

Thursday
4 April 2019

Volume 657
No. 284



**HOUSE OF COMMONS
OFFICIAL REPORT**

**PARLIAMENTARY
DEBATES**

(HANSARD)

Thursday 4 April 2019

House of Commons

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The House met at half-past Nine o'clock

PRAYERS

[Mr SPEAKER *in the Chair*]

Oral Answers to Questions

EXITING THE EUROPEAN UNION

The Secretary of State was asked—

European Parliamentary Elections

1. **Mrs Emma Lewell-Buck** (South Shields) (Lab): What plans the Government have made for potential UK participation in the forthcoming European Parliamentary elections. [910210]

The Secretary of State for Exiting the European Union (Stephen Barclay): It should be clear to all Members of the House that asking the public to participate in elections for an organisation that we are meant to have left would damage trust in politics. However, there is no guarantee that the UK will not participate in European parliamentary elections if the House refuses to support a deal.

Mrs Lewell-Buck: So no real plans then. Participation in the EU elections will be the death knell for the British public's waning faith in our democracy. The fact that this week councils were advised by the Chancellor of the Duchy of Lancaster and Minister for the Cabinet Office, the right hon. Member for Aylesbury (Mr Lidington) to prepare for EU elections is yet another example of the dire consequences of the Prime Minister and the Government's failure to secure a deal that commands the majority of the House. Is that not true?

Stephen Barclay: With respect to the hon. Lady, that is a rather confused question, given that she—as I understand it—voted against the withdrawal agreement, which gave us a legal right to leave on 22 May. It is odd to vote against the means of departure and then criticise the absence of a departure.

Mr Philip Hollobone (Kettering) (Con): The Conservative party national convention—the meeting of all local party chairmen—made it clear in February that were Brexit to be delayed so that we took part in the European elections, it would be a betrayal of the referendum result and inflict untold damage on the reputation of the Conservative party. Is that not right and does the Secretary of State agree?

Stephen Barclay: I agree with my hon. Friend that to have European parliamentary elections three years after the country voted to leave would be damaging for our

politics as a whole, but he will also have seen the vote in the House last night, which sought to take the option of leaving without a deal off the table. He will also be aware that the House has today refused to back any of the options for a deal that have been put to it.

Hilary Benn (Leeds Central) (Lab): Whether we participate or not depends on the progress of the talks currently taking place between the Prime Minister and my right hon. Friend the Leader of the Opposition. If those talks do not succeed, the Government have committed to giving the House the opportunity to hold a series of indicative votes. Can the Secretary of State clarify whether the propositions before the House will be drafted and presented solely by the Government, or will Members on that occasion have an opportunity to submit their own motions for discussion and vote?

Stephen Barclay: The right hon. Gentleman, as Chair of the Select Committee, is usually an expert on these matters, but I must, with respect, take issue with the statement within his question. It is not subject to the discussions with the Leader of the Opposition. The vote last Friday in which the right hon. Gentleman and his colleagues opposed the withdrawal agreement means that it is no longer the sovereign right of this Parliament whether we leave: it will be a matter to be agreed at the European Council, because the right is affixed to the withdrawal agreement, not to whatever the House decides in votes in the coming days.

Patrick Grady (Glasgow North) (SNP): Is it not simply the case that for as long as we are members of the European Union we have rights and responsibilities that go with that, and participating in democratic institutions such as the European Parliament is crucial? Can the Secretary of State confirm exactly what process is needed to trigger the elections? Will there be a debate on a statutory instrument, in the House or in Committee, or is it simply a stroke of the pen by the Chancellor of the Duchy of Lancaster?

Stephen Barclay: The hon. Gentleman is right in terms of the legal position. If we are a member of the European Union, under treaty law we will be required to have European parliamentary elections. Again, there has been some confusion in the House previously, with ideas such as rolling over the existing Members of the European Parliament or having them on a ratio similar to the composition of the House. If we were to still be a member of the European Union, which is not the Government's intention, we would need to have European parliamentary elections.

NHS

2. **Dr Rupa Huq** (Ealing Central and Acton) (Lab): What discussions he has had with the Secretary of State for Health and Social Care on the effect on the NHS of the UK leaving the EU. [910211]

6. **Karin Smyth** (Bristol South) (Lab): What discussions he has had with the Secretary of State for Health and Social Care on the effect on the NHS of the UK leaving the EU. [910215]

The Secretary of State for Exiting the European Union (Stephen Barclay): DExEU Ministers and officials hold regular discussions with the Department of Health and Social Care. The safety of everyone who uses the NHS health and care services remains a key priority and is reflected in our planning for all scenarios.

Dr Huq: As if the fact that the NHS is down by 8,000 nurses since December 2016 was not bad enough, 47% of them in a recent survey cited Brexit as the reason. Reports from Ealing show a similar exodus from the social care sector—distinctly unglamorous but important given the demographic time bomb coming down the track and the Government’s obsession with high-skilled migration. What is the Secretary of State doing to head off a crisis in that Cinderella sector?

Stephen Barclay: I think the hon. Lady mischaracterises the position. The number of staff recorded as EU27 nationals working in the NHS trusts and clinical commissioning groups in England increased by more than 5,200 between June 2016 and December 2018—there has actually been an increase in EU nationals. She also omits to mention the record investment—£20.5 billion a year extra—that this Government are making in the NHS, the NHS apprenticeships we are bringing through, and the change in tier 2 visas for talent around the world in order to attract more doctors and nurses to the NHS.

Karin Smyth: In my former job, before I came to this place, I was an emergency planner for the NHS locally in Bristol. The NHS has had to put in contingency plans and major incident plans to cope with a no-deal scenario and the future. What compensation will the Government give local NHS bodies for the time and money they have spent and wasted on incident planning that probably will not come into effect because of the Government’s incompetence?

Stephen Barclay: I know from my time as a Health Minister that the hon. Lady always asks very pertinent questions in respect of health matters. She will be well aware of the statement issued by the Royal College of Paediatrics and Child Health, which said how well prepared the NHS was. It has been our priority to ensure that we maintain the supply of medicines and to ensure that the NHS is a priority in our contingency planning. That is the responsible thing for a Government to do.

Brexit Preparations: Cost

3. **Alex Burghart** (Brentwood and Ongar) (Con): What estimate he has made of the cost to the public purse of his Department’s preparations for the UK to leave the EU. [910212]

The Parliamentary Under-Secretary of State for Exiting the European Union (Mr Robin Walker): Since its formation, our Department has spent £25 million in 2016-17 and £58 million in 2017-18, and it has budgeted £96 million for 2018-19, but of course the Government have also allocated substantial sums to fund departmental preparations and preparations by devolved Administrations for EU exit.

Alex Burghart: I thank the Minister for his answer. Has his Department conducted any analysis of the costs of running a second referendum, and will he confirm that a second referendum is not Government policy?

Mr Walker: I can certainly confirm the latter. A second referendum would create further uncertainty and division. We do not think it is the right way forward.

David Hanson (Delyn) (Lab): Has the Minister had a chance to discuss with the Transport Secretary the full cost to the taxpayer of Seaborne Freight, given the extension to article 50 and the costs incurred accordingly?

Mr Walker: As the right hon. Gentleman will know, this was a contract where it was supposed to be payment by results, so that full cost is extremely limited.

Martin Vickers (Cleethorpes) (Con): What estimate have the Government made of the cost to the public purse and the potential damage to the economy if this has prevented them from implementing their manifesto commitment to leave the customs union?

Mr Walker: I direct my hon. Friend to the Government’s own published cross-Government analysis, which looks at a range of different scenarios. It is clear that there are opportunities for pursuing international trade that we can take only if we are outside a customs union.

Jim Shannon (Strangford) (DUP): Will the Minister further outline the essential nature of the work to provide support and guidance to businesses, and the vital nature of support to the business community throughout the United Kingdom of Great Britain and Northern Ireland?

