliss, Alison
McInnes, Liz	Thomas, Mr Gareth
McKinnell, Catherine	Thomas-Symonds, Nick
McLaughlin, Anne	Thompson, Owen
McMahon, Jim	Thomson, Michelle
Meale, Sir Alan	Thornberry, Emily
Mearns, Ian	Timms, rh Stephen
Miliband, rh Edward	Trickett, Jon
Monaghan, Carol	Turley, Anna
Monaghan, Dr Paul	Turner, Karl
Moon, Mrs Madeleine	Twigg, Derek
Morden, Jessica	Twigg, Stephen
Mulholland, Greg	Umunna, Mr Chuka
Mullin, Roger	Vaz, rh Keith
Murray, Ian	Vaz, Valerie
Nandy, Lisa	Weir, Mike
Newlands, Gavin	West, Catherine
Nicolson, John	Whiteford, Dr Eilidh
O'Hara, Brendan	Whitehead, Dr Alan
Onn, Melanie	Whiteford, Dr Philippa
Onwurah, Chi	Williams, Hywel
Osamor, Kate	Williams, Mr Mark
Oswald, Kirsten	Wilson, Corri
Owen, Albert	Wilson, Phil
Paterson, Steven	Winnick, Mr David
Pearce, Teresa	Winterton, rh Dame Rosie
Pennycook, Matthew	Wishart, Pete
Phillips, Jess	Woodcock, John
Phillipson, Bridget	Wright, Mr Iain
Powell, Lucy	Zeichner, Daniel
Pugh, John	
Qureshi, Yasmin	
Rayner, Angela	
Reed, Mr Jamie	
Reed, Mr Steve	

Tellers for the Noes:

Sue Hayman and
Grahame M. Morris

Question accordingly agreed to.

Resolved,

That,—

(1) That it is expedient to amend the law with respect to the National Debt and the public revenue and to make further provision in connection with finance.

(2) This Resolution does not extend to the making of any amendment with respect to value added tax (except in relation to value added tax on insulation, solar panels and any other category of energy-saving material or their installation) so as to provide—

(a) for zero-rating or exempting a supply, acquisition or importation; other than in respect of value added tax on women's sanitary products

(b) for refunding an amount of tax;

(c) for any relief, other than a relief that—

(i) so far as it is applicable to goods, applies to goods of every description, and

(ii) so far as it is applicable to services, applies to services of every description.

Mr Speaker: I am now required under Standing Order No. 51(3) to put, without further debate, the Question on each of the Ways and Means motions numbered 2 to 69 on which the Bill is to be brought in, and on the motions on Procedure and Finance (Money). I should point out that motion No. 13 includes a schedule. These motions are set out in a separate paper distributed with today's Order Paper.

I must inform the House that, for the purposes of Standing Order No. 83U, and on the basis of material put before me, I have certified that in my opinion the following founding motions published on 16 March 2016 and to be moved by the Chancellor of the Exchequer relate exclusively to England, Wales and Northern Ireland and are within devolved legislative competence. I am referring, as I feel sure colleagues are keenly aware, to the following motions:

45. Stamp duty land tax (calculating tax on non-residential and mixed transactions);

46. Stamp duty land tax (higher rates for additional dwellings etc.);

47. SDLT higher rate (land purchased for commercial use);

48. SDLT higher rate (acquisition under home reversion plan);

49. SDLT higher rate (properties occupied by certain employees);

50. Stamp duty land tax (co-ownership authorised contractual schemes);

57. Landfill tax (rates); and the motion on Procedure (Future Taxation) relating to rates of landfill tax.

Any of these motions on which the House may divide will be subject to double majority voting. With the leave of the House, I will put the Question on motions 2 to 7 together.

The Speaker put forthwith the Questions necessary to dispose of the motions made in the name of the Chancellor of the Exchequer (Standing Order No. 51(3)).

2. INCOME TAX (CHARGE AND MAIN RATES)

Resolved,

That—

(1) Income tax is charged for the tax year 2016-17.

(2) For that tax year—

- (a) the basic rate is 20%,
- (b) the higher rate is 40%, and
- (c) the additional rate is 45%.

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

3. DIVIDENDS ETC.

Resolved,

That provision may be made about distributions (within the meaning of the Tax Acts), including provision about rates of income tax on dividend income (within the meaning of the Income Tax Acts).

4. TAXABLE BENEFITS (APPLICATION OF CHAPTERS 5, 6 AND 7 OF PART 3 OF THE INCOME TAX (EARNINGS AND PENSIONS) ACT 2003)

Resolved,

That—

(1) Part 3 of the Income Tax (Earnings and Pensions) Act 2003 (employment income: earnings and benefits etc treated as earnings) is amended as follows.

(2) In section 97 (living accommodation to which Chapter 5 applies), after subsection (1) insert—

“(1A) In determining for the purposes of this Chapter whether this Chapter applies to living accommodation provided for an individual it is immaterial whether or not the terms on which it is provided constitute a fair bargain.”

(3) In section 114 (cars, vans and related benefits to which Chapter 6 applies), after subsection (1) insert—

“(1A) In determining for the purposes of this Chapter whether this Chapter applies by virtue of subsection (1) to a car or van made available to an individual it is immaterial whether or not the terms on which the car or van is made available constitute a fair bargain.”

(4) For section 117 substitute—

“117 Meaning of car or van made available by reason of employment

(1) For the purposes of this Chapter a car or van made available by an employer to an employee or member of an employee's family or household is to be regarded as made available by reason of the employment unless subsection (2) or (3) excludes the application of this subsection.

(2) Subsection (1) does not apply where—

- (a) the employer is an individual, and
- (b) the car or van is made available in the normal course of the employer's domestic, family or personal relationships.

(3) Subsection (1) does not apply where—

(a) the employer carries on a vehicle hire business under which cars or vans of the same kind are made available to members of the public for hire,

(b) the car or van in question is hired to the employee or member in the normal course of that business, and

(c) in hiring that car or van the employee or member is acting as an ordinary member of the public.”

(5) In section 173 (loans to which Chapter 7 applies), after subsection (1) insert—

“(1A) In determining for the purposes of this Chapter whether a loan is an employment-related loan it is immaterial whether or not the terms of the loan constitute a fair bargain.”

(6) The amendments made by this Resolution have effect for the tax year 2016-17 and subsequent tax years.

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

5. TAXABLE BENEFITS (DIESEL CARS)

Resolved,

That—

(1) In section 24 of the Finance Act 2014 (cars: the appropriate percentage), omit the following (“the repealing provisions”)—

- (a) subsection (2),
- (b) subsection (6),
- (c) subsection (10),
- (d) subsection (11), and
- (e) subsection (15).

(2) Any provision of the Income Tax (Earnings and Pensions) Act 2003 amended or omitted by the repealing provisions has effect for the tax year 2016-17 and subsequent tax years as if the repealing provisions had not been enacted.

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

6. TAXABLE BENEFITS (VANS)

Resolved,

That—

(1) Section 155 of the Income Tax (Earnings and Pensions) Act 2003 (cash equivalent of the benefit of a van) is amended as follows.

(2) In subsection (1B)(a), for “2019-20” substitute “2021-22”.

(3) In subsection (1C), for paragraphs (b) to (e) substitute—

- “(b) 20% for the tax year 2016-17;
- (c) 20% for the tax year 2017-18;
- (d) 40% for the tax year 2018-19;
- (e) 60% for the tax year 2019-20;
- (f) 80% for the tax year 2020-21;
- (g) 90% for the tax year 2021-22.”

(4) The amendments made by this Resolution have effect for the tax year 2016-17 and subsequent tax years.

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

7. INCOME TAX (EXEMPTION FOR TRIVIAL BENEFITS PROVIDED BY EMPLOYERS)

Resolved,

That—

(1) The Income Tax (Earnings and Pensions) Act 2003 is amended as follows.

(2) After section 323 insert—

“323A Trivial benefits provided by employers

(1) No liability to income tax arises in respect of a benefit provided by, or on behalf of, an employer to an employee or a member of the employee's family or household if—

- (a) conditions A to D are met, or
- (b) in a case where subsection (2) applies, conditions A to E are met.

(2) This subsection applies where—

- (a) the employer is a close company, and
- (b) the employee is—
 - (i) a person who is a director or other office-holder of the employer, or
 - (ii) a member of the family or household of such a person.

(3) Condition A is that the benefit is not cash or a cash voucher within the meaning of section 75.

(4) Condition B is that the benefit cost of the benefit does not exceed £50.

(5) In this section “benefit cost”, in relation to a benefit, means—

(a) the cost of providing the benefit, or

(b) if the benefit is provided to more than one person and the nature of the benefit or the scale of its provision means it is impracticable to calculate the cost of providing it to each person to whom it is provided, the average cost per person of providing the benefit.

(6) For the purposes of subsection (5)(b), the average cost per person of providing a benefit is found by dividing the total cost of providing the benefit by the number of persons to whom the benefit is provided.

(7) Condition C is that the benefit is not provided pursuant to relevant salary sacrifice arrangements or any other contractual obligation.

(8) “Relevant salary sacrifice arrangements”, in relation to the provision of a benefit to an employee or to a member of an employee’s family or household, means arrangements (whenever made, whether before or after the employment began) under which the employee gives up the right to receive an amount of general earnings or specific employment income in return for the provision of the benefit.

(9) Condition D is that the benefit is not provided in recognition of particular services performed by the employee in the course of the employment or in anticipation of such services.

(10) Condition E is that—

(a) the benefit cost of the benefit provided to the employee, or

(b) in a case where the benefit is provided to a member of the employee’s family or household who is not an employee of the employer, the amount of the benefit cost allocated to the employee in accordance with section 323B(4),

does not exceed the employee’s available exempt amount (see section 323B).

323B Section 323A: calculation of available exempt amount

(1) The “available exempt amount”, in relation to an employee of an employer, is the amount found by deducting from the annual exempt amount the aggregate of—

(a) the benefit cost of eligible benefits provided earlier in the tax year by, or on behalf of, the employer to the employee, and

(b) any amounts allocated to the employee in accordance with subsection (4) in respect of eligible benefits provided earlier in the tax year by, or on behalf of, the employer to a member of the employee’s family or household who was not at that time an employee of the employer.

(2) The annual exempt amount is £300.

(3) For the purposes of subsection (1) “eligible benefits” means benefits in respect of which conditions A to D in section 323A are met.

(4) The amount allocated to an employee of an employer in respect of a benefit provided to a person (“P”) who—

(a) is a member of the employee’s family or household, and

(b) is not an employee of the employer,

is the benefit cost of that benefit divided by the number of persons who meet the condition in subsection (5) and are members of P’s family or household.

(5) This condition is met if the person is—

(a) a director or other office-holder of the employer,

(b) an employee of the employer who is a member of the family or household of a person within paragraph (a), or

(c) a former employee of the employer who—

(i) was a director or other office-holder at any time when the employer was a close company, or

(ii) is a member of the family or household of such a person.

(6) In this section “benefit cost” has the same meaning as in section 323A.”

(3) The amendment made by this Resolution has effect for the tax year 2016-17 and subsequent tax years.

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

8. TRAVEL EXPENSES OF WORKERS PROVIDING SERVICES THROUGH INTERMEDIARIES

Question put,

That—

(1) In Chapter 2 of Part 5 of the Income Tax (Earnings and Pensions) Act 2003 (deductions for employee’s expenses), after section 339 insert—

“339A Travel for necessary attendance: employment intermediaries

(1) This section applies where an individual (“the worker”)—

(a) personally provides services (which are not excluded services) to another person (“the client”), and

(b) the services are provided not under a contract directly between the client or a person connected with the client and the worker but under arrangements involving an employment intermediary.

This is subject to the following provisions of this section.

(2) Where this section applies, each engagement is for the purposes of sections 338 and 339 to be regarded as a separate employment.

(3) This section does not apply if it is shown that the manner in which the worker provides the services is not subject to (or to the right of) supervision, direction or control by any person.

(4) Subsection (3) does not apply in relation to an engagement if—

(a) Chapter 8 of Part 2 applies in relation to the engagement,

(b) the conditions in section 51, 52 or 53 are met in relation to the employment intermediary, and

(c) the employment intermediary is not a managed service company.

(5) This section does not apply in relation to an engagement if—

(a) Chapter 8 of Part 2 does not apply in relation to the engagement merely because the circumstances in section 49(1)(c) are not met,

(b) assuming those circumstances were met, the conditions in section 51, 52 or 53 would be met in relation to the employment intermediary, and

(c) the employment intermediary is not a managed service company.

(6) In determining for the purposes of subsection (4) or (5) whether the conditions in section 51, 52 or 53 are or would be met in relation to the employment intermediary—

(a) in section 50(l)(b), disregard the words “that is not employment income”, and

(b) read references to the intermediary as references to the employment intermediary.

(7) Subsection (8) applies if—

(a) the client or a relevant person provides the employment intermediary (whether before or after the worker begins to provide the services) with a fraudulent document which is intended to constitute evidence that, by virtue of subsection (3), this section does not or will not apply in relation to the services,

(b) that section is taken not to apply in relation to the services, and

(c) in consequence, the employment intermediary does not under PAYE regulations deduct and account for an amount that would have been deducted and accounted for under those regulations if this section had been taken to apply in relation to the services.

(8) For the purpose of recovering the amount referred to in subsection (7)(c) (“the unpaid tax”)—

(a) the worker is to be treated as having an employment with the client or relevant person who provided the document, the duties of which consist of the services, and

(b) the client or relevant person is under PAYE regulations to account for the unpaid tax as if it arose in respect of earnings from that employment.

(9) In subsections (7) and (8) “relevant person” means a person, other than the client, the worker or a person connected with the employment intermediary, who—

(a) is resident, or has a place of business, in the United Kingdom, and

(b) is party to a contract with the employment intermediary or a person connected with the employment intermediary under or in consequence of which—

(i) the services are provided, or

(ii) the employment intermediary, or a person connected with the employment intermediary, makes payments in respect of the services.

(10) In determining whether this section applies, no regard is to be had to any arrangements the main purpose, or one of the main purposes, of which is to secure that this section does not to any extent apply.

(11) In this section—

“arrangements” includes any scheme, transaction or series of transactions, agreement or understanding, whether or not enforceable, and any associated operations;

“employment intermediary” means a person, other than the worker or the client, who carries on a business (whether or not with a view to profit and whether or not in conjunction with any other business) of supplying labour;

“engagement” means any such provision of service as is mentioned in subsection (1)(a);

“excluded services” means services provided wholly in the client’s home;

“managed service company” means a company which—

(a) is a managed service company within the meaning given by section 61B, or

(b) would be such a company disregarding subsection (1)(c) of that section.”

(2) In section 688A of the Income Tax (Earnings and Pensions) Act 2003 (managed service companies: recovery from other persons), in subsection (5), in the definition of “managed service company”, after “section 61B” insert “but for the purposes of section 339A has the meaning given by subsection (11) of that section”.

(3) After section 688A of the Income Tax (Earnings and Pensions) Act 2003 insert—

“688B Travel expenses of workers providing services through intermediaries: recovery of unpaid tax

(1) PAYE regulations may make provision for, or in connection with, the recovery from a director or officer of a company, in such circumstances as may be specified in the regulations, of amounts within any of subsections (2) to (5).

(2) An amount within this subsection is an amount that the company is to account for in accordance with PAYE regulations by virtue of section 339A(7) to (9) (persons providing fraudulent documents).

(3) An amount within this subsection is an amount which the company is to deduct and pay in accordance with PAYE regulations by virtue of section 339A in circumstances where—

(a) the company is an employment intermediary,

(b) on the basis that section 339A does not apply by virtue of subsection (3) of that section, the company has not deducted and paid the amount, but

(c) the company has not been provided by any other person with evidence from which it would be reasonable in all the circumstances to conclude that subsection (3) of that section

applied (and the mere assertion by a person that the manner in which the worker provided the services was not subject to (or to the right of) supervision, direction or control by any person is not such evidence).

(4) An amount within this subsection is an amount that the company is to deduct and pay in accordance with PAYE regulations by virtue of section 339A in a case where subsection (4) of that section applies, (services provided under arrangements made by intermediaries).

(5) An amount within this subsection is any interest or penalty in respect of an amount within any of subsections (2) to (4) for which the company is liable.

(6) In this section—

“company” includes a limited liability partnership;

“director” has the meaning given by section 67;

“employment intermediary” has the same meaning as in section 339A;

“officer”, in relation to a company, means any manager, secretary or other similar officer of the company, or any person acting or purporting to act as such.”

(4) In Part 4 of the Income Tax (Pay As You Earn) Regulations 2003 (S.I. 2003/2682) (payments, returns and information), after Chapter 3A insert—

“CHAPTER 3B

CERTAIN DEBTS OF COMPANIES UNDER SECTION 339A OF ITEPA (TRAVEL EXPENSES OF WORKERS PROVIDING SERVICES THROUGH EMPLOYMENT INTERMEDIARIES)

97ZG Interpretation of Chapter 3B: “relevant PAYE debt” and “relevant date”

(1) In this Chapter “relevant PAYE debt”, in relation to a company means an amount within any of paragraphs (2) to (5).

(2) An amount within this paragraph is an amount that the company is to account for in accordance with these Regulations by virtue of section 339A(7) to (9) of ITEPA (persons providing fraudulent documents).

(3) An amount within this paragraph is an amount which a company is to deduct and pay in accordance with these Regulations by virtue of section 339A of ITEPA in circumstances where—

(a) the company is an employment intermediary,

(b) on the basis that section 339A of ITEPA does not apply by virtue of subsection (3) of that section the company has not deducted and paid the amount, but

(c) the company has not been provided by any other person with evidence from which it would be reasonable in all the circumstances to conclude that subsection (3) of that section applied (and the mere assertion by a person that the manner in which the worker provided the services was not subject to (or to the right of) supervision, direction or control by any person is not such evidence).

(4) An amount within this paragraph is an amount that the company is to deduct and pay in accordance with these Regulations by virtue of section 339A of ITEPA in a case where subsection (4) of that section applies (services provided under arrangements made by intermediaries).

(5) An amount within this paragraph is any interest or penalty in respect of an amount within any of paragraphs (2) to (4) for which the company is liable.

(6) In this Chapter “the relevant date” in relation to a relevant PAYE debt means the date on which the first payment is due on which PAYE is not accounted for.

97ZH Interpretation of Chapter 3B: general

In this Chapter—

“company” includes a limited liability partnership;

“director” has the meaning given by section 67 of ITEPA; “personal liability notice” has the meaning given by regulation 97ZI(2);

“the specified amount” has the meaning given by regulation 97ZI(2)(a).

97ZI Liability of directors for relevant PAYE debts

(1) This regulation applies in relation to an amount of relevant PAYE debt of a company if the company does not deduct that amount by the time by which the company is required to do so.

(2) HMRC may serve a notice (a “personal liability notice”) on any person who was, on the relevant date, a director of the company—

(a) specifying the amount of relevant PAYE debt in relation to which this regulation applies (“the specified amount”), and

(b) requiring the director to pay to HMRC—

(i) the specified amount, and

(ii) specified interest on that amount.

(3) The interest specified in the personal liability notice—

(a) is to be at the rate applicable under section 178 of the Finance Act 1989 for the purposes of section 86 of TMA, and

(b) is to run from the date the notice is served.

(4) A director who is served with a personal liability notice is liable to pay to HMRC the specified amount and the interest specified in the notice within 30 days beginning with the day the notice is served.

(5) If HMRC serve personal liability notices on more than one director of the company in respect of the same amount of relevant PAYE debt, the directors are jointly and severally liable to pay to HMRC the specified amount and the interest specified in the notices.

97ZJ Appeals in relation to personal liability notices

(1) A person who is served with a personal liability notice in relation to an amount of relevant PAYE debt of a company may appeal against the notice.

(2) A notice of appeal must—

(a) be given to HMRC within 30 days beginning with the day the personal liability notice is served, and

(b) specify the grounds of the appeal.

(3) The grounds of appeal are—

(a) that all or part of the specified amount does not represent an amount of relevant PAYE debt, of the company, to which regulation 97ZI applies, or

(b) that the person was not a director of the company on the relevant date.

(4) But a person may not appeal on the ground mentioned in paragraph (3)(a) if it has already been determined, on an appeal by the company, that—

(a) the specified amount is a relevant PAYE debt of the company, and

(b) the company did not deduct, account for, or (as the case may be) pay the debt by the time by which the company was required to do so.

(5) Subject to paragraph (6), on an appeal that is notified to the tribunal, the tribunal is to uphold or quash the personal liability notice.

(6) In a case in which the ground of appeal mentioned in paragraph (3)(a) is raised, the tribunal may also reduce or increase the specified amount so that it does represent an amount of relevant PAYE debt, of the company, to which regulation 97ZI applies.

97ZK Withdrawal of personal liability notices

(1) A personal liability notice is withdrawn if the tribunal quashes it.

(2) An officer of Revenue and Customs may withdraw a personal liability notice if the officer considers it appropriate to do so.

(3) If a personal liability notice is withdrawn, HMRC must give notice of that fact to the person upon whom the notice was served.

97ZL Recovery of sums due under personal liability notice: application of Part 6 of TMA

(1) For the purposes of this Chapter, Part 6 of TMA (collection and recovery) applies as if—

(a) the personal liability notice were an assessment, and

(b) the specified amount, and any interest on that amount under regulation 97ZI(2)(b)(ii), were income tax charged on the director upon whom the notice is served,

and that Part of that Act applies with the modification in paragraph (2) and any other necessary modifications.

(2) Summary proceedings for the recovery of the specified amount, and any interest on that amount under regulation 97ZI(2)(b)(ii), may be brought in England and Wales or Northern Ireland at any time before the end of the period of 12 months beginning with the day after the day on which the personal liability notice is served.

97ZM Repayment of surplus amounts

(1) This regulation applies if—

(a) one or more personal liability notices are served in respect of an amount of relevant PAYE debt of a company, and

(b) the amounts paid to HMRC (whether by directors upon whom notices are served or the company) exceed the aggregate of the specified amount and any interest on it under regulation 97ZI(2)(b)(ii).

(2) HMRC is to repay the difference on a just and equitable basis and without unreasonable delay.

(3) HMRC is to pay interest on any sum repaid.

(4) The interest—

(a) is to be at the rate applicable under section 178 of the Finance Act 1989 for the purposes of section 824 of ICTA, and

(b) is to run from the date the amounts paid to HMRC come to exceed the aggregate mentioned in subsection (1)(b).”

(5) The amendment made by paragraph (4) is to be treated as having been made by the Commissioners for Her Majesty’s Revenue and Customs in exercise of the power conferred by section 688B of the Income Tax (Earnings and Pensions) Act 2003 (inserted by paragraph (3)).

(6) The amendment made by paragraph (1) has effect in relation to the tax year 2016-17 and subsequent tax years.

(7) The amendment made by paragraph (4) has effect in relation to relevant PAYE debts that are to be deducted, accounted for or paid on or after 6 April 2016.

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

The House divided: Ayes 307, Noes 62.

Division No. 222]

[6.57 pm

AYES

Adams, Nigel
Afrjije, Adam
Aldous, Peter
Allan, Lucy
Allen, Heidi
Amess, Sir David
Andrew, Stuart
Ansell, Caroline
Argar, Edward
Atkins, Victoria
Bacon, Mr Richard
Baker, Mr Steve
Baldwin, Harriett
Barclay, Stephen
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Bellingham, Sir Henry

Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Blackman, Bob
Blunt, Crispin
Boles, Nick
Bone, Mr Peter
Borwick, Victoria
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Brazier, Mr Julian
Bridgen, Andrew
Brine, Steve
Brokenshire, rh James
Bruce, Fiona
Buckland, Robert

Burns, Conor
 Burns, rh Sir Simon
 Burrowes, Mr David
 Burt, rh Alistair
 Cairns, Alun
 Campbell, Mr Gregory
 Carmichael, Neil
 Cartledge, James
 Cash, Sir William
 Caulfield, Maria
 Chalk, Alex
 Chishti, Rehman
 Chope, Mr Christopher
 Churchill, Jo
 Clark, rh Greg
 Clarke, rh Mr Kenneth
 Cleverly, James
 Clifton-Brown, Geoffrey
 Coffey, Dr Thérèse
 Collins, Damian
 Colvile, Oliver
 Costa, Alberto
 Cox, Mr Geoffrey
 Crabb, rh Stephen
 Davies, Byron
 Davies, Chris
 Davies, David T. C.
 Davies, Glyn
 Davies, Dr James
 Davies, Mims
 Davies, Philip
 Davis, rh Mr David
 Dinéage, Caroline
 Djanogly, Mr Jonathan
 Dodds, rh Mr Nigel
 Donaldson, rh Mr Jeffrey M.
 Double, Steve
 Dowden, Oliver
 Doyle-Price, Jackie
 Drax, Richard
 Drummond, Mrs Flick
 Duddridge, James
 Duncan, rh Sir Alan
 Duncan Smith, rh Mr Iain
 Dunne, Mr Philip
 Ellis, Michael
 Ellison, Jane
 Ellwood, Mr Tobias
 Elphicke, Charlie
 Eustice, George
 Evans, Graham
 Evennett, rh Mr David
 Fabricant, Michael
 Fallon, rh Michael
 Fernandes, Suella
 Field, rh Mark
 Foster, Kevin
 Frazer, Lucy
 Freeman, George
 Freer, Mike
 Fuller, Richard
 Fysh, Marcus
 Gale, Sir Roger
 Garnier, rh Sir Edward
 Garnier, Mark
 Gauke, Mr David
 Ghani, Nusrat
 Gibb, Mr Nick
 Gillan, rh Mrs Cheryl
 Glen, John
 Goodwill, Mr Robert
 Gove, rh Michael

Graham, Richard
 Grant, Mrs Helen
 Gray, Mr James
 Grayling, rh Chris
 Green, Chris
 Green, rh Damian
 Greening, rh Justine
 Grieve, rh Mr Dominic
 Griffiths, Andrew
 Gummer, Ben
 Gyimah, Mr Sam
 Halfon, rh Robert
 Hall, Luke
 Hammond, Stephen
 Hands, rh Greg
 Harper, rh Mr Mark
 Harrington, Richard
 Harris, Rebecca
 Haselhurst, rh Sir Alan
 Hayes, rh Mr John
 Heald, Sir Oliver
 Heapey, James
 Heaton-Harris, Chris
 Heaton-Jones, Peter
 Henderson, Gordon
 Herbert, rh Nick
 Hinds, Damian
 Hoare, Simon
 Hollingbery, George
 Hollinrake, Kevin
 Hollobone, Mr Philip
 Holloway, Mr Adam
 Hopkins, Kris
 Howarth, Sir Gerald
 Howell, John
 Howlett, Ben
 Huddleston, Nigel
 Hunt, rh Mr Jeremy
 Jackson, Mr Stewart
 James, Margot
 Javid, rh Sajid
 Jayawardena, Mr Ranil
 Jenkin, Mr Bernard
 Jenkyns, Andrea
 Jenrick, Robert
 Johnson, Boris
 Johnson, Gareth
 Johnson, Joseph
 Jones, Andrew
 Jones, rh Mr David
 Jones, Mr Marcus
 Kawczynski, Daniel
 Kennedy, Seema
 Knight, rh Sir Greg
 Knight, Julian
 Kwarteng, Kwasi
 Lancaster, Mark
 Latham, Pauline
 Lee, Dr Phillip
 Lefroy, Jeremy
 Leigh, Sir Edward
 Leslie, Charlotte
 Letwin, rh Mr Oliver
 Lewis, Brandon
 Lewis, rh Dr Julian
 Lidington, rh Mr David
 Lilley, rh Mr Peter
 Loughton, Tim
 Lumley, Karen
 Mackinlay, Craig
 Mackintosh, David
 Main, Mrs Anne

Malthouse, Kit
 Mann, Scott
 Mathias, Dr Tania
 Maynard, Paul
 McCartney, Jason
 McCartney, Karl
 McLoughlin, rh Mr Patrick
 McPartland, Stephen
 Menzies, Mark
 Mercer, Johnny
 Merriman, Huw
 Metcalfe, Stephen
 Miller, rh Mrs Maria
 Milling, Amanda
 Mills, Nigel
 Milton, rh Anne
 Mitchell, rh Mr Andrew
 Mordaunt, Penny
 Morgan, rh Nicky
 Morris, Anne Marie
 Morris, David
 Morris, James
 Morton, Wendy
 Mowat, David
 Mundell, rh David
 Murray, Mrs Sheryll
 Murrison, Dr Andrew
 Neill, Robert
 Nokes, Caroline
 Norman, Jesse
 Nuttall, Mr David
 Offord, Dr Matthew
 Opperman, Guy
 Osborne, rh Mr George
 Paisley, Ian
 Parish, Neil
 Patel, rh Priti
 Paterson, rh Mr Owen
 Pawsey, Mark
 Penning, rh Mike
 Penrose, John
 Perry, Claire
 Phillips, Stephen
 Philp, Chris
 Pickles, rh Sir Eric
 Pincher, Christopher
 Poulter, Dr Daniel
 Pow, Rebecca
 Prentis, Victoria
 Prisk, Mr Mark
 Pursglove, Tom
 Quin, Jeremy
 Quince, Will
 Raab, Mr Dominic
 Redwood, rh John
 Rees-Mogg, Mr Jacob
 Robertson, Mr Laurence
 Robinson, Gavin
 Robinson, Mary
 Rosindell, Andrew
 Rudd, rh Amber
 Rutley, David
 Sandbach, Antoinette
 Scully, Paul
 Selous, Andrew
 Shannon, Jim

Shapps, rh Grant
 Sharma, Alok
 Simpson, rh Mr Keith
 Smith, Chloe
 Smith, Henry
 Smith, Julian
 Smith, Royston
 Soames, rh Sir Nicholas
 Solloway, Amanda
 Soubry, rh Anna
 Spelman, rh Mrs Caroline
 Spencer, Mark
 Stephenson, Andrew
 Stevenson, John
 Stewart, Iain
 Stewart, Rory
 Streeter, Mr Gary
 Stride, Mel
 Sturdy, Julian
 Sunak, Rishi
 Swayne, rh Mr Desmond
 Swire, rh Mr Hugo
 Syms, Mr Robert
 Thomas, Derek
 Throup, Maggie
 Timpson, Edward
 Tolhurst, Kelly
 Tomlinson, Justin
 Tomlinson, Michael
 Tracey, Craig
 Tredinnick, David
 Trevelyan, Mrs Anne-Marie
 Truss, rh Elizabeth
 Tugendhat, Tom
 Turner, Mr Andrew
 Tyrie, rh Mr Andrew
 Vaizey, Mr Edward
 Vara, Mr Shailesh
 Vickers, Martin
 Villiers, rh Mrs Theresa
 Walker, Mr Charles
 Walker, Mr Robin
 Wallace, Mr Ben
 Warburton, David
 Warman, Matt
 Watkinson, Dame Angela
 Wharton, James
 Whately, Helen
 White, Chris
 Whittaker, Craig
 Whittingdale, rh Mr John
 Wiggin, Bill
 Williams, Craig
 Williamson, rh Gavin
 Wilson, Mr Rob
 Wilson, Sammy
 Wollaston, Dr Sarah
 Wood, Mike
 Wragg, William
 Wright, rh Jeremy
 Zahawi, Nadhim

Tellers for the Ayes:
 Sarah Newton and
 Simon Kirby

NOES

Ahmed-Sheikh, Ms Tasmina
 Arkless, Richard
 Bardell, Hannah

Black, Mhairi
 Blackford, Ian
 Blackman, Kirsty

Boswell, Philip
 Brock, Deidre
 Brown, Alan
 Cameron, Dr Lisa
 Chapman, Douglas
 Cherry, Joanna
 Cowan, Ronnie
 Crawley, Angela
 Day, Martyn
 Docherty-Hughes, Martin
 Donaldson, Stuart Blair
 Durkan, Mark
 Elliott, Tom
 Ferrier, Margaret
 Gethins, Stephen
 Gibson, Patricia
 Grady, Patrick
 Grant, Peter
 Gray, Neil
 Hendry, Drew
 Hosie, Stewart
 Kerevan, George
 Kerr, Calum
 Kinahan, Danny
 Law, Chris
 Lucas, Caroline
 MacNeil, Mr Angus Brendan
 Mc Nally, John
 McCaig, Callum
 McDonald, Stewart Malcolm

McDonald, Stuart C.
 McDonnell, Dr Alasdair
 McGarry, Natalie
 McLaughlin, Anne
 Monaghan, Carol
 Monaghan, Dr Paul
 Mullin, Roger
 Newlands, Gavin
 Nicolson, John
 O'Hara, Brendan
 Oswald, Kirsten
 Paterson, Steven
 Ritchie, Ms Margaret
 Robertson, rh Angus
 Salmond, rh Alex
 Saville Roberts, Liz
 Sheppard, Tommy
 Stephens, Chris
 Thewliss, Alison
 Thomson, Michelle
 Weir, Mike
 Whiteford, Dr Eilidh
 Whitford, Dr Philippa
 Williams, Hywel
 Wilson, Corri
 Wishart, Pete

Tellers for the Noes:
Marion Fellows and
Owen Thompson

Question accordingly agreed to.

9. INCOME TAX (PAYE)

Resolved,

That provision may be made as to the matters that may be provided for by regulations under section 684 of the Income Tax (Earnings and Pensions) Act 2003.

10. EMPLOYMENT-RELATED SECURITIES

Resolved,

That provision may be made about employment-related securities options and share incentive plans.

11. EMPLOYMENT INCOME PROVIDED THROUGH THIRD PARTIES

Resolved,

That provision may be made amending Part 7 A of the Income Tax (Earnings and Pensions) Act 2003 and Schedule 2 to the Finance Act 2011.

12. EMPLOYMENT INCOME PROVIDED THROUGH THIRD PARTIES (TAX AVOIDANCE)

Resolved,

That—

(1) Section 554Z8 of the Income Tax (Earnings and Pensions) Act 2003 (cases where consideration is given for a relevant step) is amended as follows.

(2) In subsection (5), omit “and” at the end of paragraph (b) and after paragraph (c) insert “, and

(d) there is no connection (direct or indirect) between the payment and a tax avoidance arrangement.”

(3) The amendment made by this Resolution has effect in relation to payments made on or after 16 March 2016 by way of consideration for a relevant step (as defined in section 554A(2) of the Income Tax (Earnings and Pensions) Act 2003) taken on or after that date.

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

13. PENSIONS: LIFETIME ALLOWANCE

Resolved,

That—

(1) Section 218 of the Finance Act 2004 (pension schemes etc: lifetime allowance) is amended in accordance with paragraphs (2) to (4).

(2) For subsections (2) and (3) (standard lifetime allowance is £1,250,000 but may be increased by Treasury order) substitute—

“(2) The standard lifetime allowance for the tax years 2016-17 and 2017-18 is £1,000,000.”

(3) After subsection (5BB) insert—

“(5BC) Where the operation of a lifetime enhancement factor is provided for by any of sections 220, 222, 223 and 224 and the time mentioned in the definition of SLA in the section concerned fell within the period consisting of the tax year 2014-15 and the tax year 2015-16, subsection (4) has effect as if the amount to be multiplied by LAEF were £1,250,000 if that is greater than SLA.

(5BD) Where more than one lifetime enhancement factor operates, subsection (5BC) does not apply if any of subsections (5A), (5B) and (5BA) applies.”

(4) After subsection (5D) insert—

“(5E) Where benefit crystallisation event 7 occurs on or after 6 April 2016 by reason of the payment of a relevant lump sum death benefit in respect of the death of the individual during the period consisting of the tax year 2014-15 and the tax year 2015-16, the standard lifetime allowance at the time of the benefit crystallisation event is £1,250,000.”

(5) The amendments made by paragraphs (2) to (4) have effect for the tax year 2016-17 and subsequent tax years.

(6) The provision made by the Schedule to the 2016 Budget Resolution (Pensions: lifetime allowance) shall have effect.

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

The schedule to Budget resolution No. 13 is available in Votes and Proceedings.

14. PENSIONS

Resolved,

That provision (including provision having retrospective effect) may be made in connection with the taxation of pensions.

15. INCOME TAX (FIXED-RATE DEDUCTIONS)

Resolved,

That provision may be made about the deductions allowed when calculating the profits of a trade, profession or vocation for the purposes of income tax.

16. EIS, SEIS AND VCTS

Resolved,

That provision (including provision having retrospective effect) may be made about the enterprise investment scheme, the seed enterprise investment scheme and venture capital trusts.

17. INCOME TAX RELIEF FOR IRRECOVERABLE PEER-TO-PEER LOANS

Resolved,

That—

(1) The Income Tax Act 2007 is amended as follows.

(2) After section 412 insert—

“CHAPTER 1A

IRRECOVERABLE PEER-TO-PEER LOANS

*The relief***412A Relief for irrecoverable peer-to-peer loans**

(1) A person (“L”) is entitled to relief under this section if—

- (a) L has made a peer-to-peer loan (“the relevant loan”),
- (b) the loan was made through an operator,
- (c) L has not assigned the right to recover the principal of the loan, and
- (d) any outstanding amount of the principal of the loan has, on or after 6 April 2015, become irrecoverable.

(2) But if the outstanding amount became irrecoverable before 6 April 2016 L is entitled to relief under this section only on the making of a claim.

(3) The relief is given by deducting the outstanding amount in calculating L’s net income for the tax year in which the amount became irrecoverable (see Step 2 of the calculation in section 23).

(4) The deduction under this section is to be made only from income arising from the payment to L of interest on—

- (a) the relevant loan, and
- (b) any other loan within subsection (5) or (6).

(5) A loan is within this subsection if—

- (a) it is a peer-to-peer loan made by L, and
- (b) it was made through the operator through whom the relevant loan was made.

(6) A loan is within this subsection if—

- (a) the loan was made by someone other than L,
- (b) the right to receive interest on the loan has been assigned to L,
- (c) the right was assigned through the operator through whom the relevant loan was made, and
- (d) either—

- (i) L is a person within paragraph (a), (b) or (c) of section 412I(4), or

- (ii) the recipient of the loan is a person within one of those paragraphs and the loan is a personal or small loan.

(7) The amount deducted under this section is limited in accordance with section 25(4) and (5).

(8) In this section “irrecoverable” means irrecoverable other than by legal proceedings or by the exercise of any right granted by way of security for the loan.

412B Claims for additional relief: sideways relief

(1) A person (“L”) may make a claim for relief under this section if—

- (a) L is entitled to relief under section 412A in respect of any outstanding amount of the principal of a loan (“the relevant loan”), but

- (b) in the tax year in relation to which L is entitled to that relief (“the relevant year”)—

- (i) L has no income of the kind mentioned in section 412A(4) from which to deduct the outstanding amount, or

- (ii) L has insufficient income of that kind to enable the outstanding amount to be deducted in full under that section.

(2) The claim is for the outstanding amount or (in a case within subsection (1)(b)(ii)) the part of the outstanding amount not capable of being deducted under section 412A to be deducted under this section in calculating L’s net income for the relevant year.

(3) The deduction under this section is to be made only from income arising from the payment to L of interest on loans within subsection (4) or (5).

(4) A loan is within this subsection if—

- (a) it is a peer-to-peer loan made by L, and

- (b) it was made through an operator who is not the operator through whom the relevant loan was made.

(5) A loan is within this subsection if—

- (a) the loan was made by someone other than L,
- (b) the right to receive interest on the loan has been assigned to L,

- (c) that right was assigned through an operator who is not the operator through whom the relevant loan was made, and

(d) either—

- (i) L is a person within paragraph (a), (b) or (c) of section 412I(4), or

- (ii) the recipient of the loan is a person within one of those paragraphs and the loan is a personal or small loan.

(6) The amount deducted under this section is limited in accordance with section 25(4) and (5).

412C Claims for additional relief: carry-forward relief

(1) A person (“L”) may make a claim for relief under this section if—

- (a) L is entitled to relief under section 412A in respect of any outstanding amount of the principal of a loan (“the relevant loan”), but

- (b) in the tax year in relation to which L is entitled to that relief (“the relevant year”)—

- (i) L has no income of the kind mentioned in section 412A(4) or section 412B(3) from which to deduct the outstanding amount, or

- (ii) L has insufficient income of that kind to enable the outstanding amount to be deducted in full under those sections.

(2) The claim is for the outstanding amount or (in a case within subsection (1)(b)(ii)) the part of the outstanding amount not capable of being deducted under sections 412A and 412B to be deducted under this section in calculating L’s net income for the four tax years following the relevant year.

(3) The deduction under this section is to be made only from income arising from the payment to L of interest on—

- (a) the relevant loan, and
- (b) any other loan within subsection (4) or (5).

(4) A loan is within this subsection if—

- (a) it is a peer-to-peer loan made by L, and
- (b) it was made through an operator (whether or not that operator is the operator through whom the relevant loan was made).

(5) A loan is within this subsection if—

- (a) the loan was made by someone other than L,
- (b) the right to receive interest on the loan has been assigned to L,

- (c) that right was assigned through an operator (whether or not that operator is the operator through whom the relevant loan was made), and

(d) either —

- (i) L is a person within paragraph (a), (b) or (c) of section 412I(4), or

- (ii) the recipient of the loan is a person within one of those paragraphs and the loan is a personal or small loan.

(6) This section needs to be read with section 412D (how relief works).

412D How carry-forward relief works

(1) This subsection explains how deductions are to be made under section 412C.

The amount to be deducted at any step is limited in accordance with section 25(4) and (5).

Step 1 Deduct the outstanding amount or (in a case within section 412C(1)(b)(ii)) the part of the outstanding amount not capable of being deducted under sections 412A and 412B from the lending income for the first tax year following the relevant year.

Step 2 Deduct from the lending income for the second tax year following the relevant year any part of the outstanding amount not previously deducted.

Step 3 Apply Step 2 in relation to the lending income for the third and fourth tax years following the relevant year, stopping if all of the outstanding amount is deducted.

(2) In this section —

“lending income” means income of a kind mentioned in section 412C(3);

“relevant year” has the meaning given by section 412C(1)(b).

Supplementary provisions

412E Subsequent recovery of peer-to-peer loans

(1) This section applies where—

(a) any amount of the principal of a loan has been deducted under this Chapter in calculating a person’s net income for a tax year, and

(b) the person subsequently recovers that amount or any part of it.

(2) The amount recovered is to be treated for the purposes of this Act as if it were interest on the loan paid to the person at the time it was recovered.

(3) For the purposes of this section, a person is to be treated as recovering an amount if the person (or any other person at his or her direction) receives any money or money’s worth—

(a) in satisfaction of the person’s right to recover that amount, or

(b) in consideration of the person’s assignment of the right to recover it;

and where a person assigns such a right otherwise than by way of a bargain made at arm’s length the person shall be treated as receiving money or money’s worth equal to the market value of the right at the time of the assignment.

412F Assigned loans treated as made by the assignee etc

(1) This section applies where—

(a) a person (“A”) is assigned the right to recover the principal of a loan,

(b) the right is assigned through an operator (“O”),

(c) A makes a payment in consideration of the assignment, and

(d) A does not further assign the right.

(2) The loan is to be treated for the purposes of section 412A(1) as—

(a) having been made by A, and

(b) having been made through O.

(3) The amount (if any) of the principal of the loan which is treated as irrecoverable may not exceed the amount which is arrived at by—

(a) taking the amount of the payment mentioned in subsection (1)(c), and

(b) deducting any amount of the principal of the loan previously recovered by A.

412G Nominees etc

For the purposes of this Chapter—

(a) a loan or a payment made by or to a nominee or bare trustee for a person is treated as made by or to that person, and

(b) a right assigned by or to a nominee or bare trustee for a person is treated as assigned by or to that person.

412H Interaction with other reliefs

(1) Subsection (2) applies in relation to a loan if any person has obtained income tax relief (other than under this Chapter) which is properly attributable to the loan.

(2) The amount (if any) of the principal of the loan which is treated as irrecoverable may not exceed the amount which is arrived at by—

(a) taking the amount of the principal of the loan, and

(b) deducting the amount of the relief mentioned in subsection (1).

Interpretation

412I Meaning of “loan”, “peer-to-peer loan” and related terms

(1) This section applies for the purposes of this Chapter.

(2) “Loan” means a loan of money which —

(a) is made on genuine commercial terms, and

(b) is not part of a scheme or arrangement the main purpose or one of the main purposes of which is to obtain a tax advantage (within the meaning given by section 208 of the Finance Act 2013).

(3) A loan is a “peer-to-peer loan” only if it meets—

(a) Condition A or B, and

(b) Condition C.

(4) Condition A is that the person who made the loan is —

(a) an individual,

(b) a partnership which consists of—

(i) two or three persons, and

(ii) at least one person who is not a body corporate, or

(c) an unincorporated body of persons which—

(i) is not a partnership, and

(ii) consists of at least one person who is not a body corporate.

(5) Condition B is that—

(a) the recipient of the loan is a person within paragraph (a), (b) or (c) of subsection (4), and

(b) the loan is a personal or small loan.

(6) Condition C is that, assuming interest were paid on the loan, the person who made the loan would (except for this Chapter) be liable for income tax charged on the interest.

(7) “Personal loan” means a loan which is not used wholly or predominantly for the purposes of a business carried on, or intended to be carried on, by the recipient of the loan.

(8) “Small loan” means a loan of £25,000 or less.

412J Meaning of “operator” and related terms

(1) This section applies for the purposes of this Chapter.

(2) “Operator” means a person who —

(a) has permission under Part 4A of the Financial Services and Markets Act 2000 to carry on a regulated activity specified in Article 36H of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (S.I. 2001/544) (operating an electronic system in relation to lending), or

(b) has been granted equivalent permission under the law of a territory outside the United Kingdom that is within the European Economic Area.

(3) A loan is “made through” an operator if the person who makes the loan and the recipient of the loan enter the agreement under which the loan is made at the invitation of the operator.

(4) A right is “assigned through” an operator if the person who assigns the right and the person to whom the right is assigned enter the agreement under which the assignment takes effect at the invitation of the operator.

(5) A person is not to be treated as having entered an agreement at the invitation of an operator if the operator made the invitation otherwise than in the course of carrying on the activity to which the permission mentioned in subsection (2)(a) or (b) relates.”

(3) In section 24(1) (list of reliefs deductible at Step 2 of the calculation of income tax liability), in paragraph (b), at the appropriate place insert—

“Chapter 1A of Part 8 (irrecoverable peer-to-peer loans).”.

(4) In section 25(3) (list of provisions requiring reliefs to be deducted from particular components of income etc) at the appropriate place insert—

“sections 412A(4), 412B(3) and 412C(3) (relief for irrecoverable peer-to-peer loans only against interest on certain loans).”

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

18. TRANSACTIONS IN SECURITIES

Resolved,

That provision may be made amending Chapter 1 of Part 13 of the Income Tax Act 2007.

19. TRANSACTIONS IN SECURITIES (PROCEDURE)

Resolved,

That—

(1) Chapter 1 of Part 13 of the Income Tax Act 2007 (transactions in securities) is amended as follows.

(2) For section 695 (preliminary notification) substitute—

“695 Notice of enquiry

(1) An officer of Revenue and Customs may enquire into a transaction or transactions if—

(a) the officer has reason to believe that section 684 (person liable to counteraction of income tax advantage) may apply to a person (“the taxpayer”) in respect of the transaction or transactions, and

(b) the officer notifies the taxpayer of his intention to do so.

(2) The notification may be given at any time not more than 6 years after the end of the tax year to which the income tax advantage in question relates.”

(3) Omit sections 696 and 697 (opposed notifications).

(4) In section 698 (counteraction notices), for subsection (1) substitute—

“(1) If on an enquiry under section 695 an officer of Revenue and Customs determines that section 684 applies to the taxpayer, the income tax advantage in question is to be counteracted by adjustments, unless the officer is of the opinion that no counteraction is required.”

(5) In that section, for subsection (5) substitute —

“(5) An assessment may be made in accordance with a counteraction notice at any time (without regard to any time limit on making the assessment that would otherwise apply).”

(6) After that section insert—

“698A No-counteraction notices

(1) If on an enquiry under section 695 an officer of Revenue and Customs is of the opinion that no counteraction is required, the officer must serve notice on the person (a “no-counteraction notice”) stating that no counteraction is required and why.

(2) The taxpayer may apply to the tribunal for a direction requiring an officer of Revenue and Customs to issue one of the following within a specified period —

(a) a counteraction notice;

(b) a no-counteraction notice.

(3) Any such application is to be subject to the relevant provisions of Part 5 of TMA1970 (see, in particular, section 48(2)(b) of that Act).

(4) The tribunal must give the direction applied for unless satisfied that there are reasonable grounds for not serving either a counteraction notice or a no-counteraction notice within a specified period.”

(7) In section 684 (person liable to counteraction), for subsection (4) substitute—

“(4) This section is subject to no-counteraction notices issued under section 698A.”

(8) The amendments made by this Resolution have effect in relation to—

(a) a transaction occurring on or after 6 April 2016, or

(b) a series of transactions any one or more of which occurs on or after that date.

(9) Accordingly, Chapter 1 of Part 13 of the Income Tax Act 2007 has effect without the amendments made by this Resolution in relation to a tax advantage obtained on or after 6 April 2016 in consequence of—

(a) a transaction occurring before that date, or

(b) a series of transactions all of which occur before that date.

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

20. COMPANY DISTRIBUTIONS

Resolved,

That provision may be made amending Chapters 3 and 4 of Part 4 of the Income Tax (Trading and Other Income) Act 2005.

21. CARRIED INTEREST AND DISGUISED FEES

Resolved,

That provision may be made about sums arising to individuals who perform investment management services.

22. ABOLITION OF SOME DUTIES TO DEDUCT INCOME TAX AT SOURCE

Resolved,

That—

(1) In Chapter 2 of Part 15 of the Income Tax Act 2007 (deduction of income tax at source by deposit-takers and building societies) omit—

(a) section 851 (duty to deduct when making payment of interest on relevant investment), and

(b) the italic heading preceding it.

(2) In section 876 of the Income Tax Act 2007 (interest paid by deposit-takers), for subsections (1) and (2) substitute—

“(1) The duty to deduct a sum representing income tax under section 874 does not apply to a payment of interest on an investment if—

(a) the payment is made by a deposit-taker, and

(b) when the payment is made, the investment is a relevant investment.

(1A) In this section “deposit-taker”, “investment” and “relevant investment” have the meaning given by Chapter 2.”

(3) Chapter 2 of Part 15 of the Income Tax Act 2007 (deduction of income tax at source by deposit-takers and building societies) is amended in accordance with paragraphs (4) to (25).

(4) For the Chapter heading substitute “Meaning of “relevant investment” for purposes of section 876”.

(5) Section 850 (overview of Chapter) is amended in accordance with paragraphs (6) to (10).

(6) For subsection (1) substitute—

“(1) This Chapter has effect for the purposes of section 876 (duty under section 874 to deduct tax from payments of yearly interest: exception for deposit-takers).”

(7) Omit subsection (2) (which introduces sections 851 and 852).

(8) In subsection (4)(b) (which introduces sections 858 to 870), for “858” substitute “863”.

(9) In subsection (5) (which introduces sections 871 to 873), for “871 to” substitute “872 and”.

(10) In subsection (6) (interpretation), for the words from “Chapter—” to “crediting” substitute “Chapter, crediting”.

(11) Omit section 852 (power to disapply section 851).

(12) In section 853(1) (meaning of “deposit-taker”), after “In this Chapter” insert “and section 876”.

(13) In section 854(3) (meaning of “relevant investment” in section 851(1)(b)), for “851(1)(b)” substitute “876(1)(b)”.

(14) For section 855(1) (meaning of “investment”) substitute —

“(1) In this Chapter, and section 876, “investment” means a deposit with a deposit-taker.”

(15) Section 856 (meaning of “relevant investment”) is amended in accordance with paragraphs (16) and (17).

(16) In subsection (1), for “this Chapter” substitute “section 876”.

(17) In subsection (2) (exceptions), for “858” substitute “863”.

(18) In section 857 (treating investments as being or not being relevant investments) omit “or building society” in each place.

(19) Omit—

(a) sections 858 to 861 (investments which are not relevant investments and in relation to which duty under section 874 does not apply), and

(b) the italic heading preceding section 858.

(20) In the italic heading preceding section 863, for “Other investments” substitute “Investments”.

(21) In sections 863, 864, 865 and 868(4) (investments with deposit-takers or building societies) omit “or building society” in each place.

(22) Omit sections 868(3), 869 and 870(2) (investments with building societies).

(23) Omit section 871 (power to make regulations to give effect to Chapter).

(24) In section 872 (power to amend Chapter)—

(a) in subsection (2) (different provision for different deposit-takers)—

(i) for “which amends this Chapter in its application to deposit-takers may do so” substitute “may amend this Chapter”, and

(ii) in each of paragraphs (a) and (b), for “relation” substitute “its application”, and

(b) omit subsections (4) and (5).

(25) Omit section 873(3) to (6) (interpretation of section 861).

(26) In Schedule 12 to the Finance Act 1988 (transfer of building society’s business to a company), in paragraph 6(1) (treatment for tax purposes of benefits conferred in connection with a transfer) omit—

(a) “either”, and

(b) paragraph (b) (benefit not to be subject to deduction of tax under Chapter 2 of Part 15 of the Income Tax Act 2007), and the “or” preceding it.

(27) In section 564Q(1) of the Income Tax Act 2007 (alternative finance return: deduction of income tax at source under Chapter 2 of Part 15)—

(a) after “Chapter 2 of Part 15” insert “and section 876”,

(b) for “deduction by deposit-takers and building societies” substitute “exception for deposit-takers”, and

(c) after “Chapter 2 of that Part” insert “and section 876”.

(28) In section 564Q(5) of the Income Tax Act 2007 (alternative finance return: deduction of income tax at source under Chapters 3 to 5 of Part 15)—

(a) after “of Part 15” insert “except section 876”, and

(b) for “those Chapters” substitute “those provisions”.

(29) In section 847 of the Income Tax Act 2007 (overview of Part 15)—

(a) in subsection (2) omit paragraph (a) (which introduces Chapter 2), and

(b) in subsection (5) (which introduces Chapters containing provision connected with the duties to deduct), before paragraph (a) insert—

“(za) Chapter 2 (interpretation of section 876 in Chapter 3: exception for deposit-takers).”

(30) In section 946 of the Income Tax Act 2007 (collection of tax deducted at source: payments to which Chapter applies) omit paragraph (a) (payments from which deductions required to be made under section 851).

(31) In Schedule 2 to the Income Tax Act 2007 omit paragraphs 154 to 156 (transitioned provisions related to Chapter 2 of Part 15 of that Act).

(32) In Schedule 4 to the Income Tax Act 2007 (index of defined expressions)—

(a) omit the entry for “beneficiary under a discretionary or accumulation settlement (in Chapter 2 of Part 15)”,

(b) in the entry for “deposit-taker (in Chapter 2 of Part 15)”, after “Part 15” insert “and section 876”,

(c) omit the entry for “dividend (in Chapter 2 of Part 15)”,

(d) in the entry for “investment (in Chapter 2 of Part 15)”, after “Part 15” insert “and section 876”, and

(e) omit the entry for “relevant investment (in Chapter 2 of Part 15)”.

(33) In consequence of the amendments made by paragraphs (1) and (3) to (32)—

(a) in Schedule 1 to the Income Tax Act 2007 omit paragraph 277,

(b) in Schedule 1 to the Finance Act 2008 omit paragraph 25,

(c) in Schedule 46 to the Finance Act 2013—

(i) in paragraph 68(1) omit paragraph (a) including the “and” at the end,

(ii) in paragraph 69(1) omit paragraph (a) including the “and” at the end,

(iii) omit paragraph 70(1), and

(iv) in paragraph 71(3) omit paragraph (b) and the “and” preceding it, and

(d) in the Finance Act 2014 omit section 3(4).

(34) Chapter 5 of Part 15 of the Income Tax Act 2007 (deduction from payments of UK public revenue

dividends) is amended in accordance with paragraphs (35) and (36).

(35) In section 893(2) (securities which are gross-paying government securities)—

(a) before the “or” at the end of paragraph (a) insert—

“(aa) securities, so far as they are not gilt-edged securities, issued or treated as issued under—

(i) the National Loans Act 1939, or

(ii) the National Loans Act 1968,” and

(b) in paragraph (b), for “894(1) or (3)” substitute “894(3)”.

(36) In section 894 (power to direct that securities are gross-paying government securities)—

(a) omit subsections (1) and (2) (power in relation to securities within the new section 893(2)(aa)), and

(b) in subsection (5) omit “(1) or”.

(37) The amendments made by paragraphs (1) and (3) to (33) have effect in relation to—

(a) interest paid or credited on or after 6 April 2016, and

(b) dividends or other distributions paid by a building society on or after that date.

(38) Paragraph (37) does not apply to—

(a) the repeals in Schedule 12 to the Finance Act 1988;

(b) the amendments in section 564Q of the Income Tax Act 2007;

(c) the repeal of paragraph 277 of Schedule 1 to the Income Tax Act 2007.

(39) The repeals mentioned in paragraph (38)(a) and (c) have effect in relation to benefits conferred on or after 6 April 2016.

(40) The amendments mentioned in paragraph (38) (b) have effect in relation to alternative finance return paid on or after 6 April 2016.

(41) The amendments made by paragraph (2), and the amendments made by this Resolution in sections 893 and 894 of the Income Tax Act 2007, have effect in relation to interest paid on or after 6 April 2016.

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

23. DEDUCTION OF INCOME TAX AT SOURCE (TAX AVOIDANCE)

Resolved,

That—

(1) In Part 15 of the Income Tax Act 2007 (deduction of income tax at source), after section 917 insert—

“Tax avoidance

917A Tax avoidance arrangements

(1) This section applies if and to the extent that—

(a) a person (“the payer”) makes an intellectual property royalty payment,

(b) the payment is received by a person (“the payee”) who is connected with the payer, and

(c) the payment is made under DTA tax avoidance arrangements.

(2) Any duty under Chapter 6 or 7 to deduct a sum representing income tax at any rate applies without regard to any double taxation arrangements.

(3) Any income tax deducted by virtue of subsection (2) may not be set off under section 967 or 968 of CTA 2010.

(4) In this section—

“arrangements” (except in the phrase “double taxation arrangements”) includes any agreement, understanding, scheme, transaction or series of transactions, whether or not legally enforceable;

“DTA tax avoidance arrangements” means arrangements where, having regard to all the circumstances, it is reasonable to conclude that—

(a) the main purpose, or one of the main purposes, of the arrangements was to obtain a tax advantage by virtue of any provisions of a double taxation arrangement, and

(b) obtaining that tax advantage is contrary to the object and purpose of those provisions;

“intellectual property royalty payment” means—

(a) a payment of a royalty or other sum in respect of the use of a patent,

(b) a payment specified in section 906(1)(a), or

(c) a payment which is a “qualifying annual payment” for the purposes of Chapter 6 by virtue of section 899(3)(a)(ii) (royalties etc from intellectual property);

“receive” means receive—

(a) directly or indirectly;

(b) by one payment or by a series of payments;

“tax advantage” is to be construed in accordance with section 208 of FA 2013.

(5) For the purposes of this section the payer is connected with the payee if the participation condition is met as between them.

(6) Section 148 of TIOPA 2010 (when the participation condition is met) applies for the purposes of subsection (5) as for the purposes of section 147(1)(b) of that Act, but as if references to the actual provision were to the provision made or imposed between the payer and the payee in respect of the arrangements under which the payment is made.”

(2) The amendment made by this Resolution has effect in respect of a payment made on or after 17 March 2016 under arrangements entered into at any time (including arrangements entered into before that date).

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

24. CORPORATION TAX (CHARGE FOR FINANCIAL YEAR 2017)

Resolved,

That corporation tax is charged for the financial year 2017.

25. EXPENDITURE ON RESEARCH AND DEVELOPMENT

Resolved,

That provision may be made about tax relief for expenditure on research and development.

26. LOAN RELATIONSHIPS AND DERIVATIVE CONTRACTS

Resolved,

That provision may be made amending Parts 5 and 7 of the Corporation Tax Act 2009.

27. SECTIONS 455 AND 464A OF THE CORPORATION TAX ACT 2010 (RATES)

Resolved,

That provision may be made about the rates of tax charged under sections 455 and 464A of the Corporation Tax Act 2010.

28. INTANGIBLE FIXED ASSETS

Resolved,

That provision (including provision having retrospective effect) may be made amending Part 8 of the Corporation Tax Act 2009.

29. BANKING COMPANIES

Resolved,

That provision may be made amending Part 7A of the Corporation Tax Act 2010.

30. ALLOWANCES RELATING TO OIL ACTIVITIES

Resolved,

That provision (including provision having retrospective effect) may be made about the allowances that reduce adjusted ring fence profits under Part 8 of the Corporation Tax Act 2010.

31. PROFITS ARISING FROM THE EXPLOITATION OF PATENTS

Resolved,

That provision may be made amending Part 8A of the Corporation Tax Act 2010.

32. HYBRID AND OTHER MISMATCHES

Resolved,

That—

(1) Provision may be made for, and in connection with, the counteraction of certain cases that would otherwise give rise to—

(a) an amount being deductible from a person's income for tax purposes—

(i) without a corresponding amount of income arising to a person for tax purposes, or

(ii) where an amount of income would arise to a person for tax purposes but would not be taxed at an appropriate rate, or

(b) an amount—

(i) being deductible from more than one person's income for tax purposes, or

(ii) being deductible from a person's income for the purposes of more than one tax.

(2) In this Resolution "tax" includes foreign tax.

33. INSURANCE COMPANIES

Resolved,

That provision may be made amending Part 2 of the Finance Act 2012.

34. CONSIDERATION FOR TAKING OVER PAYMENT OBLIGATIONS OF LESSEE UNDER A LEASE OF PLANT OR MACHINERY

Resolved,

That provision (including provision having retrospective effect) may be made about consideration for taking over payment obligations of the lessee under a lease of plant or machinery.

35. CAPITAL ALLOWANCES

Resolved,

That provision (including provision having retrospective effect) may be made about capital allowances.

36. TRADE AND PROPERTY BUSINESS PROFITS

Resolved,

That provision may be made amending Parts 2 and 3 of the Income Tax (Trading and Other Income) Act 2005 and Parts 3 and 4 of the Corporation Tax Act 2009.

37. TRANSFER PRICING

Resolved,

That provision may be made about the application of OECD principles in relation to transfer pricing.

38. CAPITAL GAINS TAX

Question put,

That provision (including provision having retrospective effect) may be made about capital gains tax.

The House divided: Ayes 311, Noes 274.

Division No. 223]

[7.10 pm

AYES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Allan, Lucy
Allen, Heidi
Amess, Sir David
Andrew, Stuart
Ansell, Caroline
Argar, Edward
Atkins, Victoria
Bacon, Mr Richard

Baker, Mr Steve
Baldwin, Harriett
Barclay, Stephen
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Bellingham, Sir Henry
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew

Blackman, Bob
Blunt, Crispin
Boles, Nick
Bone, Mr Peter
Borwick, Victoria
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Brazier, Mr Julian
Bridgen, Andrew
Brine, Steve
Brokenshire, rh James
Bruce, Fiona
Buckland, Robert
Burns, Conor
Burns, rh Sir Simon
Burrowes, Mr David
Burt, rh Alistair
Cairns, Alun
Campbell, Mr Gregory
Carmichael, Neil
Cartlidge, James
Cash, Sir William
Caulfield, Maria
Chalk, Alex
Chishti, Rehman
Chope, Mr Christopher
Churchill, Jo
Clark, rh Greg
Clarke, rh Mr Kenneth
Cleverly, James
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Costa, Alberto
Cox, Mr Geoffrey
Crabb, rh Stephen
Davies, Byron
Davies, Chris
Davies, David T. C.
Davies, Glyn
Davies, Dr James
Davies, Mims
Davies, Philip
Davis, rh Mr David
Dinenage, Caroline
Djanogly, Mr Jonathan
Dodds, rh Mr Nigel
Donaldson, rh Mr Jeffrey M.
Double, Steve
Dowden, Oliver
Doyle-Price, Jackie
Drax, Richard
Drummond, Mrs Flick
Duddridge, James
Duncan, rh Sir Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Elliott, Tom
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evennett, rh Mr David
Fabricant, Michael
Fallon, rh Michael
Fernandes, Suella
Field, rh Mark

Foster, Kevin
Frazer, Lucy
Freeman, George
Freer, Mike
Fuller, Richard
Fysh, Marcus
Gale, Sir Roger
Garnier, rh Sir Edward
Garnier, Mark
Gauke, Mr David
Ghani, Nusrat
Gibb, Mr Nick
Gillan, rh Mrs Cheryl
Glen, John
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Green, Chris
Green, rh Damian
Greening, rh Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Halfon, rh Robert
Hall, Luke
Hammond, Stephen
Hancock, rh Matthew
Hands, rh Greg
Harper, rh Mr Mark
Harrington, Richard
Harris, Rebecca
Haselhurst, rh Sir Alan
Hayes, rh Mr John
Heald, Sir Oliver
Heapey, James
Heaton-Harris, Chris
Heaton-Jones, Peter
Henderson, Gordon
Herbert, rh Nick
Hermon, Lady
Hinds, Damian
Hoare, Simon
Hollingbery, George
Hollinrake, Kevin
Hollobone, Mr Philip
Holloway, Mr Adam
Hopkins, Kris
Howarth, Sir Gerald
Howell, John
Howlett, Ben
Huddleston, Nigel
Hunt, rh Mr Jeremy
Jackson, Mr Stewart
James, Margot
Javid, rh Sajid
Jayawardena, Mr Ranil
Jenkin, Mr Bernard
Jenkyns, Andrea
Jenrick, Robert
Johnson, Boris
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, rh Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kennedy, Seema

Kinahan, Danny
 Knight, rh Sir Greg
 Knight, Julian
 Kwarteng, Kwasi
 Lancaster, Mark
 Latham, Pauline
 Lee, Dr Phillip
 Lefroy, Jeremy
 Leigh, Sir Edward
 Leslie, Charlotte
 Letwin, rh Mr Oliver
 Lewis, Brandon
 Lewis, rh Dr Julian
 Lidington, rh Mr David
 Lilley, rh Mr Peter
 Loughton, Tim
 Lumley, Karen
 Mackinlay, Craig
 Mackintosh, David
 Main, Mrs Anne
 Malthouse, Kit
 Mann, Scott
 Mathias, Dr Tania
 Maynard, Paul
 McCartney, Jason
 McCartney, Karl
 McLoughlin, rh Mr Patrick
 McPartland, Stephen
 Menzies, Mark
 Mercer, Johnny
 Merriman, Huw
 Metcalfe, Stephen
 Miller, rh Mrs Maria
 Milling, Amanda
 Mills, Nigel
 Milton, rh Anne
 Mitchell, rh Mr Andrew
 Mordaunt, Penny
 Morgan, rh Nicky
 Morris, Anne Marie
 Morris, David
 Morris, James
 Morton, Wendy
 Mowat, David
 Mundell, rh David
 Murray, Mrs Sheryll
 Murrison, Dr Andrew
 Neill, Robert
 Nokes, Caroline
 Norman, Jesse
 Nuttall, Mr David
 Offord, Dr Matthew
 Opperman, Guy
 Osborne, rh Mr George
 Paisley, Ian
 Parish, Neil
 Patel, rh Priti
 Paterson, rh Mr Owen
 Pawsey, Mark
 Penning, rh Mike
 Penrose, John
 Perry, Claire
 Phillips, Stephen
 Philp, Chris
 Pickles, rh Sir Eric
 Pincher, Christopher
 Poulter, Dr Daniel
 Pow, Rebecca
 Prentis, Victoria
 Prisk, Mr Mark
 Purslove, Tom
 Quin, Jeremy

Quince, Will
 Raab, Mr Dominic
 Redwood, rh John
 Rees-Mogg, Mr Jacob
 Robertson, Mr Laurence
 Robinson, Gavin
 Robinson, Mary
 Rosindell, Andrew
 Rudd, rh Amber
 Rutley, David
 Sandbach, Antoinette
 Scully, Paul
 Selous, Andrew
 Shannon, Jim
 Shapps, rh Grant
 Sharma, Alok
 Simpson, rh Mr Keith
 Smith, Chloe
 Smith, Henry
 Smith, Julian
 Smith, Royston
 Soames, rh Sir Nicholas
 Solloway, Amanda
 Soubry, rh Anna
 Spelman, rh Mrs Caroline
 Spencer, Mark
 Stephenson, Andrew
 Stevenson, John
 Stewart, Iain
 Stewart, Rory
 Streeter, Mr Gary
 Stride, Mel
 Sturdy, Julian
 Sunak, Rishi
 Swayne, rh Mr Desmond
 Swire, rh Mr Hugo
 Syms, Mr Robert
 Thomas, Derek
 Throup, Maggie
 Timpson, Edward
 Tolhurst, Kelly
 Tomlinson, Justin
 Tomlinson, Michael
 Tracey, Craig
 Tredinnick, David
 Trevelyan, Mrs Anne-Marie
 Truss, rh Elizabeth
 Tugendhat, Tom
 Turner, Mr Andrew
 Tyrrie, rh Mr Andrew
 Vaizey, Mr Edward
 Vara, Mr Shailesh
 Vickers, Martin
 Villiers, rh Mrs Theresa
 Walker, Mr Charles
 Walker, Mr Robin
 Wallace, Mr Ben
 Warburton, David
 Warman, Matt
 Watkinson, Dame Angela
 Wharton, James
 Whately, Helen
 White, Chris
 Whittaker, Craig
 Whittingdale, rh Mr John
 Wiggin, Bill
 Williams, Craig
 Williamson, rh Gavin
 Wilson, Mr Rob
 Wilson, Sammy
 Wollaston, Dr Sarah
 Wood, Mike

Wragg, William
 Wright, rh Jeremy
 Zahawi, Nadhim

Tellers for the Ayes:
 Sarah Newton and
 Simon Kirby

NOES

Abbott, Ms Diane
 Abrahams, Debbie
 Ahmed-Sheikh, Ms Tasmina
 Alexander, Heidi
 Ali, Rushanara
 Anderson, Mr David
 Arkless, Richard
 Ashworth, Jonathan
 Bardell, Hannah
 Barron, rh Kevin
 Beckett, rh Margaret
 Benn, rh Hilary
 Berger, Luciana
 Betts, Mr Clive
 Black, Mhairi
 Blackford, Ian
 Blackman, Kirsty
 Blenkinsop, Tom
 Blomfield, Paul
 Boswell, Philip
 Bradshaw, rh Mr Ben
 Brake, rh Tom
 Brennan, Kevin
 Brock, Deidre
 Brown, Alan
 Brown, Lyn
 Brown, rh Mr Nicholas
 Buck, Ms Karen
 Burden, Richard
 Burgon, Richard
 Burnham, rh Andy
 Butler, Dawn
 Byrne, rh Liam
 Cadbury, Ruth
 Cameron, Dr Lisa
 Campbell, rh Mr Alan
 Campbell, Mr Ronnie
 Carmichael, rh Mr Alistair
 Champion, Sarah
 Chapman, Douglas
 Chapman, Jenny
 Cherry, Joanna
 Clegg, rh Mr Nick
 Clwyd, rh Ann
 Coffey, Ann
 Cooper, Julie
 Cooper, Rosie
 Cooper, rh Yvette
 Corbyn, rh Jeremy
 Cowan, Ronnie
 Cox, Jo
 Coyle, Neil
 Crawley, Angela
 Creagh, Mary
 Creasy, Stella
 Cruddas, Jon
 Cryer, John
 Cummins, Judith
 Cunningham, Alex
 Cunningham, Mr Jim
 Dakin, Nic
 Danczuk, Simon
 Davies, Geraint
 Day, Martyn
 De Piero, Gloria

Docherty-Hughes, Martin
 Donaldson, Stuart Blair
 Doughty, Stephen
 Dowd, Jim
 Dowd, Peter
 Dromey, Jack
 Dugher, Michael
 Durkan, Mark
 Eagle, Ms Angela
 Eagle, Maria
 Efford, Clive
 Elliott, Julie
 Ellman, Mrs Louise
 Esterson, Bill
 Evans, Chris
 Farrelly, Paul
 Farron, Tim
 Fellows, Marion
 Ferrier, Margaret
 Field, rh Frank
 Fitzpatrick, Jim
 Fletcher, Colleen
 Flint, rh Caroline
 Flynn, Paul
 Fovargue, Yvonne
 Foxcroft, Vicky
 Gapes, Mike
 Gardiner, Barry
 Gethins, Stephen
 Gibson, Patricia
 Glass, Pat
 Glendon, Mary
 Godsiff, Mr Roger
 Goodman, Helen
 Grady, Patrick
 Grant, Peter
 Gray, Neil
 Green, Kate
 Greenwood, Lilian
 Greenwood, Margaret
 Griffith, Nia
 Hamilton, Fabian
 Hanson, rh Mr David
 Harman, rh Ms Harriet
 Harris, Carolyn
 Hayes, Helen
 Healey, rh John
 Hendrick, Mr Mark
 Hendry, Drew
 Hepburn, Mr Stephen
 Hillier, Meg
 Hodgson, Mrs Sharon
 Hoey, Kate
 Hollern, Kate
 Hopkins, Kelvin
 Hosie, Stewart
 Howarth, rh Mr George
 Hunt, Tristram
 Huq, Dr Rupa
 Hussain, Imran
 Irranca-Davies, Huw
 Jarvis, Dan
 Johnson, rh Alan
 Jones, Gerald
 Jones, Helen

Jones, Mr Kevan
 Jones, Susan Elan
 Kane, Mike
 Kaufman, rh Sir Gerald
 Keeley, Barbara
 Kendall, Liz
 Kerevan, George
 Kerr, Calum
 Khan, rh Sadiq
 Kinnock, Stephen
 Kyle, Peter
 Lamb, rh Norman
 Lavery, Ian
 Law, Chris
 Leslie, Chris
 Lewell-Buck, Mrs Emma
 Lewis, Clive
 Lewis, Mr Ivan
 Long Bailey, Rebecca
 Lucas, Caroline
 Lucas, Ian C.
 MacNeil, Mr Angus Brendan
 Mactaggart, rh Fiona
 Madders, Justin
 Mahmood, Mr Khalid
 Mahmood, Shabana
 Malhotra, Seema
 Mann, John
 Marris, Rob
 Marsden, Mr Gordon
 Maskell, Rachael
 Matheson, Christian
 Mc Nally, John
 McCabe, Steve
 McCaig, Callum
 McCarthy, Kerry
 McDonagh, Siobhain
 McDonald, Andy
 McDonald, Stewart Malcolm
 McDonald, Stuart C.
 McDonnell, Dr Alasdair
 McDonnell, John
 McFadden, rh Mr Pat
 McGarry, Natalie
 McGinn, Conor
 McGovern, Alison
 McInnes, Liz
 McKinnell, Catherine
 McLaughlin, Anne
 McMahan, Jim
 Meale, Sir Alan
 Mearns, Ian
 Miliband, rh Edward
 Monaghan, Carol
 Monaghan, Dr Paul
 Moon, Mrs Madeleine
 Morden, Jessica
 Mulholland, Greg
 Mullin, Roger
 Murray, Ian
 Nandy, Lisa
 Newlands, Gavin
 Nicolson, John
 O'Hara, Brendan
 Onn, Melanie
 Onwurah, Chi
 Osamor, Kate
 Oswald, Kirsten
 Owen, Albert
 Paterson, Steven

Pearce, Teresa
 Pennycook, Matthew
 Phillips, Jess
 Phillipson, Bridget
 Powell, Lucy
 Pugh, John
 Qureshi, Yasmin
 Rayner, Angela
 Reed, Mr Jamie
 Reed, Mr Steve
 Rees, Christina
 Reeves, Rachel
 Reynolds, Emma
 Reynolds, Jonathan
 Rimmer, Marie
 Ritchie, Ms Margaret
 Robertson, rh Angus
 Robinson, Mr Geoffrey
 Rotheram, Steve
 Salmond, rh Alex
 Saville Roberts, Liz
 Sharma, Mr Virendra
 Sheerman, Mr Barry
 Sheppard, Tommy
 Sherriff, Paula
 Shuker, Mr Gavin
 Siddiq, Tulip
 Skinner, Mr Dennis
 Slaughter, Andy
 Smeeth, Ruth
 Smith, rh Mr Andrew
 Smith, Angela
 Smith, Cat
 Smith, Jeff
 Smith, Nick
 Smith, Owen
 Smyth, Karin
 Spellar, rh Mr John
 Starmer, Keir
 Stephens, Chris
 Stevens, Jo
 Streeting, Wes
 Stringer, Graham
 Tami, Mark
 Thewliss, Alison
 Thomas, Mr Gareth
 Thomas-Symonds, Nick
 Thompson, Owen
 Thomson, Michelle
 Thornberry, Emily
 Timms, rh Stephen
 Trickett, Jon
 Turley, Anna
 Turner, Karl
 Twigg, Derek
 Twigg, Stephen
 Umunna, Mr Chuka
 Vaz, rh Keith
 Vaz, Valerie
 Weir, Mike
 West, Catherine
 Whiteford, Dr Eilidh
 Whitehead, Dr Alan
 Whitford, Dr Philippa
 Williams, Hywel
 Williams, Mr Mark
 Wilson, Corri
 Wilson, Phil
 Winnick, Mr David
 Winterton, rh Dame Rosie

Wishart, Pete
 Woodcock, John
 Wright, Mr Iain
 Zeichner, Daniel

Tellers for the Noes:
 Sue Hayman and
 Grahame M. Morris

Question accordingly agreed to.

39. INHERITANCE TAX

Resolved,

That provision (including provision having retrospective effect) may be made about inheritance tax.

40. ESTATE DUTY

Resolved,

That provision may be made about estate duty.

41. APPRENTICESHIP LEVY

Resolved,

That provision may be made for and in connection with the imposition of a new tax in respect of payments of earnings to or for the benefit of employed earners.

42. VALUE ADDED TAX (REFUNDS TO SPECIFIED PERSONS)

Resolved,

That provision may be made for refunding value added tax to persons specified by the Treasury.

43. VALUE ADDED TAX (JOINT AND SEVERAL LIABILITY)

Resolved,

That provision may be made about joint and several liability for value added tax.

44. VALUE ADDED TAX (ISLE OF MAN CHARITIES)

Resolved,

That provision may be made for the purposes of value added tax about charities subject to the control of the High Court of the Isle of Man.

45. STAMP DUTY LAND TAX (CALCULATING TAX ON NON-RESIDENTIAL AND MIXED TRANSACTIONS)

Resolved,

That—

(1) Section 55 of the Finance Act 2003 (general rules on calculating the amount of stamp duty land tax chargeable) is amended in accordance with paragraphs (2) to (7).

(2) In subsection (1) for (1C) and (2) substitute “and (1C)”.

(3) In subsection (1B) —

(a) omit the words from “the relevant land” to “and”,

(b) in Step 1 —

(i) for “Table A” substitute “the appropriate table”,

(ii) for “that Table” substitute “the appropriate table”,

(iii) at the end insert—

“The “appropriate table” is —

(a) Table A, if the relevant land consists entirely of residential property, and

(b) Table B, if the relevant land consists of or includes land that is not residential property.”, and

(c) after Table A insert—

“Table B: Non-residential or mixed

<i>Relevant consideration</i>	<i>Percentage</i>
So much as does not exceed £150,000	0%
So much as exceeds £150,000 but does not exceed £250,000	2%
The remainder (if any)	5%

(4) In subsection (1C)—

(a) omit the words from “the relevant land” to “and” (in the first place it occurs),

(b) in Step 1—

(i) for “Table A” substitute “the appropriate table”,

(ii) for “that Table” substitute “the appropriate table”,

(iii) at the end insert—

“The “appropriate table” is—

(a) Table A, if the relevant land consists entirely of residential property, and

(b) Table B, if the relevant land consists of or includes land that is not residential property.”

(5) Omit subsection (2).

(6) In subsection (3)—

(a) in the words before paragraph (a), for “subsections (1B) and (2)” substitute “subsection (1B)”, and

(b) in paragraph (b) omit, “subject as follows”.

(7) In subsection (4)—

(a) in the words before paragraph (a), for the words from “subsections (1C)” to “linked transactions” substitute “subsection (1C)”, and

(b) in paragraph (a) for “those” substitute “the linked”.

(8) Schedule 5 to the Finance Act 2003 (rules on calculating the amount of stamp duty land tax chargeable in respect of transactions for which the consideration consists of or includes rent) is amended in accordance with paragraphs (9) to (11).

(9) In paragraph 2(3) (calculation of tax chargeable in respect of rent) in Table B (bands and percentages for non-residential or mixed property) for the final entry substitute

“Over £150,000 but not over £5 million	1%
Over £5 million	2%

(10) In paragraph 9 (tax chargeable in respect of consideration other than rent: general), in sub-paragraph (1), omit “(but see paragraph 9A)”.

(11) Omit paragraph 9A (calculation of tax chargeable in respect of consideration other than rent: 0% band) and the cross-heading preceding it.

(12) The amendments made by this Resolution have effect in relation to any land transaction of which the effective date is, or is after, 17 March 2016.

(13) But those amendments do not have effect in relation to a transaction if the purchaser so elects and either—

(a) the transaction is effected in pursuance of a contract entered into and substantially performed before 17 March 2016, or

(b) the transaction is effected in pursuance of a contract entered into before that date and is not excluded by paragraph (15).

(14) An election under paragraph (13)—

(a) must be included in the land transaction return made in respect of the transaction or in an amendment of that return, and

(b) must comply with any requirements specified by the Commissioners for Her Majesty’s Revenue and Customs as to its form or the manner of its inclusion.

(15) A transaction effected in pursuance of a contract entered into before 17 March 2016 is excluded by this paragraph if—

(a) there is any variation of the contract, or assignment of rights under the . contract, on or after 17 March 2016,

(b) the transaction is effected in consequence of the exercise on or after that date of any option, right of pre-emption or similar right, or

(c) on or after that date there is an assignment, subsale or other transaction relating to the whole or part of the subject-matter of the contract as a result of which a person other than the purchaser under the contract becomes entitled to call for a conveyance.

(16) In this Resolution—

“land transaction return”, in relation to a transaction, means the return under section 76 of FA 2003 in respect of that transaction;

“purchaser” has the same meaning as in Part 4 of that Act (see section 43(4) of that Act);

“substantially performed”, in relation to a contract, has the same meaning as in that Part (see section 44(5) of that Act).

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

46. STAMP DUTY LAND TAX (HIGHER RATES FOR ADDITIONAL DWELLINGS ETC)

Resolved,

That—

(1) The Finance Act 2003 is amended in accordance with paragraphs (2) to (4).

(2) In section 55 (amount of tax chargeable: general) after subsection (4) insert—

“(4A) Schedule 4ZA (higher rates for additional dwellings and dwellings purchased by companies) modifies this section as it applies for the purpose of determining the amount of tax chargeable in respect of certain transactions involving major interests in dwellings.”

(3) After Schedule 4 insert—

“SCHEDULE 4ZA

STAMP DUTY LAND TAX: HIGHER RATES FOR ADDITIONAL DWELLINGS AND DWELLINGS PURCHASED BY COMPANIES

PART 1

HIGHER RATES

1 (1) In its application for the purpose of determining the amount of tax chargeable in respect of a chargeable transaction which is a higher rates transaction, section 55 (amount of tax chargeable: general) has effect with the modification in sub-paragraph (2).

(2) In subsection (1B) of section 55, for Table A substitute—

“Table A: Residential

<i>Relevant consideration</i>	<i>Percentage</i>
So much as does not exceed £125,000	3%
So much as exceeds £125,000 but does not exceed £250,000	5%
So much as exceeds £250,000 but does not exceed £925,000	8%
So much as exceeds £925,000 but does not exceed £1,500,000	13%
The remainder (if any)	15%

PART 2

MEANING OF “HIGHER RATES TRANSACTION”

Meaning of “higher rates transaction” etc

2 (1) This paragraph explains how to determine whether a chargeable transaction is a “higher rates transaction” for the purposes of paragraph 1.

(2) In the case of a transaction where there is only one purchaser, determine whether the transaction falls within any of paragraphs 3 to 7; if it does fall within any of those paragraphs it is a “higher rates transaction” (otherwise it is not).

(3) In the case of a transaction where there are two or more purchasers—

(a) take one of the purchasers and determine, having regard to that purchaser only, whether the transaction falls within any of paragraphs 3 to 7, and

(b) do the same with each of the other purchasers.

If the transaction falls within any of those paragraphs when having regard to any one of the purchasers it is a “higher rates transaction” (otherwise it is not).

(4) For the purposes of this Schedule any term of years absolute or leasehold estate is not a “major interest” if its term does not exceed 7 years on the date of its grant.

Single dwelling transactions

3 (1) A chargeable transaction falls within this paragraph if—

(a) the purchaser is an individual,

(b) the main subject-matter of the transaction consists of a major interest in a single dwelling (“the purchased dwelling”), and

(c) Conditions A to D are met.

(2) Condition A is that the chargeable consideration for the transaction is £40,000 or more.

(3) Condition B is that on the effective date of the transaction the purchased dwelling—

(a) is not subject to a lease upon which the main subject-matter of the transaction is reversionary, or

(b) is subject to such a lease but the lease has an unexpired term of no more than 21 years.

(4) Condition C is that at the end of the day that is the effective date of the transaction—

(a) the purchaser has a major interest in a dwelling other than the purchased dwelling,

(b) that interest has a market value of £40,000 or more, and

(c) that interest is not reversionary on a lease which has an unexpired term of more than 21 years.

(5) Condition D is that the purchased dwelling is not a replacement for the purchaser’s only or main residence.

(6) For the purposes of sub-paragraph (5) the purchased dwelling is a replacement for the purchaser’s only or main residence if—

(a) on the effective date of the transaction (“the transaction concerned”) the purchaser intends the purchased dwelling to be the purchaser’s only or main residence,

(b) in another land transaction (“the previous transaction”) whose effective date was during the period of three years ending with the effective date of the transaction concerned, the purchaser or the purchaser’s spouse or civil partner at the time disposed of a major interest in another dwelling (“the sold dwelling”),

(c) at any time during that period of three years the sold dwelling was the purchaser’s only or main residence, and

(d) at no time during the period beginning with the effective date of the previous transaction and ending with the effective date of the transaction concerned has the purchaser or the purchaser’s spouse or civil partner acquired a major interest in any other dwelling with the intention of it being the purchaser’s only or main residence.

(7) For the purposes of sub-paragraph (5) the purchased dwelling may become a replacement for the purchaser’s only or main residence if—

(a) on the effective date of the transaction (“the transaction concerned”) the purchaser intended the purchased dwelling to be the purchaser’s only or main residence,

(b) in another land transaction whose effective date is during the period of three years beginning with the day after the effective date of the transaction concerned, the purchaser or the purchaser’s spouse or civil partner disposes of a major interest in another dwelling (“the sold dwelling”), and

(c) at any time during the period of three years ending with the effective date of the transaction concerned the sold dwelling was the purchaser’s only or main residence.

4 A chargeable transaction falls within this paragraph if—

(a) the purchaser is not an individual,

(b) the main subject-matter of the transaction consists of a major interest in a single dwelling, and

(c) Conditions A and B in paragraph 3 are met.

Multiple dwelling transactions

5 (1) A chargeable transaction falls within this paragraph if—

(a) the purchaser is an individual,

(b) the main subject-matter of the transaction consists of a major interest in two or more dwellings (“the purchased dwellings”), and

(c) Conditions A and B are met in respect of at least two of the 1 purchased dwellings.

(2) Condition A is that the portion of the chargeable consideration for the transaction which is attributable on a just and reasonable basis to the purchased dwelling is £40,000 or more.

(3) Condition B is that on the effective date of the transaction the purchased dwelling—

(a) is not subject to a lease upon which the main subject-matter of the transaction is reversionary, or

(b) is subject to such a lease but the lease has an unexpired term of no more than 21 years.

6 (1) A chargeable transaction falls within this paragraph if—

(a) the purchaser is an individual,

(b) the main subject-matter of the transaction consists of a major interest in two or more dwellings (“the purchased dwellings”),

(c) Conditions A and B in paragraph 5 are met in respect of one of the purchased dwellings,

(d) the purchased dwelling in respect of which those conditions are met is not a replacement for the purchaser’s only or main residence, and

(e) at the end of the day that is the effective date of the transaction—

(i) the purchaser has a major interest in a dwelling other than one of the purchased dwellings,

(ii) that interest has a market value of £40,000 or more, and

(iii) that interest is not reversionary on a lease which has an unexpired term of more than 21 years.

(2) Sub-paragraphs (6) and (7) of paragraph 3 apply for the purposes of sub-paragraph (1)(d) of this paragraph as they apply for the purposes of sub-paragraph (5) of that paragraph.

7 A chargeable transaction falls within this paragraph if—

(a) the purchaser is not an individual,

(b) the main subject-matter of the transaction consists of a major interest in two or more dwellings (“the purchased dwellings”), and

(c) Conditions A and B in paragraph 5 are met in respect of at least one of the purchased dwellings.

PART 3

SUPPLEMENTARY PROVISIONS

Further provision in connection with paragraph 3(6) and (7)

8 (1) This paragraph applies where by reason of paragraph 3(7) a chargeable transaction (“the transaction concerned”) ceases to be a higher rates transaction for the purposes of paragraph 1.

(2) The land transaction (“the subsequent transaction”) by reference to which the condition in paragraph 3(7)(b) was met may not be taken into account for the purposes of paragraph 3(6)(b) in determining whether any other chargeable transaction is a higher rates transaction.

(3) A land transaction return in respect of the transaction concerned may be amended, to take account of its ceasing to be a higher rates transaction, at any time within whichever of the following periods expires later—

(a) the period of 3 months beginning within the effective date of the subsequent transaction, and

(b) the period of 12 months beginning with the filing date for the return.

(4) Where a land transaction return in respect of the transaction concerned is amended to take account of its ceasing to be a higher rates transaction (and not for any other reason), paragraph 6(2A) of Schedule 10 (notice of amendment of return to be accompanied by the contract for the transaction etc) does not apply in relation to the amendment.

Spouses and civil partners purchasing alone

9 (1) Sub-paragraph (2) applies in relation to a chargeable transaction if—

(a) the purchaser (or one of them) is married or in a civil partnership on the effective date,

(b) the purchaser and the purchaser’s spouse or civil partner are living together on that date, and

(c) the purchaser’s spouse or civil partner is not a purchaser in relation to the transaction.

(2) The transaction is to be treated as being a higher rates transaction for the purposes of paragraph 1 if it would have been a higher rates transaction had the purchaser’s spouse or civil partner been a purchaser.

(3) Persons who are married to, or are civil partners of, each other are treated as living together for the purposes of this paragraph if they are so treated for the purposes of the Income Tax Acts (see section 1011 of the Income Tax Act 2007).

Settlements and bare trusts

10 (1) Sub-paragraph (3) applies in relation to a land transaction if—

(a) the main subject-matter of the transaction consists of a major interest in one or more dwellings,

(b) the purchaser (or one of them) is acting as trustee of a settlement, and

(c) under the terms of the settlement a beneficiary will be entitled to—

(i) occupy the dwelling or dwellings for life, or

(ii) income earned in respect of the dwelling or dwellings.

(2) Sub-paragraph (3) also applies in relation to a land transaction if—

(a) the main subject-matter of the transaction consists of a term of years absolute in a dwelling, and

(b) the purchaser (or one of them) is acting as a trustee of a bare trust.