Mr Walker: The hon. Gentleman makes a very important point. There has been a huge amount of engagement across Government, particularly from our Department, with businesses, both on a no-deal scenario and the contingency planning that has to continue until we have secured a deal, and on the potential for the future partnership. We will continue that engagement with businesses large and small. Of course, a huge amount of information is now on the gov.uk website, which I encourage businesses to look at to see what steps they might have to take in the event of no deal.

Visa Arrangements

4. **Nigel Huddleston** (Mid Worcestershire) (Con): What plans the Government have to negotiate visa-free travel between the UK and the EU for short visits after the UK leaves the EU. [910213]

9. **Sir Desmond Swayne** (New Forest West) (Con): What recent progress the Government have made on visa arrangements between the UK and the EU after the UK leaves the EU. [910218]

The Parliamentary Under-Secretary of State for Exiting the European Union (Mr Robin Walker): The UK and the EU have committed to discussing the reciprocal provision of visa-free travel for short-term visits under

the future relationship. Both sides have also said that they do not intend to require visas for short-term visits in a no-deal scenario.

Nigel Huddleston: EU countries are some of the biggest contributors to our inbound tourism industry. We had 6 million visitors from the EU in the last three months of 2018 alone, and we are always pleased to welcome hundreds of thousands of them to Worcestershire. Does the Minister agree that the continuation of visa-free travel is vital to our tourism industry, which sustains 3 million jobs in the UK?

Mr Walker: My hon. Friend is absolutely right. Last year, EU residents made 25.6 million trips to the UK, spending more than £10 billion. Like him, I would like to see more of them come to beautiful Worcestershire and admire our part of the world.

Sir Desmond Swayne: They will want us to go there and spend our money, won't they?

Mr Walker: Absolutely. My right hon. Friend is right. That is the indication we have heard from all member states and from the European Union. They will want to continue to welcome UK tourists.

Neil Gray (Airdrie and Shotts) (SNP): Why then, have the Government not considered sorting out the problems that they have created with the post-study work visa?

Mr Walker: The hon. Gentleman will know that the recent suggestions from the Migration Advisory Committee included specific recommendations for lengthening the opportunity for people to stay after study. It determined that the best way to do that was to reform the existing system rather than institute a different one.

Jeremy Lefroy (Stafford) (Con): Short visits are vital for business as well, whether it is for servicing aircraft engines, installing software or so much else. What plans do the Government have for ensuring that those reciprocal arrangements can continue?

Mr Walker: My hon. Friend raises an excellent point. As he will know, we set out to achieve a labour mobility framework that will allow for travel for short-term business visits. This is an important part of the next stage of the negotiations. The absence of a requirement for visas for short-term travel is a useful backdrop to that for both the UK and the EU.

Political Declaration: Dynamic Alignment on Rights and Protections

8. **Mike Amesbury (Weaver Vale) (Lab):** What recent discussions he has had with his EU counterpart on including dynamic alignment on rights and protections in the political declaration on the framework for the future relationship between the EU and UK. [910217]

The Secretary of State for Exiting the European Union (Stephen Barclay): The United Kingdom has a tradition of exceeding EU standards. We do not need to follow

EU rules to continue to lead the way. An example of that is that UK maternity entitlements are nearly three times greater than the minimum EU standard.

Mike Amesbury: Does the Minister agree with the TUC that the Government's proposals on workers' rights after Brexit are nothing but "flimsy procedural tweaks"? How will they be strengthened during current negotiations with the Leader of the Opposition?

Stephen Barclay: As the right hon. and learned Member for Holborn and St Pancras (Keir Starmer) knows, we had discussions yesterday and there will be further discussions today. I am sure that workers' rights will be among a range of issues that we will discuss. The hon. Gentleman will know that the Prime Minister has already said that she will bring forward a package of measures to strengthen enforcement of workers' rights, and that is in part following discussions that we have had with a number of Opposition Members.

Paul Blomfield (Sheffield Central) (Lab): The Secretary of State talks about the Government being committed to exceeding EU standards, but practice does not seem to match his words. His Conservative colleagues in the European Parliament voted against the amendment to the posting of workers directive, which strengthens workers' rights and addresses many of the concerns expressed about freedom of movement during the referendum. He will know that our obligation to transpose it into domestic law continues as long we are EU members and during the transitional period. When are the Government going to do that?

Stephen Barclay: There is a real inconsistency here. Night after night we are told that we should trust the votes of the House of Commons. The Prime Minister has made a commitment not to lower standards below the current levels for workers' rights and the environment, and our proposals on immigration go further than the commitments found in standard free trade agreements. It is odd that Opposition Members have so little faith in this House to protect the rights that workers need.

Article 50 Extension

10. **Kevin Brennan (Cardiff West) (Lab):** What recent discussions the Government have had with the EU on the possibility of an extension to the article 50 negotiations. [910219]

The Secretary of State for Exiting the European Union (Stephen Barclay): The Prime Minister agreed the terms of a short extension at the March European Council. Were the House to have approved the withdrawal agreement by 29 March, we would have had an extension until 22 May. Given that the hon. Gentleman and his colleagues voted against that, he will be aware that we do not have that right, and the current right will be terminated on 12 April.

Kevin Brennan: We are moving inevitably towards a situation in which we need an extension in order to have a confirmatory referendum. If a trade union negotiated an exit from a deal, it would go back to its members and ask them to confirm that that was still what they wanted, and to confirm the terms. Is that not a logical, sensible and inevitable outcome of this process?

Stephen Barclay: I would have thought it was logical for the hon. Gentleman to follow his manifesto, which said that he would respect the referendum result. Going back to square one and asking the question again is not consistent with the manifesto on which the hon. Gentleman stood at the last election.

21. [910234] **Tom Brake** (Carshalton and Wallington) (LD): Let us see if I can get an answer from the Secretary of State. A recent poll highlighted that six out of 10 people favour a people's vote, and an extension is required for one to take place. I do not know how many times the Prime Minister has said there will not be a people's vote, but should the Government not face reality and accept that there will be one and that they might as well start planning for it now?

Stephen Barclay: I do not know which selective poll the right hon. Gentleman is quoting from, but in our democracy we address these issues through the ballot box. In 2016 we had in essence the ultimate poll and 17.4 million people cast their vote to leave. The key message we get in our constituencies and very clearly from the business community—I do not need a poll for this—is that people do not want this process to drag on further. They want it to come to a resolution, and they want the House, instead of being against everything, to come to a decision. It is time we moved on and got this delivered.

Matthew Pennycook (Greenwich and Woolwich) (Lab): Last night, the House voted to prevent a disastrous no-deal Brexit and to exert greater control over the process of extending article 50. The Secretary of State's views on an extension are well known, but will he confirm that when the European Union (Withdrawal) (No. 5) Bill returns from the other place, he and the Government will comply with the spirit of it and dutifully seek a further extension of article 50 beyond 12 April?

Stephen Barclay: I am very happy to confirm that, as set out in the "Ministerial Code", Ministers will abide by the law. If the law of the land dictates a certain course of action, Ministers will, under the code, follow the law. The hon. Gentleman gets slightly ahead of himself, because the Bill passed Third Reading with a majority of only one last night, and it was passed in such haste that many of my colleagues had as little as two minutes to speak on Second Reading. I pointed out to the House flaws in the Bill, which I am sure their lordships will wish to explore. We will need to see what consideration takes place in the other House before any further deliberations are necessary in this place.

Matthew Pennycook: The House will have noted—I think with disappointment—the Secretary of State's attempts to undermine the clear will expressed last night. The Opposition have no doubt that the Lords will discharge their duties quickly and efficiently in the circumstances. Given the clear will of the House as expressed in the Bill's passage last night, I ask him to set out his view at this stage about what the Government believe the role of this place will be in the event that the European Council proposes a date different from that set out in a motion approved by the House, or if the Council agreed to the proposed date but attached conditions.