(3) Where this sub-paragraph applies in relation to a land transaction the beneficiary of the settlement or bare trust (rather than the trustee) is to be treated for the purposes of this Schedule as the purchaser (or as one of them).

(4) Paragraphs 3(3) and 4 of Schedule 16 (trustees to be treated as the purchaser) have effect subject to sub-paragraph (3).

11 (1) Sub-paragraph (3) applies where—

(a) a person is a beneficiary under a settlement,

(b) a major interest in a dwelling forms part of the trust property, and

(c) under the terms of the settlement, the beneficiary is entitled to—

(i) occupy the dwelling for life, or

(ii) income earned in respect of the dwelling.

(2) Sub-paragraph (3) also applies where—

(a) a person is a beneficiary under a bare trust, and

(b) a term of years absolute in a dwelling forms part of the trust property.

(3) Where this sub-paragraph applies—

(a) the beneficiary is to be treated for the purposes of this Schedule as holding the interest in the dwelling, and

(b) if the trustee of the settlement or bare trust disposes of the interest, the beneficiary is to be treated for the purposes of this Schedule as having disposed of it.

12 (1) This paragraph applies where, by reason of paragraph 10 or 11 or

paragraph 3(1) of Schedule 16, the child of a person (“P”) would (but for this paragraph) be treated for the purposes of this Schedule as—

(a) being the purchaser in relation to a land transaction,

(b) holding an interest in a dwelling, or

(c) having disposed of an interest in a dwelling.

(2) Where this paragraph applies—

(a) P and any spouse or civil partner of P are to be treated for the purposes of this Schedule as being the purchaser, holding the interest or (as the case may be) having disposed of the interest, and

(b) the child is not to be so treated.

(3) But sub-paragraph (2) (a) does not apply in relation to a spouse or civil partner of P if the two of them are not living together.

(4) Sub-paragraph (3) of paragraph 9 applies for the purposes of this paragraph as it applies for the purposes of that paragraph.

(5) “Child” means a person under the age of 18.

13 (1) This paragraph applies in relation to a land transaction if—

(a) the main subject-matter of the transaction consists of a major interest in one or more dwellings,

(b) the purchaser (or one of them) is acting as trustee of a settlement,

(c) that purchaser is an individual, and

(d) under the terms of the settlement a beneficiary is not entitled to—

(i) occupy the dwelling or dwellings for life, or

(ii) income earned in respect of the dwelling or dwellings.

(2) In determining whether the transaction falls within paragraph 4 or paragraph 7—

(a) if the purchaser mentioned in sub-paragraph (1) is the only purchaser, ignore paragraph (a) of those paragraphs, and

(b) if that purchaser is not the only purchaser, ignore paragraph (a) of those paragraphs when having regard to that purchaser.

Partnerships

14 (1) Sub-paragraph (2) applies in relation to a chargeable transaction whose subject-matter consists of a major interest in one or more dwellings if—

(a) the purchaser (or one of them) is a partner in a partnership, but

(b) the purchaser does not enter into the transaction for the purposes of the partnership.

(2) For the purposes of determining whether the transaction falls within paragraph 3 or 6 any major interest in any other dwelling that is held by or on behalf of the partnership for the purposes of a trade carried on by the partnership is not to be treated as held by or on behalf of the purchaser.

(3) Paragraph 2(1) (a) of Schedule 15 (chargeable interests held by partnerships treated as held by the partners) has effect subject to subparagraph (2).

Major interests in dwellings inherited jointly

15 (1) This paragraph applies whereby virtue of an inheritance—

(a) a person (“P”) becomes jointly entitled with one or more other persons to a major interest in a dwelling, and

(b) P’s beneficial share in the interest does not exceed 50% (see sub-paragraph (4)).

(2) P is not to be treated for the purposes of paragraph 3(4)(a) or 6(1)(e) as having the major interest at any time during the period of three years beginning with the date of the inheritance.

(3) But if at any time during that period of three years P becomes the only person beneficially entitled to the whole of the interest or P’s beneficial share in the interest exceeds 50% P is, from that time, to be treated as having the major interest for the purposes of paragraph 3(4)(a) and 6(1)(e) (subject to any disposal by P).

(4) P’s share in the interest exceeds 50% if—

(a) P is beneficially entitled as a tenant in common or coparcener to more than half the interest,

(b) P and P’s spouse or civil partner taken together are beneficially entitled as tenants in common or coparceners to more than half the interest, or

(c) P and P’s spouse or civil partner are beneficially entitled as joint tenants to the interest and there is no more than one other joint tenant who is so entitled.

(5) In this section “inheritance” means the acquisition of an interest in or towards satisfaction of an entitlement under or in relation to the will of a deceased person, or on the intestacy of a deceased person.

Dwellings outside England, Wales and Northern Ireland

16 (1) In the provisions of this Schedule specified in sub-paragraph (3), references to a “dwelling” include references to a dwelling situated in a country or territory outside England, Wales and Northern Ireland.

(2) In the application of those provision in relation to a dwelling situated in a country or territory outside England, Wales and Northern Ireland—

(a) references to a “major interest” in the dwelling are to an equivalent interest in the dwelling under the law of that country or territory,

(b) references to persons being beneficially entitled as joint tenants, tenants in common or coparceners to an interest in the dwelling are to persons having an equivalent entitlement to the interest in the dwelling under the law of that country or territory,

(c) references to a “land transaction” in relation to the dwelling are to the acquisition of an interest in the dwelling under the law of that country or territory,

(d) references to the “effective date” of a land transaction in relation to the dwelling are to the date on which the interest in the dwelling is acquired under the law of that country or territory,

(e) references to “inheritance” are to the acquisition of an interest from a deceased person’s estate in accordance with the laws of that country or territory concerning the inheritance of property.

(3) The provisions of this Schedule referred to in sub-paragraphs (1) and (2) are —

(a) paragraph 3(4), (6)(b), (c) and (d) and (7)(b) and (c),

(b) paragraph 6(1)(e),

(c) paragraph 11,

(d) paragraph 14(2), and

(e) paragraph 15.

(4) Where the child of a person (P) has an interest in a dwelling which is situated in a country or territory outside England, Wales and Northern Ireland, P and any spouse or civil partner of P are to be treated for the purposes of this Schedule as having that interest.

(5) But sub-paragraph (4) does not apply in relation to a spouse or civil partner of P if the two of them are not living together.

(6) Sub-paragraph (3) of paragraph 9 applies for the purposes of subparagraph (5) of this paragraph as it applies for the purposes of that paragraph.

What counts as a dwelling

17 (1) This paragraph sets out rules for determining what counts as a dwelling for the purposes of this Schedule.

(2) A building or part of a building counts as a dwelling if—

(a) it is used or suitable for use as a single dwelling, or

(b) it is in the process of being constructed or adapted for such use.

(3) Land that is, or is to be, occupied or enjoyed with a dwelling as a garden or grounds (including any building or structure on that land) is taken to be part of that dwelling.

(4) Land that subsists, or is to subsist, for the benefit of a dwelling is taken to be part of that dwelling.

(5) The main subject-matter of a transaction is also taken to consist of or include an interest in a dwelling if—

(a) substantial performance of a contract constitutes the effective date of that transaction by virtue of a relevant deeming provision,

(b) the main subject-matter of the transaction consists of or includes an interest in a building, or a part of a building, that is to be constructed or adapted under the contract for use as a single dwelling, and

(c) construction or adaptation of the building, or part of a building, has not begun by the time the contract is substantially performed.

(6) In sub-paragraph (5)—

“contract” includes any agreement;

“relevant deeming provision” means any of sections 44 to 45A or paragraph 5(1) or (2) of Schedule 2A or paragraph 12A of Schedule 17A;

“substantially performed” has the same meaning as in section 44.

(7) A building or part of a building used for a purpose specified in section 116(2) or (3) is not used as a dwelling for the purposes of subparagraph (2) or (5).

(8) Where a building or part of a building is used for a purpose mentioned in sub-paragraph (7), no account is to be taken for the purposes of subparagraph (2) of its suitability for any other use.”

(4) In paragraph 5 of Schedule 6B (relief for transfers involving multiple dwellings) after sub-paragraph (6) insert—

“(6A) In the application of sub-paragraph (1), account is to be taken of paragraph 1 of Schedule 4ZA if the relevant transaction is a higher rates transaction for the purposes of that paragraph.”

(5) The amendments made by this Resolution have effect in relation to any land transaction of which the effective date is, or is after, 1 April 2016.

(6) But those amendments do not have effect in relation to a transaction—

(a) effected in pursuance of a contract entered into and substantially performed before 26 November 2015, or

(b) effected in pursuance of a contract entered into before that date and not excluded by paragraph (7).

(7) A transaction effected in pursuance of a contract entered into before 26 November 2015 is excluded by this paragraph if—

(a) there is any variation of the contract, or assignment of rights under the contract, on or after 26 November 2015,

(b) the transaction is effected in consequence of the exercise on or after that date of any option, right of pre-emption or similar right, or

(c) on or after that date there is an assignment, subsale or other transaction relating to the whole or part of the subject-matter of the contract as a result of which a person other than the purchaser under the contract becomes entitled to call for a conveyance.

(8) Paragraph (9) applies in relation to a land transaction of which the effective date is or is before 26 November 2018.

(9) In its application for the purpose of determining whether a land transaction to which this paragraph applies is a higher rates transaction, paragraph 3(6) of Schedule 4ZA to the Finance Act 2003 has effect with the following modifications—

(a) in paragraph (b) for “during the period of three years ending with” substitute “the same as or before”,

(b) in paragraph (c) for “during that period of three years” substitute “before the effective date of the transaction concerned”.

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

47. SDLT HIGHER RATE (LAND PURCHASED FOR COMMERCIAL USE)

Resolved,

That—

(1) Schedule 4A to the Finance Act 2003 (SDLT: higher rate for certain transactions) is amended in accordance with paragraphs (2) to (4).

(2) In paragraph 5 —

(a) in sub-paragraph (1) —

(i) after paragraph (a) insert—

“(aa) use as business premises for the purposes of a qualifying property rental business (other than one which gives rise to income consisting wholly or mainly of excluded rents);

(ab) use for the purposes of a relievable trade;”

(ii) for paragraph (b) substitute—

“(b) development or redevelopment and —

(i) resale in the course of a property development trade, or

(ii) exploitation falling within paragraph (a) or use falling within paragraph (aa) or (ab);”

(b) in sub-paragraph (2), for “the dwelling” substitute “a dwelling on the land”;

(c) in sub-paragraph (3), at the appropriate place insert—
““relievable trade” means a trade that is run on a commercial basis and with a view to profit.”

(3) In paragraph 5G, in sub-paragraph (3)(c) for “the dwelling” substitute “any dwelling on the land”.

(4) In paragraph 6D(3)(b), for “the dwelling” substitute “any dwelling on the land concerned”.

(5) The amendments made by this Resolution have effect in relation to any land transaction of which the effective date is on or after 1 April 2016.

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

48. SDLT HIGHER RATE (ACQUISITION UNDER HOME REVERSION PLAN)

Resolved,

That—

(1) Schedule 4A to the Finance Act 2003 (SDLT: higher rate for certain transactions) is amended as follows.

(2) After paragraph 5C insert—

“*Acquisition under a regulated home reversion plan*

5CA (1) Paragraph 3 does not apply to a chargeable transaction if (and so far as) the purchaser—

(a) is an authorised plan provider, and

(b) acquires the subject-matter of the chargeable transaction as a plan provider.

(2) For the purposes of this paragraph the purchaser acquires the subject-matter of the chargeable transaction “as a plan provider” so far as the purchaser acquires it under a regulated home reversion plan which the purchaser enters into as plan provider.

(3) In this paragraph—

“authorised plan provider” means a person authorised under the Financial Services and Markets Act 2000 to carry on in the United Kingdom the regulated activity specified in article 63B(1) of the Regulated Activities Order (entering into regulated home reversion plan as plan provider);

“the Regulated Activities Order” means the Financial Services and Markets (Regulated Activities) Order 2001 (S.I. 2001/544);

“regulated home reversion plan” means an arrangement which is a regulated home reversion plan for the purposes of Chapter 15A of Part 2 of the Regulated Activities Order.

(4) In this section references to entering into a regulated home reversion plan “as plan provider” are to be interpreted as if the references were in the Regulated Activities Order.”

(3) After paragraph 5I insert—

“5IA (1) This paragraph applies where relief under paragraph 5CA (acquisition under a regulated home reversion plan) has been allowed in respect of a higher threshold interest forming the whole or part of the subject-matter of a chargeable transaction.

(2) The relief is withdrawn if at any time in the period of three years beginning with the effective date of the chargeable transaction the purchaser holds the higher threshold interest otherwise than for the purposes of the regulated home reversion plan (as defined in paragraph 5CA).

(3) But sub-paragraph (2) does not apply if—

(a) after ceasing to hold the higher threshold interest for the purposes of the regulated home reversion plan, the purchaser sells the higher threshold interest without delay (except so far as delay is justified by commercial considerations or cannot be avoided), and

(b) at no time when the higher threshold interest is held by the purchaser as mentioned in sub-paragraph (2) is the dwelling (or any part of the dwelling) occupied by a non-qualifying individual.

(4) In this paragraph—

“the dwelling” means the dwelling to which the relief under paragraph 5CA relates;

“non-qualifying individual” is to be interpreted in accordance with paragraph 5A.”

(4) The amendments made by this Resolution have effect in relation to any land transaction of which the effective date is on or after 1 April 2016.

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

49. SDLT HIGHER RATE (PROPERTIES OCCUPIED BY CERTAIN EMPLOYEES)

Resolved,

That—

(1) Schedule 4A to the Finance Act 2003 (SDLT: higher rate for certain transactions) is amended as follows.

(2) In paragraph 5D (dwellings for occupation by certain employees etc)—

- (a) in sub-paragraph (1), for “trade” substitute “business”;
- (b) in sub-paragraph (2)(b) for “trade” substitute “business”;
- (c) for sub-paragraph (4) substitute —

“(4) “Relievable business” means a trade or property rental business that is run on a commercial basis and with a view to profit.”

(3) The heading before paragraph 5D becomes “*Dwellings for occupation by certain employees etc of a relievable business*”.

(4) After paragraph 5E insert—

“Acquisition by management company of flat for occupation by caretaker

5EA (1) Paragraph 3 does not apply to a chargeable transaction so far as its subject-matter consists of a higher threshold interest in or over a flat which—

(a) is one of at least three flats contained in the same premises, and

(b) is acquired by a tenants’ management company for the purpose of making the flat available for use as caretaker accommodation.

(2) For the purposes of this paragraph a tenants’ management company makes a flat available for use “as caretaker accommodation” if it makes it available to an individual for use as living accommodation in connection with the individual’s employment as caretaker of the premises.

(3) In relation to the acquisition of a flat, a company is a “tenants’ management company” if—

(a) the tenants of two or more other flats contained in the premises are members of the company, and

(b) the company owns, or it is intended that the company will acquire, the freehold of the premises;

but a company which carries on a relievable business is not a tenants’ management company.

(4) In this paragraph “premises” means premises constituting the whole or part of a building.”

(5) After paragraph 5J insert—

“5JA(1) This paragraph applies where relief under paragraph 5EA (acquisition by management company of flat for occupation by caretaker) has been allowed in respect of a higher threshold interest forming the whole or part of the subject-matter of a chargeable transaction.

(2) The relief is withdrawn if at any time in the period of three years beginning with the effective date of the chargeable transaction the purchaser holds the higher threshold interest otherwise than for the purpose of making the flat available for use as caretaker accommodation.

(3) For the purposes of this paragraph a tenants’ management company makes a flat available for use “as caretaker accommodation” if it makes it available to an individual for use as living accommodation in connection with the individual’s employment as caretaker of the premises.”

(6) In paragraph 5E (meaning of “qualifying partner”, “qualifying employee” etc)—

- (a) in sub-paragraph (1) for “trade” substitute “business”;
- (b) in sub-paragraph (2) for “qualifying trade” substitute “relievable business”;
- (c) in sub-paragraph (4)—

(i) in the words before paragraph (a), for “trade” substitute “relievable business”;

(ii) in paragraph (a)(i), for “trade” substitute “relievable business”.

(7) In paragraph 5J (withdrawal of relief under paragraph 5D), in sub-paragraph (3)—

(a) in paragraph (a), for the words from “trade” to the end substitute “relievable business”;

(b) in paragraph (c), for the words from “trade” to the end substitute “relievable business”.

(8) In paragraph 6G (withdrawal of relief under paragraph 5D in cases involving alternative finance arrangements), in sub-paragraph (4)—

(a) in paragraph (a), for “qualifying trade” substitute “relievable business”;

(b) in paragraph (c) for “trade” substitute “relievable business”.

(9) In paragraph 9 (interpretation), at the appropriate place insert—

““relievable business” has the meaning given by paragraph 5D(4).”

(10) The amendments made by this Resolution have effect in relation to any land transaction of which the effective date is on or after 1 April 2016.

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

50. STAMP DUTY LAND TAX (CO-OWNERSHIP AUTHORISED CONTRACTUAL SCHEMES)

Resolved,

That provision may be made in connection with the stamp duty land tax treatment of co-ownership authorised contractual schemes.

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

51. ATED (HOME REVERSION PLANS)

Resolved,

That—

(1) Part 3 of the Finance Act 2013 (annual tax on enveloped dwellings) is amended as follows.

(2) After section 144 insert—

“144A Regulated home reversion plans

(1) A day in a chargeable period is relievable in relation to a single dwelling interest held by a person (“P”) who is an authorised plan provider if—

(a) P has, as plan provider, entered into a regulated home reversion plan relating to the single dwelling interest, and

(b) the occupation condition is met on that day.

(2) If no qualifying termination event has occurred, the “occupation condition” is that a person who was originally entitled to occupy the dwelling (or any part of it) under the regulated home reversion plan is still entitled to do so.

(3) If a qualifying termination event has occurred, the “occupation condition” is that—

(a) the single dwelling interest is being held with the intention that it will be sold without delay (except so far as delay is justified by commercial considerations or cannot be avoided), and

(b) no non-qualifying individual is permitted to occupy the dwelling (or any part of it).

(4) In this section—

“authorised plan provider” means a person authorised under the Financial Services and Markets Act 2000 to carry on in the United Kingdom the regulated activity specified in article 63B(1) of the Regulated Activities Order (entering into regulated home reversion plan as plan provider);

“qualifying termination event” is to be interpreted in accordance with article 63B of the Regulated Activities Order;

“the Regulated Activities Order” means the Financial Services and Markets (Regulated Activities) Order 2001 (S.I. 2001/544);

“regulated home reversion plan” means an arrangement which is a regulated home reversion plan for the purposes of Chapter 15A of Part 2 of the Regulated Activities Order (but see also subsection (6)).

(5) In this section references to entering into a regulated home reversion plan “as plan provider” are to be interpreted as if the references were in the Regulated Activities Order (but see also subsection (6)).

(6) For the purposes of this section—

(a) an arrangement which P entered into before 6 April 2007 is treated for the purposes of this section as a regulated home reversion plan entered into by P as plan provider if that arrangement would have been so treated for the purposes of article 63B(1) of the Regulated Activities Order had P entered into that arrangement on the day mentioned in subsection (1);

(b) an arrangement in relation to which P acquired rights or obligations before 6 April 2007 is treated for the purposes of this section as a regulated home reversion plan entered into by P as plan provider if that arrangement would have been so treated for the purposes of article 63B(1) of the Regulated Activities Order had P acquired those rights or obligations on the day mentioned in subsection (1).

(7) Section 136 (meaning of “non-qualifying individual”) applies in relation to this section as in relation to sections 133 and 135.”

(3) In section 116 (dwelling in grounds of another dwelling), in the list in subsection (6), at the appropriate place insert—

“section 144A (regulated home reversion plans);”.

(4) In section 117 (dwellings in the same building), in the list in subsection (5), at the appropriate place insert—

“section 144A (regulated home reversion plans);”.

(5) In section 132 (effect of reliefs under sections 133 to 150), in the list in subsection (3), at the appropriate place insert—

“section 144A (regulated home reversion plans);”.

(6) In section 159A (relief declaration returns), in the table in subsection (9), at the appropriate place insert—

“144A (regulated home reversion plans)	5A”
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(7) The amendments made by this Resolution have effect for chargeable periods beginning on after 1 April 2016.

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

52. ATED (PROPERTIES OCCUPIED BY CERTAIN EMPLOYEES)

Resolved,

That—

(1) Part 3 of the Finance Act 2013 (annual tax on enveloped dwellings) is amended as follows.

(2) Section 145 (occupation by certain employees or partners) is amended in accordance with paragraphs (3) to (5).

(3) In subsection (1)—

(a) in paragraph (b), after “qualifying trade” insert “or qualifying property rental business”;

(b) in paragraph (d) for “trade” substitute “qualifying trade or qualifying property rental business”.

(4) After subsection (4) insert—

“(5) For the meaning of “qualifying property rental business” see section 133(3).”

(5) The heading of that section becomes “**Occupation by employees or partners of a qualifying trade or property rental business**”.

(6) In section 146 (meaning of “qualifying employee” and “qualifying partner” in section 145)—

(a) in subsection (1), after “trade” insert “or property rental business”;

(b) in subsection (2)—

(i) in the words before paragraph (a), after “qualifying trade” insert “or qualifying property rental business”, and

(ii) in paragraph (a)(i), after “trade” insert “or (as the case may be) property rental business”.

(7) After section 147 insert—

“147A Caretaker flat owned by management company

(1) A day in a chargeable period is relievable in relation to a single dwelling interest if the dwelling in question is a flat in relation to which the conditions in subsection (2) are met.

(2) The conditions are that on that day—

(a) a company (“the management company”) holds the single-dwelling interest for the purpose of making the flat available as caretaker accommodation,

(b) the flat is contained in premises which also contain two or more other flats,

(c) the tenants of at least two of the other flats in the premises are members of the management company,

(d) the management company owns the freehold of the premises, and

(e) the management company is not carrying on a trade or property rental business.

(3) For the purposes of subsection (2), the management company makes a flat available “as caretaker accommodation” if it makes it available to an individual for use as living accommodation in connection with the individual’s employment as caretaker of the premises.

(4) In this section “premises” means premises constituting the whole or part of a building.”

(8) In section 116 (dwelling in grounds of another dwelling), in the list in subsection (6)—

(a) in the entry relating to section 145, for “certain employees or partners” substitute “employees or partners of a qualifying trade or property rental business”;

(b) at the appropriate place insert—

“section 147A (caretaker flat owned by management company);”.

(9) In section 117 (dwellings in the same building), in the list in subsection (5)—

(a) in the entry relating to section 145, for “certain employees or partners” substitute “employees or partners of a qualifying trade or property rental business”;

(b) at the appropriate place insert—

“section 147A (caretaker flat owned by management company);”.

(10) In section 132 (effect of reliefs under sections 133 to 150), in the list in subsection (3)—

(a) in the entry relating to section 145, for “certain employees or partners” substitute “employees or partners of a qualifying trade or property rental business”;

(b) at the appropriate place insert—

“section 147A (caretaker flat owned by management company);”.

(11) In section 159A (relief declaration returns), in the table in subsection (9), in the entry relating to section 145, for “(dwellings used for trade purposes: occupation by certain employees or partners)” substitute “or 147A (occupation by certain employees etc)”.

(12) The amendments made by this Resolution have effect for chargeable periods beginning on after 1 April 2016.

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

53. STAMP DUTY (CERTAIN TRANSFERS OF SECURITIES)*Resolved,*

That the following provisions shall have effect for the period beginning with 23 March 2016 and ending 31 days after the earliest of the dates mentioned in section 50(2) of the Finance Act 1973—

(1) Part 3 of the Finance Act 1986 (stamp duty) is amended as follows.

(2) In section 67 (depository receipts)—

(a) in subsection (2), for the words from “1.5% of” to the end substitute “1.5% of—

(a) the amount or value of the consideration for the sale to which the instrument gives effect, or

(b) where subsection (2A) applies—

(i) the amount or value of the consideration for the sale to which the instrument gives effect, or

(ii) if higher, the value of the securities at the date the instrument is executed.”,

(b) after subsection (2) insert—

“(2A) This subsection applies where the instrument transferring the securities is executed pursuant to—

(a) the exercise of an option to buy or to sell the securities, and

(b) either—

(i) a term of the option which provides for the securities to be transferred to the person falling within subsection (6), (7) or (8), or

(ii) a direction, given by or on behalf of the person entitled or bound to acquire the securities pursuant to the exercise “of the option, for the securities to be so transferred.”, and

(c) in subsection (3), for “In any other case” substitute “If stamp duty is not chargeable on the instrument under Part 1 of Schedule 13 to the Finance Act 1999 (transfer on sale)”.

(3) In section 69 (depository receipts: supplementary), in subsection (4), for “section 67(3)” substitute “section 67(2)(b)(ii) and (3)”.

(4) In section 70 (clearance services)—

(a) in subsection (2), for the words from “1.5% of” to the end substitute “1.5% of—

(a) the amount or value of the consideration for the sale to which the instrument gives effect, or

(b) where subsection (2A) applies—

(i) the amount or value of the consideration for the sale to which the instrument gives effect, or

(ii) if higher, the value of the securities at the date the instrument is executed.”,

(b) after subsection (2) insert—

“(2A) This subsection applies where the instrument transferring the securities is executed pursuant to—

(a) the exercise of an option to buy or to sell the securities, and

(b) either—

(i) a term of the option which provides for the securities to be transferred to the person falling within subsection (6), (7) or (8), or

(ii) a direction, given by or on behalf of the person entitled or bound to acquire the securities pursuant to the exercise of the option, for the securities to be so transferred.”, and

(c) in subsection (3), for “In any other case” substitute “If stamp duty is not chargeable on the instrument under Part 1 of Schedule 13 to the Finance Act 1999 (transfer on sale)”.

(5) In section 72 (clearance services: supplementary), in subsection (2), for “section 70(3)” substitute “section 70(2)(b)(ii) and (3)”.

(6) The amendments made by this Resolution have effect in relation to an instrument which transfers securities pursuant to the exercise of an option where—

(a) the option was granted on or after 25 November 2015, and

(b) the option was exercised on or after 23 March 2016.

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of section 50 of the Finance Act 1973.

54. STAMP DUTY RESERVE TAX (CERTAIN TRANSFERS OF SECURITIES)*Resolved,*

That—

(1) Part 4 of the Finance Act 1986 (stamp duty reserve tax) is amended as follows.

(2) In section 93 (depository receipts)—

(a) in subsection (4)(b), for the words from “worth,” to the end substitute “worth—

(i) the amount or value of the consideration, or

(ii) where subsection (4A) applies, the amount or value of the consideration or, if higher, the value of the securities;”, and

(b) after subsection (4) insert—

“(4A) This subsection applies where the transfer of the securities is pursuant to—

(a) the exercise of an option to buy or to sell the securities, and

(b) either—

(i) a term of the option which provides for the securities to be transferred to the person falling within subsection (2) or (3), or

(ii) a direction, given by or on behalf of the person entitled or bound to acquire the securities pursuant to the exercise of the option, for the securities to be so transferred.”

(3) In section 94 (depository receipts: supplementary), in subsection (4), for “section 93(4)(c)” substitute “section 93(4)(b)(ii) and (c)”.

(4) In section 96 (clearance services)—

(a) in subsection (2)(b), for the words from “worth,” to the end substitute “worth—

(i) the amount or value of the consideration, or

(ii) where subsection (2A) applies, the amount or value of the consideration or, if higher, the value of the securities;”,

(b) after subsection (2) insert—

“(2A) This subsection applies where the transfer of the securities is pursuant to—

(a) the exercise of an option to buy or to sell the securities, and

(b) either—

(i) a term of the option which provides for the securities to be transferred to A or (as the case may be) to the person whose business is or includes holding chargeable securities as nominee for A, or

(ii) a direction, given by or on behalf of the person entitled or bound to acquire the securities pursuant to the exercise of the option, for the securities to be so transferred.”, and

(c) in subsection (10), for “subsection (2)(c)” substitute “subsection (2)(b)(ii) and (c)”.

(5) The amendments made by this Resolution have effect in relation to a transfer pursuant to the exercise of an option where—

(a) the option was granted on or after 25 November 2015, and

(b) the option was exercised on or after 23 March 2016.

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

55. REDUCTION IN RATE OF PETROLEUM REVENUE TAX*Resolved,*

That—

(1) In section 1(2) of the Oil Taxation Act 1975 (rate of petroleum revenue tax) for “35” substitute “0”.

(2) In paragraph 17 of Schedule 2 to that Act (cap on interest on repayments of tax), in sub-paragraph (5)(b) omit the words from “if that” to the end.

(3) In paragraph 2 of Schedule 19 to the Finance Act 1982 (duty to pay instalments based on amount of tax payable in previous chargeable period), after subparagraph (4) insert—

“(4A) In sub-paragraph (1) the reference to any chargeable period for an oil field ending on or after 30th June 1983 does not include a chargeable period ending on 31st December 2015.”

(4) The amendment made by paragraph (1) has effect with respect to chargeable periods ending after 31 December 2015.

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

56. INSURANCE PREMIUM TAX (STANDARD RATE)

Question put,

That—

(1) In section 51(2)(b) of the Finance Act 1994 (standard rate of insurance premium tax), for “9.5 per cent” substitute “10 per cent”.

(2) The amendment made by paragraph (1) has effect in relation to a premium falling to be regarded for the purposes of Part 3 of the Finance Act 1994 as received under a taxable insurance contract by an insurer on or after 1 October 2016.

(3) The amendment made by paragraph (1) does not have effect in relation to a premium which —

(a) is in respect of a contract made before 1 October 2016, and

(b) falls to be regarded for the purposes of Part 3 of the Finance Act 1994 as received under the contract by the insurer before 1 February 2017 by virtue of regulations under section 68 of that Act (special accounting schemes). (3) The amendment made by paragraph (1) does not have effect in relation to a premium which —

(4) Paragraph (3) does not apply in relation to a premium which —

(a) is an additional premium under a contract,

(b) falls to be regarded for the purposes of Part 3 of the Finance Act 1994 as received under the contract by the insurer on or after 1 October 2016 by virtue of regulations under section 68 of that Act, and

(c) is in respect of a risk which was not covered by the contract before that date.

(5) In the application of sections 67A to 67C of the Finance Act 1994 (announced increase in rate) in relation to the increase made by this Resolution—

(a) the announcement for the purposes of sections 67A(1) and 67B(1) is to be taken to have been made on 16 March 2016,

(b) the date of the change is 1 October 2016, and

(c) the concessionary date is 1 February 2017.

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

The House divided: Ayes 307, Noes 62.

Division No. 224]

[7.24 pm

AYES

Adams, Nigel	Atkins, Victoria
Afriyie, Adam	Bacon, Mr Richard
Aldous, Peter	Baker, Mr Steve
Allan, Lucy	Baldwin, Harriett
Allen, Heidi	Barclay, Stephen
Amess, Sir David	Baron, Mr John
Andrew, Stuart	Barwell, Gavin
Ansell, Caroline	Bebb, Guto
Argar, Edward	Bellingham, Sir Henry

Benyon, Richard	Field, rh Mark
Beresford, Sir Paul	Foster, Kevin
Berry, Jake	Frazer, Lucy
Bingham, Andrew	Freeman, George
Blackman, Bob	Freer, Mike
Blunt, Crispin	Fuller, Richard
Boles, Nick	Fysh, Marcus
Bone, Mr Peter	Gale, Sir Roger
Borwick, Victoria	Garnier, rh Sir Edward
Bottomley, Sir Peter	Garnier, Mark
Bradley, Karen	Gauke, Mr David
Brady, Mr Graham	Ghani, Nusrat
Brazier, Mr Julian	Gibb, Mr Nick
Bridgen, Andrew	Gillan, rh Mrs Cheryl
Brine, Steve	Glen, John
Brokenshire, rh James	Goodwill, Mr Robert
Bruce, Fiona	Gove, rh Michael
Buckland, Robert	Graham, Richard
Burns, Conor	Grant, Mrs Helen
Burns, rh Sir Simon	Gray, Mr James
Burrowes, Mr David	Grayling, rh Chris
Burt, rh Alistair	Green, Chris
Cairns, Alun	Green, rh Damian
Campbell, Mr Gregory	Greening, rh Justine
Carmichael, Neil	Grieve, rh Mr Dominic
Cartlidge, James	Griffiths, Andrew
Cash, Sir William	Gummer, Ben
Caulfield, Maria	Gyimah, Mr Sam
Chalk, Alex	Halfon, rh Robert
Chishti, Rehman	Hall, Luke
Chope, Mr Christopher	Hammond, Stephen
Churchill, Jo	Hancock, rh Matthew
Clark, rh Greg	Hands, rh Greg
Clarke, rh Mr Kenneth	Harper, rh Mr Mark
Cleverly, James	Harrington, Richard
Clifton-Brown, Geoffrey	Harris, Rebecca
Coffey, Dr Thérèse	Haselhurst, rh Sir Alan
Collins, Damian	Hayes, rh Mr John
Colville, Oliver	Heald, Sir Oliver
Costa, Alberto	Heapey, James
Cox, Mr Geoffrey	Heaton-Harris, Chris
Crabb, rh Stephen	Heaton-Jones, Peter
Davies, Byron	Henderson, Gordon
Davies, Chris	Herbert, rh Nick
Davies, David T. C.	Hermon, Lady
Davies, Glyn	Hinds, Damian
Davies, Dr James	Hoare, Simon
Davies, Mims	Hollingbery, George
Davies, Philip	Hollinrake, Kevin
Dinenage, Caroline	Hollobone, Mr Philip
Djanogly, Mr Jonathan	Holloway, Mr Adam
Dodds, rh Mr Nigel	Hopkins, Kris
Donaldson, rh Mr Jeffrey M.	Howarth, Sir Gerald
Double, Steve	Howell, John
Dowden, Oliver	Howlett, Ben
Doyle-Price, Jackie	Huddleston, Nigel
Drax, Richard	Hunt, rh Mr Jeremy
Drummond, Mrs Flick	Jackson, Mr Stewart
Duddridge, James	James, Margot
Duncan, rh Sir Alan	Javid, rh Sajid
Duncan Smith, rh Mr Iain	Jayawardena, Mr Ranil
Dunne, Mr Philip	Jenkin, Mr Bernard
Ellis, Michael	Jenkyns, Andrea
Ellison, Jane	Jenrick, Robert
Ellwood, Mr Tobias	Johnson, Boris
Elphicke, Charlie	Johnson, Gareth
Eustice, George	Johnson, Joseph
Evans, Graham	Jones, Andrew
Evennett, rh Mr David	Jones, rh Mr David
Fabricant, Michael	Jones, Mr Marcus
Fallon, rh Michael	Kawczynski, Daniel
Fernandes, Suella	Kennedy, Seema

Knight, rh Sir Greg
 Knight, Julian
 Kwarteng, Kwasi
 Lancaster, Mark
 Latham, Pauline
 Lee, Dr Phillip
 Lefroy, Jeremy
 Leigh, Sir Edward
 Leslie, Charlotte
 Letwin, rh Mr Oliver
 Lewis, Brandon
 Lewis, rh Dr Julian
 Lidington, rh Mr David
 Lilley, rh Mr Peter
 Loughton, Tim
 Lumley, Karen
 Mackinlay, Craig
 Mackintosh, David
 Main, Mrs Anne
 Malthouse, Kit
 Mann, Scott
 Maynard, Paul
 McCartney, Jason
 McCartney, Karl
 McLoughlin, rh Mr Patrick
 McPartland, Stephen
 Menzies, Mark
 Mercer, Johnny
 Merriman, Huw
 Metcalfe, Stephen
 Miller, rh Mrs Maria
 Milling, Amanda
 Mills, Nigel
 Milton, rh Anne
 Mitchell, rh Mr Andrew
 Mordaunt, Penny
 Morgan, rh Nicky
 Morris, Anne Marie
 Morris, David
 Morris, James
 Morton, Wendy
 Mowat, David
 Mundell, rh David
 Murray, Mrs Sheryll
 Murrison, Dr Andrew
 Neill, Robert
 Nokes, Caroline
 Norman, Jesse
 Nuttall, Mr David
 Offord, Dr Matthew
 Opperman, Guy
 Osborne, rh Mr George
 Paisley, Ian
 Parish, Neil
 Patel, rh Priti
 Paterson, rh Mr Owen
 Pawsey, Mark
 Penning, rh Mike
 Penrose, John
 Perry, Claire
 Phillips, Stephen
 Philp, Chris
 Pickles, rh Sir Eric
 Pincher, Christopher
 Poulter, Dr Daniel
 Pow, Rebecca
 Prentis, Victoria
 Prisk, Mr Mark
 Pursglove, Tom
 Quin, Jeremy
 Quince, Will
 Raab, Mr Dominic

Redwood, rh John
 Rees-Mogg, Mr Jacob
 Robertson, Mr Laurence
 Robinson, Gavin
 Robinson, Mary
 Rosindell, Andrew
 Rudd, rh Amber
 Rutley, David
 Sandbach, Antoinette
 Scully, Paul
 Selous, Andrew
 Shannon, Jim
 Shapps, rh Grant
 Sharma, Alok
 Simpson, rh Mr Keith
 Smith, Chloe
 Smith, Henry
 Smith, Julian
 Smith, Royston
 Soames, rh Sir Nicholas
 Solloway, Amanda
 Soubry, rh Anna
 Spelman, rh Mrs Caroline
 Spencer, Mark
 Stephenson, Andrew
 Stevenson, John
 Stewart, Iain
 Stewart, Rory
 Streeter, Mr Gary
 Stride, Mel
 Sturdy, Julian
 Sunak, Rishi
 Swayne, rh Mr Desmond
 Swire, rh Mr Hugo
 Syms, Mr Robert
 Thomas, Derek
 Throup, Maggie
 Timpson, Edward
 Tolhurst, Kelly
 Tomlinson, Justin
 Tomlinson, Michael
 Tracey, Craig
 Tredinnick, David
 Trevelyan, Mrs Anne-Marie
 Truss, rh Elizabeth
 Tugendhat, Tom
 Turner, Mr Andrew
 Tyrie, rh Mr Andrew
 Vaizey, Mr Edward
 Vara, Mr Shailesh
 Vickers, Martin
 Villiers, rh Mrs Theresa
 Walker, Mr Charles
 Walker, Mr Robin
 Wallace, Mr Ben
 Warburton, David
 Warman, Matt
 Watkinson, Dame Angela
 Wharton, James
 Whately, Helen
 White, Chris
 Whittaker, Craig
 Whittingdale, rh Mr John
 Wiggin, Bill
 Williams, Craig
 Williamson, rh Gavin
 Wilson, Mr Rob
 Wilson, Sammy
 Wollaston, Dr Sarah
 Wood, Mike
 Wragg, William
 Wright, rh Jeremy

Zahawi, Nadhim
Tellers for the Ayes:

**Sarah Newton and
 Simon Kirby**

NOES

Ahmed-Sheikh, Ms Tasmina
 Arkless, Richard
 Bardell, Hannah
 Black, Mhairi
 Blackford, Ian
 Blackman, Kirsty
 Boswell, Philip
 Brock, Deidre
 Brown, Alan
 Cameron, Dr Lisa
 Chapman, Douglas
 Cherry, Joanna
 Cowan, Ronnie
 Crawley, Angela
 Day, Martyn
 Docherty-Hughes, Martin
 Donaldson, Stuart Blair
 Durkan, Mark
 Elliott, Tom
 Ferrier, Margaret
 Gethins, Stephen
 Gibson, Patricia
 Grady, Patrick
 Grant, Peter
 Gray, Neil
 Hendry, Drew
 Hosie, Stewart
 Kerevan, George
 Kerr, Calum
 Kinahan, Danny
 Law, Chris
 Lucas, Caroline
 MacNeil, Mr Angus Brendan

Mc Nally, John
 McCaig, Callum
 McDonald, Stewart Malcolm
 McDonald, Stuart C.
 McDonnell, Dr Alasdair
 McGarry, Natalie
 McLaughlin, Anne
 Monaghan, Carol
 Monaghan, Dr Paul
 Mullin, Roger
 Newlands, Gavin
 Nicolson, John
 O'Hara, Brendan
 Oswald, Kirsten
 Paterson, Steven
 Ritchie, Ms Margaret
 Robertson, rh Angus
 Salmond, rh Alex
 Saville Roberts, Liz
 Sheppard, Tommy
 Stephens, Chris
 Thewliss, Alison
 Thomson, Michelle
 Weir, Mike
 Whiteford, Dr Eilidh
 Whitford, Dr Philippa
 Williams, Hywel
 Wilson, Corri
 Wishart, Pete

Tellers for the Noes:
**Marion Fellows and
 Owen Thompson**

Question accordingly agreed to.

57. LANDFILL TAX (RATES)

Resolved,

That provision may be made about the rates of landfill tax.

58. CLIMATE CHANGE LEVY

Resolved,

That provision may be made about climate change levy.

59. AIR PASSENGER DUTY (RATES OF DUTY FROM 1 APRIL 2016)

Resolved,

That—

(1) In section 30 of the Finance Act 1994 (air passenger duty: rates of duty) in subsection (4A) (long haul rates of duty)—

(a) in paragraph (a), for “£71” substitute “£73”, and

(b) in paragraph (b), for “£142” substitute “£146”.

(2) The amendments made by this Resolution have effect in relation to the carriage of passengers beginning on or after 1 April 2016.

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

**60. VEHICLE EXCISE DUTY (RATES FOR
LIGHT PASSENGER VEHICLES ETC)***Resolved,*

That—

(1) Schedule 1 to the Vehicle Excise and Registration Act 1994 (annual rates of duty) is amended as follows.

(2) In paragraph 1(2) (vehicle not covered elsewhere in Schedule with engine cylinder capacity exceeding 1,549cc), for “£230” substitute “£235”.

(3) In paragraph 1B (graduated rates of duty for light passenger vehicles)—

(a) for the tables substitute—

“TABLE 1

RATES PAYABLE ON FIRST VEHICLE LICENCE FOR
VEHICLE

<i>CO₂ emissions figure</i>		<i>Rate</i>	
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>
<i>Exceeding</i>	<i>Not Exceeding</i>	<i>Reduced Rate</i>	<i>Standard Rate</i>
<i>g/km</i>	<i>g/km</i>	<i>£</i>	<i>£</i>
130	140	120	130
140	150	135	145
150	165	175	185
165	175	290	300
175	185	345	355
185	200	490	500
200	225	640	650
225	255	875	885
255	—	1110	1120

TABLE 2

RATES PAYABLE ON ANY OTHER VEHICLE LICENCE FOR
VEHICLE

<i>CO₂ emissions figure</i>		<i>Rate</i>	
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>
<i>Exceeding</i>	<i>Not Exceeding</i>	<i>Reduced Rate</i>	<i>Standard Rate</i>
<i>g/km</i>	<i>g/km</i>	<i>£</i>	<i>£</i>
100	110	10	20
110	120	20	30
120	130	100	110
130	140	120	130
140	150	135	145
150	165	175	185
165	175	200	210
175	185	220	230
185	200	260	270
200	225	285	295
225	255	490	500
255	—	505	515”;

(b) in the sentence immediately following the tables, for paragraphs (a) and (b) substitute—

“(a) in column (3), in the last two rows, “285” were substituted for “490” and “505”, and

(b) in column (4), in the last two rows, “295” were substituted for “500” and “515”.”

(4) In paragraph 1J (VED rates for light goods vehicles), in paragraph (a), for “£225” substitute “£230”.

(5) In paragraph 2(1) (VED rates for motorcycles)—

(a) in paragraph (b), for “£38” substitute “£39”,

(b) in paragraph (c), for “£59” substitute “£60”, and

(c) in paragraph (d), for “£81” substitute “£82”.

(6) The amendments made by this Resolution have effect in relation to licences taken out on or after 1 April 2016.

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

61. FUEL DUTY (AQUA METHANOL)*Resolved,*

That provision may be made for and in connection with the charging of excise duty on liquid fuel consisting of a mixture of methanol and water.

62. TOBACCO PRODUCTS DUTY (RATES)*Resolved,*

That—

(1) For the table in Schedule 1 to the Tobacco Products Duty Act 1979 substitute—

“TABLE

1. Cigarettes	An amount equal to 16.5 per cent of the retail price plus £196.42 per thousand cigarettes
2. Cigars	£245.01 per kilogram
3. Hand-rolling tobacco	£198.10 per kilogram
4. Other smoking tobacco and chewing tobacco	£107.71 per kilogram”.

(2) The amendment made by this Resolution comes into force at 6pm on 16 March 2016.

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

63. ALCOHOLIC LIQUOR DUTIES (RATES)*Resolved,*

That—

(1) The Alcoholic, Liquor Duties Act 1979 is amended as follows.

(2) In section 62(1A)(a) (rate of duty on sparkling cider of a strength exceeding 5.5%) for “£264.61” substitute “£268.99”.

(3) For Part 1 of the table in Schedule 1 substitute—

“PART 1

WINE OR MADE-WINE OF A STRENGTH NOT
EXCEEDING 22%

<i>Description of wine or made-wine</i>	<i>Rates of duty per hectolitre £</i>
Wine or made-wine of a strength not exceeding 4%	£85.60.
Wine or made-wine of a strength exceeding 4% but not exceeding 5.5%	£117.72
Wine or made-wine of a strength exceeding 5.5% but not exceeding 15% and not being sparkling	£277.84
Sparkling wine or sparkling made-wine of a strength exceeding 5.5% but less than 8.5%	£268.99

Sparkling wine or sparkling made-wine of a strength of at least 8.5% but not exceeding 15%	£355.87
Wine or made-wine of a strength exceeding 15% but not exceeding 22%	£370.41”

(4) The amendments made by this Resolution come into force on 21 March 2016.

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

64. GENERAL ANTI-ABUSE RULE

Resolved,

That provision may be made for and in connection with amending Part 5 of the Finance Act 2013.

65. SERIAL TAX AVOIDANCE (RESTRICTION OF RELIEFS)

Resolved,

That provision may be made restricting reliefs in cases where arrangements relating to tax have been defeated.

66. TIME LIMIT FOR SELF ASSESSMENTS

Resolved,

That provision may be made imposing a time limit for making and delivering a self assessment in a return under section 8 or 8A of the Taxes Management Act 1970.

67. CLAIMS FOR TAX ADVANTAGES CONSTITUTING STATE AID

Resolved,

That provision may be made about information to be given when making a claim for a relief or other tax advantage constituting state aid.

68. BODIES CARRYING ON INSURANCE-RELATED ACTIVITIES

Resolved,

That provision may be made for and in connection with the treatment for taxation purposes of—

- bodies carrying on activities relating to insurance,
- investors in such bodies, and
- transactions involving such bodies.

69. RELIEF FROM TAX (INCIDENTAL AND CONSEQUENTIAL CHARGES)

Resolved,

That it is expedient to authorise any incidental or consequential charges to any duty or tax (including charges having retrospective effect) that may arise from provisions designed in general to afford relief from taxation.

PROCEDURE (FUTURE TAXATION)

Question put,

That, notwithstanding anything to the contrary in the practice of the House relating to the matters that may be included in Finance Bills, any Finance Bill of the present Session may contain the following provisions taking effect in a future year—

(a) provision about the basic rate limit for the purposes of income tax,

(b) provision about personal allowances for the purposes of income tax,

(c) provision restructuring income tax rates,

(d) provision about taxable benefits in respect of cars,

(e) provision about the tax treatment of payments from sporting testimonials which recognise the service of individuals who are or have been employed as professional sportspeople,

(f) provision about the standard lifetime allowance under Part 4 of the Finance Act 2004,

(g) provision for the purposes of income tax about finance-related expenses in connection with property businesses,

(h) provision for corporation tax to be charged for the financial year 2017,

(i) provision about the rate of corporation tax for the financial year 2020,

(j) provision for and in connection with the abolition of relief under Chapter 7 of Part 13 of the Corporation Tax Act 2009,

(k) provision for a relief, in the form of a lower rate of capital gains tax, in respect of disposals of certain ordinary shares in unlisted companies,

(l) provision about inheritance tax,

(m) provision for and in connection with the imposition of a new tax in respect of payments of earnings to or for the benefit of employed earners,

(n) provision about climate change levy, and

(o) provision amending the description of vehicles which are exempt vehicles for the purposes of the Vehicle Excise and Registration Act 1994.

The House divided: Ayes 297, Noes 62.

Division No. 225]

[7.38 pm

AYES

Afriyie, Adam
Aldous, Peter
Allen, Heidi
Amess, Sir David
Andrew, Stuart
Ansell, Caroline
Argar, Edward
Atkins, Victoria
Bacon, Mr Richard
Baker, Mr Steve
Baldwin, Harriett
Barclay, Stephen
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Bellingham, Sir Henry
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Blackman, Bob
Blunt, Crispin
Boles, Nick
Bone, Mr Peter
Borwick, Victoria
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Brazier, Mr Julian
Bridgen, Andrew
Brine, Steve
Brokenshire, rh James
Bruce, Fiona
Buckland, Robert

Burns, Conor
Burns, rh Sir Simon
Burrows, Mr David
Burt, rh Alistair
Cairns, Alun
Campbell, Mr Gregory
Carmichael, Neil
Cartledge, James
Cash, Sir William
Caulfield, Maria
Chalk, Alex
Chishti, Rehman
Chope, Mr Christopher
Churchill, Jo
Clark, rh Greg
Clarke, rh Mr Kenneth
Cleverly, James
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colville, Oliver
Costa, Alberto
Crabb, rh Stephen
Davies, Byron
Davies, Chris
Davies, David T. C.
Davies, Glyn
Davies, Dr James
Davies, Mims
Dinenage, Caroline
Djanogly, Mr Jonathan
Dodds, rh Mr Nigel
Donaldson, rh Mr Jeffrey M.
Double, Steve

Dowden, Oliver
 Doyle-Price, Jackie
 Drax, Richard
 Drummond, Mrs Flick
 Duddridge, James
 Duncan, rh Sir Alan
 Duncan Smith, rh Mr Iain
 Dunne, Mr Philip
 Ellis, Michael
 Ellison, Jane
 Ellwood, Mr Tobias
 Elphicke, Charlie
 Eustice, George
 Evans, Graham
 Evennett, rh Mr David
 Fabricant, Michael
 Fallon, rh Michael
 Fernandes, Suella
 Field, rh Mark
 Foster, Kevin
 Frazer, Lucy
 Freeman, George
 Freer, Mike
 Fuller, Richard
 Fysh, Marcus
 Gale, Sir Roger
 Garnier, rh Sir Edward
 Garnier, Mark
 Gauke, Mr David
 Ghani, Nusrat
 Gibb, Mr Nick
 Gillan, rh Mrs Cheryl
 Glen, John
 Goodwill, Mr Robert
 Gove, rh Michael
 Graham, Richard
 Grant, Mrs Helen
 Gray, Mr James
 Grayling, rh Chris
 Green, Chris
 Green, rh Damian
 Greening, rh Justine
 Grieve, rh Mr Dominic
 Griffiths, Andrew
 Gummer, Ben
 Gyimah, Mr Sam
 Halfon, rh Robert
 Hall, Luke
 Hammond, Stephen
 Hancock, rh Matthew
 Hands, rh Greg
 Harper, rh Mr Mark
 Harrington, Richard
 Harris, Rebecca
 Haselhurst, rh Sir Alan
 Hayes, rh Mr John
 Heald, Sir Oliver
 Heappey, James
 Heaton-Harris, Chris
 Heaton-Jones, Peter
 Henderson, Gordon
 Herbert, rh Nick
 Hermon, Lady
 Hinds, Damian
 Hoare, Simon
 Hollingbery, George
 Hollinrake, Kevin
 Hollobone, Mr Philip
 Hopkins, Kris
 Howarth, Sir Gerald
 Howell, John
 Howlett, Ben

Huddleston, Nigel
 Hunt, rh Mr Jeremy
 James, Margot
 Javid, rh Sajid
 Jayawardena, Mr Ranil
 Jenkin, Mr Bernard
 Jenkyns, Andrea
 Jenrick, Robert
 Johnson, Gareth
 Johnson, Joseph
 Jones, Andrew
 Jones, rh Mr David
 Jones, Mr Marcus
 Kawczynski, Daniel
 Kennedy, Seema
 Knight, rh Sir Greg
 Knight, Julian
 Kwarteng, Kwasi
 Lancaster, Mark
 Latham, Pauline
 Lee, Dr Phillip
 Lefroy, Jeremy
 Leigh, Sir Edward
 Leslie, Charlotte
 Letwin, rh Mr Oliver
 Lewis, Brandon
 Lewis, rh Dr Julian
 Lidington, rh Mr David
 Lilley, rh Mr Peter
 Loughton, Tim
 Lumley, Karen
 Mackinlay, Craig
 Mackintosh, David
 Malthouse, Kit
 Mann, Scott
 Maynard, Paul
 McCartney, Jason
 McCartney, Karl
 McLoughlin, rh Mr Patrick
 McPartland, Stephen
 Menzies, Mark
 Mercer, Johnny
 Merriman, Huw
 Metcalfe, Stephen
 Miller, rh Mrs Maria
 Milling, Amanda
 Mills, Nigel
 Milton, rh Anne
 Mitchell, rh Mr Andrew
 Mordaunt, Penny
 Morgan, rh Nicky
 Morris, Anne Marie
 Morris, David
 Morris, James
 Morton, Wendy
 Mowat, David
 Mundell, rh David
 Murray, Mrs Sheryll
 Murrison, Dr Andrew
 Neill, Robert
 Nokes, Caroline
 Norman, Jesse
 Nuttall, Mr David
 Offord, Dr Matthew
 Opperman, Guy
 Osborne, rh Mr George
 Paisley, Ian
 Parish, Neil
 Patel, rh Priti
 Paterson, rh Mr Owen
 Pawsey, Mark
 Penning, rh Mike

Penrose, John
 Perry, Claire
 Phillips, Stephen
 Philp, Chris
 Pickles, rh Sir Eric
 Pincher, Christopher
 Poulter, Dr Daniel
 Pow, Rebecca
 Prentis, Victoria
 Prisk, Mr Mark
 Pursglove, Tom
 Quin, Jeremy
 Quince, Will
 Raab, Mr Dominic
 Rees-Mogg, Mr Jacob
 Robertson, Mr Laurence
 Robinson, Gavin
 Robinson, Mary
 Rudd, rh Amber
 Rutley, David
 Sandbach, Antoinette
 Scully, Paul
 Selous, Andrew
 Shannon, Jim
 Shapps, rh Grant
 Sharma, Alok
 Simpson, rh Mr Keith
 Smith, Chloe
 Smith, Henry
 Smith, Julian
 Smith, Royston
 Soames, rh Sir Nicholas
 Solloway, Amanda
 Soubry, rh Anna
 Spelman, rh Mrs Caroline
 Spencer, Mark
 Stephenson, Andrew
 Stevenson, John
 Stewart, Iain
 Stewart, Rory
 Streeter, Mr Gary
 Stride, Mel
 Sturdy, Julian
 Sunak, Rishi
 Swayne, rh Mr Desmond

Swire, rh Mr Hugo
 Syms, Mr Robert
 Thomas, Derek
 Throup, Maggie
 Timpson, Edward
 Tolhurst, Kelly
 Tomlinson, Justin
 Tomlinson, Michael
 Tracey, Craig
 Tredinnick, David
 Trevelyan, Mrs Anne-Marie
 Truss, rh Elizabeth
 Tugendhat, Tom
 Turner, Mr Andrew
 Tyrie, rh Mr Andrew
 Vaizey, Mr Edward
 Vara, Mr Shailesh
 Vickers, Martin
 Villiers, rh Mrs Theresa
 Walker, Mr Charles
 Walker, Mr Robin
 Wallace, Mr Ben
 Warburton, David
 Warman, Matt
 Watkinson, Dame Angela
 Wharton, James
 Whately, Helen
 White, Chris
 Whittaker, Craig
 Whittingdale, rh Mr John
 Wiggin, Bill
 Williams, Craig
 Williamson, rh Gavin
 Wilson, Mr Rob
 Wilson, Sammy
 Wollaston, Dr Sarah
 Wood, Mike
 Wragg, William
 Wright, rh Jeremy
 Zahawi, Nadhim

Tellers for the Ayes:
 Sarah Newton and
 Simon Kirby

NOES

Ahmed-Sheikh, Ms Tasmina
 Arkless, Richard
 Bardell, Hannah
 Black, Mhairi
 Blackford, Ian
 Blackman, Kirsty
 Boswell, Philip
 Brock, Deidre
 Brown, Alan
 Cameron, Dr Lisa
 Chapman, Douglas
 Cherry, Joanna
 Cowan, Ronnie
 Crawley, Angela
 Day, Martyn
 Docherty-Hughes, Martin
 Donaldson, Stuart Blair
 Durkan, Mark
 Elliott, Tom
 Ferrier, Margaret
 Gethins, Stephen
 Gibson, Patricia
 Grady, Patrick
 Grant, Peter
 Gray, Neil
 Hendry, Drew
 Hosie, Stewart
 Kerevan, George
 Kerr, Calum
 Kinahan, Danny
 Law, Chris
 Lucas, Caroline
 MacNeil, Mr Angus Brendan
 Mc Nally, John
 McCaig, Callum
 McDonald, Stewart Malcolm
 McDonald, Stuart C.
 McDonnell, Dr Alasdair
 McGarry, Natalie
 McLaughlin, Anne
 Monaghan, Carol
 Monaghan, Dr Paul
 Mullin, Roger
 Newlands, Gavin
 Nicolson, John
 O'Hara, Brendan
 Oswald, Kirsten
 Paterson, Steven

Pugh, John
 Ritchie, Ms Margaret
 Robertson, rh Angus
 Saville Roberts, Liz
 Sheppard, Tommy
 Stephens, Chris
 Thewliss, Alison
 Weir, Mike
 Whiteford, Dr Eilidh

Whitford, Dr Philippa
 Williams, Hywel
 Williams, Mr Mark
 Wilson, Corri
 Wishart, Pete

Tellers for the Noes:
Marion Fellows and
Owen Thompson

Question accordingly agreed to.

PROCEDURE (FUTURE TAXATION)

Resolved,

That, notwithstanding anything to the contrary in the practice of the House relating to the matters that may be included in Finance Bills, any Finance Bill of the present Session may contain provision about the rates of landfill tax effect in a future year.

PROCEDURE (ORCHESTRA TAX CREDITS)

Resolved,

That, notwithstanding anything to the contrary in the practice of the House relating to the matters that may be included in Finance Bills, any Finance Bill of the present Session may contain provision for tax credits to be paid to orchestral concert production companies in respect of expenditure on orchestral concert production activities.

PROCEDURE (SOCIAL SECURITY CONTRIBUTIONS)

Resolved,

That, notwithstanding anything to the contrary in the practice of the House relating to the matters that may be included in Finance Bills, any Finance Bill of the present Session may contain provision for the purpose of protecting public revenues against losses in connection with the use of arrangements relating to social security contributions.

PROCEDURE (MEASURES RELATING TO LARGE BUSINESSES)

Resolved,

That, notwithstanding anything to the contrary in the practice of the House relating to the matters that may be included in Finance Bills, any Finance Bill of the present Session may include —

- (a) provision requiring publication of tax strategies by bodies which are or are part of a large business, and
- (b) provision for imposing special measures on such bodies where there has been persistent unco-operative behaviour in relation to tax matters.

PROCEDURE (RAW TOBACCO APPROVAL SCHEME)

Resolved,

That, notwithstanding anything to the contrary in the practice of the House relating to the matters that may be included in Finance Bills, any Finance Bill of the present Session may make provision for the approval of persons carrying on certain activities in relation to raw tobacco.

PROCEDURE (INFORMATION POWERS IN CONNECTION WITH TAX ADVANTAGES CONSTITUTING STATE AID)

Resolved,

That, notwithstanding anything to the contrary in the practice of the House relating to the matters that may be included in Finance Bills, any Finance Bill of the present Session may make provision conferring on HMRC powers enabling them to acquire, disclose or publish information connected with the grant of reliefs or other tax advantages constituting state aid.

FINANCE (MONEY)

Queen's recommendation signified.

Resolved,

That, for the purposes of any Act of the present Session relating to finance, it is expedient to authorise the payment out of money provided by Parliament of expenditure incurred by the Treasury in connection with the expenses of, or payments to members of, the Office of Tax Simplification.

Mr Peter Lilley (Hitchin and Harpenden) (Con): On a point of order, Mr Speaker. You, above all, will be aware that the power of this House historically derives from its right to levy taxation, a right in respect of value added tax that it handed over to others 40 years ago. Can you confirm that although the Government have not contested two amendments altering rates of VAT, those changes will be nugatory, despite having the unanimous support of this House, unless all 28 member states agree, as the Government hope they will, to accord to this House the rare privilege of being able to determine two rates of VAT on important, but tiny, items? Can you therefore advise whether the House should be enormously grateful for the possibility that we will regain this small power to affect some taxation? Or should we make it a rule of the House that should we ever want to exercise powers of taxation in future, we announce a referendum before each Finance Bill?

Mr Speaker: I am extremely grateful to the right hon. Gentleman for his point of order. I know, or at least I feel confident, that he will not take it amiss if I suggest, on the basis both of the content of his point of order and of the manner of its delivery, that he was more interested in what he had to say to me than in anything that I might have to say to him. What I would say to the right hon. Gentleman, who is very deeply versed in these matters, is that I can comment on the matter of fact, which is that the House has agreed to the two amendments, a point not in dispute between us or a matter of any doubt in the Chamber, but I do not feel able to comment upon effect—what it will or will not be. However, I have a sense that his point of order was something of a warm-up, and I have a feeling that to this matter he, and doubtless others, will soon, possibly at greater length, return—*[Interruption.]* Some mischievous soul says, “Hope not.” I think the hope is in vain.

Ordered,

That a Bill be brought in upon the foregoing Resolutions;

That the Chairman of Ways and Means, the Prime Minister, Mr Chancellor of the Exchequer, Secretary Sajid Javid, Secretary Nicky Morgan, Secretary Greg Clark, Greg Hands, Damian Hinds, Harriet Baldwin and Mr David Gauke bring in the Bill.

[Mr Speaker]

FINANCE (No.2) BILL

Presentation and First Reading

Mr David Gauke accordingly presented a Bill to grant certain duties, to alter other duties, and to amend the law relating to the National Debt and the Public Revenue, and to make further provision in connection with finance.

Bill read the First time; to be read a Second time tomorrow, and to be printed (Bill 155) with explanatory notes (Bill 155-EN).

Business without Debate

DELEGATED LEGISLATION

Mr Speaker: With the leave of the House, we shall take motions 3 to 7 together.

Motion made, and Question put forthwith (Standing Order No. 118(6)),

FAMILY LAW

That the draft Child Support (Deduction of Orders and Fees) (Amendment and Modification) Regulations 2016, which were laid before this House on 8 February, be approved.

PENSIONS

That the draft Automatic Enrolment (Earnings Trigger and Qualifying Earnings Band) Order 2016, which was laid before this House on 1 February, be approved.

COMPANIES

That the draft Companies (Address of Registered Office) Regulations 2016, which were laid before this House on 8 February, be approved.

That the draft Registrar of Companies and Applications for Striking Off (Amendment) Regulations 2016, which were laid before this House on 8 February, be approved.

INSOLVENCY

That the draft Enterprise and Regulatory Reform Act 2013 (Consequential Amendments) (Bankruptcy) and the Small Business, Enterprise and Employment Act 2015 (Consequential Amendments) Regulations 2016, which were laid before this House on 22 February, be approved.—(*Julian Smith.*)

Question agreed to.

BUSINESS OF THE HOUSE

Ordered,

That, at the sitting on Tuesday 12 April—

(1) notwithstanding sub-paragraph (2)(c), as applied by paragraph (4), of Standing Order No. 14 (Arrangement of public business), the backbench business set down for consideration may be entered upon at any hour, may be proceeded with, though opposed, for three hours, and shall then lapse if not previously disposed of; and

(2) notwithstanding the provisions of Standing Order No. 20 {Time for taking private business}, the private business set down by the Chairman of Ways and Means may be entered upon at any hour (whether before, at or after 4.00pm) and may then be proceeded with, though opposed, for three hours, after which the Speaker shall interrupt the business.—(*Julian Smith.*)

HIGH SPEED RAIL (LONDON – WEST MIDLANDS) BILL

Ordered,

That, at the sitting on Wednesday 23rd March, the following provisions shall apply to proceedings on the High Speed Rail (London – West Midlands) Bill:

1. (1) Proceedings on Consideration shall be taken in the order shown in the first column of the following Table.

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

Table

<i>Proceedings</i>	<i>Time for conclusion of proceedings</i>
New clauses, new schedules and amendments relating to economic and financial issues including compensation and railway ownership	One hour after the commencement of proceedings on Consideration
New clauses, new schedules and amendments relating to the route and environmental issues; remaining proceedings on Consideration	Two hours after the commencement of proceedings on Consideration

(3) Proceedings on Third Reading and proceedings on the Motion in the name of Secretary Patrick McLoughlin relating to carry-over (No. 3) shall (so far as not previously concluded) be brought to a conclusion three hours after the commencement of proceedings on Consideration.

2. (1) This paragraph applies for the purpose of bringing proceedings to a conclusion in accordance with paragraph 1.

(2) In relation to proceedings on Consideration and Third Reading, the Speaker shall put the following Questions in the same order as they would fall to be put if this Order did not apply—

- any Question already proposed from the Chair;
- any Question necessary to bring to a decision a Question so proposed;
- any Question on any amendment, new clause or new schedule selected by the Speaker for separate decision;
- the Question on any amendment moved or Motion made by a Minister of the Crown;
- any other Question necessary for the disposal of the business to be concluded.

(3) On a motion made for a new clause or a new schedule, the Speaker shall put only the Question that the clause or schedule be added to the Bill.

(4) In relation to proceedings on the Motion mentioned in paragraph 1(3), the Speaker shall put forthwith the Questions necessary to dispose of the proceedings.

3. Standing Order No. 15(1) (Exempted business) shall apply so far as necessary to proceedings to which this Order applies.

4. Standing Order No. 41A (Deferred divisions) shall not apply in relation to proceedings on the Motion mentioned in paragraph 1(3).—(*Julian Smith.*)

Mr Speaker: Just before I call the hon. Member for Rossendale and Darwen (Jake Berry), I appeal to Members who are leaving the Chamber, perhaps unaccountably, to do so quickly and quietly so that the hon. Gentleman can make his case and be afforded a decent hearing.

Breast Ironing

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

8.2 pm

Jake Berry (Rossendale and Darwen) (Con): I will start with three letters: FGM. Thanks to the tireless campaigning of charities such as Daughters of Eve and Dahlia, we now know that those letters are an abbreviation for: the abhorrent practice of female genital mutilation. For any colleague who still struggles to understand FGM, I cannot put it in clearer or more stark terms than those used by my hon. Friend the Member for Twickenham (Dr Mathias) in her excellent contribution to the recent International Women's Day debate:

"the equivalent of female genital mutilation in a man would be the removal of the head of the penis and of a third of the shaft."
—[*Official Report*, 8 March 2016; Vol. 607, c. 233.]

FGM was hidden from us for many years, and while this practice did not originate in Britain, we have come to know and tackle it here in the UK. FGM was first legislated on by the UK Government in 1985, at which point the Prohibition of Female Circumcision Act 1985 made the practice of FGM illegal. In 2003, it became an offence to take a girl abroad for the purpose of FGM. Finally, the Serious Crime Act 2015 took further measures to create a robust legal framework to deal with this abhorrent practice. Thanks to a 30-year journey of revealing and legislating on this barbaric practice, it is now widely recognised. I am ashamed to say, however, that in that 30-year journey, there has not been a single prosecution here in the UK.

It is against the perspective of this lengthy struggle that I wish to raise the issue of breast ironing. It is perhaps unsurprising that so few people have heard of it. Breast ironing—or breast flattening, as it is often referred to—is believed to have originated in Cameroon but is also found in Nigeria, the Republic of Guinea, South Africa, Chad, Togo, Benin, Birmingham and London. It is the practice of pounding the developing breasts of young girls with objects heated over coals or on a stove, and it tends to be performed on girls from about the age of 10 up until the end of puberty. Hot stones, hammers and spatulas are used twice a day for several weeks or months to stop or delay, and in some cases permanently destroy, the natural development of the breast.

Girls subjected to this abuse are told by the perpetrators that it is necessary to continue with this abhorrent practice until it no longer hurts. This gives us some idea of the unimaginable pain and suffering they are subjected to. Breast ironing exposes girls to numerous health issues, such as cancer, abscesses, itching, discharge of milk, infection and asymmetry of the breasts. Girls who undergo breast ironing can expect to experience an increased prevalence of breast cysts, breast infections, severe fever, tissue damage and even the complete disappearance of one or both breasts.

Mr Deputy Speaker, you are probably sitting there, like many other right hon. and hon. Members, thinking, "Why would anyone do this to a young woman or girl?" Breast flattening, or ironing, is carried out by the perpetrators in the belief that it makes girls less sexually attractive to men; in the certainty that mutilation of the breasts will protect young girls from sexual harassment,

rape or early forced marriage; and with the confidence that the breasts of young girls can develop only if they think about sex, if a man touches their breasts, if a girl watches pornography or even if a girl visits a night club.

Dr Philippa Whitford (Central Ayrshire) (SNP): Is it not also the case that some parents believe they can prevent puberty from happening altogether by carrying out breast ironing?

Jake Berry: That is the point, but it is a mistaken belief, and one that has no place in any society, let alone ours here in Britain.

The words "culture", "tradition" or "religion" come up when people try to explain this absurdly harmful practice, but as in the case of FGM, these words are just a thinly veiled excuse for a ritualised form of child abuse.

Jim Shannon (Strangford) (DUP): The hon. Gentleman brought this issue to the House on International Women's Day. That evening I sponsored an event on domestic violence that was attended by more than 100 people. I had not heard about breast ironing until that day, but FGM and breast ironing, and their prevalence in our society, including here in London, were raised that night. Does he agree that we need zero tolerance when it comes to this practice?

Jake Berry: I will come to that. I hope that the Minister will say what steps we can take to send the message out loud and clear from this House of Commons that the practice is completely unacceptable, whether it happens in London, Birmingham or any other city, or whether young girls are being taken to Cameroon, Nigeria or elsewhere for it to be done over the school holidays. No one should think that they can get away with it in this country without fear of prosecution.

Kit Malthouse (North West Hampshire) (Con): I applaud what my hon. Friend says. I was responsible for bringing in the first ever anti-violence against women and girls strategy in London, which looked at some of these issues. The police did something like a cultural cringe when dealing with some of these problems until I highlighted to the commissioner the fact that if little boys were appearing across London on a systematic basis with their little finger missing, we would be doing something about it. I pointed out that because this involved girls, was possibly invisible and had this cultural overlay, the police felt that they should stand off from it. Pleasingly, that is no longer the case, but I hope that my hon. Friend agrees that we could do much more to make the unacceptability of these practices widespread.

Jake Berry: I agree absolutely. This idea that puberty, the natural development of a woman's adult body and the natural journey to maturity can be violated as part of some mistaken or bizarre belief system has no place in our society.

As with FGM, the practice of breast ironing is hidden because it is most often carried out by a family member. A recent UN report revealed that 58% of the perpetrators of breast ironing are the girl's own mother. Although awareness of FGM is probably at an all-time high, the practice of breast ironing will remain hidden unless we

[*Jake Berry*]

in this House speak out about it wherever we can. Breast ironing has been identified by the UN as one of the five most under-reported crimes relating to gender-based violence. That is why this debate is so important

I said that this practice of breast ironing has been found in Birmingham and London. However, because of the hidden nature of this abuse, it is hard to prove the extent of its prevalence in the UK. In the words of Margaret Nyuydzewira, founder of the UK-based pressure group, CAME:

“Breast ironing is a practice that happens in the privacy of women’s homes, it’s hard to see who is doing it, and people are not willing to talk about it. It’s like female genital mutilation: you know it’s happening but you are not going to see it”.

Despite the secrecy around breast ironing, the anti-FGM campaigner and co-founder of Daughters of Eve, Leyla Hussein, recently revealed she had met a woman in the UK who had undergone breast ironing. Recent press coverage has said that it is endemic and experts believe that the custom is being practised among the several thousand Cameroonians now living in the UK.

CAME has estimated that up to 1,000 girls in the UK have been subjected to breast ironing and that an unknown number have been subjected to it abroad. It highlighted to me one case reported to the police in Birmingham where no further action was taken, as it was put down to being part of someone’s culture rather than a crime.

Hannah Bardell (Livingston) (SNP): Will the hon. Gentleman give way?

Jake Berry: I am sorry, but I will not, because I must make some progress.

The Mayor of London’s harmful practices taskforce, on which my hon. Friend the Member for North West Hampshire (Kit Malthouse) served, described breast ironing as an emerging issue here in the UK. It is precisely the lack of hard facts and figures that has led me to seek this debate on breast ironing and the Government’s response.

It has also led me to do something else. I wrote to every police force in the UK and every local authority in the UK to ask what they were doing about this issue. The police forces that wrote back to me showed real concern. They know that this is a worrying crime and they have a worrying lack of knowledge of it. Some 72% of the police forces that responded either failed to answer a question about breast ironing or admitted that they had never heard of it, while 38% said they wanted more guidance. This demonstrates a lack of understanding among our police forces about breast ironing and the signs that reveal that it is happening. Although some police forces, including West Mercia, Merseyside, Thames Valley and Hertfordshire, are taking encouraging steps to raise awareness, I hope that the Minister will consider issuing guidance from the Department to ensure that this best practice is spread and that those who do not have the information on breast ironing can be enlightened.

I also wrote to representatives of all the local authority children’s services departments. Of those who responded, 23% volunteered the information that they had never undertaken any training in this area, and 65% said that they would like more guidance. Departments in Greater Manchester, Leicester and the City of London are

already taking action, but, like the police forces, all the children’s departments in our local authorities want more information. On their own admission, the police and local authorities need further training in dealing with this practice and bringing criminals to prosecution. If we fail to give them the tools that they require to identify and understand the victims of this crime, they will never be able to tackle it.

I understand that there is currently no stand-alone crime of breast ironing in the United Kingdom, and that police and prosecutors have to rely on the existing pool of criminal offences that are available to them. I believe that, as with female genital mutilation, that is not an adequate protection for young women and girls in our country. I pay tribute to the Minister for her work on the Bill that became the Serious Crime Act 2015, which, among other things, provided anonymity for victims of FGM, created a new civil protection order, created a new offence of failing to protect a girl from FGM, provided for statutory guidance, and imposed a duty to report on public sector professionals such as teachers, social workers and doctors. I believe that all those protections should be considered in relation to the crime of breast ironing. I hope that the Minister will consider the creation of a stand-alone offence, and will also extend the protections in the 2015 Act to breast ironing.

As I hope I have demonstrated, this crime is not given the recognition that it needs to be given in our communities here in the United Kingdom. One of the main barriers that I have been able to cite this evening is a lack of awareness among all Government agencies, including police, local authorities and schools. The very people who should be keeping these girls safe do not know what to look for, and, more important, do not know where to look. I ask the Minister to undertake to ensure that the Department gives guidance to those Government agencies on how to spot the girls who are at risk. I also ask her to request the Department to make a thorough study of the prevalence of breast ironing in the UK. If we are to tackle this crime, we must find out where it is taking place and how many people are victims of it.

Yesterday, a colleague asked me why I, as a man, had chosen to speak about breast ironing. The answer is simple. If we in the House of Commons fail to act, if we fail to speak out about this horrendous and abhorrent crime, it is we who are letting young girls and women down here in our country. Unless we speak out and raise the profile of breast ironing, the hidden suffering of young teenage girls will always remain hidden.

8.18 pm

The Parliamentary Under-Secretary of State for the Home Department (Karen Bradley): I congratulate my hon. Friend the Member for Rossendale and Darwen (Jake Berry) on securing a debate about an important issue on which he has previously been campaigning. He should be assured that the fact that the subject is on the Order Paper has really made people sit up and listen today. I had to explain to a number of colleagues what this evening’s Adjournment debate was about, and the utter horror on each and every face when they understood is testimony to the importance of the debate and the fact that my hon. Friend has secured it.

One of my hon. Friend’s final points related to men raising these matters. These are not just women’s issues. This is violence against women and girls—some of it is

perpetrated by men and some by women—but we need men to speak out and make it clear that these practices are unacceptable. The excuse given for FGM, breast ironing and other so-called honour-based violence is that men require it, and that it has to happen to women so that men will accept them. That is simply not true, and men need to speak out and make it clear that that is not the case. I congratulate my hon. Friend and the other men who have spoken in the debate, as well as the women who have contributed. It is important that we all speak on this matter.

I want to make it absolutely clear that breast ironing is not just an abhorrent practice; it is illegal. It is child abuse, and no political or cultural sensitivities should ever be used as an excuse for us to stop tackling it. As my hon. Friend has noted, there are parallels between breast ironing and other harmful practices such as FGM. One such parallel is the fact that these practices are often hidden crimes, which makes it difficult for us to estimate their prevalence. We want to find the victims of these crimes and we want to stop the crimes happening, but we will be able to do that only if people and communities are brave enough to speak out and say that the practice is unacceptable. It is also the responsibility of the police proactively to look for these crimes and to devise and implement measures to increase the confidence of victims to report them and to give evidence.

Dr Whitford: As this practice is predominantly carried out during puberty when the girls are at school, should we not be educating them about it within the school system in the United Kingdom? Would that not encourage them to come forward?

Karen Bradley: The hon. Lady is absolutely right. I work closely with Ministers in the Department for Education to ensure that guidance material is available to enable schools to teach people about this. I will say more about that shortly. However, I know that certain professionals might feel reticent about the subject. They might feel that cultural sensitivities are involved or that there are political reasons why they should not go there. That is simply not the case, however, and we need to give those professionals the confidence to know that this is something they should be looking for, to know what the signs are and to take action. That is what we all need to do.

Kit Malthouse: I completely agree with the Minister. I wonder whether her Department, or indeed the police, might look at the French experience, which has involved a significant number of prosecutions and convictions, particularly for FGM but also for other harmful cultural practices. My hon. Friend the Member for Rossendale and Darwen (Jake Berry) made the point that one of the difficulties that the police sometimes face from a cultural point of view is that the perpetrator is often a family member. So we may well be prosecuting granny and putting her in prison, but even that is no excuse, and we need to lock some of these people up, if only to send a signal.

Karen Bradley: Let me address the point about convictions. My hon. Friend makes the point that France and other countries have had successful prosecutions resulting in convictions, but we have to accept that there are different legal systems involved. It is also worth

making the point that although FGM was first made a crime in 1985, the Crown Prosecution Service did not receive a single referral of a case that it might have been able to take to prosecution before 2010. That is why the organisations and community groups that work on this are very important, and we have to work with them at a community level. What my hon. Friend says is true: victims of FGM might have to give evidence in court against a family member.

We are sometimes asked why we cannot just go ahead and get a conviction, if we know that a crime has happened. Well, there are plenty of unsolved murders. There might be a body, and we might know that someone has been murdered, but we cannot necessarily get the evidence we need. This is about equipping the police, law enforcement agencies and other professionals with the tools that they need to gather the necessary evidence, information and intelligence. Like my hon. Friend, I want to see a conviction for this. We have had a successful conviction for forced marriage, and I want to see a conviction for FGM, but we all have to acknowledge and respect the difficulties involved in getting such a conviction.

It is important to remember that a conviction is in many ways a failure—a crime has happened. The more that we can do to prevent the crime from happening in the first place and to make it clear that the practice is illegal and therefore should not happen, the better the result will be. Where this crime does occur, we want to ensure that the law enforcement response is as robust as possible.

I want to discuss with my hon. Friend his thoughts about legislation, but let me be clear that breast ironing is against the law today. Although there are no specific offences, the police have a range of other offences at their disposal to deal with any cases that they encounter, including common assault, actual bodily harm or grievous bodily harm, child cruelty and causing or allowing a child to suffer serious physical harm. The Crown Prosecution Service takes seriously the effective prosecution of all forms of honour-based violence. In 2014-15, 225 defendants were prosecuted in cases flagged as having an honour-based violence component, a rise from 206 in the previous year, with 129 convictions—the highest ever recorded. However, it is true that we want more convictions. This debate can send a message to law enforcement and the CPS that we want the offence to get more attention.

In December, Her Majesty's inspectorate of constabulary published its review of the police response to honour-based violence. The review found some areas of good practice, but also raised serious concerns about the police's handling of such issues. I stress again that honour-based violence is a crime. The so-called honour-based context—there is no honour in any of these crimes—does not prevent it from being a crime. HMIC's report showed that the police were not bringing to bear some offences, such as domestic abuse or child abuse. We are working closely with HMIC, considering the report's findings, and working with police forces, the national policing lead and the College of Policing to ensure that we get the right guidance. That means further work and training to help to increase the understanding of crimes such as breast ironing.

On mandatory reporting, my hon. Friend talked about the measures that we introduced in the Serious Crime Act 2015 regarding FGM, which we know are working.

[Karen Bradley]

I had an email from my county council in Staffordshire only today saying that an FGM protection order had been put on a baby. It is absolutely fantastic that the orders are being used in practice and preventing this dreadful crime from taking place. We placed a mandatory reporting duty on professionals who are aware of FGM cases involving girls aged under 18. We are also committed to consulting on a mandatory reporting duty for all child abuse, and that consultation will start shortly. The consultation is broad and wide ranging. We are looking at various measures, including a mandatory duty to report all forms of child abuse. We will consider all responses, and I encourage anybody who is listening to this debate to make sure that they feed into that consultation.

Before I wrap up, let me mention the work that we are doing internationally. We know that cases of breast ironing have been documented in Cameroon and other parts of Africa. In Cameroon, the British High Commission has been working closely with the Minister of Women's Empowerment and the Family in co-ordination with local religious leaders on campaigns to raise awareness and to support a community-led change to end breast ironing.

My hon. Friend will know that last year the Prime Minister appointed my noble friend Baroness Verma as ministerial champion for tackling violence against women

and girls overseas. I work closely with her to ensure that we are doing all that we can not only in this country, but in countries where we know that there is a high prevalence, or a higher prevalence, of such practice. We need to tackle harmful practice overseas. I have met some fantastic charities that work with communities and stand up and say that this practice is wrong. They also try to get villages and tribes to say that it is wrong, because if they do that, the next village will follow. Fantastic work is being done.

There is always more that we can do. I am conscious of time, so I will finish by thanking my hon. Friend for securing this debate and commending the work that is being done by many organisations, particularly CAME women and Girls Development Organisation, to bring hidden practices, such as breast ironing, to the fore.

My hon. Friend has done a great service. He has raised awareness of this practice in a way that one is able to do in this Chamber. Sometimes we underestimate the power an Adjournment debate in this place to raise awareness of an issue. Let me reiterate that what we are talking about is illegal. It is a crime and it is not acceptable. I want to assure the House that the Government fully understand that and are absolutely committed to putting a stop to it.

Question put and agreed to.

8.30 pm

House adjourned.

Westminster Hall

Tuesday 22 March 2016

[GERAINT DAVIES *in the Chair*]

Faulty Electrical Imports

9.30 am

Carolyn Harris (Swansea East) (Lab): I beg to move,

That this House has considered the importation of faulty electrical goods.

May I say what an absolute pleasure it is to serve under your chairmanship, Mr Davies? I am very pleased to see you in the Chair today, and you may be aware that I am speaking today as the recently elected chair of the all-party parliamentary group on home electrical safety.

Today we take electricity for granted. Unlike gas, it is everywhere; it is in every room in our homes. Electricity created a United Kingdom that was able to shake off the cobwebs of the first industrial revolution. Today, electricity supports the economy, provides jobs, helps British businesses, and is used for practical and recreational purposes in homes across the country. However, I am not here to give a historical lecture on the value of electricity.

As I say, we take electricity for granted. However, in taking it for granted, we often forget its power and perhaps more importantly its danger. This debate is about how we make electricity and its use through electrical products safer in this country. Often, however, safety is being undermined by cheap, poorly constructed, substandard or blatantly counterfeit electrical goods. All our constituents are at risk from electric shock; from a fire in their home that is caused by one of these products; or even from death.

I will focus today on several issues: the importation of counterfeit and substandard products; their sale, which is often via the internet; the safety of legitimate electrical products; and enforcement of the law.

How do we prevent these faulty items from appearing in the marketplace? How do we help to protect British businesses and consumers? A UK charity, Electrical Safety First, which has been of great support to me in preparing for this debate, campaigns to improve awareness of how to use electricity and electrical products safely, and I sincerely commend its efforts in that regard. It has informed me that across the country around 70 deaths each year are caused by electricity, which is more than one death per week. Sadly, these deaths are usually not reported in the media, unlike deaths from gas. Incidents involving gas cause headlines, even though they kill only around 18 people each year. Electrical Safety First has also informed me that each year about 350,000 people suffer some form of electrical accident in their homes. Of course, many of these accidents will be caused by the misuse of electricity, but many others will happen because people have been sold a product that is either substandard or blatantly counterfeit.

Electricity is being exploited by rogue individuals who sell substandard or counterfeit electrical goods to UK consumers. This trend is being fuelled by the internet

and a lack of monitoring of sales: sales from well-known websites; sales from fake websites that are not based in the UK but appear to be; and sales through fulfilment houses, which are based in the UK.

My interest in this subject began following the tragic case of one of my constituents, Linda Merron, who sadly died as a result of a fire in her home in March 2015. The Mid and West Wales Fire and Rescue Service said that the fire was caused by a faulty electrical product—an electrical air freshener that was bought by Linda through eBay. Linda lost her life because of a small imported electrical item from China that had enormous and tragic consequences for her and her family.

Such a tragedy could quite easily happen to any one of us. Many homes throughout the UK will have electrical products in use that are either substandard or counterfeit. When I talk of a substandard product, I am talking about those products that are poorly designed or constructed, that could even have live parts openly accessible and that could cause a fire. When I speak of counterfeit electrical goods, they are not just almost always substandard but actually mimic a major brand's products. Often they look identical, including having identical packaging, and consumers are frequently unaware that they are dangerous, both to themselves and to UK businesses, which will lose out because of the trade in fake goods.

Of course, there is legislation that should have ensured that that particular item in Linda's home was safe to use, and all imported items should comply with that legislation. But are the laws working? Have they kept up with the development of the internet? Are they stopping faulty items from being imported through the major internet shopping sites? I do not believe that they are. I say to the Minister that I am no expert when it comes to the legislation and I am sure that he is not either, because it can get rather technical. However, I understand that the Electrical Equipment (Safety) Regulations 1994, which is a mouthful to say, the Plugs and Sockets etc (Safety) Regulations 1994, and the General Product Safety Regulations 2005 exist to ensure the safety of the public and to help to prevent faulty electrical products from circulating in the UK market.

I appreciate the response given to me in July 2015 by the Minister for Small Business, Industry and Enterprise when I tabled a written question on the efficacy of the Plugs and Sockets etc (Safety) Regulations 1994 in regulating online trading of electrical products. I was informed that the Government believe that those regulations continue to act as a practical and robust means of keeping both unsafe electrical products and those that do not have a safe means of connection to standard UK power sockets out of the UK market. But how would Linda Merron and all those individuals who buy items online know that? After finding items that are not appropriate for use in the UK, that are substandard, that cause injury or even tragic deaths, I ask: is the legislation robust enough to prevent tragedies such as the death of Linda Merron?

In fact, it is not just substandard and faulty items that are a concern. Counterfeit electrical goods are now big business. They are sold openly online, often through sites such as Amazon, Marketplace, eBay and Alibaba, a site I recently discovered that sells job lots of items to UK-based buyers, who then sell them on.

[Carolyn Harris]

Electrical Safety First published its report into the increase of counterfeit electrical goods, “A shocking rip off”, in November last year, just before the main season for buying electricals online—what we now commonly call Black Friday or Cyber Monday. The Minister will know that counterfeit electrical goods present a threat to the consumer, undermine UK business and legitimate manufacturers, and can be very dangerous, posing a risk of causing fire or serious electric shock—even electrocution. I agree with the report’s view that it has never been easier for counterfeit electrical products to enter the UK marketplace.

We need to recognise that the internet is fuelling the growth in the sale of faulty items, with sellers appearing, then disappearing, in quick succession. Also, legitimate sales websites, such as Amazon, Marketplace and eBay, are falling foul of these unscrupulous sellers, as are Facebook and other social media channels. Faulty items are being sold openly.

I am not suggesting to the Minister that the Government should regulate the internet—certainly not—but those companies that facilitate these sales must do more to prevent dangerous, substandard and counterfeit electrical goods from being sold in the first place. They know who the sellers are—they are their own customers—but what are they doing to stem the flow? More than £90 million is now spent on counterfeit and substandard products each year, and in 2013-14 customs officials detained 21,000 consignments of fake goods at UK borders.

That is all part of the huge increase in the number of counterfeit, substandard or faulty products being imported into the UK. Over the last three years, there has been an increase in the use of social media to advertise these products. According to Electrical Safety First, a quarter of people interviewed said that they had seen fake products being openly advertised on social media websites. Furthermore, 24% had knowingly bought a counterfeit product and 21% had done so to save money.

Those activities are damaging British businesses and costing jobs, and big brands—some of the most popular of which are NutriBullet, BaByliss, ghd, Dyson and Apple—are suffering from the might of the counterfeiters. Electrical Safety First mentions in its report that it obtained a fake NutriBullet through eBay as part of its research. When a locked rotor test—a test that simulates something such as nuts or a mass of ice jamming in the blender—was carried out, the fake appliance caught fire. That potentially would have caused a fire in someone’s kitchen.

Hair straighteners are commonly counterfeited, with a number of the premier brands, particularly ghd, faked. A genuine item usually retails for £100, but counterfeits are on sale on market stalls and on the internet for between £30 and £70. I have seen the packaging, and can testify to the fact that fake ghds are packaged so well that it is very difficult to tell the difference between counterfeit and genuine.

Fake Apple products are probably the most popular of the counterfeits entering the UK, chargers in particular. I am certain that most hon. Members, probably unknowingly, have in their possession a counterfeit Apple charger, and I put my hands up and say, “I know that I have”. According to Electrical Safety First, those were the items that were shown to be most dangerous

during testing. I am told that a genuine charger contains more than 60 individual components, while a counterfeit has at best 25, and some have as few as 19. The charger casings are also a cause for concern, as they are often only clipped together and not properly sealed, meaning that the user can access live parts and that moisture can enter the product. During testing, the products also had a greater probability of heating up and catching fire. The plastic used in counterfeits is often not the polycarbonate used in the genuine article but an acrylonitrile butadiene styrene—ABS—polymer, which is less resilient and has no fire retardant properties. The London fire brigade reports that the material gives off a thick, toxic smoke when burning, which poses additional hazards.

Therefore, is the legislation robust? Has it kept up with sales over the internet? I do not believe it has. I hope that the Minister will consider working with the all-party parliamentary group on how we all can not just raise awareness with our constituents but come forward with a strategy to tackle the issues, working with the likes of eBay and Amazon to prevent the sale of the items. Clearly, it is not possible for the average consumer to tell the difference between a genuine and a counterfeit article. Consumers do not have X-ray machines to tell them what components are inside—although, worryingly, I understand that you can buy an X-ray machine from Alibaba. That is how ridiculous the situation with online sales has become.