Stephen Barclay: That is an odd response, if I may say so. The hon. Gentleman started by saying he was disappointed by my answer, in which I said I will follow the law and the ministerial code—I thought the Opposition would have expected that. He then said that he had "no doubt" that the Lords will pass the Bill, which was carried in the Commons by just one vote. That is pretty condescending to the other place. By having no doubt that their lordships will simply approve the Bill, he takes for granted the scrutiny process in the other place. Given the many constitutional experts there are in the other place, I would have thought that their lordships would want to scrutinise this Bill, which was passed in haste with its constitutional flaws.

No Deal: Prevention

11. **Marion Fellows** (Motherwell and Wishaw) (SNP): What recent steps he has taken to prevent the UK from leaving the EU without a deal. [910220]

17. **Martyn Day** (Linlithgow and East Falkirk) (SNP): What recent steps he has taken to prevent the UK from leaving the EU without a deal. [910227]

The Parliamentary Under-Secretary of State for Exiting the European Union (Kwasi Kwarteng): On Tuesday, my right hon. Friend the Prime Minister set out a process through which we will seek to agree a plan to leave the EU with a deal. She has asked for a short extension in order to do that. The best way to avoid no deal, as the House well knows, is obviously to agree a deal. While no deal remains the legal default, the Government must go on preparing for this scenario as a contingency.

Marion Fellows: All of the leave campaigns promised that we should leave with a deal. Last week, no deal was rejected by over 71% of MPs, and the Prime Minister's deal has also been overwhelmingly rejected. Will the Government finally admit that there are alternatives to leaving without a deal that can gain more support from Parliament than the Prime Minister's deal?

Kwasi Kwarteng: The hon. Lady is absolutely right. If she has followed events this week, she will know that that is exactly why my right hon. Friend the Prime Minister has extended the negotiations to and engaged in conversation with the Leader of the Opposition. It is precisely to find a solution to the impasse.

Martyn Day: No deal did not appear on any ballot paper in 2016 and was ruled out by all the main leave campaign groups. Does the Minister therefore agree that it would be totally unacceptable to crash out without a deal, without first putting it back to the people?

Kwasi Kwarteng: The hon. Gentleman is quite right: the House has shown no inclination to leave the EU without a deal. That is why my right hon. Friend the Prime Minister is looking for a way forward and engaging with the Leader of the Opposition on precisely that issue.

Jenny Chapman (Darlington) (Lab): Leaving without a deal would affect everybody, not least our dentists. I hope you will find it in order, Mr Speaker, for me to raise the issue of dentistry in a no-deal situation at this

point. A third of the 6,500 European qualified dental registrants intend to leave UK dentistry. The British Dental Association chair, Mick Armstrong, has said:

“Government has failed to even acknowledge the scale of the crisis”.

I know that Ministers have recruitment and retention issues of their own at the moment, but is not the chair of the British Dental Association right, and what are the Government going to do about it?

Kwasi Kwarteng: I would like to pay tribute to my former colleague, my hon. Friend the Member for Daventry (Chris Heaton-Harris). He was a wonderful Minister and it is a shame that he has left us.

On the issue of professional qualifications, it is in the withdrawal agreement and it has always been the stated aim of the Government that there will be mutual recognition of qualifications. This is not controversial, and I think that it will assure many EU citizens in our country that they can continue to pursue their professions without any interruption or uncertainty.

Peter Grant (Glenrothes) (SNP): The Government have had any number of opportunities to take no deal off the table. Last night, Parliament had to start the almost unprecedented step of passing legislation that is fiercely opposed by the Government to put Parliament and these islands where the Government should have put us a while ago. Last week, we had the astonishing spectacle of the Chief Whip going on the record to say that the Prime Minister had got it all wrong. Does the Secretary of State agree with the Chief Whip?

Kwasi Kwarteng: What my right hon. Friend the Prime Minister has got right is the fact that we need a solution to the impasse. That is why this week, she has very openly invited the Leader of the Opposition to talks to track a way forward.

Peter Grant: It is very noticeable that the Prime Minister is still refusing to talk to anyone who might say anything she disagrees with, but we will see what comes out of the talks. Given that it is the clear will of this House that no deal must be avoided and that this Parliament is in the process of passing legislation to prevent no deal from happening, is it tenable for any Minister of the Crown to continue actively to promote a no-deal Brexit that has been rejected by Parliament and was never endorsed by the people in the first place?

Kwasi Kwarteng: In respect of my right hon. Friend the Prime Minister listening to diverse views, my understanding is that she spoke to the First Minister of Scotland yesterday and has been engaged in conversations with her. The position of the Government has always been the same: we favour a deal. We want to leave the EU with a negotiated deal, but it would be irresponsible of the Government not to prepare for no deal, because that still might happen. Indeed, Michel Barnier said this week that it was likely. It is therefore exactly the right thing for the Government to prepare for the scenario of no deal.

Devolved Administrations: Discussions

12. **Ronnie Cowan** (Inverclyde) (SNP): What recent discussions he has had with the devolved Administrations on the UK leaving the EU. [910221]

The Parliamentary Under-Secretary of State for Exiting the European Union (Mr Robin Walker): I regularly meet Ministers from the Scottish and Welsh Governments. On Monday, I spoke to Graeme Dey MSP and Jeremy Miles from the Welsh Assembly. The Secretary of State also meets his counterparts in the devolved Administrations. Indeed, he met his Scottish and Welsh counterparts on his very first day in the job.

Ronnie Cowan: Scotland voted overwhelmingly to stay in the EU and to retain free movement of people, which is essential for our economy and social wellbeing. What account has been taken of those facts in developing the UK's Brexit strategy?

Mr Walker: There has been a huge amount of engagement with the Scottish and Welsh Governments through the Joint Ministerial Committee and the Ministerial Forum, which I co-chair. A number of issues have been raised about Scotland's place in Europe and our shared policy is to pursue, for instance, co-operation with Europe on universities. However, the hon. Gentleman will recognise that Scotland's share of UK immigration is very low, and it is, as the Migration Advisory Committee has made clear, only really possible to have an immigration policy for the whole UK.

Legislative Proposals: No Withdrawal Agreement

13. **Diana Johnson** (Kingston upon Hull North) (Lab): Whether the Government plan to bring forward legislative proposals to prepare for the UK leaving the EU without a withdrawal agreement. [910222]

The Parliamentary Under-Secretary of State for Exiting the European Union (Kwasi Kwarteng): The Government have undertaken extensive work to identify the legislation essential to deliver our exit from the EU. In fact, as I speak, almost all the statutory instruments—93% of them—required for a functioning statute book on exit day have been laid before Parliament.

Diana Johnson: The Government have failed to pass the Trade Bill, the Agriculture Bill, the Fisheries Bill, the financial services Bill and the environment Bill, and they have even failed to introduce the EU withdrawal Bill. Does that not show those who think we are ready to leave in a no-deal situation on 12 April that the Government are not prepared for that at all?

Kwasi Kwarteng: I reject the assumption behind the question. As I stated, almost all the SIs required—93% of something like 600—have been passed. The hon. Lady is quite right that there are Bills currently in Parliament that are being discussed and that are going through both Houses. All those Bills provide for a range of negotiation outcomes, as she knows, including a no-deal scenario.

Stephen Timms (East Ham) (Lab): Is it not now inconceivable to pass a meaningful vote before the EU Council next Thursday and therefore unavoidable to seek a lengthy Brexit delay and to hold European Parliament elections?

Kwasi Kwarteng: Given what we have seen in the past few weeks, I would never say “inconceivable”; anything can happen, as the right hon. Gentleman knows. I am

confident that we will get a deal through. I am hopeful of that, because that is the only way that we will get a negotiated and orderly exit from the EU.

UK Manufacturing: Mutual Recognition of Regulatory Standards

14. **Toby Perkins** (Chesterfield) (Lab): What assessment he has made of the effect on UK manufacturing of the UK leaving the EU without mutual recognition of regulatory standards in that sector. [910223]

The Parliamentary Under-Secretary of State for Exiting the European Union (Kwasi Kwarteng): The hon. Gentleman will be aware that we have had extensive meetings across the country, and I have seen many companies. We continue to recognise the importance of UK manufacturing and of maintaining a close trading relationship with the EU. As the political declaration sets out, we have already agreed to establish a free trade area for goods. We recognise that manufacturing is an essential part of the economy.