Of course, trading standards, prevention and enforcement are a big part of the solution. City and County of Swansea Council, with which I have spoken at length, has had its own difficulties with fulfilment houses that operate locally and sell on substandard and counterfeit goods but, given the funding cuts, it now has to prioritise the most dangerous articles to remove them from sale. It was only at Christmas that we saw the significant problems of house fires caused by substandard hoverboards imported into the UK—my assistant fell off one and broke her wrist. That is why we need experts working at ports and at airports such as Heathrow, where much of the mail with items bought on the internet enters the country.

The Minister for Small Business, Industry and Enterprise helpfully replied to me on 13 July last year, through a written answer, when I asked what steps the Government were taking to prevent counterfeit electrical products from being sold in the UK, to protect customers from electrical accidents:

“In February this year the Department for Business, Innovation and Skills pledged an extra £400,000 to help trading standards officers prevent dangerous goods being sold in the UK, and this includes £182,000 for its ports and borders project which is improving surveillance”.

That is welcome, but is the level of funding really enough? Can the Minister confirm whether the Secretary of State intends to extend the funding, given the cost to UK businesses if the goods enter the market? Trading standards are essential, including on the frontline at ports, but what about online? Is the Minister able to explain what support the Government are providing to officers for enforcement regarding the internet? What help can the Department give to trading standards to assist them in working closer with the likes of Amazon and eBay and to do more to remove offending electrical items that either are not compliant or are fake? How does he intend to tackle the scourge of fulfilment houses?

I appreciate that the Department has recently carried out a review of trading standards, but I believe that more needs to be done, with investment in officers who can look online, and work with the likes of eBay and Amazon to prevent the items from being sold in the first place. Perhaps the Minister can outline specifically what the review considers. If knives, pornography and other dubious articles are not allowed to be sold on the websites, the same should apply to substandard electrical goods that can kill.

I am mindful that the debate is about the importation of faulty electrical products. It is a great sadness that many appliances that used to be made in the UK are now made overseas. That manufacturing provided significant employment for our constituents, particularly in Wales—I believe my hon. Friend the Member for Merthyr Tydfil and Rhymney (Gerald Jones) will touch upon that in his contribution. I am certain that when the goods were produced here they gave local people skills and jobs, and they benefited both the local community and the companies that were making the components in the United Kingdom, not in countries such as China. How do we know that the component supply chain is of good quality and, most importantly, is safe?

I note that the Department recently published the Government's response to Lynn Faulds Wood's review on product safety, but will the Government's direction address what Lynn sought to achieve? Lynn has been at the forefront of campaigning on product safety, particularly on electrical goods, since the 1980s when she coined the phrase "potential death trap". With recent events with Whirlpool tumble-dryer fires and the importation of other faulty electrical products, are the Government seeing the issues as a priority?

Hon. Members on both sides of the House have recently raised concerns on the issue, and my hon. Friend the Member for South Down (Ms Ritchie) wrote to me as chair of the all-party parliamentary group about her concerns for the safety of her constituents and asked what action was being taken. The Minister knows that Whirlpool has issued a safety notice on some of its tumble dryers, but it is not calling for a product recall. I do not seem to have seen a Government response to the concerns, so can the Minister give us reassurances today about public safety and the recall system in this case? Is it acceptable that consumers will have to wait such a long time for repairs to their imported machines? He will know that the Chartered Trading Standard Institute has said that 11-month waits are unacceptable when the machines are potentially dangerous.

Can we also ask therefore whether manufacturers in the UK—not just Whirlpool—can have absolute confidence that components in these appliances are of sufficient quality? What market surveillance is being done to protect consumers, and what traceability is there of components in appliances that are manufactured abroad but sold in the UK? What comparison is there between recalls of goods manufactured in the UK and recalls of those manufactured elsewhere? Those are a few questions that the Department needs carefully to consider.

Mark Durkan (Foyle) (SDLP): My hon. Friend is opening the debate powerfully. Two years ago, the House was dealing with the Consumer Rights Bill. I tabled amendments and new clauses to the Bill, precisely to

address the issues of the safety of electrical goods and recalls, which were well supported by the then Member of Parliament for East Lothian. However, the Government tried to say that there was no issue—there was no gap, there was no problem—despite all the figures and all the evidence showing that there was.

Carolyn Harris: I appreciate my hon. Friend's comments, and I am sure any speech he makes later will reflect his thoughts.

Members of the House can help through the APPG on home electrical safety to find solutions and raise awareness. I am not sure whether the Minister has seen a counterfeit electrical product up close, but I hope he will join the APPG later this year. We have an event planned that will look at examples of counterfeit electrical goods that have been gathered. Perhaps then he will understand better.

In conclusion, the importation of faulty electrical products is an increasing issue, fuelled by the internet. It is costing lives. How many more incidents will happen before action is taken? How will trading standards be able to tackle the issue in an era of increasing change and with cuts to officer posts? I hope the Minister will give reassurance today that the Department for Business, Innovation and Skills is treating the importation of faulty electrical goods into the UK seriously. Government must have a role to play, even if it is only one of co-ordination. Action is needed now to protect our constituents and businesses in the UK. I hope he intends to outline how he can help us to achieve that.

Several hon. Members *rose*—

Geraint Davies (in the Chair): We have a limited amount of time. Front Benchers will start to contribute at half-past 10, so it would be helpful if Members can try to keep their comments down to around five or six minutes.

9.51 am

Margaret Ferrier (Rutherglen and Hamilton West) (SNP): It is an honour to serve under your chairmanship, Mr Davies. I thank the hon. Member for Swansea East (Carolyn Harris) for securing this important debate. She is the chair of the all-party group on home electrical safety, of which I am also a member.

The importance of the subject cannot be overstated. In my constituency in South Lanarkshire, which is home to the headquarters of the Scottish fire and rescue service, 214 house fires were caused by faulty electrical items in the past five years alone. That accounts for 13% of all accidental house fires during that period. Further south, the London fire brigade estimates that there is, on average, one fire in the capital caused by faulty white goods every day. Faulty and substandard electrical goods pose a real safety hazard. They can overheat, catch fire or cause electric shocks.

The problem of counterfeit electrical goods is becoming more prevalent. Modern technology has changed consumer habits and counterfeit goods have greater and more widespread availability. Research from the charity Electrical Safety First shows that a quarter of people have seen fake products openly advertised on popular social media sites. Thousands of items are now advertised every day

[Margaret Ferrier]

on such sites, which have fast become counterfeit marketplaces. Perhaps the rise in social media is a key factor in the huge increase in the number of counterfeit and substandard electrical goods coming into the UK. I would like to see the Government working closely with social media websites to counteract the sale of such goods. Trading standards faces increasing digital challenges, and it is only through working with sites acting as digital marketplaces that proper enforcement can take place. There has been a boom in the trade in counterfeit versions of must-have electronics. The number of fake mobile phones seized has risen by more than 50%.

The message that buying counterfeit electrical items is a risk not worth taking does not seem to be getting through. The demand for fake items continues to rise despite the risk to personal safety, which can sometimes prove deadly. Without a more accurate picture of the problem, however, it is difficult to know how it can best be tackled. I hope the Minister will consider conducting an assessment of the number of counterfeit electrical goods being imported into the UK, so that the full extent is laid bare. We need a greater understanding not only of the scale of the problem, but of the trends in popular items and marketplaces. A real strategy needs to be brought forward, and the trading standards review must include consideration of online shopping and the importation of faulty electrical goods into the UK. One thing that the hon. Member for Swansea East did not mention was that many people are now buying retro items online. They are a must-have, but the problem is that we do not know whether such items adhere to electrical safety.

Trading standards has become incredibly localised, and it is time to rethink that and ask how best we can enforce against illegal sales of counterfeit and substandard electrical goods, particularly over the internet. In addition to enforcement, public awareness should be utilised as a key method to combat the trade in such items. We are all no doubt aware of the craze last Christmas for so-called hoverboards, which the hon. Lady mentioned, and the many reported occurrences of fires starting while those devices were charging. Supply chains are increasingly globalised, and when such product crazes with huge demand come around, substandard products can be distributed to consumers much faster than ever before. It is important that consumers are fully aware of the risks posed. The problem with buying fake electrical items is that people do not know what they are going to get. There are records of people being electrocuted and seriously burnt by fake phone chargers.

We need to get the message across that buying counterfeit electrical items is a risk not worth taking, as it could risk a person's safety or worse, their life. According to research, about 2.6 million adults in the UK say they have knowingly ignored a recall notice. Some 77% of people say they would be more likely to respond if they understood the potential dangers. More work clearly needs to be done to better educate people on the risks, which underlines the need for a modern approach to trading standards to complement the traditional localised model.

I hope that the Minister will respond to some of the points I have raised. In particular, I would like some answers to the following questions. Will he commit to

conducting an assessment of the number of counterfeit electrical goods being imported into the UK? That would be the first step towards supporting trading standards in tackling the problem. I also wish to see an undertaking to subsequently bring forward a strategy to deal with the issue. Can he provide more detail on how online sales of counterfeit electrical goods through social media channels are tackled? Do the Government work with the likes of Facebook to counteract such sales? If not, will he commit to looking at that as a priority?

How will the Government ensure that all electrical goods sold to UK consumers, including online, are compliant with British electrical standards, such as the Plugs and Sockets etc. (Safety) Regulations 1994? Will the Government ask the large online auction sites to work with sellers and have a charter mark for safe electrical goods? Will the Minister give an overview of the activities undertaken to raise public awareness of the dangers posed by counterfeit electrical goods? What is being done to foster greater understanding of the risks of electrocution and fire from buying electrical goods that have not been built to a sufficient standard? It is our duty as parliamentarians to highlight the dangers and to do our best to keep our constituents safe. I thank the Minister for listening, and I look forward to his response.

Several hon. Members *rose*—

Geraint Davies (in the Chair): Order. The opening speech was 20 minutes, and I will need to allow about 10 minutes for each of the three spokespersons at the end, so Members have about five minutes each.

9.58 am

Gerald Jones (Merthyr Tydfil and Rhymney) (Lab): It is a pleasure to serve under your chairmanship, Mr Davies. I am pleased to take part in this important debate, and I congratulate my hon. Friend the Member for Swansea East (Carolyn Harris) on securing it. As I mentioned before the sitting, I apologise for not being able to stay until the end. I have to attend a Public Bill Committee.

I, too, am a member of the all-party group on home electrical safety, and I come to the debate because of the historical links that my constituency had with electrical appliance manufacturing for many years. I would therefore like to focus my remarks on issues to do with product safety and how the importation of electrical products may be damaging business and undermining consumer confidence in the UK.

In Merthyr Tydfil, we have a proud history in the manufacture of washing machines. The Hoover factory opened in Pentrebach in my constituency in 1948 as part of the Labour Government's work to ensure manufacturing advances in the UK after the war. Hoover's major global expansion saw factories making washing machines in Merthyr Tydfil and its famous vacuum cleaners being manufactured in Scotland. Hoover soon became the market leader in the UK because the products were made here to high standards and were not imported.

Hoover's UK manufacturing in Merthyr Tydfil gave people jobs for life. Many generations of my constituents worked in the factory. In 1973, Hoover's 25th anniversary in the town, 5,000 people were employed making washing machines, tumble dryers and dishwashers. Perhaps bizarrely, in the 1980s, as the Minister may recall, the Sinclair C5

vehicle was made in Merthyr Tydfil, although that mode of transport had a quick demise. Manufacturing in the UK had reached its peak, unfortunately. Tragically, it has been allowed to drift away and we now rely on imports.

On 14 March 2009, manufacturing came to an end in Merthyr Tydfil with Hoover's closure, which meant that 337 people lost their jobs. The site is now virtually empty. The headquarters remain, along with a warehouse facility. Despite the closure and the decision to move production to the far east, Hoover is still revered in Merthyr Tydfil by its former workforce. Appliances were built locally, giving jobs to the local economy and benefiting people's lives.

I do not want to focus just on Hoover's decision, as devastating a blow as it was in 2009. Many other manufacturers have decided to send production overseas and now import electrical goods into the UK. How can we be sure of the credibility of the component supply chain to large companies, and how do we ensure proper quality of the finished product and that it is built to last? When production was in Merthyr Tydfil, Hoover benefited from local component manufacturers, which in turn benefited from Hoover. Hoover had greater control over the supply chain and was able to assess whether components were of sufficient quality.

My hon. Friend the Member for Swansea East has already mentioned the issues with tumble dryers that many of our constituents face. Given the wet weather in Wales, many of my constituents rely on tumble dryers, many of them made by Whirlpool, which owns the Hotpoint and Indesit brands. As we know, Whirlpool has issued a safety notice for its large air-venting tumble dryers, owing to a fire risk. The Minister will be aware of the ongoing issues, as the matter was raised in Business, Innovation and Skills questions last week. The manufacturer has advised that the machines should not be left unsupervised. Some 4.3 million machines need to be fixed, so it is clearly an enormous task for the company.

I understand that our constituents will have to wait potentially 11 months or more for appropriate repairs to be made to the faulty imported appliances. How many fires could break out in that time? Can the Minister give us an assurance as to what his Department is doing? Has he, or have his ministerial colleagues, met Whirlpool to discuss the issue?

What is even worse is that the company is trying to sell its customers who contact them with concerns a new tumble dryer for £99 that is also subject to safety concerns. As my hon. Friend the Member for Swansea East highlighted, the Government tasked Lynn Faulds Wood with reviewing product safety, and the Minister for Small Business, Industry and Enterprise said in the Government's response to that review that she takes the issue very seriously. I am pleased to note that. However, the Whirlpool issue is a key case that needs to be given serious attention, and quickly. The UK charity Electrical Safety First, which campaigns to protect consumers from electrical accidents in the home, has provided a briefing to the all-party group.

Given the time available, I want to move on and flag up the issue of hoverboards, which the trading standards department in my constituency, along with others across the country, has recently dealt with. As the two previous speakers have highlighted, we know that more than

15,000—88%—were unsafe and detained at the border, but I am concerned about those that got through. That issue had much publicity across the country at the end of last year. Some of the stories we have heard are deeply worrying, and I want the Minister to consider what more can be done to raise awareness of the issue.

Geraint Davies (in the Chair): Jim Shannon, you have five minutes.

10.4 am

Jim Shannon (Strangford) (DUP): It is a challenge to do five minutes, but I will do my best, Mr Davies. I congratulate the hon. Member for Swansea East (Carolyn Harris) on securing this debate. She focused comprehensively on the subject.

I think it is important that we give thought to the 13 people killed in Brussels on the metro and at the airport, and to the many others who have been injured. Prayerfully, physically and emotionally, we commend them all in our hearts and thoughts at this time.

To come back to the debate, 24% of household fires in the past five years were caused by electrics, as hon. Members have said. Irresponsible behaviour and accidents can happen, but the majority of cases are due to faulty electrical equipment. People's lives and livelihoods are literally at stake as a result of the trade in faulty or illicit electrical goods. In December, my hon. Friend the Member for East Londonderry (Mr Campbell) tabled an early-day motion, which I was happy to sign, urging families and friends to take extra care and be aware of electrical safety, especially in the homes of elderly relatives and friends, during the Christmas period. We had a chance to highlight the issue at a reception here. It is important to use our positions as public representatives to raise awareness of the risks and urge people to take heed of warnings, but, no matter how aware people are of the risks, there is still the problem of electrical faults that happen without any human error on the part of the consumer.

The hon. Member for Foyle (Mark Durkan), who is no longer in his place, has been a champion for consumer safety and I commend him for his hard work. More than £90 million is spent on counterfeit products each year, and in 2013-14 customs officials detained some 21,000 consignments of fake goods at UK borders. In just one operation alone, almost 170,000 dangerous and counterfeit goods were stopped from entering the UK by border staff at Dover docks in one of the biggest ever hauls at the port.

As hon. Members have mentioned, the manufacturing base in the United Kingdom has long eroded. Manufacturing has gone to the far east, China and eastern European countries, where the same levels of control are not as apparent as they are back home. That has been a disappointment not only because of the jobs that have been lost, but because the quality of goods cannot be secured in the way that we would like.

There has been a huge increase in the number of counterfeit and substandard electrical goods coming into the United Kingdom of Great Britain and Northern Ireland. These counterfeit products follow the trends in must-have items. The must-have item is incredible; everybody must have it irrespective of what it is. The number of fake mobile phones seized has risen by more

[Jim Shannon]

than 50%, as have other top electrical fakes, including hair straighteners, which I do not have to use, and games. Those are simply examples of things that people want. Despite campaigns to heighten awareness of the risks of counterfeit electrical goods, 24% of people have knowingly bought a counterfeit product; 21% would consider buying one to save money; and 16% do not think counterfeit products would put them at risk.

Clearly, the public have to be educated. They have to understand what might happen. By and large, if they buy it cheap, they buy a problem as well. Is legislation robust enough? Shortly, I will come on to the things that trading standards have said we must do. We need a two-pronged approach to continue and strengthen the campaigns to raise awareness, but the Government must have a role in this, too. I am pleased to see the Minister in his place. I know we will get a robust response from him, and also from the shadow Minister as well.

The UK's electrical safety experts, Electrical Safety First, want to see a review or an assessment of the number of counterfeit electrical goods being imported into the UK and a strategy from the UK Government to support trading standards to tackle the problem. Electrical Safety First is largely considered the most reputable in the sector, so it is worth listening to its recommendations, which are important. It is calling for a proper assessment of the number of fulfilment houses and their involvement with the distribution of counterfeit/substandard goods; ensuring that all electrical goods sold to UK consumers, including those sold online, are compliant with British electrical standards such as the Plugs and Sockets etc. (Safety) Regulations 1994; asking the large online sales auction sites to work with sellers and have a charter mark for safe electrical goods; and ensuring that the trading standards review includes consideration of online shopping and the importation of faulty electricals into the UK and how trading standards can enforce against illegal sales of counterfeit and substandard electrical goods.

We need to address the issue of eBay purchase when the driver for the person on eBay is what is cheap rather than what is best or safe. Electrical Safety First also recommends that the Government ensure the product safety recall system is robust, and it supports the setting up of the steering group by the Department for Business, Innovation and Skills to ensure a way forward to protect consumers. Those are not unreasonable requests. Indeed, further to my earlier point, there is only so much that raising awareness and taking care can do. Accidents and incidents still happen that could be prevented by better Government action to tackle the issue of faulty and counterfeit electrical products.

Parliamentarians need to come together and raise awareness in all constituencies throughout the country, and the relevant bodies, both public and private, need to play their part, but it is also clear that further Government action is needed. There have been fatalities as a result of counterfeit and faulty electric goods. Awareness campaigns can only do so much. We need action from the Government to protect citizens from the harm of counterfeit goods and action to bring to justice those who import and distribute these goods.

Several hon. Members *rose*—

Geraint Davies (in the Chair): Order. Thank you, Mr Shannon, for your words about Brussels. I am sure that all our thoughts and prayers are with the victims and the people of Brussels. I call Carol Monaghan.

10.10 am

Carol Monaghan (Glasgow North West) (SNP): It is a pleasure to speak in this debate, and I thank the hon. Member for Swansea East (Carolyn Harris) for securing it. Unlike her, I will give a bit of a history lesson. The first people who are documented as having dealt with electricity were the ancient Greeks—Members are going to enjoy this.

Geraint Davies (in the Chair): You only have five minutes.

Carol Monaghan: The ancient Greeks realised that when they rubbed pieces of amber with a cloth to polish them they got sparks. They had no idea why, but they quite enjoyed the effect. In ancient Greek, amber is called *elektron*, which is where we get the word “electricity” from.

Some big names in electricity include Alessandro Volta, Luigi Galvani and Benjamin Franklin—they all played around with electricity. I mention those greats of electricity because none of those scientists had any idea of how electricity was going to be used. It was used for after-dinner entertainment—for example, small experiments were conducted instead of having a conjuror. The Victorians found some uses for electricity, one of the first of which was lighting. They realised that if they had a table cloth with electrical elements running through it, they could plug the prongs of a table lamp directly into the table cloth and light the dinner table. That sounds great—until a drink is spilled on to the table.

We can all laugh at that, but such ridiculous—possibly very creative—inventions were no more dangerous than some of the goods that are currently on sale. When current goes through any wire it generates heat. We need the correct flexes to cope with the current going through them. That is why we have different flexes for different purposes. One of the problems with counterfeit goods is that they do not necessarily have the correct flex for the appliance, which means that when the appliance draws current the flex can heat up and melt, causing a fire. That is one of the big problems with counterfeit goods.

For consumers, price is often a great driver. I just did a quick check of the internet. I do not have an iPad charger with me today. Were I to go to a local retailer and buy a genuine iPad charger, it would cost me £15 for the plug and £15 for the wire—a total cost of £30. On Amazon today, I can get a charger and wire that looks like an Apple charger for £8.99, including postage and packaging. That is what drives many consumers to take risks—especially low-income consumers who are trying to get goods that they think are going to do the job for them. Genuine retailers, especially those selling things as simple as a charger, must look at their pricing. I am not suggesting that they can produce an iPad charger for a knock-down price of £8.99, but £30 to charge my iPad seems a little excessive.

Sites such as Amazon and eBay should take responsibility for the goods sold on their sites. It is not just about iPad chargers. The hon. Member for Swansea East mentioned ghd straighteners. Let us say a genuine set comes in at

£100. I might want to buy a set without realising that they are counterfeit: I might think it is just a good deal. I might buy them, not at a market for £30, but online for a “Today’s special deal” of £90. That is close enough to the right price for people to think the straighteners are genuine. They pay the money, thinking they got a good deal, but in fact they got a death trap. Online marketplace sites must take responsibility for the goods and sellers on their sites, and the Government must take action against retailers whenever the goods they are selling are not up to standard.

Finally—despite my history lesson, Mr Davies, I am keeping to the time limit—it is important to raise public awareness. As my hon. Friend the Member for Rutherglen and Hamilton West (Margaret Ferrier) said, it is not enough just to talk about the recall of particular items. Tell the public the reasons why and what can go wrong. Give them photos. Make them aware and educate them so that they can make informed decisions about the goods they buy.

Several hon. Members rose—

Geraint Davies (in the Chair): Order. Your timekeeping and history were commendable, Ms Monaghan. I call Jim Fitzpatrick.

10.16 am

Jim Fitzpatrick (Poplar and Limehouse) (Lab): It is a pleasure to serve under your chairmanship, Mr Davies. I congratulate my hon. Friend the Member for Swansea East (Carolyn Harris) on securing this important debate and thank her for her effective presentation of all the issues, many of which have also been covered by the colleagues who have followed her. I am happy to follow the hon. Member for Glasgow North West (Carol Monaghan). We southsiders are always happy to learn from the north of the city and, having learned, take the lead and show the way. I will try to copy her timekeeping as well, Mr Davies.

I am secretary to the all-party group on fire safety and rescue. Several colleagues present are active in the group. The next meeting is at half-past 1 today, but I understand that colleagues might be conflicted given what will be going on in the Chamber at the same time. I express my appreciation to Rob Jarvis-Gibbons and his colleagues at Electrical Safety First for their briefing for this debate. I do not intend to repeat the many issues raised so clearly and effectively by previous speakers, so I expect my contribution to be brief. I look forward to the responses from the Front-Bench spokespersons, especially that of the Minister, who this morning has to be not only the authentic voice of the Conservative party but its only voice. Given the importance that the rest of us attach to the debate, that is a wee bit sad. That is not a criticism of him or his Department. As has been articulated, we are all looking for reassurance on this matter.

My hon. Friend the Member for Swansea East has raised the important issues: brand imitation, substandard products, the risks from online sales and unscrupulous sellers, and the ability of trading standards officers to respond to growing risks in the face of budget restraints and cuts. Additional risks are posed by consumers who do not respond to manufacturer recalls, as the hon. Member for Strangford (Jim Shannon) mentioned. He

cited the very worrying statistic that only 10% to 20% of recalled products are returned or repaired. ESF’s analysis found that consumers did not respond because they were worried that they would be targets for future marketing campaigns. Although that sounds strange, it has a realistic ring to it. Manufacturers have to address that worry.

Given the growing threat, I am interested to hear how the Government feel they are doing in protecting the public. As has been mentioned, ESF estimated the counterfeit trade to be worth £90 million in 2013-14—in that year alone, customs detained 21,000 consignments at UK borders. I have several questions for the Minister that are similar to those asked by the hon. Member for Rutherglen and Hamilton West (Margaret Ferrier). In fact, I think some are the same as hers, which should save the Minister’s time. Hopefully he will be able to provide responses.

Do the Government believe that the ESF analysis covers the scope of the problem, or do they think it is far more serious? The lack of a proper assessment leads to concerns that perhaps the figures are even worse than those in the public domain. Do the Government have a strategy to support trading standards officers in tackling the problem? What efforts are the Government making to tackle online sales of dangerous products? What liaison has there been with online companies and social media sites?

When was the last review of the legislation covering these areas? As my hon. Friend the Member for Swansea East said, and as ESF highlighted, the legislation is from 1994—well before the explosion of internet trading. Are the Government confident that the law as it stands is robust enough for the present day? Have they reviewed the recent trend of fires in domestic premises caused by electrical sources? If so, what evidence did they find? If not, will they do so in conjunction with the Minister for Policing, Fire, Criminal Justice and Victims?

I do not for a second question the Government’s intention; they take this matter very seriously. We simply seek reassurance that we are doing everything possible to ensure that the good people on the frontline have the resources and tools they need to do their job and protect society. As many colleagues know, I was in the London fire brigade for 23 years before I was elected to represent my constituency. Fire service personnel will always put themselves at risk to deal with fires, but despite the efficiency of the British fire service 70 people died. The fire brigade cannot protect everybody, so the Government must ensure that things do not get that far. The purpose of today’s debate is to ensure that matters do not come to such a tragic end. However consumers buy electrical goods in the UK, they must be able to do so in the confidence that they are not buying a product that could harm them or their family.

Geraint Davies (in the Chair): Thank you for your brevity. To continue the melody of Celtic voices, I call Martin Docherty-Hughes.

10.21 am

Martin Docherty-Hughes (West Dunbartonshire) (SNP): It is nice to see you in the Chair, Mr Davies. I am pleased to take part in this debate, and I congratulate the hon. Member for Swansea East (Carolyn Harris) on

[*Martin Docherty-Hughes*]

securing it. I must declare an interest: I was formerly the secretary of the Scottish Accident Prevention Council, so I am keenly aware of many of these issues. For the record, I have never used hair straighteners—faulty or otherwise.

Geraint Davies (in the Chair): Nor have I.

Martin Docherty-Hughes: Households face the continuing challenges of squeezed incomes and rising prices for essential goods and services, so consumers are increasingly vulnerable to making distressed purchases. Many are tempted to buy fake and often faulty electrical goods. Like others, I am particularly worried about my constituents on low incomes. The elderly and others in disadvantaged situations are particularly susceptible to exploitation by unscrupulous businesses seeking to benefit from consumer vulnerabilities.

Inferior electrical goods pose a host of dangers to the public, and often leave behind a legacy of safety concerns and property damage, about which we have heard today. As other hon. Members highlighted, counterfeit electrical goods follow consumer trends—fake Fendi handbags cannot really injure people, but a faulty fake washing machine can kill people in their beds with smoke and fire.

Fake items often contain faulty parts that can overheat, catch fire or cause electric shocks. Like many other hon. Members, I have read the Electrical Safety First report, “A shocking rip off”, which found that a key reason why fakes are sold so cheaply is that they often have no short-cuts, lack specific components or contain substandard ones. According to the charity, the increasing sophistication of fake production means that often the only way of identifying items as counterfeit is by checking their internal components, but that is not on many of my constituents’ minds when they make a purchase, particularly if they do so online.

It has never been easier for counterfeit products to enter the UK marketplace, given the number of internet-based sales portals and social media marketplaces. Anyone with a bank account and internet access can import products from anywhere in the world. I do not want this debate to be about preventing them from doing so; that is not what we are talking about. At the same time, the resources of the agencies tasked with tackling the counterfeiting menace are being spread even more thinly, as alluded to a moment ago.

Faulty electrical products are thought to cause billions of pounds-worth of damage every year, both from the economic impact and from the fires and injuries they cause when they malfunction. Although the figures for fires caused directly by counterfeit electrical products are hard to come by, fires caused by electrical products are responsible for nearly 3,000 domestic house fires in Scotland alone per year. The average cost of a house fire is estimated to be about £44,500. Even if only a small proportion are due to faulty electrical goods, the direct financial impact is likely to be significant, leaving aside the human cost of such fires.

In my constituency—the one and only West Dunbartonshire—between 2009 and 2015, more than 11% of all accidental house fires were caused by faulty electrical items. I was further worried to learn that

Citizens Advice Scotland reported a 17% increase in annual calls from consumers who have concerns about electrical products. Although much has already been done to tackle the importation of faulty electrical goods into Scotland and the rest of the UK, those figures show that there is a real need to fully understand the issue and to deal with it sooner rather than later. In liaison with partners, including Electrical Safety First, the Scottish trading standards services are working hard to identify and take robust enforcement action against the supplies of faulty electrical products.

In my constituency, West Dunbartonshire trading standards officers work tirelessly to protect consumers from imported and often unsafe electrical products. In the run-up to Christmas 2015, they prevented 1,000 non-compliant hoverboards—that ubiquitous item—from entering the UK. We have all read about the safety issues surrounding that newest fad gadget. In that case, it was deemed that the boards contained faulty plugs, cabling, chargers and batteries, which could have led to the devices overheating, exploding or catching fire.

Recently, the West Dunbartonshire trading standards office, like many other trading standards offices across the UK, has been contacted by worried consumers who have fire safety concerns about recalled tumble dryers. One of my constituents who has responded to the recall has been told that they will get their modification visit in May 2017. That is a scandal. They are supposed to continue to use the potentially dangerous product in the meantime or to take up the company’s generous offer of a new machine for £99 in place of modification.

The Scottish Government have proposed to the Smith commission that consumer protection be fully devolved to Scotland. I ask the Minister, why is it not? Why are we not helping consumer protection organisations to work together across the rest of the UK? More importantly, why are we not bringing consumer protection closer to the consumer?

10.26 am

Alison Thewliss (Glasgow Central) (SNP): It is a pleasure to see you in the Chair, Mr Davies. I thank all hon. Members who have spoken, and I congratulate the hon. Member for Swansea East (Carolyn Harris) on securing this important debate. I pay tribute to the staff at Electrical Safety First—in particular, Wayne Mackay for the briefing that he gave all of us. I will do all I can to share it with members of the public, because it contains a lot of interesting information about electrical products that they would not necessarily know from comparing two items.

I also pay tribute to the Scottish fire and rescue service, which works with Electrical Safety First and does lots of community outreach work, including home fire safety visits to inform people about the risks in their own home and to draw attention to such items. They are free to members of the public in Scotland and are well worth doing. I pay tribute to the many trading standards officers around the country who work incredibly hard to highlight these issues. In Glasgow, a lot of work is going on in the Scottish Anti Illicit Trade Group and the Scottish National Markets Group. Glasgow’s scientific services department does much testing of these items, which is really important.

There has been an interesting change in the way that such items reach us over the years. Previously, we might have picked them up in a market or a small shop, but since the legislation was introduced in 1994 there has been a move to online shopping. At about that time, eBay and Amazon were founded. We could not have predicted the increase in the volume of online shopping and the way that trend changed over time. A lot of hon. Members have talked about that. When people buy things online, it is difficult to ascertain their quality and legitimacy. The legislation is ripe for review. We must address those issues, because those changes to the market could not have been anticipated in 1994 when the legislation was introduced. The work that has been done to highlight these various issues is very important. The hon. Member for Swansea East talked about monitoring these issues and the sale of such items, and I support her call for action. The Government must do something about this.

Although it is important that we all raise public awareness in our communities, as the hon. Member for Strangford (Jim Shannon) said, that is not enough. We can raise awareness as much as we like, but without the legitimacy of legislation to crack down on traders on popular websites such as Amazon and eBay, we will be stuck. Nothing will help our consumers more than legislation. If illegitimate sellers suffer no penalty for what they are doing, they will continue to do it.

My hon. Friend the Member for Rutherglen and Hamilton West (Margaret Ferrier) said that it was important to have a full investigation of trading standards throughout the UK to see where there are gaps and to ensure that people are protected equally around the country.

Another interesting issue is that of retro items, older electrical goods that people want to have in their homes but might fall foul of the legislation—perhaps they were made just before 1994, or are much older. Such items are being sold and kept in homes, although people might not realise the potential difficulties because of the safety standards that are not present.

Jim Shannon: Some of the advertising on eBay and Google advertises a genuine product. However, an Apple product cannot be genuine if it is only £2.89—let's be honest. Perhaps the Government need to look at the advertising as well.

Alison Thewliss: The advertising issue is significant. During the speeches, my hon. Friend the Member for Glasgow North West (Carol Monaghan) and I were looking online at such advertising, and the products are all described as genuine. People should not be fooled into thinking that “genuine” means genuine in such cases, because they simply cannot be so.

The hon. Member for Merthyr Tydfil and Rhymney (Gerald Jones) spoke passionately about the history of manufacturing in the country and in his constituency, with particular reference to the Hoover factory. That is a critical point: when we employed people locally in the UK to produce the goods, we all had a stake—we knew, or we could trace the supply chain back to, the people in the factories. Everyone had an interest in ensuring that the products or their components were safe and legitimate, because everyone knew who would be buying the end

product. Producing locally has an impact—people know who will buy the products, and we can all feel more secure when we have a stake in their production.

Margaret Ferrier: I pay tribute to the people in my constituency, in Cambuslang, where we had a Hoover factory that started in 1946. As my hon. Friend said, people have a personal pride in what they produce. As soon as the manufacturing left the UK and went abroad, we had no safeguards as to quality. It is a bit like the steel industry today: we do not know what the quality of the steel coming into the UK is. More than 2,000 people in my constituency worked in the Hoover factory—I pay tribute to them. In fact, I thought that the word for a vacuum cleaner was a Hoover, because it was so well known.

Alison Thewliss: My hon. Friend is absolutely correct. A side issue is the unknown conditions in which those items are produced; we do not know the standards for the factories that staff are employed in and, often, stories in the media show factories to be a kind of sweatshop. People employed in such conditions do not have the same stake in ensuring a quality product at the end of the day. They are being exploited as much as consumers in this country are being exploited.

The hon. Member for Strangford mentioned the must-have items, and that they drive demand is an important point. People are persuaded to buy cheap and cut corners in order to meet the demand and to make their consumer choice.

We also need to think a bit more about the points about price, as my hon. Friend the Member for Glasgow North West said. There is a cost involved in buying any product, but it seems that many of the big, legitimate companies retailing electrical goods know that too and they are putting a premium on many of their products; they are making a significant profit on these items and, as a result, people choose the cheaper route. The big retailers need to be a bit more responsible about their marketing and the price points they choose.

My hon. Friend also spoke passionately about the history of electrical items. It is absolutely true that electricity has always involved risks; the difference now is that we ought to have legislation in place to control them. In our era, we understand the risks—in particular, with physics teachers up and down the country, we understand a lot more about how electricity works, as well as its accompanying risks. We need to be a lot more careful about how we control electrical products in this country.

I am glad to welcome the contribution made by the hon. Member for Poplar and Limehouse (Jim Fitzpatrick), who is a former firefighter of 23 years' service. I served on the board of the Strathclyde fire and rescue service, which does a great deal of outreach work as well and would echo what he said about house fires. Firemen do not want to have to rescue people from house fires resulting from something that could have been prevented far further down the line.

There have been two serious house fires in Glasgow in the past week, and the people affected are very much in my thoughts and those of my colleagues in Glasgow. I do not yet know the cause of the house fires, but if there is a way to protect people and prevent house fires—as my hon. Friend the Member for West

[Alison Thewliss]

Dunbartonshire (Martin Docherty-Hughes) said, they cause so much damage—given both the human and the financial cost, there is work that we must do.

On the matter being devolved to Scotland, work going on shows that there is a will in Scotland to tackle the issue of counterfeit goods. A lot of good practice is happening in Scotland, but we are mindful of the ports around the country—we are on an island and can control, to some degree, what comes in through our ports. I would like to see greater investment in that. As we see from media reports, when things are stopped in port, they can be taken out of the market altogether.

One other point to throw in is that people are now importers of goods themselves. They can get around the ports and so on by ordering things from abroad. A constituent of mine even ordered a Taser over the internet and had it delivered to his house—to be clear, he immediately took it to the police. If people can order something such as that, ordering a plug charger or something is pretty easy. I want to see more control over what we can order ourselves and over what can be imported.

Again, I thank the hon. Member for Swansea East for securing the debate.

10.36 am

Yvonne Fovargue (Makerfield) (Lab): It is a pleasure to serve under your chairmanship, Mr Davies.

I, too, associate myself with the remarks of the hon. Member for Strangford (Jim Shannon) about the people in Brussels. Our thoughts are with them today.

I congratulate my hon. Friend the Member for Swansea East (Carolyn Harris) on securing this important debate. I wish every success to her all-party group on home electrical safety. The issue is really significant, and in common with many Members throughout the House I pay tribute to Electrical Safety First, not only for its briefing but for the work it has done in the past, and I am sure will do in future, to highlight this important subject.

As we have heard, there is clearly a problem with the importation of faulty electrical goods, which seem to be flooding into the UK at the moment. As the hon. Members for Rutherglen and Hamilton West (Margaret Ferrier) and for Strangford said, however, we do not know how many electrical goods are being imported into the UK. I want to see an assessment of the amount, because what is caught at ports and borders is a small part of the overall number.

More than £90 million is spent on counterfeit products each year. As we heard from my hon. Friend the Member for Swansea East, the issue is partly one of intellectual property—many of the goods imitate those of well-known manufacturers, which have spent years building their reputations and garnering good will. My hon. Friend the Member for Merthyr Tydfil and Rhymney (Gerald Jones) spoke passionately about how the Hoover factory was integral to his constituency and about the pride people felt in that product.

Even now, undercutting the real thing damages legitimate businesses, wherever they are. Of course, the customer suffers. Made of cheap materials and shoddily put

together, counterfeit goods perform badly and often break down, leaving the customer dissatisfied and out of pocket. More importantly, however—certainly to the debate today—such goods are not only substandard, but often dangerous to use. There is a real risk that they will increase the number of domestic fires. My hon. Friend the Member for Poplar and Limehouse (Jim Fitzpatrick) knows well the associated risks and the cost of domestic fires, whether human or economic.

As we heard from my hon. Friend the Member for Swansea East, over Christmas there was a spate of stories about counterfeit electrical goods—NutriBullets, hoverboards, dangerous hair straighteners, Apple accessories and so on. According to Electrical Safety First, more than 17,000 domestic fires a year in this country are caused by faulty appliances, with 40 to 45 deaths. Surely they should be more preventable.

Of course, it is easy to say that customers should be a bit more careful and check what they are buying, but often it does not occur to them that what they are buying could kill them. People tend to trust implicitly goods bought on trusted internet sites, assuming that they must be legitimate to be accepted on to sites such as eBay. We need more legislation to make websites responsible for the products that they sell.

People assume, like when they buy a fake leather bag when on holiday in Turkey, that they are simply getting a good deal, because the real thing seems overpriced. As we heard from the hon. Members for Glasgow North West (Carol Monaghan) and for West Dunbartonshire (Martin Docherty-Hughes), people on a low income always want to save money on goods, and the real thing is often overpriced. Many people—a quarter of people—buy fake goods knowingly.

We need more public education. I admit that I spent the weekend checking my iPhone chargers to see whether they are genuine, and it is really difficult to tell. What are the Government doing to increase consumer knowledge of the dangers of counterfeit goods and, equally importantly, of how to identify them? I had a magnifying glass out to look at some of the chargers to see whether the words were spelt correctly and whether they had a CEE notice. Surely, as the hon. Members for Strangford and for Rutherglen and Hamilton West mentioned, a charter mark would be an extremely sensible move so that such items are easily identifiable.

On consumer protection and the need to ensure that goods do not find their way into Britain, we have heard about the ports and border agents. Counterfeit goods should be quickly confiscated if found. However, we need to look again at product recall. Only last month the consumer campaigner Lynn Faulds Wood completed her independent review, in which she branded the product recall system as “out of date” and not working well enough.

Many people have mentioned the case of the Hotpoint tumble dryer that caught fire and destroyed a house. Two weeks on from news breaking of the Hotpoint, Indesit and Creda tumble dryer safety alert, the manufacturer had still not listed the affected products that potentially posed a fire risk. When a safety risk is discovered, the onus to initiate recall seems to be entirely on the manufacturer. That is not effective; the onus needs to be elsewhere. Certainly, as my hon. Friend the Member for Poplar and Limehouse and the hon. Member for Strangford said, people do not always fill in the little

cards to register their goods. Why not? Because they assume, like everything else, that they will get loads of manufacturer information landing on their doorstep daily.

What happens to those who move house? No one keeps manufacturers up to date—I cannot remember doing that—which is why I support Lynn Faulds Wood's central recommendation for a national product safety agency, endorsed and backed by the Government. It would be good to know whether the Minister feels that would be effective. Surely it is no coincidence that recall works so much better for unfit food, for which we have the Food Standards Agency.

Underlying the central recommendation is a call for improved funding and resources for enforcement agencies. We have heard a lot about how legislation needs to be strengthened, but it is no use having legislation unless we enforce it. Trading standards in particular has had huge cuts under this Government and the coalition Government—it has suffered a 40% cut since 2010. Some offices report a halving of staff; in fact, I have heard of offices that have only one staff member to protect the public.

In a recent exchange with me, the Minister said:

“Trading standards services are merely one of the enforcement mechanisms for consumer rights. Consumers can enforce their own rights, as established by the Consumer Rights Act, and trading standards services are working more efficiently across the country.”—[*Official Report*, 15 March 2016; Vol. 607, c. 781.]

I would be interested to know how he believes consumers can enforce their own rights when they are not aware of problems with faulty and unsafe electrical goods, or of the criminal rogue traders who deliberately flout the law. I would also like to hear what evidence he has for his statement that trading standards services are “working more efficiently”, given that the Government decided not to publish the trading standards review completed before Christmas, which undoubtedly found that trading standards are under-resourced.

Figures released by trading standards in March 2015 showed that more than 6,500 items a day were detained, and that nearly two in five interventions at ports and borders identified unsafe or non-compliant items—64% of all LED lamps tested were unsafe. That is thought to represent a very small proportion of the volume of such products entering the country. Again, we need an assessment of that, and the enforcement agencies need resourcing. The £400,000 is welcome, but that is for National Trading Standards. It is often local trading standards offices that are the first port of call for worried consumers, and they are dropping in numbers.

This is not about cheap fake handbags that will not kill anyone; it is about counterfeit and dangerous electrical goods, and about the recall of goods that have been found to be dangerous. I finish with a quote from Lynn Faulds Wood's review, which found

“the lack of adequate market surveillance to be a major problem in the UK, possibly the biggest problem.”

10.45 am

The Minister for Skills (Nick Boles): It is a pleasure to serve under your chairmanship, Mr Davies, on this sad day. I associate myself with the comments about the victims in Brussels. I congratulate the hon. Member for Swansea East (Carolyn Harris) on securing the debate

and making such a comprehensive and thoughtful exposition of the issues that not just worry her but led directly to the death of one of her constituents. I also congratulate Electrical Safety First, which has clearly done a superlative job of engaging with Members from all parts of the House and providing them with compelling briefing.

In the debate, the hon. Member for Rutherglen and Hamilton West (Margaret Ferrier) got to the heart of the matter—the question of whether the arrangements we have to protect consumers are fit for purpose in the age of the internet, with globalised supply chains, where enforcement at a very localised level, as she called it, does not really address some of the bigger problems and sources of risk. It is for that reason that we did not feel that the previous review of trading standards had gone far enough: it did not really address her question. That is why a more fundamental review, not so much of trading standards as such, but of consumer protection in an internet age, has been launched by my hon. Friend the Minister for Small Business, Industry and Enterprise. In the meantime, I will explain in the brief time available what the Government are doing with trading standards and other enforcement bodies. I hope thereby to answer most of the questions posed to me in the great range of excellent contributions from hon. Members.

The Department for Business, Innovation and Skills provides £14.5 million a year to National Trading Standards and to Trading Standards Scotland, which use that money in large part to focus on the problems of faulty goods, counterfeit goods and the various different ways, whether through fulfilment houses or online trading sites, in which they find their way into the country. National Trading Standards has a safety at ports and borders team that focuses in particular on the physical import of those goods, but there is also close work between National Trading Standards and major sites such as Amazon, eBay and Facebook, which are clearly one of the main ways in which consumers are being sold either faulty or counterfeit or both faulty and counterfeit goods.

I will give one vivid and recent example of the enforcement action being undertaken. Operation Jasper involves 63 local authorities' trading standards officers and has led to 4,300 Facebook listings being taken down, 12 premises raided and 200 warning letters sent to other traders. That is the kind of proactive enforcement that we want to see. I am sure that there is always more that can be done, but National Trading Standards and local trading standards are working closely with sites such as eBay, Facebook and Amazon on such measures. As another example, some brands of hoverboards and LED Christmas lights—items that were mentioned in the debate—were removed from eBay last October as a result of enforcement activity by trading standards.

The question of counterfeit goods is in a sense a subset of the issue we are debating, rather than a different matter. Some of the goods in question are not counterfeit; they are just faulty. Others are counterfeits but not faulty, and some are both. In September 2013 the coalition Government launched a dedicated intellectual property crime unit, run by the City of London police. That has been taking action against sellers who use Facebook, and those who use the more traditional route for counterfeit goods—the much-loved tradition of car boot sales. In legislation in 2014 we introduced a

[Nick Boles]

criminal sanction against the sale of counterfeit versions of goods that have registered trademarks or patents, to give legitimate producers a greater enforcement ability against those who persistently flout their intellectual property rights.