Toby Perkins: That was not really much to do with my question, which was about regulatory standards. Weightron Bilanciai, a Chesterfield-based industrial weighing machine manufacturer, had to spend around £50,000 to have all its products re-certified in the Netherlands, because they will no longer be certified and recognised for sale in the EU after we leave. Are the costs paid by UK manufacturing and the impact on British businesses the most serious example of the Government's failure to come up with a trade deal?

Kwasi Kwarteng: I will tell the hon. Gentleman about failure. What is actually crippling and increasing uncertainty for his manufacturing sector is his repeated rejection of the deal, which would actually have an implementation period and would give certainty and direction to the very companies he seeks to represent in the House.

Melanie Onn (Great Grimsby) (Lab): The Minister said that anything can happen. Total Lindsey oil refinery contacted me this week to warn me about the risk, in the event of no deal, of the equivalent of Chinese steel dumping but with US gasoline if we end up with 0% import tariffs. That will result in the loss or downgrading of up to 900 jobs in my area. Does he agree that that would irrevocably damage our local economy?

Kwasi Kwarteng: The question I ask myself—[HON. MEMBERS: "Answer!"] I am answering the hon. Lady's question. Given that she has so much concern for manufacturing interests in her constituency, why on earth has she rejected, on three occasions, the only deal that would provide certainty and a degree of consistency for the companies she seeks to represent?

No Deal: EU Citizens' Rights

15. **David Duguid** (Banff and Buchan) (Con): What steps his Department is taking to help maintain the rights of EU citizens in the UK in the event that the UK leaves the EU without a deal. [910224]

The Parliamentary Under-Secretary of State for Exiting the European Union (Mr Robin Walker): The UK Government have been unequivocal that in any scenario,

including no deal, EU citizens and their family members living here by exit day will be able to stay. We want them to stay; they are our friends and our neighbours.

David Duguid: I thank the Minister for his response, but can he specifically reassure EU citizens living in Banff and Buchan and, indeed, across Scotland that, contrary to suggestions and letters being circulated by the Scottish National party, the UK Government value them, want them to stay and are committed to upholding their right to live and work in the United Kingdom? [Interruption.] I have seen the letters.

Mr Walker: My hon. Friend is exactly right. It is hugely irresponsible for people to stir up fear in the way that we have seen. EU citizens are highly valued members of their communities and play an integral part in the economic, cultural and social fabric of the UK. I enjoyed engaging with EU citizens from the Nordic countries on a recent visit to Edinburgh, where we made it very clear that we want them to stay. We have designed the settled status scheme to help them to stay.

Several hon. Members *rose*—

Mr Speaker: Does the hon. Member for West Bromwich West (Mr Bailey) wish to speak?

Mr Adrian Bailey (West Bromwich West) (Lab/Co-op) Sorry, Mr Speaker—I leapt to my feet rather prematurely.

Mr Speaker: Ah! A sense of anticipation is now building up.

No Deal: UK Manufacturing Sector

16. **Mr Barry Sheerman** (Huddersfield) (Lab/Co-op): What recent assessment he has made of the effect on the UK manufacturing sector of the UK leaving the EU without a deal. [910225]

The Parliamentary Under-Secretary of State for Exiting the European Union (Kwasi Kwarteng): Obviously, manufacturing is vital to everything we do. We remain committed, through our industrial strategy, to making the UK the best place to start and grow a business. There are now 3.5 million more people in work than in 2010. It seems very remiss of Opposition Members to complain about uncertainty when they have rejected the deal not once, not twice, but three times. This deal will provide the certainty that the hon. Gentleman's manufacturing interests will recognise and appreciate.

Mr Sheerman: We all had a late night last night, but this is a zombie Secretary of State with zombie Ministers. When will they wake up? Yesterday, the all-party parliamentary manufacturing group, which I chair, was told by a leading professor from the business schools of both Sheffield and Birmingham that, however we leave Europe, we will have a 4% to 5% drop in GDP, but that GDP in the constituencies and towns that voted to leave will drop by a crippling 17% to 20%. That may not include Spelthorne, where I grew up, but it will devastate this country's manufacturing base.

Kwasi Kwarteng: First, I would like to confirm to the House that we are not zombies. Secondly, Spelthorne has manufacturing interests, as the hon. Gentleman's

constituency does. The manufacturing interests in my constituency always tell me, “Back the Prime Minister’s deal—back certainty. Let’s get this thing over the line and move on with our lives.” That is what they want.

Mr Adrian Bailey (West Bromwich West) (Lab/Co-op): The highly integrated supply chains in the motor and aviation industries require convergence and regulatory alignment with product manufacture, both in the EU and in the UK. What guarantees can the Minister give that, in the event that the UK leaves the EU without a deal, we will have a role in shaping the future regulatory framework?

Kwasi Kwarteng: Obviously, it has been the Government’s repeated intention not to leave without a deal. The hon. Gentleman will know that part 3 of the withdrawal agreement deals extensively with the kind of regulations that would be in place in the implementation period, which, if the deal goes through, will give us another 20 months to negotiate a free trade agreement.

Second Referendum

18. **Tom Pursglove** (Corby) (Con): If he will make an assessment of the potential negative effect on his Department’s policies of a second referendum on the UK leaving the EU. [910230]

The Parliamentary Under-Secretary of State for Exiting the European Union (Kwasi Kwarteng): My hon. Friend will appreciate that a second referendum would have a very corrosive impact not only on our politics but on trust, which has been mentioned many times. A clear instruction was given in 2016 to withdraw from the EU, and that is what the Government remain absolutely committed to fulfilling.

Tom Pursglove: I am grateful to the Minister for that answer. Beyond that impact, what assessment has he made of the democratic and financial impacts of pursuing such a change in policy?

Kwasi Kwarteng: My hon. Friend is quite right: holding a second referendum would create enormous uncertainty that would undermine the strong economic achievement of the Government and of our businesses. It would essentially take us back to square one and result in more delay at a time when the public simply want politicians to deliver what they promised.

Sammy Wilson (East Antrim) (DUP): After the talks with the Labour party leader yesterday, the Chancellor said this morning that a second referendum is more likely. Are we seeing the start of yet another U-turn from a Government who have abandoned all their promises on going forward with no deal, having no border down the Irish sea and ensuring that we leave the EU on 29 March?

Kwasi Kwarteng: In respect of the second referendum, as I said to my hon. Friend the Member for Corby (Tom Pursglove), it is Government policy to honour the 2016 referendum. That is what we have been tasked to do, and that is what we are 100% focused on. The second

referendum is a red herring, frankly. It is not something that we countenance. We want to deliver on the 2016 referendum.

Financial Services Sector

19. **Tim Loughton** (East Worthing and Shoreham) (Con): What recent assessment he has made of the potential effect on the financial services sector of the UK leaving the EU. [910231]

The Secretary of State for Exiting the European Union (Stephen Barclay): As part of the political declaration, the Government have negotiated an agreement on the future relationship for financial services that would be of greater depth than any other the EU has with a third country, while enabling our financial services sector to take up the global opportunities on offer.

Tim Loughton: Is the Secretary of State aware of the latest Reuters Brexit city tracker index, which revealed that no less than 7.6 million square feet of new leases were signed in the City of London last year, which is a record? The market is currently within 5% of its record high. Fewer than 2,000, or 0.5%, of City jobs have either relocated or been substituted elsewhere on the continent. When is this Armageddon because of Brexit going to happen?

Stephen Barclay: As a former City Minister, I take a close interest in these issues. My hon. Friend is absolutely right to draw the House’s attention to some of the developments we have seen in recent months in the City. The City has opportunities in growth areas of finance. Green finance is a key opportunity, for example, and FinTech is another. There are very good opportunities for the City in a post-Brexit world.