I want briefly to mention fulfilment houses, because they are one of the routes through which faulty and counterfeit goods can make their way to the consumer. As the hon. Member for Swansea East mentioned, there is one such fulfilment house in Swansea that has been the subject of enforcement action by trading standards and Her Majesty's Revenue and Customs. That action is continuing, but it has led to a large quantity of non-compliant goods being removed from sale, including unsafe electrical products and counterfeit goods. I hope that that goes some way to reassuring hon. Members that there is quite a range of enforcement activity—some that is more traditional, as well as other approaches that address the new globalised problem created by the internet. We should acknowledge, as I think we all do in our own lives, the massive opportunities that the internet has brought us.

Jim Fitzpatrick: I am not sure whether the Minister mentioned the timescale for the review of trading standards. Can he suggest how long it will last and what the outcome might be?

Nick Boles: I do not know off the top of my head, but I am happy to write to the hon. Gentleman about that, and to copy in other hon. Members who have attended the debate. We have quite a range of expertise in the debate, and it would be useful to have contributions from hon. Members on both sides, including, perhaps, representatives of the Scottish Government, who I know also do a great deal of work on the question.

Martin Docherty-Hughes: The Minister mentioned the problem of the internet. Does he recognise that the internet is also a hope for the future, in relation to consumer rights and protection? People can put reviews on eBay and Facebook, and there are greater opportunities through technology than we have been giving credence to in the debate. I hope that the Government will take cognisance of the changes that are coming in technology, in the next 20 years, because what we have seen so far will pale into insignificance.

Nick Boles: I entirely agree. Before I took the intervention from the hon. Member for Poplar and Limehouse (Jim Fitzpatrick) I was coming on to the fact that, for all that the internet has created opportunities for criminals and those who would abuse freedom, it has nevertheless also created even greater opportunities for legitimate

traders and consumers. As the hon. Member for West Dunbartonshire (Martin Docherty-Hughes) says, there are opportunities through the internet to share information about suppliers who have failed to live up to their obligations, and products that do not do what they are supposed to do, or are counterfeit or faulty.

In the debate, several hon. Members picked up on the idea of introducing a new charter mark, but I want to warn against viewing that as a panacea. As hon. Members will be aware, electrical goods are already required to carry the CE mark, and the problem is that lots of people fake that; so introducing a new charter mark would not itself necessarily deal with the problem. I presume that people would fake the new mark just as they did the previous one. It is more a question—and perhaps this is what was being suggested—of asking social media sites and trading platforms such as eBay, Facebook and Amazon to take responsibility themselves for having the kinds of review information that the hon. Member for West Dunbartonshire mentioned, and to be proactive not just in taking products down but in kicking traders off their sites. Of course the traders would all go off and set up in a new guise two months later, and return to the sites, but consistent and persistent work to try to prevent consumers being ripped off or put at risk is needed. I assure the hon. Member for Swansea East that the Government will continue to work with her and other Members, and Electrical Safety First, to try to ensure that we have the problem under control.

Geraint Davies (in the Chair): Because of excellent time keeping, I can call Carolyn Harris to wind up.

10.55 am

Carolyn Harris: Thank you, Mr Davies. As a fellow Swansea Jack it is with great pride that I have served under your excellent chairmanship today.

Today's debate has demonstrated a depth of concern and strength of feeling about an important issue. I, like other MPs, pay tribute to Robert Jervis-Gibbons and Phil Buckle of Electrical Safety First for their excellent guidance, and their determination to bring the issue to the fore. I sincerely thank all hon. Members for their contributions. It has been an absolute delight to spend the morning with them all. I urge the Minister to work with Members and the all-party group to raise awareness, protect consumers and, potentially, save lives.

Question put and agreed to.

Resolved,

That this House has considered the importation of faulty electrical goods.

10.56 am

Sitting suspended.

War in Yemen: First Anniversary

11 am

Peter Grant (Glenrothes) (SNP): I beg to move,

That this House has considered the first anniversary of war in Yemen.

I am grateful for the opportunity to hold a brief debate as one of the ways to mark one year of the dreadful human suffering that this poor country has witnessed. I am also grateful to all those who have taken time to attend the debate this morning.

Yemen is a country of just under 26 million people, with a land area comparable to that of the state of California. It occupies part of the southern tip of the Arabian peninsula, and its position means that it has always had immense strategic importance; it guards the narrow entrance between the gulf of Aden and the Red sea. Certainly since the building of the Suez canal, that route has been of immense importance to nations much further afield than the immediate middle eastern area.

There are records of civilisation in Yemen going back at least 5,000 years, and probably significantly longer. Yemen was almost certainly the location of the biblical kingdom of Sheba. It has been known for great wealth, great pomp and great power. Today, sadly, it is known for quite the opposite. Its nearest land neighbours are some of the wealthiest empires on the planet, and I ask Members to bear that in mind when I go on to talk about the desperate plight facing tens of millions of ordinary men, women and particularly children in Yemen.

For most of the country's history, Yemen has been divided. In the 19th century, the British used military force to take over part of the southern area around Aden. Until then, most of Yemen had been under the Ottoman empire. The Ottomans remained in the north until their empire fell at the end of the first world war. British rule in the south continued until 1967. A few years later, the south came under Marxist rule, closely aligned to the Soviet bloc. When the Soviet bloc then collapsed in 1990, the two halves were united again, at least nominally.

However, the tension, suspicion and regular outbreaks of violence between north and south Yemen that marked the latter half of the 20th century have continued unabated since the country was notionally combined under a single ruler. The present war started after the Houthis, one of the main factions in the country, attempted to overthrow the rule of the President. The President is still recognised as such by influential neighbours such as Saudi Arabia, and also by the United Nations and most of the international community.

It is quite common for those looking for a simple answer to characterise the conflict as simply a dispute between Sunni and Shi'a Islamic forces. It is probably true that that element is part of the reason why Saudi Arabia has taken such a keen interest and has sought so hard to exert influence—sometimes by peaceful means and sometimes not. Saudi Arabia has made it clear that it is not comfortable with the idea of a Shi'a Government being present on its southern border with Yemen.

Yemen is a country that is still deeply divided. There is no right or wrong answer as to who should be regarded as the legitimate ruler just now. Democracy has never really flourished in either part of the country,

certainly since it was unified. There were elections of sorts, but there has never been a time when the rule of the ballot box has prevailed for any length of time over the rule of the bomb and the bullet. If we were to ask the ordinary citizens of Yemen now who they want their Government to be, those who were not too scared to speak out would, in all probability, say, "Just give us peace. Give us stability, and we'll worry about who our Government is later."

It is important to recognise that the fact that the deposed President is still regarded by the UK and others as the legitimate President has been used by some powers to justify taking a one-sided stance in the dispute and conflict. For me, there are serious questions as to whether either faction can be regarded as fit to govern. Claims of appalling abuses of human rights and crimes against humanity—the use of deliberate starvation of children as a weapon of war, for example—have been laid with significant credibility at the feet of both factions, and we need to ask the question: would it be acceptable for either of those sets of war criminals to take charge of the country when there is an end to the present conflict?

There is a lot of uncertainty and no definite right and wrong answers as to who the Government should be. One problem is that going back to the days of empires, colonial powers and so on, it is hard to find a single period when anyone who governed Yemen cared very much about the 25 million to 26 million people who live there. I do not think that either of the factions now fighting for control of the country are really that interested in the welfare of civilians.

In the background, and moving very much into the foreground, is al-Qaeda, which has had a presence in Yemen for a number of years. It has taken advantage of the instability and the conflict to seize more and more territory. Al-Qaeda in the Arabian Peninsula, as it now styles itself, is probably the most powerful, influential and dangerous element of al-Qaeda anywhere in the world. We should be concerned about that, and we should be looking for a peaceful and just resolution to the conflict so that different sides in the dispute can start to concentrate on removing al-Qaeda and the threat it carries.

An indication, perhaps, of just how complex and often incomprehensible the whole situation is are the credible—and I believe thoroughly accurate—accounts that Saudi-led coalition forces have fought alongside al-Qaeda forces at times during the conflict. If a war leads to Saudi forces and al-Qaeda fighting on the same side, it should tell all of us that we have to think very carefully about how we get involved.

What there can be no room for any doubt about whatsoever is the desperate plight of tens of millions of ordinary men, women and children just like us in Yemen. Save the Children provided a helpful briefing for us a few weeks ago, and I will quote some of its figures. It is producing a much more detailed and up-to-date report tomorrow; I do not want to pre-empt that launch, other than to say that the report does not change very much Save the Children's description a few weeks ago of the severity of the situation. It has reported, as have others, that more than 2,000 children have been killed or seriously injured in the past 12 months. The initial report states that "1.3 million children under the age of five are suffering from acute, life-threatening malnutrition."

[Peter Grant]

It continues:

“In 2015, more civilian deaths and injuries from explosive weapons were recorded in Yemen than in any other country around the world.”

Yemen is the most dangerous place in the world in terms of civilians being killed by bombs and missiles. It is also regarded by the United Nations High Commissioner for Refugees and, I believe, by Save the Children as the country with the most people in desperate need of humanitarian aid. Estimates of the number of people who are in a life-threatening situation through a lack of humanitarian aid start at around the 10 million mark. As I said, 1.3 million children under five are suffering from life-threatening malnutrition. For a four or five-year-old, the time it takes to go from life-threatening to too late is not very long at all. We have to act, and we have to act now, to establish safe and secure routes for food and other essential supplies to get to those children, their families and their parents.

There have been reports—again, reliable ones—that when explosive weapons have been used in built-up areas, 93% of the casualties have been civilians. If that is the case and attacks keep happening, we have to ask ourselves: is that really accidental? Is it really unintentional? It cannot be claimed to be unforeseen, and my view is that anyone who undertakes any act of violence when civilian casualties are foreseen or foreseeable must be held fully responsible for wilfully and recklessly causing deaths.

Jo Cox (Batley and Spen) (Lab): I congratulate the hon. Gentleman on securing this timely discussion. As he will be aware, the UK is Europe’s largest donor of humanitarian aid to Yemen, but at the same time the UK is also the largest arms supplier to Saudi Arabia. Does he agree that it would be great to have an answer from the Minister today about how the Government can reconcile that stark contradiction?

Peter Grant: I am grateful for that intervention, and I agree entirely. I do not remember the exact figures—I have them somewhere—but I can say that UK emergency aid to Yemen is measured in the tens of millions, whereas UK arms sales to Saudi Arabia are measured in thousands of millions. The disparity is stark.

I come to the question of arms sales. The Government have previously defended them, essentially by saying, “We can’t find any evidence that weapons from British sources have been used actively in this oppression and in killing civilians,” but that is not good enough. The United Nations panel of experts has identified 119 cases in which Saudi-led coalition forces have undertaken military action in breach of international humanitarian law, either because they have deliberately targeted civilian targets or because they knew that by attacking military targets, there was a significant risk that civilian targets would be affected. That is why we are seeing schools, hospitals, roads, railways and mosques—the very fabric of society in Yemen—being destroyed.

Alison Thewliss (Glasgow Central) (SNP): My good friend mentions hospitals in Yemen. Does he share my horror that Médecins sans Frontières hospitals in Yemen have been hit by projectiles and missiles, and that even

ambulances have been hit as part of the conflict, putting at risk medical staff and the people they are desperately trying to help?

Peter Grant: Again, that is a very valid point. It seems to me that whereas Governments the world over—if they are doing anything—are siding with the Saudi-led coalition, the only people who are really putting themselves out to help those in the most need of it are organisations such as Médecins sans Frontières, Save the Children and other non-governmental organisations. Many of them put their staff and volunteers at enormous risk and many of them, including Médecins sans Frontières, have seen colleagues lose their lives in air strikes, which I do not think can credibly be laid at the door of anyone other than the Saudi-led coalition.

I draw Members’ attention to an answer given on 10 March to a written question from the right hon. Member for Carshalton and Wallington (Tom Brake), who is one of a number of Members who have pressed the Government on aspects of the conflict. He asked specifically what the response of the Government of Saudi Arabia was to the representations that had been made about the attack on the hospital and about a number of other reports of attacks on civilians and breaches of human rights. As is so often the case, the Government provided a reply but not an answer; they gave no indication that they had had any response at all. I ask the Minister today: in response to United Kingdom representations, have we yet had a substantive answer from the Saudis explaining specifically the destruction of the Médecins sans Frontières hospital?

My view is that it is not enough to say that we cannot find proof that the Saudis have done this deliberately, or even that the Saudis have done this at all. It is not enough to say that we cannot find substantive proof that weapons or weapons components—some of which are manufactured by Raytheon in my constituency, incidentally—have been used. By this time, there should be conclusive evidence that they have not been used. The UK Government’s position appears to be, “We are not going to investigate it particularly carefully; it is up to the Saudis to investigate what their military forces are doing.” What kind of system of international justice would we have if an accusation of mass murder was investigated only by the accused person?

Jo Cox: The hon. Gentleman is making a powerful speech. As he will be aware, a recent UN panel of experts found that all sides in the Yemen conflict have committed serious violations of international humanitarian and human rights law, yet at the UN Human Rights Council, the UK Government and Saudi Arabia blocked the establishment of an independent international commission inquiry into the allegations. Does he agree that it is now time for our Government to push for that independent international UN commission of inquiry so that we get to the bottom of these crimes against humanity?

Peter Grant: Absolutely—and I should say that questions have been asked about how exactly the Saudis got that position on the Human Rights Council and who wielded influence. That is possibly a debate for another day, but Her Majesty’s Government still have questions to answer in that area.

I want to give the Minister as much time as possible, because I am aware that responses to Westminster Hall debates fall into two camps. One is when a Minister gives a reasoned, thoughtful and helpful response, and although they are perhaps not able to give commitments, they certainly recognise that concerns have been raised and give an undertaking that the Government will seriously consider the representations that have been made, which the House no doubt accepts in good faith. The other kind is when a Minister reads a brief that could have been prepared and read by anybody, and really takes us no further forward. I hope that the Minister's response today is of the former kind, because we need answers, including the answer that has not come yet to the right hon. Member for Carshalton and Wallington. What responses have the Saudis given, as of today, to the serious and urgent questions that the Government asked them several weeks ago about reports indicating that the Saudi-led coalition is in breach of international law? What responses have they given on the bombing of the Médecins sans Frontières hospital, for example?

Of the 119 documented cases where it appears that Saudi-led coalition forces have committed war crimes and acted in breach of international law, can the Minister point to any one that he is satisfied has been properly investigated? The Saudis are investigating in general terms, and it is quite clear that they will not take it on themselves to investigate individual incidents. If nobody investigates individual incidents when there are accusations of war crimes, the war criminals will get off scot-free.

Most importantly, I want a commitment from the Government that they will use their full influence to call for an immediate and lasting ceasefire across the whole territory of Yemen, because until that happens, we cannot start to get essential food, medical and other supplies brought into the country. Yemen relies heavily on imports for its food, fuel and other life essentials. I commend the Government for the action they were able to take to ease the blockade that was imposed on the main port of Yemen, but we still have to ask how anybody could blockade the major port in a country that relies on imports to feed its children and not stand accused of deliberately using the starvation of children as a weapon of war. Whatever else may come out of the investigations into individual military airstrikes, I believe that those who sanctioned the blockade and those who helped to enforce it have a case to answer. I want to hear a commitment from the Government that they will press for those responsible to be brought before an international court if evidence can be found against them.

We have to turn off the tap to stop the bath from overflowing. If we operated a country sports shop and heard claims that one of our customers was shooting children as well as deer in the forests, would we wait for them to be convicted, or would we say to them next time they came in, "We are not selling you any more bullets"? There are surely enough credible, documented cases for the United Kingdom Government to say immediately, "We will no longer provide weapons of war, or the components of weapons of war, until we have cast-iron evidence that none of them have been used for the killing of children in Yemen." Otherwise, all those who have condoned the military action in any way, whether they are brought to account soon or much later on, will be faced with the accusation, "I was hungry and you cut

off my food supply. I was sick and you bombed my hospital. I was a child and you denied me the right to grow to adulthood." If we have done this to the least of these children, we have done it to the creator of these children. There is no more time for prevarication. There can be no more justification for complicity, direct or indirect, in the killing of Yemen's children. There should be an immediate ban on the sale of military equipment of any kind to anyone involved in this carnage.

11.18 am

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr Tobias Ellwood): It is a pleasure to work under your chairmanship, Mr Davies. I very much welcome this debate, which is one of a series we have had—and, I hope, will continue to have—that scrutinises what the Government are doing with the international community to assist people to see the atrocities and tragedy taking place in Yemen, and not least to raise the profile of what is happening there, bearing in the mind the other challenges that we face in the middle east. I very much congratulate the hon. Member for Glenrothes (Peter Grant) on securing this debate.

The UK counts itself among Yemen's strongest friends, with a relationship, as the hon. Gentleman outlined, that dates back centuries. Aden was the main refuelling stop for ships between Britain and the far east and many Yemeni immigrants form some of the oldest Muslim communities in the UK, particularly in the port areas of Liverpool, South Shields and Cardiff.

Yemen is the poorest country in the middle east. For some years now, the UK has taken the lead in trying to tackle poverty, support state institutions and address the dire humanitarian situation. Furthermore, peace and stability in Yemen matter to the UK because that is the best way to mitigate the terrorist threat emanating from the Arab peninsula. Well-established groups in Yemen, such as AQAP—al-Qaeda in the Arabian Peninsula—and now Daesh, are a threat to our national security and we remain resolved to tackle this.

Regarding the conflict, the House is aware that Yemen had been making steady progress towards improved stability. A Gulf Cooperation Council-brokered initiative back in 2011 committed all parties to talks, to a new constitution and to national elections, but regrettably the Houthis stepped away from the talks. They chose conflict instead of consensus and in September 2014, with support from forces loyal to former President Saleh, they staged a takeover of the legitimate Government of President Hadi and took control of key state institutions. That was clearly unacceptable, but also a clear violation of the 1994 Yemeni constitution and the principles of the 2011 Gulf Cooperation Council initiative.

The legitimate President of Yemen, President Hadi, called for help to deter Houthi aggression. A Saudi Arabian-led regional coalition responded to enable the return of the legitimate Yemeni Government. The UN then passed Security Council resolution 2216—the House has become very familiar with it—condemning the unilateral actions of the Houthis and the destabilising actions of both the Houthis and former President Saleh.

The Houthis consistently failed to implement commitments made in the so-called peace and national partnership agreement of September 2014. Houthis

[*Mr Tobias Ellwood*]

and pro-Saleh forces seized territory and heavy weapons across the country. They are holding the Minister of Defence and other senior members of the Yemeni Government under house arrest and have shown total disregard for the welfare of civilians. They have also failed to adhere to UN Security Council resolutions.

It is important to remember that this is the context of the Saudi Arabian-led coalition's military intervention. Saudi Arabia and the coalition have played a crucial role in reversing the military advance of the Houthis and forces loyal to former President Saleh. I want to make it clear that the UK is not part of the Saudi-led coalition. We are encouraging the coalition and the Yemeni Government to use their military gains to drive forward the political process.

I can share with the House the fact that in recent days there has been some encouraging progress. We have seen de-escalation along the Saudi border in the north and prisoner exchanges. We welcome the announcement on 17 March by the Saudi Arabian-led coalition that it intends to scale back its military operations in Yemen. A political solution is the best way to end the conflict and to bring long-term stability to Yemen.

The hon. Gentleman raised human rights violations. Hon. Members have mentioned several alleged violations of international humanitarian law by actors in the conflict. We are aware of the allegations that have been made by a variety of sources, including the UN panel of experts in its recent report. We looked at that very closely and take the allegations seriously. However, as I shared with the House, the report was conducted by people who did not enter the country, but used satellite technology to make their assessments, so we must place that in context with our ability to do our own assessments. The Ministry of Defence monitors incidents of alleged IHL violations using available information, which in turn informs our overall assessment of IHL compliance in Yemen.

I have previously committed to raising the allegations with the Saudi Government and did so most recently on my visit to Saudi Arabia and with the Saudi ambassador last month. I will continue to raise any such concerns. It is of course important to determine the facts of any incident and the Saudis set out their own internal investigation procedures, which are very welcome, at a press conference on 31 January.

Hon. Members also raised the issue of arms sales, but I ask whether the humanitarian situation would be any better if the UK were not selling arms to Saudi Arabia and that country was not engaged in supporting President Hadi. The hon. Member for Glenrothes questioned that. Without the coalition, the Houthis would have pressed down to the port of Aden and the scale of the humanitarian disaster in that country would be a lot worse than the one we are facing now. The fact is that the Houthis have been forced to the political table, and we now see the potential for a ceasefire because of the stalemate.

Peter Grant: Just for clarity, will the Minister say whether the UK Government's view is that there is no credible evidence that the Saudi coalition forces have been involved in actions against international humanitarian law?

Mr Ellwood: No, I did not say that. The hon. Gentleman is leaping and almost putting words in my mouth. I want to make it clear that we have discussions with the Saudi Arabian regime and say that if there are alleged violations, they must be looked into. The Médecins sans Frontières hospital is an example of that and of when the regime should put its hand up. We have experienced this in the past in operations in Afghanistan and Iraq when collateral damage took place. It is important that procedures are in place to make sure the hand goes up, investigations take place and the necessary reparations are made. We do not want violations glossed over, which is why we are firm with every partner in the coalition to make sure they are clear about their targeting processes.

Jo Cox: Will the Minister give way?

Mr Ellwood: I am running out of time, but I am happy to give way.

Jo Cox: Given the growing number of serious allegations, does the Minister believe it would be right for the UK Government to call a pause in arms exports to the Saudi Arabian regime until we get to the bottom of those allegations? Would that not let him sleep at night?

Mr Ellwood: What would make me sleep at night is making sure people come to the table. We are now embarking on that, thanks to the work of the UN envoy and those involved in the discussions. That is the direction we are heading in. Yes, there are allegations and we make it clear that we are doing our own assessments to understand whether the equipment we sell has any participation in that and indeed whether the violations are by the Houthis or the Saudi Arabians.

I was pleased the hon. Lady recognised—the hon. Gentleman did not mention this—that another adversary is in breach of many humanitarian laws, not least the use of child soldiers and so on. This is not to exonerate any alleged breach or violation or the fact that they must be looked into. In its resolution in October 2014, the UN Human Rights Council made it clear what the process would be. It offered UN assistance to make sure violations are looked into and a report will come back to the council in the next month.

Peter Grant: Will the Minister give way?

Mr Ellwood: There are two and a half minutes left. This is the hon. Gentleman's debate and I will give way if he wants me to, or I can conclude.

Peter Grant: I am grateful to the Minister for giving way. I think he misunderstood or missed part of what I said. Let me be clear: I believe that both sides in this conflict are guilty of appalling crimes and that neither is fit to take over the Government of Yemen. I do not make a distinction between good war criminals and bad war criminals. There is only one sort of war criminal in my book.

Mr Ellwood: I am glad I gave way and that the hon. Gentleman was able to place that on the record. It is very much appreciated.

In the limited time left, I want to say that the British military have some of the highest standards in the world governing our conduct in armed conflicts, including with regard to civilians. We have drawn on our experience in Iraq and Afghanistan and we certainly want to share that with other nations, but we are not part of the targeting process in Saudi Arabia or the coalition.

The humanitarian response is important, but also complex. As the hon. Gentleman said, 82% of the population is in need of assistance. That is why the Government have pledged more than £85 million to date, making it the fourth largest humanitarian donor.

The Government are doing all we can to support a meaningful peace process and to seek an early political resolution to the conflict. At UN-facilitated talks in December 2015, the parties committed to further dialogue and that offers some hope for the future. We continue to support the UN special envoy in his efforts to convene those talks over the coming weeks and to review the ceasefire.

The Government's position is clear: the conflict in Yemen must end and the humanitarian situation must be addressed. The legitimate Yemeni Government must be allowed to return to the capital. A political solution remains the best way to end the conflict, to bring long-term stability to Yemen and to avoid a humanitarian catastrophe. All parties must engage constructively, without preconditions and in good faith. We are working closely with diplomatic channels to make this political solution a reality and to bring this devastating conflict to an end.

Question put and agreed to.

11.30 am

Sitting suspended.

GPS and Heavy Goods Vehicles

[SIR ALAN MEALE *in the Chair*]

2.30 pm

Craig Mackinlay (South Thanet) (Con): I beg to move,

That this House has considered GPS satellite navigation and heavy goods vehicles.

This is an increasingly complex issue because of the proliferation in recent years of devices and, more importantly, software available across Android, Apple and Microsoft-driven smartphones. The issue is not new but has been bubbling in the background for well over a decade. In-vehicle information systems, or IVISs, have received Government attention over the years, including in the Road Traffic (Driver Licensing and Information Systems) Act 1989 and the Driver Information Systems (Exemption) Order 1990, which concentrated on a licensing scheme for providers of real-time on-the-move information, such as Trafficmaster.

There was also a Government consultation in 2006, which sadly received just 111 replies. The results of that consultation were published in May 2008, but there were no firm recommendations for action. However, the sat-nav problem was highlighted in the consultation. In those days, very few heavy goods vehicle-only systems were available, which shows how technology has moved on at an exponential rate. The report concentrated heavily on the safety issues of—this is quite bizarre nomenclature—the human-machine interface, or HMI. There was subsequently one welcome legislative amendment, in 2011, giving local highways authorities the ability to implement advisory signs without formal traffic orders needing to be made.

On 6 March 2012, the Department for Transport hosted a “Delivering the best information to all in-vehicle satellite navigation users” afternoon. It was intended to encourage appropriate sat-nav use, local authority involvement with the mapping companies, and consideration of using the insurance market to force HGVs to require appropriate HGV-robust sat-navs. That is especially important when hugely expensive bridge collisions occur, as happens in many constituencies. Those collisions can stop train services while the damage is assessed. That has not been an uncommon occurrence on the north Kent line running through Strood.

Kent County Council, as the highways authority for Kent, issued a freight action plan in October 2012 to cover the four-year period from 2012 to 2016. It highlighted the problem, unique to Kent, of having the active cross-channel ports of Dover and Sheerness, the port of London, the then fully operational Ramsgate port, and the channel tunnel. Kent has a uniquely high level and density of foreign trucks on its roads because of the port activities, and that presents unique problems. The KCC action plan highlighted inappropriate sat-nav use and particularly the necessity of appropriate advertising of strategic road use across the county.

The Under-Secretary of State for Transport, my hon. Friend the Member for Harrogate and Knaresborough (Andrew Jones), told the House on 20 July 2015 that legislation might be an inappropriate and bureaucratic means of addressing these issues. Despite a number of

[*Craig Mackinlay*]

years considering the problem and despite the numerous initiatives, the problem persists, and it is my contention that it is getting worse and more widespread than ever. The A257 Sandwich to Canterbury road suffers from inappropriate HGV use, and, importantly for the historic fabric of our nation, there are far too regular occurrences of economic standstill in the historic town of Sandwich as inappropriate vehicles that have absolutely no cause to be there become literally stuck, sometimes for hours.

I apologise in advance for the technical nature of my next comments, but I think it is worth while to lay out the framework of the advanced wizardry behind this now routinely used technology. The global positioning system comprises 31 US satellites orbiting 12,500 miles above the Earth. The system became fully live in 1995, but was available before then at lower levels of accuracy.

James Cartlidge (South Suffolk) (Con): I congratulate my hon. Friend, who is making an excellent speech on a subject that is important to my constituency. He mentions the wizardry involved. He may be interested to learn—I will talk about this later—that one of the houses in my constituency that is most frequently damaged by HGVs was used for the set of the Harry Potter film. Unfortunately, that wizardry is not available to us.

Craig Mackinlay: I thank my hon. Friend for that intervention. I am sure that if we asked just about every Member of the House, they would be able to cite similar problems of historic buildings being hit.

I will develop a little further my point about the technical wizardry. The GPS concept is based on time and the known position of specialised satellites, which carry stable atomic clocks that are synchronised to one another and to ground clocks. The satellites' locations are known with great precision. The GPS receivers that we all have on our phones and cars and wherever else also have very accurate clocks. GPS satellites transmit their current time and position, and a GPS receiver, looking at multiple satellites, solves a complex equation and determines its exact position.

As can be imagined, given the usefulness of such technology, it was designed in the US primarily for military use, but its use rapidly spread to marine navigation and has now spread to road navigation, as accuracy levels are now down to 5 metres or less. The system is free to any user on the planet who has a GPS device and it must be considered a true gift from the United States taxpayer to the world. Other countries have replicated the system, or tried to replicate it. There is the Russian GLONASS system, and the European Galileo system and Indian, Chinese and Japanese equivalents are in progress. However, I doubt that any of those new variants will ever overcome the dominance of the US GPS system, obtained through reliability and dependability. There is of course the downside that the US Government could at their discretion turn off the system for civil use at any time. One can imagine that at times of global instability that might be done, but it has never happened thus far.

It was not too many years ago—perhaps 15 years ago—that I was looking with some wonderment at the new gadgets that were appearing on friends' car dashboards. TomTom was an early market entrant, and for many it

became a status gadget, along with early in-built dashboard models in premium cars. However, it became clear within a year or two that they rapidly became out of date as new road schemes came into being. Updates for such machines were cumbersome, were often subject to expensive upgrade charges and, in the case of in-built systems, were sometimes available only at main dealers.

Andrew Bingham (High Peak) (Con): I thank my hon. Friend for initiating this debate on a pertinent issue. He makes the point about devices losing their accuracy as new roads are built. It is also still a problem that they cannot tell how big or small a road is. In my constituency there is a place called New Smithy, near Chinley. Wagons continually get sent down the road there. The county council, which I rarely have a good word for, has done what it can with signage, but devices lead drivers down to a low bridge that they cannot get under. They have to turn round and they knock the bridge, and the costs of having to keep repairing the bridge are ridiculous. That is all because of sat-navs not being able to tell that there is a low bridge under which drivers cannot get their wagons.

Craig Mackinlay: My hon. Friend highlights exactly what the debate is all about. I will be coming to exactly that issue in a moment.

There are now a host of portable devices—they are actually called nomadic dedicated devices—that people can put in their pocket and in different vehicles that they own. They are available at varying costs, with new brand names now commonplace in the market. TomTom was a market leader in the early days. Now there is Garmin, which was traditionally a big player in the marine navigation market, and there are names such as Mio, Navman, Magellan and many others. The price of those machines for car use is now as little as £50. For larger screen sizes, the prices can be up to £250.

The market has changed, because we now have the ability to download smartphone software, often for free, across the major phone operating systems. A search of Google Play or Apple's App Store would reveal a huge choice of available software. Some is free if one is prepared to accept adverts, and some is free for a limited trial period. There are also fully paid systems, but even those are at a remarkably low cost, sometimes of less than £20. Practically every personal digital assistant device that we own—smartphones, iPads, other tablets—now has GPS functionality, and they can all support such software. Many operate on the widespread Google Maps application, which, as with everything Google, is becoming dominant.

James Cartlidge: I want to go back to the point that my hon. Friend the Member for High Peak (Andrew Bingham) made. My hon. Friend the Member for South Thanet (Craig Mackinlay) is talking a lot about technology, and I must admit that I do not have the same level of expertise that he does. Is there any sign in the industry that the technology is reaching a point at which, without us having to legislate or regulate, it could tell a driver, "This road is inappropriate relative to the size of your vehicle"?

Craig Mackinlay: If my hon. Friend will let me continue just a little bit further, I will address the potential solutions.

We all realise the dominance of Google in our lives and on every machine that we own. Google Maps is a widely used application, but the downside for many of us is that it needs data transfer and use while on the move. That is not particularly helpful for people who are travelling abroad, given the data charges for foreign use. Software-based systems—the dedicated TomTom-style devices—have underlying, in-built maps called geographic information system data. They are installed so that there is no mobile data use. That is often the underlying framework used by nomadic and smartphone devices.

I think the solution lies with the base maps that the systems use. Only a few are actually used. A market leader is Navteq's SDAL map, which is now called HERE. The Tele Atlas system drives TomTom and provides Apple Maps with its data. Of course, Google Maps has its own system. There is also an open source system called OpenStreetMap. There are 100 or more software variants that can run across different types of map data, and there is interchangeability in some software and devices so that they can accept and read any maps, from wherever they are sourced.

Royston Smith (Southampton, Itchen) (Con): I appreciate my hon. Friend giving way and congratulate him on securing the debate.

The emergency services sometimes have a problem if, for example, a road has been cut in half because something has changed, with a housing estate being built or something of that nature. However, they tend to make that mistake only once. Can something be done along the lines of what the emergency services do, so that updates to roads can be fed in to the companies that supply us with devices?

Craig Mackinlay: On the Navteq website, the public have the ability to put in new data as they arise. The company will then check those data and, if it is satisfied with their quality, they will become a new variant of future maps that it produces. Everybody is able to update those maps on a regular basis. It comes down to the fact that the data are out there if one could only find them.

For anybody who uses such systems, other data sources can be laid over the map data—often speed camera information or locations of points of interest such as museums, restaurants or even petrol stations—but, again, another problem creeps in. There is a huge black market out there of free downloads across so-called torrent sites, and that is becoming a huge industry. Therein lie the problems of accuracy and reliability, and questions about whether the data driving the devices are actually up to date at all.

Within a huge majority of the systems with which we are now becoming familiar, choices are available, including voice type and whether the data are required in metric or imperial. One can set up advanced warning alerts, choose whether travel is on foot or by car and decide whether one wants to take the shortest route, the fastest route, or a route with or without tolls. Wrong data or out-of-date devices are issues. If that is applied just to driving in a car, the worst that could possibly happen is that it could lead to a fine if entering a changed road layout, for example. In HGVs, the problem—and this is at the heart of the debate—can be infinitely more serious.

On that point, I come to the key issue. The use by HGV drivers of those cheaper car devices—available for £50, as I mentioned earlier—is all too common. That is compounded by smartphone software that is designed for car use only and, overlaid on that, the use of out-of-date map data that are perhaps downloaded illegally or from dubious sources. I am pleased to say that the problem is not largely seen across the UK lorry fleet. I pay tribute to the Freight Transport Association for its attempts to encourage its 15,000 members to buy HGV-compliant devices. It even has its own industry specialist shop, and provides a high level of advice to its members. I am pleased to say that common sense prevails across its wide membership and influence.

I do not particularly want to single out foreign drivers as the main culprits, but the example I want to present is from Sandwich in my constituency. I am sure that in almost every constituency in the country there are instances—such as those that have been raised by hon. Members today—of HGVs too often using inappropriate roads. A common excuse is usually advanced, and it always runs something like, “Oh, my sat-nav told me to.” After that, there is often a mad struggle for Google Translate to solve the communication problem.

Kevin Hollinrake (Thirsk and Malton) (Con): I congratulate my hon. Friend on securing the debate. These issues might sound trivial to some people who do not have constituencies that are constantly affected by them. In my constituency, the A170 runs up Sutton Bank and there are two one-in-fours divided by a hairpin bend. There are two incidents there a week with lorries having to back up all the way into the village, often causing damage to property and huge tailbacks for several hours. Does my hon. Friend know the combined economic costs of all these issues nationally?

Craig Mackinlay: My hon. Friend makes a very good point about not just the physical damage that occurs to road structures and historical buildings, but the economic cost of hours of tailbacks. One could probably make a reasonable guesstimate of what that cost would be in an individual place but, as my hon. Friend points out, this is happening in virtually every town in every constituency on a weekly basis.

Andrew Bingham: My seat is very rural so we have all the economic difficulties but there are also safety issues. Wagons are being shoehorned down lanes such as Mainstone Road, which is related to the problem in my constituency that I have already mentioned. Large wagons go down little lanes and roads, often at times when schools are turning out and so on. There is a safety issue as well as all the inconvenience, and the problem is particularly acute in rural areas.

Craig Mackinlay: I am grateful to my hon. Friend for raising that point. Not only do we have physical damage but we have the economic costs and the serious issue of road safety in areas that should not be affected by having such huge lorries in the wrong places.

Sandwich in South Thanet is the best preserved medieval town in the country—I am sure other Members will be on their feet claiming the same of towns in their constituency—and HGVs have caused damage to its roads, kerbs, signs and, perhaps more importantly, its

[*Craig Mackinlay*]

historical buildings. There is a particular junction—Members will realise the historical nature of Sandwich—called Breezy Corner, and just a little way away is a barbican dating back to 1539 and an ancient toll bridge. Those structures are damaged on an almost weekly basis. In addition—and this addresses the economic points raised by my hon. Friend the Member for Thirsk and Malton (Kevin Hollinrake)—40-foot HGVs are completely unable to negotiate the tight corners in such an historical town, which often leads to the complete blockage of the town for many hours while emergency services attempt to sort out the mess. That is time that the emergency services, particularly the police, could and should use to deal with other issues.

The A257, the Sandwich to Canterbury road, is served by lots of little feeder roads, some barely wide enough for a car. That is just within 10 miles of Dover so, again, it is commonplace to find foreign HGV drivers slavishly following their sat-nav's guidance after selecting the shortest route option.

Royston Smith: My hon. Friend rightly mentions the physical damage to buildings and the economic damage, but there is also the emotional damage and the frustration caused to residents when lorries constantly drive into residential areas.

Craig Mackinlay: My hon. Friend makes the perfect point. I have many residents in Sandwich who are fearful for their property and for their very life, and he raises that problem well.

I would never call myself a luddite, but consulting a good old-fashioned road map always seems to result in greater awareness of my location and how to get to my destination. When using a sat-nav, I am reduced to the state of a compliant zombie, like an automaton at the wheel doing exactly what I am told by the artificial voice from the machine. "Turn left in 300 yards," and so on. I am sure hon. Members have all felt the same.

I have consulted various retail websites and—this is the important point—HGV-compliant sat-navs are available. For instance, the TomTom Trucker is available at £290, with little obvious difference in screen size or functionality from the car model available for a third of the price. As part of my research before the debate, I consulted a nationwide haulage company, R Swain & Sons. The company's head office is in north Kent and I know the owner, Mr Bob Swain. He explained the approach taken by his business. He uses no sat-navs at all in his fleet—not one—but he ensures that his drivers are provided with maps and given time to plan their routes before setting out. I know of no instance where one of his lorries has caused such problems.

Of course, it is easy to highlight in Parliament the problems that we face, but I like to come at such problems with potential solutions. In this case, there are six potential solutions. We could implement legislative change to force the use of the right HGV-compliant sat-navs. If we go over and drive in the continent, we face the requirements under French law to carry high-vis jackets, reflective triangles and alcohol breath testers, and we accept those requirements as the rules of that place. I do not propose the mandatory use of sat-navs so that they have to be carried by HGVs, but I suggest that, if they are used at all, they should be compliant

and suitable for the vehicle or else face potential forfeiture once found not to be appropriate.

I have encouraged Kent County Council's highways authority, and I would do the same for all highways authorities, to ensure that maps of Kent that clearly highlight strategic road routes that should be used, and clearly mark the towns and villages that should be avoided, are provided free at ports of entry. With the implementation of an Operation Stack truck-stop solution coming to Kent in due course, providing such maps could serve a useful double purpose. I imagine that advertising sponsorship could be found to defray or cover the costs of such maps.

I would like to see greater use made of the freedoms of the December 2011 road signs measures so that local areas can clearly advise of dangers ahead. As a Government we could encourage data standards for the submission of data by the highways authorities to the mapping companies, because those companies are key. It is frustrating that all the data are known for every road in the country—be it heights, widths or road changes—but they are not being appropriately consolidated and provided to the mapping companies.

I recommend a benchmark standard for the sat-nav manufacturers and software providers to which they should be encouraged to adhere. The benchmark would include—this is the key—a mandatory lorry option across every single device. There is already an option to choose whether one is on foot or in a car, so let us add a mandatory lorry option. That would require manufacturer and software producer buy-in to a voluntary industry code of practice.

I would also like to see a widening of local authorities' civil powers to levy fines outside of the police's powers. We have seen a general reluctance among authorities to enforce fines across borders on foreign lorries, as we have seen with Transport for London, the congestion charge, the Dartford crossing and general parking enforcement. It sounds good, but it might not prove as effective as imagined.

I close by highlighting that we face an unprecedented free-for-all in current sat-nav use, with inappropriate devices and software in play across many HGVs—mainly, I am sorry to say, foreign ones. I am not one for draconian legislation, but our towns, villages and historical locations need protection. I would be happy to work with the Department for Transport to find a workable and practical solution and I look forward to the Minister's comments.

2.57 pm

James Cartlidge (South Suffolk) (Con): It is a pleasure to serve under your chairmanship, Sir Alan. Again, I congratulate my hon. Friend the Member for South Thanet (Craig Mackinlay) on securing this timely debate. I am here because I receive constant email correspondence on the subject, which I regard as one of the biggest issues in my constituency.

In the past couple of weeks, we have had a major incident in Sudbury, a big market town in my constituency, which I will address in a moment. The purpose of my speech is simply to emphasise that there is a problem that we need to address. My hon. Friend has come up with many interesting solutions, and I will not pretend to share his technical expertise, but I will emphasise what is happening in my constituency.

Lavenham is a fine medieval village. I will not be undiplomatic and get into a competition about how it compares with Sandwich, but suffice it to say that they clearly share a great and ancient heritage that is threatened by HGVs. I recently received an email about Lavenham from a chap called Tony Ranzetta, who lives in Water Street—his house dates back to the 15th century and was used in the “Harry Potter” films. He says:

“Along the A1141 as it enters the village of Lavenham, is a unique set of houses, the longest uninterrupted terrace of medieval hall houses in England, followed by one of the hall houses owned by the Earl of Oxford and recently forming much of Godric’s Hollow in the Harry Potter films.”

I do not know the significance of Godric’s Hollow. My wife and daughter are very keen on “Harry Potter.” The email continues:

“The wider issue of the risk to our heritage across the county and the opportunity to use this current issue and the incident in Sudbury as the spur should only be grasped if it leads to the establishment of a county wide approach to diverting heavy goods traffic from ‘heritage’ villages and towns. We need to show a united and strategic front in the face of a problem shared across the county.”

Another resident of Lavenham, Mrs Simonetta Stonehouse, lives in one of the most beautiful houses on the High Street there. She recently wrote to me, saying:

“HGVs travelling through Lavenham High Street mount the pavement outside our house then negotiate the left turning into Water Street. I’m sure you are aware that the Swan Hotel”—

a famous and ancient hotel—

“has been damaged on numerous occasions, our property has also been hit. Houses on Water Street are regularly damaged and not so long ago a car was written off by a six-axle 44-tonne vehicle. It is not only the damage that these vehicles are doing to our medieval village but also the issue of safety to the residents and tourists.”

I was recently in Lavenham and witnessed an HGV of extraordinary proportions—I have never seen a lorry that big—attempting to go down Water Street, which is very narrow, although unfortunately technically an A road, which is part of the problem. The houses on it, including the house to which I referred, are beautiful and ancient. Lorries are scraping past them and tearing them to pieces, and it is incredibly sad to see. That is the heritage of the constituency that I represent, and I have come here to stand up for it and to find a way to protect it. Lavenham is also one of our biggest tourism draws, and I worry about the damage that could be done. Tourists do not come to villages to see massive HGVs go through them. The lorry on that occasion was an articulated lorry, but I am not sure how articulated the driver was.

Another village that is similarly ancient and has the same problem, and which probably creates as much correspondence for me, is Clare, a very pretty village on the Suffolk-Essex border. Only last week, I received the following email from a man called Bob Verguson, who did not know about this debate:

“We, the villages/residents along said A1092 Baythorne End to Long Melford road, require a stop to the 55 feet, 60-ton articulated lorries that are destroying our communities and infrastructure. The only lorries we should see in Clare are those delivering along the A1092 or along local side roads leading off the A1092, this is sadly not the case as approximately 92% of HGVs are passing through without stopping, merely using this road as a short cut...Clare alone has approximately 160 listed buildings”.

There is a pinch point in the village where lorries struggle to get through.

We see it all over the constituency. Nayland is another beautiful village near the Stour with the same problem, as are my two main market towns, Sudbury and Hadleigh. In Hadleigh, the problem is in Benton Street, which is narrow but is the main route by which my constituents access the A12 and Manningtree mainline station in order to get to London or Chelmsford. It has been a long-running problem. We thought that we might have solved it when I got Highways England to put new signage on the A12 to make clear the weight suitability and to say that HGVs should not use that route, but they continue to do so because of sat-nav, which is of course the same thing sending them down inappropriate roads in Lavenham.

I have had an email from a lady called Sue Monks, who lives on Benton Street. She makes a point about safety. In an incident two weeks ago,

“a resident on Benton Street had a car seat she was carrying knocked out of her arms by a passing vehicle whilst on the side of the pavement...Fortunately for her and us all, the seat was not occupied by a child.”

However, she emailed me the following day to confirm that there was a baby in it. Fortunately, it was a car and not an HGV. If it had been an HGV, I suspect that the event would have been tragic.

Finally, in Sudbury, the main market town in the constituency, a recent incident occurred at an intersection in a key retail part of my constituency. A lorry that should never have come down that road attempted the bend, severely damaging the frontage of a retail outlet selling ladies’ fashion. It is fair to say that in a town like that in a rural constituency, such things are a big deal. The incident occurred right next to the site of a major fire last summer, which was probably the biggest incident in my constituency since I was elected. It is demoralising for the town, and people want action to be taken.

I am not naive. I mentioned Harry Potter, but I know that there is no magic wand that can easily solve the problem. I have had frequent meetings with Suffolk County Council. Although we do not have Harry Potter, we have Councillor James Finch, who holds the transport portfolio for Suffolk. He is doing his best for the area. We are constantly considering what can be done, but there is one thing that the county council cannot control: sat-nav. My hon. Friend the Member for South Thanet has hit upon the nub of the problem. He mentioned the TomTom Trucker and other solutions. I would have thought that the industry could come up with a solution, given all the technology available; I am interested to hear from the Minister whether there is anything that the Government can do to force the industry’s hand.

All I can say is that, whatever steps my hon. Friend wants to take to raise the issue and to keep up the pressure—forming action groups or whatever—I will be more than happy to support him. I commend him for securing this debate and hope that we can find a way to keep HGVs out of these beautiful ancient villages and stop them damaging the infrastructure that is key to quality of life for our constituents.

3.5 pm

Alan Brown (Kilmarnock and Loudoun) (SNP): It is a pleasure to serve under your chairmanship for the first time, Sir Alan. I congratulate the hon. Member for South Thanet (Craig Mackinlay) on securing this debate. He made an excellent speech covering a wide range of subjects, and I commend him for it.

[Alan Brown]

When the hon. Gentleman apologised for the technical nature of the debate, I started wondering whether I was the right person to sum up on behalf of the Scottish National party, as I am a bit of a technophobe at times. However, it was good to hear about GPS and how all these things come together. He clearly understands the heart of the issue. It is an important constituency matter. I am not very familiar with the local geography of Kent, but when I looked at a map before coming to this debate, I promised myself to get back to the area. It has been a long time since I travelled through there—I was much younger—on my way to continental trips.

In terms of some of the examples that the hon. Gentleman gave, things in my constituency are not quite so intense, because where I come from we obviously do not have that level of traffic or any ports. However, there are some small villages in my constituency with issues involving the HGVs that traverse them, so I can empathise on that basis, although on a much smaller scale. Householders complain about vibrations and say that frequent HGVs loosen manhole covers, which seems trivial but becomes a regular noise issue and an irritant for residents nearby. It is another hidden consequence of heavy traffic that people do not realise. In my area, I have asked for improved signage to keep HGVs on motorways and the dual carriageway network, so we will see where that goes. It is a slightly different matter from sat-nav, but the hon. Gentleman also rightly spoke about signage appropriate for HGVs.

Other hon. Members made some good points as well. The hon. Member for Thirsk and Malton (Kevin Hollinrake) highlighted how serious the issue is in his constituency, where the average is two incidents a week. The hon. Member for South Suffolk (James Cartledge) taught me a wee bit more about Harry Potter. Likewise, I do not know much about Harry Potter, but it must be serious when a Harry Potter film set is being damaged. He quoted clear, important personal testimonies about how dangerous and concerning the issue can be for his constituents. He is absolutely right to highlight those. The hon. Member for Southampton, Itchen (Royston Smith) correctly spoke about the general stress and pressure suffered by his constituents as a consequence of this problem.

The hon. Member for South Thanet correctly spoke about the good and bad uses of sat-nav. If it is used properly, it is generally safer, as drivers are less likely to get lost. Equally, drivers can become too dependent on sat-nav. At one time, it was normal practice to check a map before setting out in order to understand the geography of the route. He cracked a joke about being a Luddite and going back to looking at maps, but there is definitely merit in looking at a map. It made me remember a time when it was commonplace to try to drive, look at signage and look at a map in the passenger seat, which is clearly not the safest means of driving either.

It seems from previous Government consultations and reactions that there has been a reluctance to legislate. I agree with the suggestion about decriminalisation and allowing local authorities to undertake civil penalties, which would allow much greater local control, local signage, local understanding and local action. It would resonate well with constituents, who would understand and who like to see their local representatives taking action.

Another potential issue that I have identified ties in with the high frequency and volume of foreign drivers going through hon. Members' constituencies due to the international nature of ports. There is a skills gap in the UK HGV industry at the moment. The industry estimates there is a shortfall of some 50,000 drivers. If the skills gaps are not being filled in this country, that will result in the roads being used even more frequently by drivers less familiar with the geography.

Royston Smith: It is interesting to hear foreign drivers and sat-navs talked about, although it is not all about sat-nav, as it happens. We in Southampton had to put in an engineered solution to prevent HGVs from going through a residential area. We had an expensive traffic regulation order and an expensive engineered solution, and within a couple of months a foreign driver following a sat-nav got stuck in the engineered solution that was there to prevent him going into the road. Is that something that the hon. Gentleman recognises?

Alan Brown: It is not something that I have personal experience of, but it ties in with the points made by the hon. Member for South Thanet about the need to update the technology, to share data and perhaps to make it mandatory not to use out-of-date equipment. If someone is caught using out-of-date equipment or non-HGV-compliant equipment, it could be taken away, and that would solve the problem that the hon. Member for Southampton, Itchen has identified.

I mentioned the shortage of skills in the HGV industry. Perhaps the Government could subsidise a training course and help to fill the skills shortage in the UK. I think that would lead to safer driving as well.

Again, I commend the hon. Member for South Thanet for securing this debate, which has been excellent. He has identified solutions to the problems, which is commendable because it is too easy to identify a problem but not advise how to address it. Given that not much seems to have happened on the back of previous Government consultations, which we are now some years on from, I urge the Minister to consider the sensible recommendations that could lead to substantial improvements.

3.12 pm

Richard Burden (Birmingham, Northfield) (Lab): It is a pleasure to serve under your chairmanship, Sir Alan. I add my congratulations to the hon. Member for South Thanet (Craig Mackinlay) on securing this important debate. Before I address the points that have been made, it is worth recording that our thoughts are with the people of Brussels today. The security services have been bracing themselves for such an event—I guess all of us have—but when it does happen, it does not shock or affect us any less. This is a debate about transport and how we get about, and it is significant that today's attack was about hitting the ways in which we get about. It was about hitting airports, metro stations, people trying to get to work, and people trying to see friends and families. We must have resolve, because it is no accident that terror tries to hit our ability to see each other, which is vital to society's functioning. That is why terrorists must not succeed.

To return to the subject of today's debate, the hon. Gentleman made some excellent points. He showed that he has a knowledge that well surpasses mine about, as

he described it, the wizardry involved in GPS and other satellite navigation systems. Not only is he familiar with the high-tech end of it, but he was able to use the word “map”, which we do not do enough.

Other hon. Members made important points about the impact on their constituencies. The hon. Member for South Suffolk (James Cartledge) mentioned something that I did not know about; he said that the problem has actually affected a Harry Potter set. If that is the case, it is certainly serious. The hon. Member for Kilmarnock and Loudoun (Alan Brown) also made some really important points. I welcome the Minister to the debate. I know roads are not her normal area of responsibility, but I have no doubt that she will respond to the debate in detail. I have a sneaking suspicion that she might even say something about how this problem affects her own constituency.

Our freight and logistics sector keeps the shelves in our shops stocked, and, in a literal sense, drives economic growth. Our lorry drivers in particular deserve to be commended for that. There are not many other occupations in which someone’s place of work means they are unclear about where they are going to get their next meal, where they will next sleep, and even when they will next get to use the toilet. We have heard today about the chaos that has been caused in Sandwich and in other parts of the country, often due to the inappropriate use of the wrong kind of GPS systems, which can have far-reaching consequences not only in the south-east but across the country. The problem not only puts the health, welfare and safety of drivers at risk but, as we have heard, can be a blight on the lives of residents in urban and non-urban areas alike, on the experience of other road users and on businesses.

The problem reflects the much wider challenge of better connecting our roads and vehicles using technology. Technology and innovation are important keys to better, smarter, greener motoring and road transport. To achieve that, we have to get the system working together far better than it is at the moment through information sharing, and enforcement has a role too. We need to consider the wider factors that contribute to congestion everywhere. I will come on to the factors that specifically affect South Thanet and Kent.

Royston Smith: We are talking now about sat-navs in HGVs, but eventually we will have driverless cars. That is the way we are going. All vehicles will depend on sat-navs, so does the hon. Gentleman agree that it is really important to sort this out sooner rather than later?

Richard Burden: The hon. Gentleman makes a really important point. I say that with my other hat on, because as well as being shadow Transport Minister, I chair the all-party motor group. The expansion of technology in the automotive industry has made us talk about the extent to which information systems are attached to motor vehicles, but given the way things are now moving, it might be more accurate to talk about motor vehicles being attached to information systems. That could apply to other modes of transport as well.

Technology is certainly changing the game as far as safety standards in the freight sector are concerned. The quality of bespoke HGV sat-navs, where they are used, offers everything from digital route shaping and traffic updates to active lane guidance and HGV-tailored road

information. That is a good thing, but given the sheer volume of HGV traffic passing through places such as Sandwich, it is clear that top-of-the-range HGV-specific sat-navs can be really important. The hon. Member for South Thanet was right to pay tribute to the Freight Transport Association for promoting the use of such systems, but not enough drivers rely on such equipment. Too many HGV firms and drivers rely on generic sat-navs or free-to-use options.

It is important that Ministers consider the extent to which drivers take up bespoke sat-navs and what can be done about that. As the hon. Gentleman said, there was a sat-nav summit in 2012—I cannot remember the name of it, but he mentioned it—and it was not clear what flowed from that. I am concerned about the apparent absence of objective targets or a means of assessing the take-up of bespoke systems, which makes it difficult to track progress. It will be important to work with sat-nav manufacturers and the other technical companies involved to improve the accuracy of all the systems on the market. That was started in 2006 under the previous Government, as I think he mentioned, but progress has not been as fast as it should have been and certainly has not kept pace with the technology.

As the hon. Gentleman said, lobbying for better data sharing with manufacturers was included in Kent County Council’s freight action plan of 2012. I have a question for the Minister about that. What are the Department and Highways England doing to support local authorities in their communications with mapping and technology companies, to ensure that lorry-appropriate routes are better ingrained in as many sat-navs as possible—hopefully in all of them? With better information on all map applications, we will go some way towards improving the spread of knowledge.

We also need to look at some of the wider factors that I have referred to. Highways England must play a leading role in promoting joined-up thinking between local authorities, the emergency services and others. Unfortunately, recent incidents on the M5 and M6, where there were avoidably long closures of the whole road, show that things are not up to scratch in that respect at the moment. Without such strong partnership working and live information sharing through road signage, HGV drivers will inevitably make their own decisions, including about diversions.

A second question for the Minister, therefore, is what lessons her Department has taken from recent motorway closures about improving live traffic updates and the management of such incidents. I ask that because of a worrying response that I received to a recent parliamentary question, from which it appears that only half of all local authorities have a major incidents contingency plan in place with Highways England, a year on from its establishment. Surely sorting that out should be one of its priorities. Can the Minister get to the bottom of that, or ask her departmental colleagues to do so? Will they also find out why in so many places a course of action has still not been established for managing HGV traffic and other road users in the event of a motorway closure?

It is important for local authorities to have plans, but also that they should have the resources to enforce them. In a written answer last July the Under-Secretary of State, the hon. Member for Harrogate and Knaresborough

[Richard Burden]

(Andrew Jones), made it clear that all other traffic management policies, including issues to do with HGVs and sat-nav devices,

“are the responsibility of local traffic authorities”

and the police. Does the Minister share my view that following last week’s critical Select Committee on Transport report on road traffic law enforcement, there is a need to think again about that approach? The report found that the reduction in the number of offences being recorded does not represent a reduction in the number that are actually being committed, and that if enforcement of road traffic laws is to be effective, the decline in the number of specialist road policing officers must be halted. I look forward to the Government’s response to that report.

Concerns about traffic enforcement bring me back to the specific enforcement issues and other factors that affect the south-east and Kent. During a recent visit to talk to businesses in Kent, I heard at first hand about the traffic chaos that accompanied 32 days of Operation Stack last year. It was made clear to me that support and assistance from central Government are essential. That echoed what the Opposition have been saying consistently: this is not just an issue for local authorities, the police and others in Kent. Keeping the roads clear through Kent is an issue of national importance, and the Government’s preparations should reflect that.

I was therefore astonished to read late last week a written answer from the Department for Transport confirming that the Home Office will not provide any additional funding to avert a repetition this year of last year’s chaos. That is despite the fact that the police and crime commissioner for Kent stated in a press release in August that the Government had given her assurances that funding would be available. My question to the Minister—if she does not have the answer today, perhaps she will ask her colleague the Roads Minister to write to me—is whether the PCC for Kent was wrong about the assurances she said she was given in August, or whether that was a broken Government promise.

The situation certainly does not bode well for this year. Ministers have not satisfied anyone about what they are doing in the short term to prevent a repetition this year of last year’s scenes. There are plans for lorry parks and for improvements to slip roads at junction 10a, but they will not help this year. They are for future years. Without additional central Government assistance, it seems that the region is being left to handle congestion on its own. It cannot be said that last year was exceptional. HGVs are already being turned away from existing lorry parks, so how likely is it that the effect will be drivers rerouting back along roads and parking at inappropriate places? I asked the Roads Minister about his action plan for that in Transport questions recently, and I did not get any clear answers.

That issue is relevant to the debate, because the key point is how we ensure that traffic keeps moving through Kent. What is the Department doing to ensure that all road users, particularly HGV drivers arriving at cross-channel ports, know where to find the live traffic information they need, particularly at times of major snarl-ups such as the summer months? If there is a particular problem with drivers coming in from across the channel, how is the Department working with other countries, and road haulage companies in those countries, to make sure that

all HGV drivers know of the routing restrictions in the south-east? How can technology be used to assist in that process as quickly as possible? Is Highways England reviewing again any short-term management techniques such as contraflow, with more notice for people to prepare, so that safety concerns can be addressed? Have the Department and Highways England talked to ferry companies about making the best use of their capacity in the event of lengthy episodes of congestion?

It is clear that the GPS problem that the hon. Member for South Thanet has rightly raised today exists not only in his area but throughout the country. It is an important issue that ties in closely with fundamental questions about the Government’s wider policies on HGVs and traffic management. They have serious questions to answer about technology and about how they can get hold of the problem. How can they expect existing laws and rules to be enforced if local authorities and the police do not have the necessary resources? How proactively will they promote the partnership working between local authorities, the police and the private sector that all hon. Members know is vital, particularly when we know that even on the issue of major incident contingency plans, Highways England has not yet reached agreement with more than half of the local authorities involved? There are serious questions to answer about the specific factors of congestion in the south-east that I have mentioned today, but there are wider issues as well, and I hope that the Minister will clarify some of them. Doing nothing is clearly not an option.

3.27 pm

The Parliamentary Under-Secretary of State for Transport (Claire Perry): It is as always a pleasure to serve under your chairmanship, Sir Alan. I associate myself with the remarks of the hon. Member for Birmingham, Northfield (Richard Burden) about what has shocked many of us in the transport world today. I happened to be giving a speech to a delegation from the Chinese airport authorities as the news came through, and it focused us once again on the issue of security. We are all vulnerable, across the country, and I pride myself on the work that our police forces, special forces and citizens do in keeping us safe. I know our thoughts and prayers are with those affected today.

My goodness, Sir Alan; we might have thought this would be a very dry debate, going by the title, but we have heard all sorts of things. We have heard an expert description of the GPS service, for which I am grateful. We have learned that the original barbican is actually in Sandwich. We have heard about the village of Clare—I feel a visit coming on; Claire for Clare strikes me as very exciting. We have heard about Godric’s Hollow and about TomTom Truckers, which sounds to some of us like a rather unsavoury form of speciality video, but there we are. It has been an interesting and informative debate, and I am extremely grateful to my hon. Friend the Member for South Thanet (Craig Mackinlay) for doing his research and bringing in so many interesting points.

The SNP spokesman, the hon. Member for Kilmarnock and Loudoun (Alan Brown), showed up well briefed as always. I appreciated his comments about looking at maps. The shadow spokesman, the hon. Member for Birmingham, Northfield, knows the subject of the debate inside out, but I was the Minister responsible for road

freight in the previous Parliament, so I have some knowledge of the sector. Indeed, I was very proud of the work that we did in trying to reduce some of the burden of red tape on an industry that is, as he said, absolutely vital to the smooth running of the economy. It is a logistics sector in which we lead the world in many ways. As my hon. Friends will know, these are often small businesses with slim margins, and anything we can do to make them run more effectively is important.

As my hon. Friend the Member for South Thanet pointed out, satellite navigation is becoming a ubiquity in our transport journeys. It is a defining innovation; we are all very reliant upon it. It allows people to move around much more easily and much more effectively. Indeed, according to the AA, drivers using sat-nav travel 16% fewer miles and spend 18% less time at the wheel than drivers without such systems.

I, on the other hand, have a sneaking sympathy for what the hon. Member for Kilmarnock and Loudoun talked about. I like to get out my maps, plot the cross-country journeys and actually work out which way is north. That is not just because I was a geography student at university. Britain led the world in map making and mapping different continents, and it is a skill that we must not lose. As my hon. Friend the Member for Southampton, Itchen (Royston Smith) pointed out, with technological innovations such as driverless vehicles and HGV platooning, there is a chance that the whole system will become dependent on the accuracy of the information being put into such systems and that makes the issue that we are debating even more important.

Although we directly associate satellite navigation with in-vehicle driving guidance, of course there are enormous applications in terms of aviation, fleet management and logistics. Indeed, on the railway, the use of GPS technology, both for managing train movements and for providing more information to customers, is an area of extraordinary innovation.

I turn now to some of the questions around sat-navs, HGVs and what the Government have been thinking and doing. It is in no one's interest for HGV drivers to make the wrong decision or to rely on inaccurate information. We heard tellingly and powerfully this afternoon what happens when things go wrong: tight corners; historic houses; and congestion. We have all seen the jack-knifed lorry that tried to get through the tight road bridge. Indeed, in my own constituency, we had an almost tragic incident when a large lorry tried to get across a bridge and knocked a piece of masonry on to the mainline track between London and the west country. It was only because of a lot of very quick thinking on behalf of the train crew that an accident was avoided.

Consequently, we have been very assiduous in this area, particularly in linking freight associations, local authorities and sat-nav companies to ensure that responsible HGV drivers are aware of the issue and have the latest information available to them. Indeed, properly equipped lorry drivers now have the tools to avoid low bridges and narrow lanes, and of course that saves them fuel, time and money. No lorry driver wants to be sitting there blocking a village street; that is not a pleasant experience for anyone. Therefore, as we have heard, there are specialist sat-navs that assist.

Neither central Government nor individual local authorities have direct powers over the routing of sat-nav devices, but sat-nav companies and users can help to ensure that they have appropriate routes by ensuring that their device maps are up to date. I confess that my hybrid vehicle had an in-dashboard sat-nav and I do not think that I ever once updated the maps. I hold my hand up in shame now as I say that. That was, of course, before my ministerial career and making that admission might actually be the end of it. There is an element of personal responsibility and indeed corporate responsibility to make sure that the maps are up to date.

Of course, the routing guidance is only ever advisory. Motorists, including HGV drivers, are responsible for determining the best route for their journey and for determining whether there are appropriate road conditions, even if a route is signposted as being appropriate and open. Drivers are responsible, of course, for ensuring that they follow routes that are legal—that they do not breach height or weight limits, which are set and enforced by local highway authorities and the police.

I have some sympathy—again, based on the experience of my own constituency—about the ping-pong there can be between a local authority and the highways agency as to who is responsible for signage on a particular road and the consequences of re-signing a particular road, which may push congestion over the border into another constituency or on to other roads that are less suitable, so it is not a trivial exercise to get the signage right. Clearly, however, when it is done, it can work.

What we must not ignore is the ability of GPS data to provide such an enormous level of innovation, both in transport and logistics, and in society in general. On trying to mandate specific technologies, such as commercial sat-navs or other route guidance systems, that is difficult. In my view, the heavy hand of Government mandating anything in the technological space tends to act as a drag on innovation, and by the time we have tried to solve one problem the world has moved on and we are all using entirely different systems or devices. My hon. Friend the Member for South Thanet referred to other competing global systems that may well be operational within the next few years and it would be a difficult process then to start that conversation with those specific road users.

The Government still believe that the private sector remains best placed to develop new products and services, and the market—sensibly regulated—should determine whether those succeed. However, I also want to pay tribute to organisations such as the Freight Transport Association, because there are very responsible industry bodies out there that work with Government and local authorities and that are absolutely committed to making sure that their members are using the most appropriate systems. It is important that we continue to improve those communications and that co-operation to ensure that everyone is using the right technology and equipment.

There is an Act—the Traffic Signs Regulations and General Directions Act 2002—that equips highway authorities to apply warnings and restrictions to the parts of the local network that they manage where they feel it is appropriate for HGVs to avoid using inappropriate routes. As I have mentioned, that can be a complicated exercise, but it is important. One of the things that the last Government were proud of doing was making it easier for local communities to do things such as applying

[*Claire Perry*]

particular speed limits and putting up signage to give communities the ability to manage their road conditions more appropriately.

There is more work happening. The Government are taking direct action now to improve the quality and sharing of transport data; £3 million has been dedicated to create a digital road map that will enable better data sharing between local authorities and service providers. The map is being developed by the Ordnance Survey and it will be launched later this year. It will include information such as road widths, traffic calming measures, and height and weight restrictions, which could then be linked to other public sector data sets, such as planned road works and cycle paths.

Unlike some of the Ordnance Survey data in the past, I believe that this will be open data, so it can be taken up by the various providers of information to the mapping companies, as my hon. Friend the Member for South Thanet pointed out. It is a really important step forward to take Ordnance Survey data, which is of very high quality, and to put it on to the existing digital maps, which in some cases are not of particularly high quality or not particularly detailed about local conditions. I think that this has big potential to improve the quality and accuracy of the routing advice offered by sat-navs, as well as to cut bureaucracy.

James Cartledge: Obviously, I agree with the Minister about not wanting to regulate if we do not need to, and I am aware of the point about signs. However, my experience is that signs often do not work with HGVs. If, as the years progress, we continue to have these problems, if the signage is not stopping them and if we have these villages and areas that are being damaged by HGVs that, if you like, are abusing routes because of sat-nav, do the Government have any power to intervene with sat-nav companies to try to ensure that they can guide lorries on to the correct routes?

Claire Perry: I do not believe that we have the statutory power to do so currently. Again, this is one of those slightly concerning paths down which to go, but I can certainly look to see whether anything has ever been proposed for the statute book on that basis. We talk about technology, but it is not in anyone's interests, including those of a fleet manager, to have an HGV trying to force itself down a road. It will be entirely obvious if an HGV is trying to do that long before the problem arises and any responsible fleet manager would then communicate with that driver and say, "Where do you think you're going? This is absolutely not appropriate." Again, I think that we need to use the technology as the solution to some of these issues, while recognising the problems related to the technology.

Richard Burden: The Minister is right that there is no easy or off-the-shelf solution to this problem, but it seems to me that the hon. Member for South Suffolk (James Cartledge) made an important point that is worth considering. While it may not be appropriate to make the use of satellite navigation systems mandatory inside HGVs, if HGVs have a system in operation, should they not be required to have one that is fit for purpose, so that this becomes a compliance issue to do with having the right kind of system, rather than making it mandatory to have a system in the first place?

Claire Perry: The hon. Gentleman's points are often very sensible but, in my mind, they can also often lead to a sort of slightly dystopian world of lots of checks and balances, with organisations set up to do in-cab checks, and that is entirely what we do not want to deliver. What we want is an industry that believes in being responsible and has the tools to do so.

The point my hon. Friend the Member for South Thanet made about having a little lorry symbol come up, in the same way as a car, or in my case a bicycle, symbol comes up is brilliant. The new technology—the open mapping system—will enable that. What I have instructed my officials to do—rather cheekily, as they no longer work directly for me—is to ensure that the Freight Transport Association and other bodies are given every opportunity to see the mapping process, consider how they might use it and exercise their powers to make recommendations—as has been mentioned, they have a recommended list of sat-navs. I would like them to be involved and, indeed, that offer applies cross-party to any hon. Member here—it is open to anyone who wants to see the information and be involved. This is a really important step forward in solving many of the problems about which we are all concerned.

It does not stop there. The road investment strategy sets out, finally, a long-term investment strategy for roads. That is so important. It includes a £150 million ring-fenced innovation fund that enables Highways England to develop technologies, including sat-nav, and approaches for a smoother, smarter and more sustainable road network. There is an element of driverless and co-operative vehicle technologies, and of improving the information and data that help drivers to plan their journeys.

The hon. Member for Birmingham, Northfield made a fair point about what happens when roads are closed. I think that we were all surprised by what happened. With my rail hat on I can say that any delays like the ones he mentioned would have led to outrage among rail passengers across the country and demands for compensation. Somehow, we often accept that roads are closed, and there are lessons to be learned perhaps from other parts of the infrastructure.

A traffic information strategy developed by Highways England was published in January 2016. It sets out how the agency will work more closely with local authorities to integrate journey planning across the network and improve communications. I am aware, of course, that the Office of Rail Regulation now includes an element of road regulation and I would like to ask my officials to check whether the duty to inform—the duty to work with local authorities—is part of the office's statutory powers.

The Highways England strategy also focuses on further development of the Traffic England website as a trusted source of information for road users in planning their journeys, and on sharing data from the National Traffic Operations Centre so that there is real-time information.

In conclusion, this debate is fascinatingly important and relevant to us all, in all our constituencies no matter where they are. I hope that some of my points have reassured my hon. Friend the Member for South Thanet that the Government are absolutely committed to working more closely with the private sector and that there is real money backing that commitment. I invite all hon.

Members to review the £3 million digital road map when it is perhaps in beta format, to see how we could encourage road haulage associations in our constituencies to take advantage of the new technology.

Alan Brown: I know that it might have seemed a tangential point, but I asked about the skills gap in the HGV industry and about Government support for filling it.

Claire Perry: I am delighted to respond to that. The hon. Gentleman is absolutely right. We had an influx of HGV drivers from other parts of the world and many of them returned there when the economy turned down. It has, therefore, been a challenge to recruit and retain drivers. There is ongoing work into what could be done to make the cost of training more acceptable, for example. As the only lady in the room who represents a constituency, may I say that women do not want to be long-distance drivers partly because some of the rest facilities are absolutely atrocious? I have encouraged many HGV companies to realise—indeed the responsible ones do—that there is an enormous talent pool of people out there, for whom long-distance driving could be an appropriate career but who will not do it if they have to relieve themselves behind a bush at a rest stop. Raising the terms and conditions and working practices of many parts of the industry could attract non-traditional drivers to what is an important and growing part of the British economy.

Sir Alan Meale (in the Chair): Mr Mackinlay, Andy Warhol said some years ago that everyone gets 15 minutes of fame, and you have about that amount of time—or you may wish to respond briefly.

3.44 pm

Craig Mackinlay: I thank you, Sir Alan, for your excellent chairmanship. It would have been nice to have a few more Members with us, but there is activity elsewhere. It would be stretching it to think that I will speak for a further 15 minutes—I will not delay Members for that long—but I will make some comments about the excellent contributions made.

My hon. Friend the Member for South Suffolk (James Cartledge) laid out very well the damage to the fabric of our great nation that we face from many HGVs being inappropriately used. My hon. Friend the Member for High Peak (Andrew Bingham) added a road safety dimension to the debate. Road safety is key, particularly at peak times when children are out of school. My hon. Friend the Member for Southampton, Itchen (Royston Smith) mentioned that, even though we do substantial road improvements or have restrictions in order to do engineered solutions, those are overcome by the

automaton-like, slavish adherence to the voice that comes out of the machine—I think we are all prone to that.

I am grateful that the hon. Member for Kilmarnock and Loudoun (Alan Brown) took part in the debate. I am not sure whether the shortage of drivers in the UK is relevant to the core of the debate, but we do have a shortage of available drivers as the HGV industry in this country is growing at all times and the volume of HGV traffic is only increasing. That gets to the heart of why the problem we face with sat-nav use is so relevant. I very much thank the hon. Member for Birmingham, Northfield (Richard Burden), who brought to the debate a high level of knowledge about various aspects of the road industry.

Turning to my hon. Friend the Minister, I was very encouraged that there was an area I did not know about. I go away with some additional technical knowledge, that Ordnance Survey is spending £3 million on open source mapping, which could be vital to further improving the quality of data available to mapping companies. Underneath all of the systems, no matter whether they are nomadic or on personal digital assistants or smartphones, is the fundamental map data.

My hon. Friend the Member for Southampton, Itchen mentioned the potential for driverless cars, which are much in the news. I would not like to think about how driverless HGVs in Sandwich might get on—we will come to that, perhaps, in 10 years' time. I think that we stand here today in awe of some of the technology that we do not really understand but regularly use, and on the concept of driverless cars, we can foresee the potential for companies going across every road, accumulating data such as widths and heights, and then feeding it back almost immediately into a database system and updating maps almost in real time.

I understand the concerns about more overbearing legislation. I am not for that; markets can decide things effectively and rather more rapidly than Governments. But the plea, I think, from the Chamber this afternoon to the manufacturers of the nomadic devices and the software is that they please put on that little lorry symbol. I realise that that would be a commercial decision, because the same machine for HGV use is often sold for three times the price, but it would solve, at a stroke, many of the problems. We understand that no HGV driver wants to be caught down that small road or to be hitting that bridge or historic building—that is a given—and that additional button could relieve many of the problems.

I thank hon. Members for taking part in the debate, and I thank you, Sir Alan, for your forbearance.

Question put and agreed to.

Resolved,

That this House has considered GPS satellite navigation and heavy goods vehicles.

Daesh: Persecution of Christians

[SIR EDWARD LEIGH *in the Chair*]

4 pm

Fiona Bruce (Congleton) (Con): I beg to move,

That this House has considered persecution of Christians and other religious minorities under Daesh.

It is a pleasure to serve under your chairmanship, Sir Edward. May I clarify the subject of the debate? The wording I applied for was “Genocide under Daesh of Christians and other religious minorities”. It is regrettable that, without any discussion with me, the motion was changed, although I understand it was not changed by the Speaker’s office. I shall say no more about the motion, except to clarify that the violence of ISIL, or Daesh, as we now call it, rages against a number of minority religious groups in addition to Christians, including the Yazidis and minority Muslim groups. Space prohibited me from referring to them by name in the motion.

The 1948 UN convention on genocide makes it clear that genocide is the systematic killing or serious harming of people because they are part of a recognisable group. The specific legal meaning of genocide is

“acts committed with intent to destroy, in whole or in part, a national, ethnical, racial or religious group”.

The convention specifies certain actions that can contribute to genocide, such as killing, forcible transfer, preventing births and causing serious bodily or mental harm.

Jim Shannon (Strangford) (DUP): I congratulate the hon. Lady on bringing this matter to Westminster Hall for consideration. It is a massive subject that warrants a 90-minute debate, and I am disappointed that it was not allocated one. Nevertheless, we have half an hour. I know that the hon. Lady, along with others present, shares my concern that Christians are given the ultimatum: “convert or die”. It is a choice between continuing to have religious beliefs and leaving the country or dying. Genocide is the only word we can use for that.

Fiona Bruce: The hon. Gentleman makes a powerful point and is quite right. As I stand here today, religious minorities are suffering horrendous atrocities at the hands of this murderous cult in Syria, Iraq and the other countries of the middle east where Daesh has a strong presence. The number of Christians in Iraq has reduced from 1.4 million to just over a quarter of a million in just a few years. The Bishop of Aleppo said this week that two thirds of Syrian Christians have been either killed or driven away from his country.

Acts committed by ISIS against Christians include the assassination of church leaders, mass murders, torture, kidnapping for ransom, sexual enslavement, systematic rape, forced conversions and the destruction of churches. We know about the mass graves of the Yazidis, and about crucifixions, forced marriages and the kidnapping of women and girls, some of them as young as eight, many of them raped mercilessly, month after month, until their bodies are in tatters. We know about children being beheaded in front of their families for refusing to convert.

Jim Shannon: The hon. Lady is being very gracious in giving way. Before the debate, I asked her if I could intervene to say that the Yazidis in particular have been reduced from 500,000 to 200,000 in Iraq. Nobody in the west put out their hand to help or assist, as they should have. The Yazidis have been in the Kurdish camps along the borders of Syria, Iraq and Turkey. They are a small group who have been persecuted, pursued and discriminated against, and their ethnic and religious freedoms have been abused. Perhaps the Minister could respond to that point as well.

Fiona Bruce: Again, the hon. Gentleman makes a strong point.

We are sometimes at risk of being desensitised by the horrors under Daesh. They are so extreme that their evil seems almost fictional. But for those who are suffering—people who lived lives like us just a short time ago—they are very real.

Surely one thing is becoming increasingly clear. Bearing in mind the definition of genocide to which I referred a moment ago, can anyone now seriously doubt that Daesh’s actions are genocidal? Nor, surely, can anyone seriously doubt that Daesh is trying to destroy minorities such as the Yazidis, in the words of the convention, “in whole or in part”.

As Bishop Angaelos, a general bishop of the Coptic Orthodox Church in the United Kingdom, has said:

“How can we not declare Genocide if Christians are suffering the same fate, at the same time, under the same conditions, at the hands of the same perpetrators?”

The entire population of Christians in the city of Mosul in Iraq, all 60,000 of them, have been effectively eradicated by Daesh—gone, fled or dead.

Daesh’s intentions in perpetrating its violence are a matter of record, as reports have made clear repeatedly. It regularly makes public statements of a genocidal nature, such as the following message, which was broadcast on its Al-Bayan radio station:

“We say to the defenders of the cross, that future attacks are going to be harsher and worse...The Islamic State soldiers will inflict harm on you with the grace of Allah. The future is just around the corner.”

As the US Secretary of State said just last week, after a unanimous vote by the House of Representatives to declare a genocide by 393 votes to none:

“Daesh is genocidal by self-proclamation, by ideology, and by actions—in what it says, what it believes, and what it does...The fact is that Daesh kills Christians because they are Christians; Yazidis because they are Yazidis; Shia because they are Shia.”

I submit that the legal criteria for genocide have been amply satisfied. Not only have the US Government now said so, but so have the European Parliament, the Council of Europe, the Pope, the US Congress, the International Association of Genocide Scholars, and 75 Members of both Houses of Parliament when we wrote to the Prime Minister, including the former chief of staff and former head of MI5. A group of leading QC peers also recently wrote to the Prime Minister on this issue. All agree that the crimes of Daesh are genocide.

Why is it so important that we, as Members of Parliament, also collectively define these crimes as genocide? Because doing so would be more than mere verbiage—more than mere words. It would bring into play a whole series of mechanisms that can strengthen the response of the

international community to challenge this evil force. The convention on genocide is clear that such a declaration brings with it obligations to prevent, protect and punish. I suggest that our making such a declaration would challenge the 147 countries that are party to the convention to step up and act on their obligations to help to prevent further atrocities, to protect those who are suffering, and to work towards punishing the perpetrators.

Jim Shannon: I thank the hon. Lady for giving way again. She has outlined clearly the need for us to have this debate. It is an opportunity for us to speak out on behalf of our Christian brothers and sisters throughout the whole world who have been persecuted because of their beliefs. We have the chance to be a voice for the voiceless. I congratulate the hon. Lady again on bringing this debate to Westminster Hall for our consideration.

Fiona Bruce: It is right that we should be a voice for the voiceless.

Michael Tomlinson (Mid Dorset and North Poole) (Con): I am grateful to my hon. Friend for securing this important debate. Before I heard the start of her speech, I did not know the original wording of her motion. May I press her to submit the motion again and, as the hon. Member for Strangford (Jim Shannon) said, request more time for the debate and possibly a vote in the Chamber? I, too, was a signatory to a letter to the Prime Minister on this subject, and I think there are many more parliamentarians who would welcome the opportunity to debate it at length and to vote on it.

Fiona Bruce: My hon. Friend pre-empts me. He is absolutely right. I suggest that such a motion should be worded in the following way: “That this House believe that religious minorities in the middle east are suffering genocide.” Crucially, that would mean that those who have participated in such vile crimes would know that they face justice and the full weight of genocide law when they are tried before the International Criminal Court. Must the relevant conflicts end before we work to bring to justice those who are responsible for these terrible atrocities? How long will that be? How much of the evidence will have disappeared? How many of the witnesses will have gone?

The international community’s record is not strong on this issue. Our incumbent Foreign Secretary and the previous Foreign Secretary have both lamented on the record the international community’s response to previous genocidal suffering. In 2015, the Foreign Secretary said that

“the memory of what happened in Srebrenica leaves the international community with obligations that extend well beyond the region... It demands that we all try to understand why those who placed their hope in the international community on the eve of genocide found it dashed.”

On the 20th anniversary of the Rwandan genocide, William Hague, then Foreign Secretary, said:

“The truth is that our ability to prevent conflict is still hampered by a gap between the commitments states have made and the reality of their actions.”

Kevin Foster (Torbay) (Con): I congratulate my hon. Friend on securing this debate. She talked about waiting until the end of the conflict. On 17 December 1942, the then Foreign Secretary made clear in the House what Britain’s attitude would be at the end of hostilities to

those who had committed the massacre of the Jews in Europe. Does my hon. Friend think that a similar statement today of what the international community’s attitude will be at the conclusion of hostilities to those who are committing genocide in the middle east would be welcome?

Fiona Bruce: Indeed I do.

We must learn the lessons of the past. It is right that the international community should shoulder a burden of guilt for failing the victims in Rwanda. Those of us who have been to Rwanda a number of times know how many people still suffer as a result of our failure to act promptly then. Let us act now and be bold enough to call this genocide what it is. Let us avoid the regret that so many now feel about that past failure and not acting more promptly to go to the aid of those who suffered so severely in Rwanda in the early 1990s.

What has been our response to the middle eastern genocide perpetrated by Daesh to date? In the time I have left, I want to talk about the Government’s response, as I understand it—the Minister may correct me. I believe that the Government say that they have a long-standing policy that any judgments on whether genocide has occurred are a matter for the international judicial system. Their approach appears to be to refrain from expressing an opinion on whether genocide has occurred until the international judicial system makes such a declaration. However, why can Parliament not make a declaration?

I respectfully suggest to the Minister that there are perhaps four reasons—probably more—why the Government should reconsider their approach. First, I find it remarkable that the UK is willing to declare itself not competent to judge whether the conditions for genocide, which I have described, have been met, particularly in a case as clear as this. If the Parliamentary Assembly of the Council of Europe, the US Government and the European Parliament, none of which are judicial bodies, can declare a genocide, why cannot we?

Secondly, as I understand it, the Government have previously been willing to express their view on genocides that neither the UN nor the International Criminal Court have ruled upon, such as the case of Cambodia. Thirdly, the Government’s approach is frustratingly circular. We are told that nothing can be done until the ICC or the UN declares genocide, but historically neither have been willing to do so without international pressure. This is potentially a recipe for doing nothing. I know that the Minister is an extremely genuine person and is deeply concerned about matters of justice of this nature, but is it acceptable for this country to effectively risk doing nothing on this particular issue of declaring genocide—I am sure that is not true elsewhere—when we sincerely wish to pursue an ethical foreign policy?

Fourthly, and perhaps most importantly, we have a moral duty to speak out and do what we can for the religious minorities that, even now, are being horribly persecuted at the brutal hands of Daesh. Staying silent in the face of such evil is not an option.

Kirsten Oswald (East Renfrewshire) (SNP): I congratulate the hon. Lady on securing this important debate. What she says about silence is important. The way that Christians, Yazidis and other minorities are being targeted in the areas controlled by Daesh is appalling. I hear a lot

[Kirsten Oswald]

about it from my constituents, but I do not hear about it more widely than that. Encouraging further discussions in this House would help to raise awareness of the persecution of Christians and other minorities.

Fiona Bruce: I thank the hon. Lady for that comment. The issue certainly needs much closer attention in this place and more broadly in our country. The dignity of the people who are suffering so horribly cries out for it.

I want to digress for a moment, to refer to an announcement that was made in the House last Wednesday. The Minister may be able to assist us by clarifying it. Many Members were left with the impression that only states can commit genocide. I have the greatest respect for the Minister of State, Department for International Development, my right hon. Friend the Member for New Forest West (Mr Swayne), and I have no doubt that he gave that response with total sincerity, but will the Minister responding to today's debate clarify the advice that he was given? As I understand it—I stand to be corrected—all that is needed for a non-state party to be found guilty of genocide is for the UN Security Council to confer jurisdiction on the ICC, and for the ICC to agree that a genocide is taking place. That cannot happen without lobbying from our Government, so we should press the UN Security Council to take action accordingly.

An amendment to the Immigration Bill was introduced yesterday in another place. If passed, it would have presumed that victims of genocide meet certain conditions for asylum in the UK, and it would have put that determination in the hands of a High Court judge. I watched that debate, after which the amendment was narrowly defeated late last night. Although some of the contributors had reservations about its wording, which I believe is why they felt they could not support it, the support for it was much wider than the vote reflected on the principle that we need to call these atrocities what they are: genocide.

I am focusing on that narrow point today. I seek support for a motion to be introduced in the terms that I referred to—“That this House believe that religious minorities in the middle east are suffering genocide.” That would enable us to refer the matter to the UN, so that the International Criminal Court could proceed with examining what is happening in the middle east.

In the debate in the other place last night, the Minister responding to the debate proposed that

“the appropriate way forward would be to consider a Motion of this House, directed to Her Majesty's Government as to how they should address or not address the issues that pertain here with regard to whether there has been genocide.”—[*Official Report, House of Lords*, 21 March 2016; Vol. 769, c. 2177.]

If my understanding that such a motion could be brought before the House is correct, will the Minister consider whether it would be appropriate for the Government to bring it forward? As he knows, such a motion introduced by a Back Bencher would have little chance of being considered by the House in the immediate future. Will the Minister consider whether the Government should introduce such a motion and arrange for a vote on this issue? If I understood the Minister in the other place correctly, the Government proposed that amicable solution. May I now press for it to be made possible?

Will the Minister confirm that we should be pushing for international recognition of, and action against, these unspeakable crimes, and for them to be declared as genocide? We can and should express an opinion, so that we can lead the charge at the international level and bring those who are committing such atrocious evils to justice.

4.19 pm

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr Tobias Ellwood): It is a pleasure to serve under your chairmanship today, Sir Edward. Before I respond to this important debate, may I take a minute to bring the House up to date with events in Brussels today?

An appalling and savage terrorist attack took place earlier today. The Prime Minister has spoken to the Prime Minister of Belgium to give our sympathies and condolences to the Belgian people. We stand with them at this very difficult time. We are in close contact with the authorities in Brussels, and embassy staff are assisting one injured Briton. We are ready to support any further British nationals who may have been affected. We are aware of reports that Daesh has claimed responsibility. Obviously, along with the international community, we are investigating such reports, but at the moment we cannot confirm anything. Cobra met this morning, and there will be further meetings tomorrow.

I agree with my hon. Friend the Member for Congleton (Fiona Bruce), whose debate I welcome, that 30 minutes does not do justice to this subject. It is not enough time to say what I would like to say—I can already see that I have only nine minutes left, and even complaining about the amount of time available is wasting more time in which I should be getting on to the issues—[*Interruption.*] I am already being heckled from a sedentary position.

I thank my hon. Friend for raising the issue. I am sorry to hear that the wording of her motion was altered. I am not aware that it had anything to do with us—I do not think we have that privilege, or I am sure that I would change many motions, although not in this case. I congratulate her on securing this important debate. No one can fail to be moved by the harrowing stories of Daesh's brutality and the way in which Christians, Yazidis and others have been singled out for persecution, and I pay tribute to both Government and Opposition Members who have campaigned so hard to ensure that minority voices are heard in the fight against Daesh.

In the middle east, we are now witnessing systematic and horrific attacks against Christians and others on the basis of their religion, beliefs or ethnicity. Tragically, the very survival of communities that have existed peacefully in the region for centuries is now at risk. Members on both sides of the House are united in our condemnation of Daesh's inhumane treatment of minorities. It is also right that we condemn Daesh's equally brutal treatment of the majority Muslim population in Iraq and Syria.

Today, we have heard appalling examples of Daesh's abuses. The Government want to see accountability for those abuses and have supported efforts to document them. The UK co-sponsored the Human Rights Council resolution mandating the investigation of Daesh abuses, which were also recorded and condemned in the Foreign

and Commonwealth Office's 2014 human rights and democracy report. We will do the same in the 2015 report, which is to be published in April. The Government are directly funding training for Syrian activists to document abuses to a standard suitable for criminal prosecution. I pay tribute to those involved in that work for their courage.

Turning to the core of what my hon. Friend has discussed today, I understand the urge for us to declare that there is genocide. As the Prime Minister said in the House yesterday, however, we maintain that genocide should be a matter of legal rather than political opinion, although there is clearly a growing body of evidence that terrible crimes have been committed. It is vital that all of us to continue to expose and condemn Daesh's atrocities and, above all, do everything in our power to stop them, but we maintain that it is right for any assessment of matters of international law to remain in the hands of the appropriate judicial authorities. I assure the House that the Government are working hard with our international partners to ensure that Daesh is held to account for its crimes and that those who have suffered at its hands receive justice.

To be clear, I associate myself firmly with the comments made by Secretary of State John Kerry that no Government are judge, jury or prosecutor—we are not in a position to make such statements. It is for the international criminal courts to do so. However, we are participating in collecting the data, preserving the documents and providing the evidence that will be needed to take things forward. It is important and of symbolic value that international justice is seen to take place, with a commitment by the international community to see accountability for the most serious crimes of international concern.

The matter is complex, however, and an awful lot of due diligence needs to take place, not only on genocide but on the whole issue of crimes against humanity, as my hon. Friend is aware. She has done extremely well to bring the matter before the House today, and I absolutely encourage a further, wider debate with a vote in the House to continue the process.

Michael Tomlinson: I am grateful to the Minister for giving way—I am conscious of the time. Given his experience of military service in the Balkans and of Rwanda, does he see the importance of debating the subject further, as he has just said? Will he support a debate taking place in Government time, with a vote?

Mr Ellwood: My hon. Friend makes his point fully, but it is up to the usual channels to make any decision. I firmly believe that we are not doing justice to the subject; we are only skimming the surface of such an important matter. We have touched on Rwanda, the Balkans and so forth, and, indeed, following Rwanda, the world recognised the duty of care on leaders—again, a legal stipulation—to look after the people under their remit. That failed in Rwanda. I would very much welcome a further debate on the subject, so that the world can hear what this Parliament thinks and the Government's

reaction to that, and so that we can pursue and continue the process. I welcome that and hope that today is only a beginning.