Vicky Ford (Chelmsford) (Con): There seems to be some confusion about customs unions. Can my right hon. Friend the Secretary of State confirm that a customs union would not cover how we regulate our financial services, how we fish, how we farm or freedom of movement? It should be perfectly possible to discuss a customs union without using any F-words.

Stephen Barclay: My hon. Friend is absolutely right. There is one tweak around fishing and fish, but other than that I absolutely agree with her. I remind the House that financial services alone contribute, from memory, around £71 billion in tax to the UK economy. With an economy that is 80% services, there is an opportunity post Brexit for us to take a more bespoke approach that will enable us to maximise the opportunities on offer.

No Deal: UK Citizens’ Rights

20. **Rachel Maclean** (Redditch) (Con): What steps the Government are taking to help ensure the protection of the rights of UK citizens living in the EU in the event that the UK leaves the EU without a deal. [910233]

The Parliamentary Under-Secretary of State for Exiting the European Union (Mr Robin Walker): After much urging by the UK, we are pleased that all member states have given some public assurance to protect the rights

of UK nationals. We will continue to call on member states to fully reciprocate our unilateral offer. The Government supported the amendment from our hon. Friend the Member for South Leicestershire (Alberto Costa) and have sought the EU's views on ring-fencing the citizens' rights parts of the withdrawal agreement. Michel Barnier has responded, and we are now considering our response to his letter.

Rachel Maclean: I thank my hon. Friend for his answer. I am deeply opposed to the legislation that was passed in this House last night. I strongly favour leaving with no deal if we cannot get a deal with the EU. However, I would be grateful if my hon. Friend updated me on the steps he is taking to protect the rights of our citizens in the EU and EU citizens in the UK, should we leave with no deal.

Mr Walker: Where I agree with my hon. Friend is that we should absolutely protect the rights of citizens and do everything in our power to do so. We have always been steadfast in our commitment to protecting those rights. Today, we have announced a further series of measures to protect UK nationals in the EU and those who choose to return to the UK after exit. There are important measures on social security co-ordination, a seven-year transition period for UK nationals in the EEA and Switzerland to continue to access student finance and home fee status in England, and a transition period for UK nationals who return to the EU with their non-UK family members for them to apply to the EU settlement scheme.

Greg Hands (Chelsea and Fulham) (Con): It was very welcome news this week that Germany will be unilaterally guaranteeing the rights of UK subjects in Germany. Will my hon. Friend tell us which if any of the EU27 are not known to be guaranteeing the rights of UK nationals?

Mr Walker: My right hon. Friend raises an important point. We welcome some of the steps that have been taken. He mentioned Germany, and the Czech Republic has been clear in reciprocating our unilateral offer. There is a varied playing field within the European Union, it is fair to say. Some member states have not been as generous as we might like them to be. We will continue to urge them to meet the generosity of our unilateral offer and continue to explore what we can do reciprocally to ensure that the best possible protections are in place for our citizens.

Topical Questions

T1. [910235] **Mohammad Yasin** (Bedford) (Lab): If he will make a statement on his departmental responsibilities.

The Secretary of State for Exiting the European Union (Stephen Barclay): Since I last updated the House, my hon. Friend the Member for Daventry (Chris Heaton-Harris) has left the Government. I take this opportunity to pay tribute to his outstanding service as a Minister. He will be greatly missed in the Department and by his colleagues, but I know he will continue to serve his constituents in Daventry in an exemplary way.

Since our last departmental questions, we have not only had a large number of debates with the right hon. and learned Member for Holborn and St Pancras (Keir Starmer), but votes, and the House has not yet been able to find something that it is for, as opposed to lots of things that it is against. That is why my right hon. Friend the Prime Minister set out on Tuesday that this division—this lack of conclusion—cannot continue and drag on. We have reached out to the Leader of the Opposition to see whether we can agree on a plan to leave the European Union with a deal. Those discussions will continue later today.

Mohammad Yasin: The public know that the withdrawal agreement is a long way from the Brexit that was promised. Does the Secretary of State agree that the public have been badly let down and that whatever agreement is drawn up by this Parliament should now be subject to a confirmatory public vote—on a real rather than a fantasy Brexit deal?

Stephen Barclay: The hon. Gentleman seems to confuse the winding-down arrangements—the withdrawal agreement—with a future deal. The EU has been clear: first, that any deal reached will need to include the withdrawal agreement; and secondly, that that withdrawal agreement is not open to renegotiation. Therefore, any deal to move forward in an orderly fashion needs to come with a withdrawal agreement. That is why it is so remarkable that the hon. Gentleman voted against the withdrawal agreement—whatever the deal to leave the EU, it will require a withdrawal agreement. The only conclusion is that perhaps he does not want to honour his own manifesto and perhaps he does not want to leave at all.

T3. [910237] **David Duguid** (Banff and Buchan) (Con): Will the Minister confirm that it is still the Government's position to take us out of the common fisheries policy, with the UK participating in annual negotiations as an independent coastal state no later than December 2020?

The Parliamentary Under-Secretary of State for Exiting the European Union (Mr Robin Walker): Yes, I am very happy to confirm to my hon. Friend that that is our policy. It was good to meet the Scottish Fishermen's Federation in his constituency to hear why it sees that policy as a sea of opportunity.

Keir Starmer (Holborn and St Pancras) (Lab): Normally I complain that in these sessions we do not get any of our questions answered. We have moved on this morning: instead of answering questions, the Ministers are now asking themselves questions, or inventing questions that they would like to answer and then answering them. I had better be careful how I frame this question for the Secretary of State.

Last week, the Prime Minister said:

“unless this House agrees to it, no deal will not happen”.—[*Official Report*, 25 March 2019; Vol. 657, c. 25.]

That was a very important commitment, particularly now that we are eight days from 12 April. The simple question for the Secretary of State to ask himself is this: does he agree that, unless this House agrees to it, no deal will not happen?

Stephen Barclay: What the Prime Minister was referring to, which was played out in the debate in the House yesterday, was that when the House of Commons passes a law—subject to the other place, that is the position of the vote last night—then in law, bound by the ministerial code, Ministers will need to abide by it. At the same time, the Prime Minister has always been clear that the decision by this House not to approve the withdrawal agreement means that any extension will need to be agreed by the EU Council 28, which includes the United Kingdom, but it can be opposed by any member of the European Union. It is not solely within the control of this House whether we leave with or without a deal; it is also now subject to the decision of the EU 27.

Keir Starmer: When we do get a question and answer, it gets interesting. That is a rowing back on what the Prime Minister said. When she said that unless this House agreed to it no deal would not happen, that was not in the context of the Bill last night—that Bill had not even been drafted. She said it as a general proposition in the debate last week. I hope that the Secretary of State is not rowing back, and I would like him to confirm that he is not rowing back. Otherwise, we have elicited something here of some importance.

May I also go on to ask the Secretary of State whether he now regrets voting against an extension of article 50 in this House on 14 March—that was an extension beyond 29 March? Does he now regret voting against the Cooper-Letwin Bill last night? Had the House followed his vote, does he appreciate that it is highly likely that we would be in a no-deal situation right now?

Stephen Barclay: First, we have the oddity of the right hon. and learned Gentleman accusing the ministerial team of not answering the question, then pointing out that indeed we have answered it in an interesting way. Putting that to one side and going to the substance of his question, as I pointed out to the House, one of the defects of the legislation passed last night is the potential for it to increase the risk of an accidental no deal, where the EU Council decides to offer a different extension from the one agreed by this House. Under the terms of that legislation that would have to come back to this House for approval the following day, by which time the EU Council would have concluded. I do not think that was the intention of the right hon. Member for Normanton, Pontefract and Castleford (Yvette Cooper), but it is a possible outcome. It is subject to their lordships deciding whether they want to correct what I regard as a defect, although the right hon. and learned Gentleman's shadow ministerial colleague says that, no doubt, their lordships will just nod it all through without scrutiny and without addressing that defect.

Regarding the right hon. and learned Gentleman's second point, I was alluding to a statement of the law. I do not differ at all from the Prime Minister, who has always been clear that Ministers abide by the ministerial code, and I am sure that he would expect no less.

Thirdly, on the extension, we have addressed this issue in previous debates because the three amendments had all been defeated by the time we got on to the fourth vote. A further commitment had been given to an amendable motion for the following week, which

was addressed. But the bottom line is that I want to respect the referendum result. I think asking people to vote for Members of the European Parliament three years after they voted to leave the EU is damaging to trust in our democracy. The question for Opposition Members is: why do they keep voting against everything when their own manifesto said they wanted to respect the result?

T6. [910240] **Andrew Lewer** (Northampton South) (Con): The digital single market copyright directive is on its way to becoming law in the EU. This could have significant implications for the UK's intellectual property-rich creative industries, particularly publishing, whose successes are underpinned by the gold standard copyright system. How consistent will the UK's copyright regime be with the EU's when—perhaps I should say if—we leave?

The Parliamentary Under-Secretary of State for Exiting the European Union (Kwasi Kwarteng): The UK's IP regime does indeed represent a gold standard internationally, and that will not change as we leave the EU.

T2. [910236] **Ruth George** (High Peak) (Lab): The Prime Minister has confirmed that the future declaration is not legally binding, so what assurances can the Government give us on trade tariffs, rights at work, food standards and environmental protections that will be binding on whoever ends up negotiating our permanent deal with the EU?

Stephen Barclay: As the hon. Lady knows, there will be ample opportunity for the House to legislate during the passage of the withdrawal agreement Bill. As she also knows, there is legal wiring—for example, through article 174, which deals with best endeavours and good faith obligations under the withdrawal agreement, and how they connect. If it is one of the matters the House looks at in the future, it will be able to choose to put into legislation negotiating objectives. The point is that the hon. Lady has opposed the withdrawal agreement that the EU says is necessary for any deal, and we cannot get on to the future relationship without a withdrawal agreement.

T8. [910242] **Sir Desmond Swayne** (New Forest West) (Con): Regulatory alignment is a euphemism for their making the rules and us having to implement them, is it not?

Stephen Barclay: My right hon. Friend, as always, is short and to the point. He correctly identifies the risk of rule taking. We talked earlier about financial services and the tax take from that sector alone. The UK taxpayer, who underwrites the liabilities of a sector such as financial services, will have concerns if the rules are being set in countries in Europe, rather than in this Parliament.

T5. [910239] **Dr Rupa Huq** (Ealing Central and Acton) (Lab): When in 2017 the former Brexit Minister, the hon. Member for Wycombe (Mr Baker), claimed that so many DExEU staff were on loan from elsewhere in the civil service because the nature of the Department was temporary, I bet he did not foresee his own departure, along with five other Ministers, the latest one being the no-deal Minister, the hon. Member for Daventry (Chris Heaton-Harris), who says his work is

done now. When do the Government envisage the job of exiting the European Union being complete, enabling this young Ministry, which has experienced so much churn, to be wound up?

Stephen Barclay: As the Prime Minister has already informed the House, the Department for Exiting the European Union will lead during the next phase of the negotiations. As the hon. Lady is well aware, we need to get on to those negotiations in order that the Department can undertake them. That is what businesses up and down the country want. They want this uncertainty to be brought to a close and they want us to get on into the implementation period for the certainty that that will bring. It is also what EU citizens living in this country and UK citizens in Europe want to see.

T9. [910243] **Mrs Pauline Latham** (Mid Derbyshire) (Con): Will the Minister outline what conversations he has had with the Home Office to ensure that the settled status scheme works effectively for EU nationals?

Mr Robin Walker: I am grateful to my hon. Friend for that question—it is important to make sure the scheme works as effectively and smoothly as possible. The Home Office is providing assisted digital support over the phone from more than 200 centres throughout the UK, and at home with a trained tutor. Applicants can have their identity verified by the identity document checkout at more than 50 locations, one of which I am pleased to see is in my constituency, as well as by post. I am pleased that my right hon. Friend the Home Secretary confirmed recently that Apple has said it will make the identity document check available on its devices by the end of the year.

T7. [910241] **Mrs Emma Lewell-Buck** (South Shields) (Lab): The Government have been warned that EU nationals' children who are looked-after or care leavers will fall through the gap when it comes to the settling of their status. These are vulnerable children in the care of the state, yet the Government, their corporate parent, do not even know how many of them there are and are refusing to give them automatic settled status or to waive the fees of those eligible for citizenship. Why is that?

Mr Walker: I absolutely disagree with the hon. Lady about the Government's attitude to this group. We want to ensure that all those who are eligible for settled status, particularly children, are given a smooth and orderly process. I am certainly happy to take up her concerns with the Home Office, but I do not agree that the Government do not take their responsibilities in this regard extremely seriously.

Julia Lopez (Hornchurch and Upminster) (Con): Yesterday, in the International Trade Committee, we heard from the Minister for Trade Policy that, should we ever get there, it will not be DIT negotiating our future trading relationship with the EU but, I presume, DExEU. If that is the case, what lessons will be learned from the fundamental strategic flaws in this opening phase of negotiations? What detailed discussion is under way with DIT about the impact of whatever DExEU negotiates on our ability to build future trade agreements?

Stephen Barclay: My hon. Friend is right that my Department will lead on the future trade agreement—the future economic partnership with the EU—but she will also be aware that my right hon. Friend the Secretary of State for International Trade will lead on our trade deals with the rest of the world, and he and I speak regularly. In respect of the lessons from phase 1, as in the corporate world, as in Government: there are always lessons. There are things that have gone well in phase 1 and things on which we can improve. It was a major new endeavour for the Government to undertake and we have had a number of discussions in the Department to ensure we take those lessons on board.

Chi Onwurah (Newcastle upon Tyne Central) (Lab): North-east manufacturers have achieved great success as part of integrated, just-in-time pan-European supply chains, which mean that, as one manufacturer puts it, their stock room is somebody else's delivery van. These manufacturers are now having to stockpile as a consequence of this Brexit chaos, and that has implications for their cash flow and finances. What help is the Minister looking to provide for them and what hope of future economic integration can he offer them in the case of there being a deal without a customs union?

Kwasi Kwarteng: I have travelled in the north-east, although not quite in the hon. Lady's constituency, and I have seen chemicals firms in the petrochemicals industry. They say with one voice that they want a solution to this impasse, just as we do in this House. They want to have a deal, to have the implementation period and to move on from this.

Rachel Maclean (Redditch) (Con): Forcing the UK to take part in European parliamentary elections would show a fundamental lack of respect for our democratic process, wouldn't it?

Stephen Barclay: I have already addressed this point. Three years after the country voted by record numbers to leave, there is a strong desire to ensure that we get on with it and do so. The Prime Minister has compromised and reached out. We are endeavouring to deliver on the will of the British people as expressed in that referendum vote, and on the manifesto commitments of both main parties.

Mr Speaker: The hon. Member for Redditch (Rachel Maclean) appears to be on the receiving end of mentoring from her right hon. Friend the Member for New Forest West (Sir Desmond Swayne). It will probably be extremely helpful to her—it would be to any Member—and it is a great tribute to the right hon. Gentleman.

Diana Johnson (Kingston upon Hull North) (Lab): Can the Secretary of State just enlighten the House as to what he thinks has actually gone well during this first phase?

Stephen Barclay: I think what has gone well in this first phase is that we have an agreement with the EU that gives certainty to EU citizens, that respects our legal obligations and that will ensure that there is no hard border on the border of Northern Ireland. In part, one of the achievements of both parties, but particularly of the Labour party, was the Good Friday agreement. It

is why those Members in Northern Ireland get so agitated with Members on the hon. Lady's Benches over their failure on the withdrawal process. We have a deal; it is on the table; and it is the only deal that the EU is willing to offer.