Paul Flynn (Newport West) (Lab): We are at one in this Chamber in our horror of the reports that we have heard. Will the Minister tell us precisely what he expects us to be voting on after a debate in the main Chamber, and what action would be recommended?

Mr Ellwood: That is not for the Government; it is for the Backbench Business Committee to make such a judgment. Any debate would be an indication of the mood or spirit of Parliament, of where we would like to go, and of what we would like the permanent members of the UN Security Council to discuss. It could lead to recommendations for action, perhaps through the international criminal courts or any number of other avenues.

Kevin Foster: Will the Minister give way?

Mr Ellwood: I have two and a half minutes left, so I will give way only briefly.

Kevin Foster: I thank the Minister for giving way. He is being generous, given the time. In 1942, this House made a solemn resolution that those responsible for such crimes should not escape retribution. Would the Government be minded to support such a resolution in this instance?

Mr Ellwood: I will write to hon. Members with details on questions to which I have not replied, but I must conclude.

I have given as much indication as I can of the direction of travel that we would like to go in. I am pleased that the Foreign Secretary has made his comments, and I repeat—I do not want to get myself into any trouble, so I am looking around carefully—that we are not judge or jury here. It is not for the Government to call this, which hon. Members will perhaps recognise as a frustration. It is important that voices are heard to make it clear what the expectations are and where we should be going on what is happening in Iraq and Syria.

To truly defeat Daesh, to eradicate its ideology, and to secure long-term peace and security in the region, we must demonstrate through our words and actions our support for all communities, whether majority or minority, Shi'a or Sunni Muslims, Christians, Yazidis, Kurds or others. We will continue to do all we can to liberate the people of Iraq and Syria from the persecution and appalling violence that they face from Daesh. We must all continue to expose Daesh for its criminal and fraudulent betrayal of Islam. In the spirit in which my hon. Friend the Member for Congleton introduced the debate, I also hope that we can take important steps towards bringing Daesh to justice on the international stage.

Sir Edward Leigh (in the Chair): I am sure the House would want to associate itself with the Minister's comments about the atrocity in Brussels.

Question put and agreed to.

Macur Review of Historical Child Abuse

4.29 pm

Liz Saville Roberts (Dwyfor Meirionnydd) (PC): I beg to move,

That this House has considered the Macur Review into historic child abuse.

Diolch yn fawr iawn, Sir Edward. It is a pleasure to serve under your chairship today. I am sure we are all saddened by the news we are hearing from Brussels.

I will start by putting on record my thanks to the right hon. Member for Preseli Pembrokeshire (Stephen Crabb) for his statement last week. I also congratulate him on his new role in government. I also congratulate the Secretary of State for Wales and the Minister on their promotions. I look forward to working constructively with both of them in what I am sure will be an eventful year. I also pay tribute to many colleagues across the House for their work, especially the right hon. Member for Cynon Valley (Ann Clwyd), who I am delighted to see with us this afternoon. She has campaigned tirelessly for the victims and survivors of child abuse in Wales and beyond.

The publication of the Macur review's report was long overdue. For the survivors of these abhorrent events, it represented hope: that they would see justice; that their accounts of events would be vindicated; that the nagging doubts and conspiracy theories would be either verified or dispelled; and that the whole would be conducted disinterestedly without fear or favour. Unfortunately, the report, which includes more than 600 redactions, adds virtually nothing to our understanding of how the state failed so many children over so many years in north Wales.

Mark Tami (Alyn and Deeside) (Lab): I am sure that, like me, the hon. Lady has already had survivors contact her to say how disappointed they were. The report was their hope that there would be recognition, but all it does is leave unanswered questions still unanswered.

Liz Saville Roberts: I agree. It seems to have been very much a matter of process and documentation, with survivors and victims as a second consideration. I will return to that.

The report culminates in a bland list of eight conclusions, which mainly state that Waterhouse was necessary, agree with the instigation of this inquiry, say that neither is a substitute for criminal proceedings and that the experience of giving evidence is difficult for survivors. The six recommendations include the platitudes that inquiries should be "above reproach"; that evidence should not be lost; that there is no purpose in further inquiries; and about the hazards of hindsight. I will return to recommendation 5 later.

Macur was the third review of its kind after the Jillings panel and the Waterhouse tribunal. We will have to wait a further two and a half years before we learn of the findings of Goddard's independent inquiry into child sexual abuse. The National Society for the Prevention of Cruelty to Children in particular criticised the timescale, saying that despite the "drawn out process", the report reveals "barely anything". It expressed concern that that might deter victims from coming forward during the ongoing Operation Pallial.

I turn to redactions: the removal of names and details by which people might be identified. On my count—I may be wrong, although I counted twice—there are 633 redactions in the report. Although many will be duplications, the Secretary of State and the Minister must appreciate that that number is extremely high. The previous Secretary of State for Wales, the right hon. Member for Preseli Pembrokeshire, said in his statement last week that redactions had been "kept to a minimum". While I, and I am sure many people here, accept that some redactions must be made, particularly given the ongoing court proceedings and the potential for further actions, I put it to the House that to claim that redactions in the report have been kept to a minimum is frankly disingenuous.

I am particularly concerned about the extremely high number of redactions in chapters 7 and 8 on freemasonry and establishment figures respectively. Lady Justice Macur made recommendations in her report to the Secretaries of State on what should be redacted in the published report. She said:

"It is for the Secretaries of State to determine any further redaction of my Report weighing public interest with the caution".

Albert Owen (Ynys Môn) (Lab): I congratulate the hon. Lady on securing this important debate. One of the few positives to come out of Waterhouse was the setting up of the Children's Commissioner for Wales. Given the strong statement that the commissioner made, does she agree that the Government must be clear about the methodology that arrived at so many redactions?

Liz Saville Roberts: I agree entirely. I will refer to what the Children's Commissioner for Wales said anon and I hope that the Minister will be in a position to respond to her call as well as those we are making today.

The previous Secretary of State also said that the rationale behind making the redactions, as set out in the letters to the Secretaries of State by the Treasury Solicitor and the director general of propriety and ethics, "explain the reasons...fully". However, I put it to the Minister that those justifications are weak and bland. I sympathise with the views expressed by victims and by the Children's Commissioner for Wales, as just mentioned, who believe that the UK Government need to be more open about the process by which redactions were made. First, I ask the Minister to tell the House how many redactions were made in addition to those suggested by Lady Macur. Secondly, will he publish further information about why those additional redactions were made and what the process was in coming to a decision on them?

Especially alarming—possibly more so—are the numerous serious cases of missing or destroyed evidence at several different points during the various inquiries. Lady Justice Macur's report refers to individuals who have implied in written evidence that they hold information about abusers who were not investigated by the police or the tribunal. She states that following an interview with—redacted name—she made a request for materials said by that person to be relevant to the review and stored by a solicitor. She goes on to say that that solicitor had since left the relevant practice and that the files in question were destroyed. She even says that the person at the firm dealing with her request recalled that, before the files were destroyed, the solicitor in question had visited the office and

"may have taken any documents he considered worthy of retention."

The report states that the solicitor in question had failed to respond to correspondence from Lady Macur. Does the Minister consider that a satisfactory conclusion to that line of inquiry? Is simply ignoring correspondence until the problem goes away all one needs to do to get away with a crime? Even ignoring the allegation that the solicitor may have removed evidence, is the Minister satisfied that it would be standard practice to destroy recently archived data?

Unfortunately, that is just the tip of the iceberg when it comes to missing or destroyed evidence. The greatest cause for concern in relation to the process and documentation is of course the fate of the Waterhouse tribunal's evidence originally handed over to the Welsh Office in 1998. Those documents—it says this in the report—were supposed to be archived securely for 75 years. That did not happen. The evidence received scant respect at the Welsh Office and it was then shuffled over to the Welsh Government.

This is simply a catalogue of data mismanagement: dependency on technology that becomes dated and corrupted; destruction of hardware and tapes; boxes of evidence in disorder; and a reference index that lists 718 boxes while only 398 were initially made available. It remains unclear how many boxes of evidence were finally handed over to Lady Justice Macur, but documents were still coming to light on 1 December last year. It should be noted that the report was presented on 10 December. That methodology does not instil confidence.

The significance of the destroyed computer database cannot be overestimated. That was the record of all documentation. Against that database, if extant, it would have been possible to come to a view as to whether significant evidence was present or missing. Macur states:

“It is impossible to confidently report that I have seen all the documentation that was before the Tribunal.”

We cannot therefore come empirically to an opinion on whether material has been lost, removed or concealed.

Ann Clwyd (Cynon Valley) (Lab): I interviewed six young men some years ago in the Cynon Valley. Those boys were taken to north Wales, and that may be true of boys from other parts of south Wales as well. This is talked about as the north Wales abuse inquiry, but it is sometimes forgotten that the children came from all over Wales. Those boys' reports were harrowing, as Members can imagine. It is an absolute disgrace that there are so many missing documents; I entirely agree with the hon. Lady. Where have they gone? Who is responsible? Lots of the evidence given to the Jillings report, which preceded the Waterhouse inquiry, has also gone missing. Where is it? Who did that, and what were they hiding?

Liz Saville Roberts: I agree. There is a history, as the right hon. Lady mentioned, of a loss of evidence associated with child abuse. I refer also to the Geoffrey Dickens dossier. I ask the Minister to consider whether victims and survivors of abuse in Wales—not only north Wales, of course—can, in all honesty, be satisfied with the findings of this report.

Now that the Macur review has been published, we are left with the overall lasting impression that documentation and process have been more important than securing justice for the victims and survivors of the

abuse that was perpetrated, which should have been the overarching responsibility and purpose of the review. Symptomatic of that concern for documentation and process rather than for the victims and survivors of abuse was the failure to speak to them individually. The review held a public session in Wrexham in June 2013. The review's website states that, on that day, Lady Justice Macur

“met privately with anyone who asked to do so”

and that the review

“met with numerous individuals with relevant information.”

However, I have spoken with one of the survivors, Keith Gregory, who is a point of contact for other victims and survivors of abuse, and he has informed me that arrangements for interviews were forgotten by the review.

Adding to the undermining of the victims and survivors of abuse are the definitions of “unreliable witnesses” and “multiple hearsay”. Those unfortunate terms were used at the time by people working within the Wales Office to dismiss those who had approached them to demand that attention be focused on investigating abuse that later turned out to be true and to be widespread. The terms are still in use today and are very potent.

It is unfortunate that, due to misguided and wild accusations that emanated from multiple investigations into prominent public figures, sympathy for the survivors and victims of historical child abuse has swung away from them to incorrectly accused individuals. Obviously, the cases of figures such as Lord Edwin Bramall and Harvey Proctor—this, of course, is relevant to news we have heard in recent days—have demonstrated the need to proceed with care and caution when investigations are carried out. However, the danger is that the popular and media perception focuses on sympathy for wronged figures at the expense of genuine victims and survivors. The sensationalist and prurient nature of the subject matter makes a good tabloid story, but surely society should make every effort to respect the suffering of all innocents caught up in both perpetration and accusation.

Ultimately, after reading the Macur review, I am left with the impression that many points still need to be explained and explored under the public gaze. I am particularly concerned about recommendation 5, which I do not interpret in the same way as the Secretary of State for Wales did in his statement last week. He referred to one alleged incident of criminal charges, but Lady Justice Macur's recommendation seems far more wide-reaching. It concerns me that the Secretary of State appears to have been at pains to restrict the scope of recommendation 5, and I seek a further explanation of what steps will be taken.

The role of the Children's Commissioner for Wales should be strengthened, which she mentioned in an interview on “Sunday Politics Wales” at the weekend. The commissioner, Sally Holland, called for greater powers, noting that the commissioner's powers in relation to complaints, advocacy and whistleblowing should be extended to include any area that involves the abuse of children. Might I suggest the Government examine that point and perhaps, if appropriate, include it when they inevitably strengthen and revise the initial draft of the Wales Bill? Will the UK Government work with the Welsh Government to ensure that the Children's Commissioner has the full range of powers she believes she needs to ensure the full and adequate protection of children?

[*Liz Saville Roberts*]

The Children's Commissioner also called for the Government to publish or explain information regarding who identified what number of redactions and in which chapter; that is an important point. We are aware that an unredacted copy of the review has been forwarded to the Goddard inquiry, but that will not report until the end of 2018 and will therefore be another long process for the survivors, who have waited for many years already. Victims and survivors need to know what the methodology and process for deciding upon redactions were; the Government owe them that. I note that the only politicians to have had sight of the unredacted version so far all belong to the Government. That does not seem right. It is also clear that there needs to be a strengthened status for evidence from child abuse inquiries, including its preservation, which is a wider point for any Government inquiry.

There undoubtedly needs to be a commitment to ensure that children's voices are heard in the criminal justice system, in health and social care and in any other sector that involves the care of children and contains the potential for abuse. Rather than simply a platitude that seeks to soothe and reassure in the face of public anger and is then forgotten as time rolls on, we need to change the way in which children's voices are heard during such processes, in concrete and administrative terms.

Mark Tami: The hon. Lady makes an important point about children's voices being heard. In many of these cases, because the children were in a home, they were not considered to have any value, and that is why they were treated in the way they were. That, in some ways, is the worst aspect of this whole miserable, dreadful business.

Liz Saville Roberts: One thing that has saddened me is perceiving how vulnerable these children were, which made them vulnerable to abuse in the first place, and how that abuse in turn has affected them for the rest of their lives and in part condemns them to being unreliable witnesses. We have not served them well; there is no denying that.

Hywel Williams (Arfon) (PC): I congratulate my hon. Friend on the speech she is making. In terms of process, is she surprised, as I am, at the paucity of reference to the linguistic context in which this happened in Wales—specifically in north Wales and north-west Wales, where a percentage of the children would be Welsh-speaking? I detect very few references to that in either the Macur report or, in fact, the Waterhouse report, which I read many years ago.

Liz Saville Roberts: Indeed. We are talking about children's voices, and one aspect of that is whether people are able to use their first language, in which they are most confident and express their emotions most fluently.

Finally, one critical lesson to be learned—I again echo the Children's Commissioner for Wales—is that reviews from now on must be centred on the victims and the survivors. They should have the opportunity to advise on both the remit and process of an inquiry and should be properly supported at all stages. They, of course, are the people who live with this experience for their whole lives, and it has been a terrible experience. *Diolch yn fawr iawn.*

4.48 pm

Ian C. Lucas (Wrexham) (Lab): I am pleased to see you in the chair, Sir Edward. May I take this opportunity to congratulate the Minister on his appointment? This is not the easiest of debates with which to start. I also congratulate the hon. Member for Dwyfor Meirionnydd (*Liz Saville Roberts*) on her studied and sensible remarks.

This is a really difficult issue for Wrexham. It has cast a cloud over the years that I have been in Parliament, which are many now. The Waterhouse report was published in the year before I became a Member of Parliament and refers to events that occurred very often in Wrexham in the 1980s and 1990s, when I lived and worked in the area. There were great hopes for the Macur review. On Thursday, when the Secretary of State for Wales made a statement, I said that I was astonished. I am afraid that having considered the review to the extent I have been able to thus far, I do not in any way resile from my statement; in fact, I would intensify it.

The reaction within Wrexham has been one of huge disappointment and distress. The hon. Lady referred to Keith Gregory, who is my constituent and a local Plaid Cymru councillor in Wrexham, and to whom I spoke at the weekend. There is intense disappointment, but it simply confirms the view of many survivors about the political class, the political system and the whole world in which many of my constituents see politicians as operating. I am afraid that the report, with the redactions that have been referred to, will intensify the disillusion that the survivors of these incidents feel about the political and judicial system in north Wales.

A lot of issues will arise from the report, and I tell the Parliamentary Under-Secretary and Ministers at the Ministry of Justice that I will be pursuing many of those questions through parliamentary questions and further debate. We need a substantial debate—a full day's debate—on this report, which is of national importance, in order to address the issues in it, once we have had the opportunity to try to read it. I congratulate the hon. Lady on reading the report: I have had real difficulty doing so because of the number of redactions in it. Many of the most important and controversial aspects of the report are very difficult to extract from the document we have.

The issue of redaction is very important. I was surprised last Thursday that the then Secretary of State for Wales made the statement, because I had expected the Lord Chancellor to make it. I have raised questions in connection with the publication of this report that have always been answered by the Ministry of Justice, which I therefore expected to be dealing with the matter. Although the report was jointly commissioned by the Wales Office and the Ministry of Justice, it is very important that Justice Ministers—I mean no disrespect to the Wales Office—should answer, because there are very technical and difficult legal questions relating to it.

It is clear that this report followed correspondence that took place between the Lord Chancellor and Lady Macur who was conducting an investigation and doing an independent report. The important issue of redaction was at the heart of that correspondence. The review itself makes it clear in paragraph 8.4 that

“the redaction of this report is a matter for the commissioning departments.”

It is very important that everyone out there understands that the redactions in the report were made by the Government, not by the judge. The only people who have seen the full report and have made the redactions are the Government.

However, that was not enough for the Lord Chancellor. Information that is given to us by Lady Justice Macur in paragraph 1.44 of the report tells us that Her Majesty's Procurator General and Treasury Solicitor, Jonathan Jones, asked for a meeting with her to discuss the

"inclusion of names of individuals subject to unsubstantiated allegations."

In the review, Lady Justice Macur says that she refused to have such a meeting.

That was not the end of the matter as far as the Ministry of Justice was concerned. I should make it clear that I have written to the Lord Chancellor to give him notice that I will be referring to this report and to him as an individual in this debate, because after the refusal to meet the Treasury Solicitor, the Lord Chancellor—effectively Lady Macur's boss—wrote a letter to her. She is the head of an independent judicial inquiry investigating an alleged cover-up. He asked her to withhold the names of individuals who were the subject of allegations from the draft review presented to other Government Departments—so the Lord Chancellor asked her to take the names out of the draft report that was being sent, within the Government, to other Departments. I do not regard that as appropriate. This was an independent judicial inquiry and the matter was one for the judge.

I would have liked to question the Lord Chancellor on those points but, unfortunately, he did not present the report to Parliament, so I have not had the opportunity to do so: I will pursue those matters. In any event, the Government have redacted, as we have heard, huge swathes of the Macur review, removing in particular the names of individuals who have been the subject of speculation and who have national recognition. For example, the name Peter Morrison has been redacted from the report, but puzzlingly, other names—Greville Janner, Lord Gareth Williams—have not.

Mr David Jones (Clwyd West) (Con): If I may correct the hon. Gentleman, Peter Morrison's name does appear in the body of the report. It is important that the hon. Gentleman clarifies that, because it is not redacted.

Ian C. Lucas: It appears in one part of the report, but it is also redacted in other parts of it. His name appears in the introduction, I believe, but in the part that relates to establishment figures, his name is redacted.

Mr David Jones: The point I was seeking to make is that his name is not wholly redacted, and since the hon. Gentleman is making a speech that covers very important matters, it is necessary to clarify that point.

Ian C. Lucas: I am grateful for that clarification, but in the chapter that relates to establishment figures, the two names that I referred to are not redacted, whereas Peter Morrison's name is. It is very difficult to deduce a line of principle to see why someone made that decision. I think we need to have that information, and I think it

is very important and very appropriate that the Children's Commissioner for Wales has written to the Secretary of State for Wales, saying that

"more can be done to communicate many of the omissions to be found in the report, and seek a greater level of transparency to be afforded to victims. As such, I call on the UK Government to issue a statement explaining the methodology used for redacting the publically available Macur Review Report, giving a full rationale for the changes made. Without an understanding of the approach employed by the Government's lawyers, many will continue to question whether there has been protection of individuals because of their position in society, rather than because there are ongoing criminal investigations, or if there is no evidence against them."

Some of the people whose names have been redacted are dead, so there will not be any continuing criminal investigations as far as they are concerned, and it is very difficult to understand why these redactions have been made and what element of principle is involved. We need that information because we have to try to persuade our constituents that our political system is not rotten and that it does afford them some element of protection.

I am also very concerned about the circumstances in which the review was set up. There is a very interesting section starting in paragraph 1.33 of the review concerning a Wales Office note, and the involvement of the Cabinet Secretary in the compilation of a note that involved the former Secretary of State for Wales, the right hon. Member for Clwyd West (Mr Jones), who is here today. It seems from the report that issues that are directly relevant to the establishment of the Macur review have been left hanging in the air and that a Cabinet note, which is referred to in paragraph 1.40, has not been disclosed. That is one of many documents that are available and should be published. A huge number of questions arise from the report and I am afraid its contents do nothing to resolve the disillusion of my constituents or the many survivors who suffered at the hands of criminals in north Wales in the 1980s and 1990s.

Paul Flynn (Newport West) (Lab): My hon. Friend is making a valuable contribution to the debate. Does he think that handing an unredacted copy to the Goddard inquiry will affect the delay in anyone having any chance of finding out what the redactions are? The Goddard inquiry is very optimistically expected to report in two years, but the scale of the inquiry is so enormous that most people think it will take a decade. Is it right that the abuse of those young people should continue for at least another 10 years?

Ian C. Lucas: My hon. Friend makes a valid point. The report took over three years and I would be astonished—to use that phrase again—if the Goddard review reported within that timeframe. That is why it is incumbent on us to ask these questions. It is unacceptable that only members of the Government see the unredacted report. I am a former Minister and an elected Member of Parliament and it is appropriate for the unredacted report to be seen by individuals in Opposition parties. Otherwise, the inference that political motives are involved will continue to be made.

Mr David Jones: Does the hon. Gentleman agree that another disturbing element of the report is the handling of the documentation of the inquiry: its transmission from the Welsh Office to the Welsh Assembly Government, and what happened when it was in the hands of the Welsh Assembly Government? Does he agree that those matters also need further clarification?

Ian C. Lucas: The disappearance of documents at so many stages during the history of this matter creates huge difficulty for anyone expecting a proper inquiry. All those matters need to be questioned and investigated further.

The difficulty with the Macur review, which in many ways gives valuable information that we did not have before, is that it leaves many questions hanging in the air, and all questions need to be addressed. The content is so dense and difficult that it will take time and hard work to get through to its core. There are many disturbing questions, and more now than before the then Secretary of State for Wales made his statement on Thursday.

5.3 pm

Susan Elan Jones (Clwyd South) (Lab): It is a pleasure to serve under your chairmanship, Sir Edward. I congratulate the hon. Member for Dwyfor Meirionnydd (Liz Saville Roberts) on securing today's important debate. I hope that hon. Members will forgive me if I do not refer to all their speeches in detail, but I have a number of questions for the Minister, whom I welcome to his new role. We are all anxious that he can speak for as long as possible on this important subject.

I commend the thoughtful speech of my parliamentary neighbour, my hon. Friend the Member for Wrexham (Ian C. Lucas), in whose constituency many of the care homes referred to are situated. My right hon. Friend the Member for Cynon Valley (Ann Clwyd), my hon. Friends the Members for Alyn and Deeside (Mark Tami), for Newport West (Paul Flynn) and for Ynys Môn (Albert Owen), the hon. Member for Arfon (Hywel Williams) and the right hon. Member for Clwyd West (Mr Jones) all took part in the debate.

I will come to the redactions, which are a cause of great concern, but when they are connected with legal proceedings, court proceedings and the like, I hope that new prosecutions will be secured. I also hope that if sentences are passed, the judiciary are not unduly lenient. These were most heinous of crimes, not only because they involved the sexual and emotional abuse of children, great evils though those are, but because they involved a group of children who the criminals who perpetuated these acts knew would never be believed. They were criminal and evil on both counts, and I hope the judiciary do not get soft when sentencing.

The abuse that was carried out in care homes in north Wales shames us all. As the Waterhouse inquiry found, it was widespread and persistent physical and sexual violence against young boys and girls. That it was perpetuated by those who should have been looking after those children, in homes where they should have felt safe, just adds to the sheer horror of what occurred. Those of us who lived in the areas around those homes well remember that it was common parlance to talk about the "naughty boys' homes". That was how they were regarded at the time.

Our thoughts must be with the survivors of that abuse, who were let down for a second time when they reached out for help and none was given. It was because of concerns raised by survivors about the scope of the Waterhouse inquiry that the Macur review was commissioned. Lady Justice Macur's foreword to her review says that she hopes

"to achieve the finality that many participants in this process will desire."

Indeed, that was what we all hoped for.

Since the review was published last week, however, a number of survivors have expressed their disappointment with its conclusions, and that has been echoed by many Members today. The NSPCC has expressed concern that the "lengthy, drawn out process" of the review "risks deterring victims from coming forward."

I sincerely hope that is not the case, and that survivors will have their voices heard clearly by the independent inquiry into child sexual abuse led by Justice Lowell Goddard.

Last week, the then Secretary of State for Wales said that the Goddard inquiry would open an office in Cardiff to engage with survivors in Wales. Can the Minister provide further information about when that will occur, and crucially, will he outline how the Goddard inquiry will engage with survivors and participants in other parts of Wales, including north Wales?

We know that physical and sexual abuse leaves a lasting impact on the lives of those affected and that, no matter how long ago that abuse occurred, survivors need support to rebuild their lives. The publicity surrounding the review will have triggered deeply painful memories for many survivors and may encourage others to seek help for the first time. Will the Minister set out exactly what support is available to those who come forward? Has he or his predecessor had conversations with agencies, including the Children's Commissioner for Wales, to ensure that help is highlighted to those who need it?

The Children's Commissioner for Wales has highlighted the need for clarity on why the redactions were made. Redacting information is a highly sensitive area, because it seems to conflict with the transparency that inquiries such as the Macur review should provide. It is vital to get the balance right. We know that it is necessary to redact some information, when criminal investigations are involved, but our view is that it should be done in as few cases as possible and must be justified to survivors. How many redactions were made in addition to those requested by Lady Justice Macur? What methodology was used when deciding which names were redacted?

I want to ask the Minister specifically about the process that led to the redactions, which is described in paragraphs 1.44 and 1.45 of the report and has been raised previously in the debate. Lady Justice Macur writes that she received unsolicited letters, first from the head of the Government Legal Service and then from the Secretary of State for Justice, about the extent to which her report would name those subject to unsubstantiated allegations. The Justice Secretary "strongly urged" Lady Justice Macur not to name those concerned and suggested that she

"underestimated the unfairness and prejudice to such individuals of including their names in the Report".

To be clear, those names have been redacted in the published version of the report, but the Justice Secretary was arguing that they should not have been included in the first place. Lady Justice Macur decided not to follow that course of action. It is unfortunate that the Justice Secretary made that approach, given the understandable sensitivity that surrounds the question of redactions. Is the Minister satisfied that the Justice Secretary was right to make that approach, particularly in light of the fact that his was one of the commissioning Departments, and does he support Lady Justice Macur's approach to those subject to unsubstantiated allegations?

My hon. Friend the Member for Wrexham referred to the need for a longer debate on this issue. Can the Minister confirm that that might be granted in Government time?

The abuse described in the Waterhouse inquiry and again in the Macur review is truly staggering. I hope that the review is the start of a process whereby survivors will feel that their voices are being heard. As we move forward, it is imperative that anyone who has committed these gravest of crimes against the most vulnerable, no matter how long ago, is promptly brought to justice. The survivors of this abuse, and the people of Wales, have waited long enough.

5.11 pm

The Parliamentary Under-Secretary of State for Wales (Guto Bebb): It is a pleasure to serve under your chairmanship, Sir Edward. I thank hon. Members for their warm welcome for my appointment to this position; it is appreciated. The hon. Member for Wrexham (Ian C. Lucas) made the point that this is not the baptism that one would have expected or anticipated, and this has been a difficult week of trying to get to grips with a very difficult subject area, but the way in which the hon. Member for Dwyfor Meirionnydd (Liz Saville Roberts) has approached the debate and the way in which other hon. Members have contributed are to be applauded and are certainly appreciated from my point of view.

As a north Walian MP, I am acutely aware of the dark shadow that this issue has thrown over north Wales, and the rest of Wales for that matter, for far too long. Therefore, it is appropriate to congratulate the hon. Member for Dwyfor Meirionnydd on securing the debate and on how it has been conducted. All the contributions made by MPs from north Wales have shown the seriousness with which we want to approach the issue and the importance of ensuring that lessons are learned in order to ensure that we can give some clarity and confidence to the people in north Wales, in accordance with the comments made by the hon. Member for Wrexham.

Ann Clwyd: Not only in north Wales.

Guto Bebb: I accept that point. I also pay tribute to the right hon. Member for Cynon Valley (Ann Clwyd) for her work on these issues, and while I am paying tributes, I would like to say that the hon. Member for Dwyfor Meirionnydd is clearly following in her predecessor's footsteps in highlighting concerns on this issue.

It is important that I try to respond to the questions that have been asked. It would be easy for me to comment on how the Waterhouse inquiry was established and the concerns about the Waterhouse inquiry. We could talk about how the Macur review was established and the concerns there. However, the key point is that I have limited time to deal with the questions that have been raised, so I will try to respond to all of them, and if I fail, I will certainly ensure that I write to hon. Members on those specific issues.

It is important to make this clarification at the outset. The hon. Member for Wrexham highlighted a degree of concern that the previous Secretary of State for Wales made the statement on Thursday and subsequently this debate is being responded to by the Wales Office. It is important to point out that the Macur review was

jointly commissioned. In view of the fact that the original Waterhouse report was commissioned by the Wales Office and in view of the fact that this report was a joint commission, I think it is appropriate that the Wales Office responds, but clearly questions can be asked of both Departments. The Departments will consult each other in responding to any further questions from the hon. Gentleman; and clearly, if there are any omissions in the speech that I make today, further questions can be asked. The Departments will work together to try to give answers that will satisfy hon. Members in relation to the concerns that they have raised.

Clearly, the key concern highlighted by hon. Members across the Chamber this afternoon relates to redactions. Those concerns have been expressed not only by hon. Members, but by civil society in Wales and of course by the Children's Commissioner for Wales. I am very pleased to be able to report that I have spoken this morning to the Children's Commissioner for Wales. It is clearly appropriate that we take her concerns seriously. I will write, on behalf of the Department, to the Children's Commissioner to respond to some of the concerns that she has expressed, and will highlight the reasons and the methodology, which have been provided in the public domain, in relation to why some of the redactions were undertaken. The Children's Commissioner is more than welcome to put that letter in the public domain in due course. There is no intention whatever to hide from any of the questions in relation to redactions.

In responding fully on the issue of redactions, I think it is fair to say that this concern was raised before publication of the report, by the right hon. Member for Cynon Valley, and the statement was very clear that the redactions would be as minimal as possible. That is why, when we published the report, we also published the two letters: the letter from the Cabinet Office and the letter from the Government's legal department explaining why there was a need to do some redactions in the report. It is fair to say that in the report Lady Justice Macur herself states that there are certain details that should be considered for redaction; and again, the important thing here is for me to try to explain on what basis those decisions were taken.

Clearly, the first reason for redactions, which is crucial and understood, I suspect, by all Members of the House, is that we would not want to do anything that would potentially compromise any ongoing police investigations and any criminal proceedings. It is clear that a tribute was paid in the main Chamber on Thursday to the work of the National Crime Agency through Operation Pallial. It would be a travesty of justice if the publication of names in the Macur report without being redacted properly were to threaten in any way, shape or form the possibility of further criminal investigations and further charges being levied. The danger is of undermining any further criminal proceedings, which would be a further betrayal of the needs of the victims in north Wales, who want to see justice done at the end of the day. In terms of redactions, it is clear that we have an obligation to ensure that nothing printed and published in this report could in any way, shape or form damage the possibility of any further criminal proceedings or of further legal action being taken as a result of criminal investigations that are now forthcoming.

I come now to the second category. Clearly, a significant number of names of victims of abuse have been redacted. That, again, is a legal requirement. We are required

[Guto Bebb]

under the Sexual Offences (Amendment) Act 1992 to ensure that the identities of those who have suffered sexual abuse are protected; they have a right to anonymity. Therefore, those redactions have been done in order to protect people who have already suffered. It would be wrong to have people's names dragged through the public sphere once more. Those people have already suffered so much as a result of the abuse that they suffered.

The redactions in those two categories have been overseen by Sue Gray, the director general of propriety and ethics in the Cabinet Office. The letter from Sue Gray was published at the same time as this report, so again, the reasoning behind the redactions was certainly communicated and will be communicated again to the Children's Commissioner, as I stated.

The third category, which I suspect is the one causing most concern to hon. Members in view of the speeches that have been made, is those individuals who have been accused of abuse or speculated to be involved in abuse, who have not been subject to a police investigation, who have not been convicted of a criminal offence and whose name is not in the public domain in the context of child abuse. It is important to state that in the report Lady Justice Macur advises that the publication of those names would be

"unfair in two respects and unwise in a third."

That is not the Government—not the Wales Office—it is Lady Justice Macur herself. She states:

"First, the nature of the information against them sometimes derives from multiple hearsay".

I understand the concerns expressed by the hon. Member for Dwyfor Meirionnydd in relation to the use of hearsay, but again, that was not a recommendation coming from Government; it was from Lady Justice Macur herself. She also states that

"second, these individuals will have no proper opportunity to address the unattributed and, sometimes, unspecified allegations of disreputable conduct made against them".

Again, that is a statement made by Lady Justice Macur. She continued,

"and third, police investigations may be compromised".

Now, I have already touched on the issue of criminal investigations. We do have an obligation to highlight where we believe there is wrongdoing but we also have an obligation to ensure that we are not pointing the finger at individuals who might be completely and utterly innocent. We all know that there is a danger that publishing names without any specific allegations being made and without any specific justification could create a witch hunt, which is the last thing that a responsible Government or Parliament should be involved with.

It is important to highlight that the redactions were not undertaken to protect any individuals or to damage the report. They were undertaken to ensure the integrity of the report. I understand the concerns because, as a Member from north Wales, I read the report on Thursday in no way anticipating that I would be responding to the debate today. However, I think that the arguments presented by the Treasury Solicitor and by the Cabinet Office are not without merit. Indeed, I challenge hon. Members to state whether they believe that those arguments are incorrect.

Ian C. Lucas: I accept many of the arguments that the Minister makes, but why were the two names I mentioned earlier unredacted while many other names were redacted?

Guto Bebb: I will try to respond to that in my next few comments. Just to finish the comments I was making, I understand the frustration and the feeling that there could have been fewer redactions, but it is imperative that the reasoning, in the round, is understood by hon. Members. I have tried to explain why those redactions have been made. I have explained very clearly that they were undertaken as a result of advice given, which I think was quite reasonable. I hope that hon. Members will take that into account. There has been no attempt to mislead or to not be very clear as to the basis for the changes. We are more than happy to correspond on the issue if the hon. Member for Wrexham feels the need to take it any further.

Albert Owen: On the issue of redaction, does the Minister understand the concerns of many people that only Government Departments saw the unredacted version? He may be coming to that. I think it is hugely important.

Guto Bebb: Yes, I will touch on that issue, which was also raised by the hon. Member for Wrexham. It is simply not correct that only Government Ministers have seen the uncorrected report. It might be correct that the only politicians who have seen the report are Government politicians but it is not only the Government who have seen it. Clearly, an unredacted copy has been sent to the Goddard review, Operation Pallial, Operation Orion and Operation Hydrant.

It is simply not correct to say that the only people who have seen an unredacted version of the report are Government Ministers. If the argument is that we should provide that information to all elected politicians but not to the general public, it is a completely different argument. Given the way in which politicians are viewed, I am not sure that would contribute any further to the trust that the hon. Member for Wrexham seeks.

On the methodology, I have tried to explain why the redactions were undertaken. The two letters that we received have been published. I will write to the Children's Commissioner for Wales highlighting again the reasons for the redactions. I am not claiming that the response will satisfy all people's concerns, but it is clear that the Wales Office and the Government ensured that the advice that was provided was published at the same time as the report. We have provided the explanation for the methodology and we will provide further explanations.

I understand that the hon. Members for Clwyd South (Susan Elan Jones) and for Dwyfor Meirionnydd highlighted concerns but I think that those have been addressed. If they need to be addressed in further detail, I hope that our letter to the Children's Commissioner for Wales will provide that. I am more than happy to respond to any questions received.

Paul Flynn: Does the Minister know that there is a precedent for revealing to Members of Parliament reports that are entirely secret? The report that I saw as a member of the Select Committee on Home Affairs—the Operation Tiberius report—was an extraordinary document that named many people including criminals and police, who worked together through the freemasonry movement.

We inspected that report under strict terms of security. We were not allowed to take our phones in. We were watched the whole time and we were not allowed to take any notes. There is a precedent for allowing Members of Parliament to see the unredacted report.

Guto Bebb: I take the hon. Gentleman's point but hon. Members have made arguments that the redactions are damaging public confidence. I am unsure how the idea he offers would contribute to solving the issue of public confidence because a very limited amount of people in the political sphere would be responding. A couple of other questions were asked by the hon. Member for Dwyfor Meirionnydd—

Ian C. Lucas: Will the Minister give way?

Guto Bebb: Could I just answer this question because I am aware of the time? Another question was asked by the hon. Member for Dwyfor Meirionnydd about recommendation five. The issue relates to the consideration of criminal charges relating to events referred to in paragraphs 645 to 675 of the report. It does not relate to the actions of the Wales Office or of any Government Department. The police and Crown Prosecution Service are aware of the specifics of the matter, and that issue is a matter for them to consider, not the Government.

The hon. Members for Clwyd South and for Dwyfor Meirionnydd asked how many redactions, in addition to those that were a result of the advice given, were made by the Government. The answer is zero. Not a single further redaction was made. The redactions that have been made were all in accordance with the advice given and the explanation that has been provided.

The hon. Member for Wrexham asked about the publication of some names and not others. Again, the letter from the Treasury Solicitor sets out the methodology for redacting such names, saying very clearly that they are the names of people who are rumoured or speculated to be involved in abuse, who have not been convicted of a criminal offence and/or whose name is not in the public domain in the context of child abuse. That is in the letter from the Treasury Solicitor so the reasoning has been provided.

Ian C. Lucas: I do not accept for one moment that those principles apply to the name Peter Morrison. I do not think that any reasonable person could reach that conclusion. That name is in the public domain and it is in the report. I cannot understand why that name has been redacted. The redaction of that one name has had a massive impact on the public confidence in the whole report.

Guto Bebb: I hear what the hon. Gentleman is saying but I have attempted to provide an explanation as to why the redactions have been as they have been.

I need to touch on a few other issues. I do not think there is any denial of the inadequate nature of the records management, which is a point that was raised by my right hon. Friend the Member for Clwyd West (Mr Jones). It is acknowledged that the records management has been poor. It was not to anybody's satisfaction and it is fair to say that lessons have been learned by the Wales Office, and I presume that the Welsh Assembly will take some of the report's advice on records retention very seriously. However, it is fair to state that Lady Justice Macur is clear that she received

“the majority of, if not all, relevant documentation”

and that she is

“confident in the conclusions I reach in this Report in light of numerous, varied and cumulative sources of information available”.

Again, that is not the Government's line. That is a comment from Lady Macur regarding the lack of record-keeping or the problematic element of the record-keeping.

An important point is contained in paragraph 2.6 of the report, in which Lady Macur states quite clearly that 523 boxes of files were received, some 400 of which originated from the Wales Office. Although that is unsatisfactory compared with what we would expect from a Government Department, I stress the fact that Lady Macur does not believe that her conclusions would have been different if she had received more information than that which was provided.

We have touched on establishment names only very quickly. I have tried to explain why redactions have happened, and we are more than happy to respond to any further questions from hon. Members who believe that there is an issue there.

The other point that I would like to touch upon just before I finish is that Lady Justice Macur adds, for the sake of clarity,

“At no time have Ministers or their officials attempted to influence me in the conduct of the review or the conclusions I have drawn.”

There is a view here that there is a lack of transparency and clarity but, on every aspect, we have tried to offer an explanation and even Lady Justice Macur has said that she was not subject to any undue pressure.

I do not think I will have time to respond to the question from the hon. Member for Arfon (Hywel Williams) about the Welsh language or to the question from the hon. Member for Clwyd South about the Goddard inquiry, but I will write to both Members.

The debate has been difficult and there are lessons to be learned. We will write to the Children's Commissioner for Wales and respond to any further questions. The Macur report was certainly worth doing and it has been of value.

5.30 pm

Motion lapsed, and sitting adjourned without Question put (Standing Order No. 10(14)).

Written Statements

Tuesday 22 March 2016

DEFENCE

Type 26 Global Combat Ship Demonstration Phase

The Minister for Defence Procurement (Mr Philip Dunne): Today I am providing an update on our plans for the next stage of the Type 26 Global Combat Ship (T26 GCS) programme.

The 2015 Strategic Defence and Security Review (SDSR15) set out the Government's clear commitment to build eight Anti-Submarine Type 26 Global Combat Ships, preceded by two additional offshore patrol vessels (OPVs), and to launch a concept study and then design and build a new class of lighter, flexible general purpose frigates.

Alongside work on the national shipbuilding strategy, we are working with industry to develop an optimised schedule for the Type 26 and OPV programmes. As part of this, we have agreed a contract with BAE Systems valued at £472 million to extend the T26 demonstration phase to June 2017.

This will enable us to mature further the detailed ship design, ahead of the start of manufacture, including investing in shore testing facilities, and extend our investment in the wider supply chain in parallel with the re-baselining work which is continuing.

The investment in shore-based testing facilities will test key parts of the ships' power and propulsion system and the combat system to de-risk their future integration into the class.

Investment in the wider supply chain will cover further key equipment purchases for the first three Type 26 Global Combat Ships including the diesel generators, sonar domes, helicopter handling equipment, mission bay side doors and the stabiliser and steering gear systems, and demonstrates our ongoing commitment to invest in the UK's ability to design, develop and deliver complex warships to meet the Royal Navy's future capability needs.

[HCWS639]

SCOTLAND

Inverness and Highland City Region Deal

The Secretary of State for Scotland (David Mundell): In March 2015, the Government announced their intention to negotiate an Inverness and Highland city region deal. As well as deals across England, this followed the successful agreement of a city deal in Glasgow and Clyde Valley. An Aberdeen city deal was announced on 28 January 2016.

I can today inform the House that the Government have reached agreement with the Scottish Government, the Highland Council and other partners on a heads of terms city region deal for Inverness.

This heads of terms city region deal agreement provides a transformative opportunity to position the area as a region of digital opportunity and strength, thereby enabling the highlands to be the best digitally connected rural region in Europe.

Central to this will be a significant funding package which invests up to £315 million of public money into the regional economy. As part of this funding package, the UK Government will commit up to £53.1 million, the Highland Council along with regional partners will commit up to £127 million and the Scottish Government will commit up to £135 million. This funding package will be provided over a 10-year period subject to detailed business cases, statutory processes and implementation plans.

The UK Government's contribution to the fund will support a set of proposals from the region intended to enable the highland area to be the most digitally connected rural region in Europe by investing into extended digital coverage, including superfast broadband and mobile 4G connectivity.

It will also support a package of new innovation measures that builds on existing academic and industry expertise in Inverness, as well as business support networks across the highlands. This will include exploring ways to support a multi-disciplinary centre focused on the commercialisation of new medical products and technologies, and a northern Scotland innovation hub.

[HCWS638]

TRANSPORT

HS2 Phase One: Financial Indemnity for Affinity Water

The Minister of State, Department for Transport (Mr Robert Goodwill): I have today laid before Parliament a departmental minute from the Department for Transport describing the contingent liability arising from an indemnity that will be provided to Affinity Water Ltd, protecting them from financial loss as a result of any construction damage to at-risk water resources from the construction of the Phase One, London to West Midlands HS2 rail line.

HS2 construction in the Colne Valley has the potential to cause damage to the chalk aquifer from which Affinity Water sources its water supply. An appropriate mitigation strategy will be developed during detailed design of the construction works, using information from ground investigation surveys. With the mitigation strategy in place, it is considered that the risks to the aquifer will be low. However, the risk of potential damage will exist despite the mitigation measures which will be applied. Should the aquifer or the company's abstraction points be damaged, Affinity Water is likely to face a consequential financial loss. There is no existing protection for Affinity Water in respect of this loss and they would be unlikely to make a successful claim under common law. Under standard compensation arrangements, the basis for compensation would link to the loss in value or damage

to a claimant's property, which for Affinity Water could include pipes or pumps. However, the water in an aquifer is not a property of Affinity Water and so they have no protection if the project causes damage to the resources on which they are dependent. Therefore, Affinity Water require the Department for Transport to carry the liability for any financial loss arising from any impact of the Phase One construction works on their abstraction points.

The worst-case scenario with respect to the liability would include the cost of replacing three abstraction boreholes, each one is estimated to cost £20 million, and also the cost of providing temporary replacement water supplies during the period for which water abstraction is interrupted. The indemnity will not be limited, however. Under the worst-case scenario, the projected cost of the indemnity is expected to be approximately £77 million. The duration of the liability is scheduled to last for four years from 2017 to 2021, which represents the period of the construction works which might cause the potential damage. The worst-case scenario, in which HS2 must replace more than one borehole, is considered to be remote.

If the liability is called, provision for any payment will be managed through normal supply procedure. The Department will be noting this contingent liability in its accounts.

Attachments can be viewed online at:
<http://www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2016-03-22/HCWS637/>.

[HCWS637]

WORK AND PENSIONS

Office for Nuclear Regulation

The Parliamentary Under-Secretary of State for Disabled People (Justin Tomlinson): Later today I will lay a copy of the Unnumbered Act Paper, the Office for Nuclear Regulation's strategic plan for 2016-20 before this House. The strategic plan will also be published on the ONR's website.

I can confirm, in accordance with schedule 7, section 25(3) to the Energy Act 2013, that there have been no exclusions to the published document on the grounds of national security.

[HCWS636]

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