Mr Philip Hollobone (Kettering) (Con): The clear and solemn commitment in the Conservative party manifesto, on which the Secretary of State and I were elected, was:

“As we leave the European Union, we will no longer be members of the single market or customs union.”

Will he ensure that the Prime Minister does not renege on that commitment at the European Council next week?

Stephen Barclay: My hon. Friend correctly identifies that commitment in our manifesto. He will also be aware that the manifesto gives a commitment to have a deep and special partnership with the EU. It is that

balance that we are trying to seek. That is why the Prime Minister brought forward a deal that delivered on the referendum result—on things such as control of our borders, a skilled immigration system, control of our fisheries, control of our agriculture, and putting an end to sending vast sums of money to the EU—but also respected the fact that 48% of the population did not vote for leave. It is that compromise that has not been pure enough for some Members on the Government Benches to support it.

Several hon. Members *rose*—

Mr Speaker: Order.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): On a point of order, Mr Speaker.

Mr Speaker: We will take points of order after the urgent question.

Gender Pay Gap

10.31 am

Dawn Butler (Brent Central) (Lab) (*Urgent Question*): To ask the Minister for Women if she will make a statement on Government action to close the gender pay gap.

The Minister for Women (Victoria Atkins): I am delighted that this urgent question has been called today because we are only a few hours away from the deadline landing for private sector employers to publish their gender pay gap results.

Last year, the Government introduced groundbreaking regulations that required large employers to publish, for the first time, the difference between what they pay their male and female staff in average salaries and bonuses. For the first time in this country's history, the boards of large employers have had to have conversations about how they treat their female staff. By making this information publicly available, we have empowered employees to see the scale of the pay gap where they work, and hold their bosses to account. The vast majority of companies are eager to tackle the gender pay gap themselves. That is why the Government have provided guidance to help employers to develop action plans to close their pay gap.

Reporting is just the start. It is crucial that all employers use this data to identify the barriers that women face and take action to break down those barriers. We are supporting business in doing that by publishing evidence-based guidance on how employers can diagnose the cause of their gap, and the practical actions that they can take to close it. We recognise, though, that overturning structural inequalities in women's pay cannot be done overnight. Most companies will not see a dramatic reduction this year, but what matters is that they are taking the right action to drive change in the right direction, and progress is being made.

Beyond reporting, this Government are actively working to support women in the workplace and to close the gender pay gap. We are supporting both women and men who have caring responsibilities, through increased childcare entitlements, promoting flexible working and shared parental leave. We are working with business to support and increase women's progression to senior positions. We are leading by example, and aiming to make the civil service the country's most equal and inclusive employer by 2020. We are helping women to access every profession, by working to increase the number of women taking qualifications in science, technology, engineering and maths.

Change will not be easy, but we have only to compare where we are now with even 10 years ago to see that a future of fair and equal pay is now within reach. That should be a source of pride for us all.

Dawn Butler: I am not sure whether the Minister has been reading the same statistics as me, but analysis so far has shown that the median pay gap has actually got bigger than it was last year. The companies that have been reporting this morning show that, on average, 78% reported a pay gap that favours men.

The Government and public sector should lead by example. As we know, the public sector deadline was 31 March, and initial analysis of this year's public sector

report shows that the pay gap has not narrowed. Shockingly, the Department for Digital, Culture, Media and Sport reported a 22.9% pay gap, compared with just 8.2% in 2017. The gender pay gap in the Department for Exiting the European Union increased from 8.9% to 14.5% in 2018—I could go on to mention the Department for International Development and the health service. Basically, the pay gap is getting worse, and I am sure that once we start looking at the race pay gap, we will find that even more distressing.

The Minister must stand at the Dispatch Box and say not only that improvements must be made, but that we must take the next steps to ensure that companies have action plans as part of their reporting procedures, and that if they do not try to close their gender pay gap, they will face additional fines. That is what a Labour Government would commit to do, because at the moment this is unfortunately just a tick-box exercise. I hope that the Equality and Human Rights Commission will be given more funding to issue sanctions.

Victoria Atkins: I am pleased that the hon. Lady asked this urgent question, but she has fallen into the trap of citing figures before the deadline has passed. That deadline passes at midnight, and as she will know—we had the same conversation last year—the last day of reporting is the day on which everybody suddenly realises that the deadline has arrived, and they send in their reports. Overnight we have already seen a 2% increase in private sector employers reporting, so we must not, and I will not, speak about the figures for private sector employers until the deadline has passed.

I am delighted that the hon. Lady mentioned the public sector gender pay gap, and I join her in admonishing those who have not yet reported. It is disgraceful that public sector bodies have not complied with the law in meeting the deadline on Saturday last week, and I am sure that after this urgent question, she will be straight on the phone to the chief executive of Brent Council which, as of this morning, had not reported. The deadline was Saturday and it has had some time to realise that it has passed, but it has not yet reported, so I hope the hon. Lady will communicate to her council the strong message that she communicated at the Dispatch Box.

Let me reassure the hon. Lady that after the deadline has passed I will write to every public sector employer to remind them not only that they must comply with the law, but that I expect them to issue action plans. If we are to tackle the gender pay gap, we must lead by example in the public sector. Once Brent Council has realised that it is acting outside the law, I am sure it will publish its gender pay gap figures and ensure that its action plan is as detailed as the hon. Lady would expect.

In other news, more than 10,500 businesses are having a conversation about the gender pay gap and how they treat their female staff, and it is a delight to see so many hon. Members present today, keen to ensure that women are paid fairly and properly in their employment.

Several hon. Members *rose*—

Mr Speaker: Order. Several Members wish to catch my eye, but the Backbench Business Committee debates are heavily subscribed, and there is a business question to follow. There is a premium on brevity from Back and

Front Benchers alike, and I want to move to the business question no later than 11 o'clock. People should take their cue from the right hon. Member for New Forest West (Sir Desmond Swayne), whose succinctness is exemplary. I call Mr Philip Hollobone.

Mr Philip Hollobone (Kettering) (Con): Which sectors of the economy have the biggest gender pay gap, and which have the smallest?

Victoria Atkins: As I said, at the moment it would not be right for me to comment on the pay gap because the figures are still coming in. We know that half of women are employed in the education, health and retail sectors, so we are concentrating on those sectors when providing employers with guidance on how to address their gender pay gaps. We want action as quickly as possible to ensure that women are paid properly.

Angela Crawley (Lanark and Hamilton East) (SNP): Women are key to improving the economy—we already know that. As a member of the Select Committee on Women and Equalities, I, along with the right hon. Member for Basingstoke (Mrs Miller) and many others across the House, have sought to hold this Government to account.

The women in work index has found that closing the gender pay gap could boost the economy by £2 trillion, yet the UK Government have only shifted from 14th to 13th place on the index. Scotland has been a top performer on the gender pay gap in the UK. However, there is still a great deal more to do, including on greater pay transparency, increasing early years and childcare provision, and representation on public boards. The Scottish National party Government have committed to narrowing the gender pay gap by the end of this Scottish parliamentary term, and to tackling labour market inequalities. That is a bold aim and it must be matched by this Government. I call on the UK Government to go further than just auditing larger companies. Real action needs to be taken to ensure that those larger companies are taking the charge. Will the Minister support the SNP's aim to lower the threshold to 150 employees and to introduce sanctions for employers who do not comply with the current law? Will she match the commitment made by the Scottish Government?

Victoria Atkins: The hon. Lady knows that last year was the first year for reporting gender pay gap figures and this is the second. Although I am impatient to get the gap closed, we have to acknowledge that it will take time for businesses and employers to close it. I would therefore like the data to settle, perhaps for another year or so, before we start looking at reducing the number of employees at which companies and businesses have to start reporting. We acknowledge that it is an extra bureaucratic responsibility for businesses. We want to make sure that the large employers are doing their best before we move it down, but I look forward to that work.

Mrs Pauline Latham (Mid Derbyshire) (Con): Labour Members had 13 years to tackle the injustice of the gender pay gap but failed to do so. Will my hon. Friend join me in welcoming the steps that this Government have taken to tackle this historical injustice?

Victoria Atkins: I am very grateful to my hon. Friend for her question. At this time in our nation's great history, where the public expect us to collaborate and get on with our business and to perhaps lower the heat and anger in some of our debates, I very much hope that colleagues across the House will welcome the fact that 10,500 employers are complying with the law and meeting the expectation that they treat their female staff properly. I hope for more joy and collaboration across the House.

Christine Jardine (Edinburgh West) (LD): How does the Minister believe the Equality and Human Rights Commission can fulfil its commitment to monitor and act against firms that discriminate at a time when its budget has been so drastically reduced?

Victoria Atkins: I lay on the record my thanks to the EHRC, which did an excellent job last year of pulling in those employers who missed the deadline and ensuring that they reported—some businesses had just made a mistake or did not quite understand what they were supposed to do—and that is how we had 100% compliance by 1 August.

Luke Graham (Ochil and South Perthshire) (Con): Does my hon. Friend agree that it is important to check the gender pay gap right across the workforce, not just the boardroom? From my 11 years in industry, the biggest gaps often appeared at senior management level, but also among junior managers below boardroom level. We must have a range of information.

Victoria Atkins: My hon. Friend makes an excellent point. This is not just about board level, although of course that is important; it is also about ensuring that women are paid properly and fairly when they start their career. Work on the gender pay gap will help address that, because it forces employers to look at how they treat women throughout the entire structure of the business.

Chi Onwurah (Newcastle upon Tyne Central) (Lab): The Minister talks of a future of equal pay, but she knows that that cannot happen as long as well-paid sectors such as engineering and science are dominated by men and low-paid sectors such as care are dominated by women. Will she therefore adopt Labour's policy of sector-specific diversity charters, so that we can start to address the structural issues in some sectors?

Victoria Atkins: It starts much earlier than that. We must give girls the confidence to carry on with science, technology, engineering and maths in school. That is why we are doing so much work to ensure that girls are encouraged to continue studying those subjects. The hon. Lady is absolutely right to point to industries such as engineering. In fairness, many businesses in those very male-dominated industries are beginning to get more women in at the lower end of the pipeline, but this will take time and, as I have said, I want to bring business with us rather than dictate from on high how society should view female employees. This is as much about cultural shift as it is about structures and legislation.

John Howell (Henley) (Con): Will the Minister look at the situation at Christ Church, Oxford, where the dean has been suspended, allegedly for trying to introduce equal pay for men and women?

Victoria Atkins: I must not comment on individual cases at the Dispatch Box, but I would certainly be happy to discuss that with my hon. Friend in due course. The message to academia is that we expect our universities to reflect the society that they serve. We have a wonderful diversity of students now, and one would hope that our universities will reflect that.

Justin Madders (Ellesmere Port and Neston) (Lab): How can we lecture other employers on matters of equality when this place has yet to fully implement the recommendations of the Cox report on bullying and harassment?

Victoria Atkins: Of course, that is a matter for the House, but I make this observation. I spend a great deal of my time persuading women to take the big step of coming into public life. I think the attitude and atmosphere in Parliament at the moment is putting a lot of women off—it is pretty toxic. The predictability, or unpredictability, of Commons hours can also cause problems—my little boy started his holidays this week, and I had a bit of an “about-to” this morning trying to sort out childcare—but we will address this. We have to ensure that the Commons is more flexible in how it works so that we can encourage people from across our society to join us.

Tom Pursglove (Corby) (Con): Looking back at last year’s publication, what lessons were learned going into this year’s process?

Victoria Atkins: First, I think businesses realise that if they do not do as the public expect them to, they will face a great deal of public scrutiny and reputational damage. One employer, for example, did not include its partnership figures in its return. The public spotted that and called it out; and, in fairness to that employer, it revised its figures to include the partnerships. That sort of transparency and scrutiny will help businesses to comply with the law.

Nic Dakin (Scunthorpe) (Lab): I would have expected universities to show leadership on the gender pay gap, so I was surprised to hear it reported earlier this week that they had the widest gender pay gap. If that is true, what is the Minister going to do about it?

Victoria Atkins: I share the hon. Gentleman’s concern about that. As I say, I will be writing shortly to every public sector employer reminding them of their duty to meet the deadline but also to set out their action plans. I do not think there is any excuse, frankly, for public sector employers, who want to lead the world in the way that we conduct our business, not to have an idea of how they are going to address the sorts of gaps that he has described.

Nigel Huddleston (Mid Worcestershire) (Con): Does the Minister agree that there is not just a strong moral case for promoting gender pay equality, but a strong business and economic case for promoting diversity and equality in the work place?

Victoria Atkins: Very much so: drawing on a diverse pool of people for a business or organisational structure makes great business sense. The McKinsey report recently

showed that having a diverse workforce can add as much as 15% to a company’s success compared with its competitors.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): The Minister might not be aware, but I have a vested interest: I have three daughters and four granddaughters. Progress has been made, but we need to accelerate it. This is a week of celebration: 20 years since the introduction of the minimum wage. Can I encourage the Minister to use the B-word? Tony Blair and the Labour Government introduced the minimum wage and did so much to bring more women into this place, so will she use the “Blair” word when she goes on the media?

Victoria Atkins: I was not expecting that question. I welcome anyone who is committed to the drive to ensure more women and people from different backgrounds and ethnicities in our workplaces, whether political, business or public service.

Mark Pawsey (Rugby) (Con): The Select Committee on Business, Energy and Industrial Strategy looked at the gender pay gap immediately after the first round of reporting last year and drew attention to the improvement in economic performance that could be achieved by fully utilising the talents of women in the workplace. The Minister has already spoken about the challenges that some businesses have faced in calculating the figures. We called for improved guidance for businesses to enable this round to be more easily undertaken by businesses. What progress has been made on that?

Victoria Atkins: My hon. Friend has raised an important point. My officials consult businesses regularly to ensure that our guidance is up to date and practical. We review it constantly, but if they are unhappy with any parts of it, I ask them please to let me know. We are very conscious that the calculations can be difficult and confusing, especially for businesses that do not have human resources departments.

Diana Johnson (Kingston upon Hull North) (Lab): Last year, 19 NHS trusts had median pay gaps of 20% or more; this year, 24 did. Why has that happened?

Victoria Atkins: This is exactly the challenge that we are facing. We know that healthcare is one of the three sectors that employ 50% of the total number of working women. The NHS trusts themselves should be looking into why those gaps have increased. As I have said, I shall be writing to all public sector employers asking for their action plans. We can help them to draw up those plans to ensure that they make a real difference.

Vernon Coaker (Gedling) (Lab): Next year is the 50th anniversary of the Equal Pay Act 1970, yet the gender pay gap is still too large. The Business, Energy and Industrial Strategy Committee recommended that employers should have mandatory action plans to show how they were going to close their pay gaps, but the Government refused to adopt its recommendation. Will the Minister say why, and whether she will look at the recommendation again?

Victoria Atkins: Thus far, just under 50% of employers who fall within the gender pay gap reporting regime have issued their own action plans voluntarily. Because we want to bring business with us, I would much prefer employers to ask themselves questions about the way in which they treat their female staff rather than conducting

a tick-box exercise, as is alleged to have happened. I will of course keep the position under review, and if we do not think that employers are making enough progress, we will act.

Ruth George (High Peak) (Lab): The Minister correctly observed that good-quality childcare is essential for women going back to work, but the number of nurseries closing has risen by 66% in the last year, and only just over 50% of local areas have enough childcare services for parents who wish to work full time. Will the Minister speak to the Secretary of State for Education about the impact that the state of our early years sector is having on women who want to work?

Victoria Atkins: The hon. Lady is right to raise this issue. That is why we were so keen to introduce free childcare for children aged three and above. I will happily raise the point about local nurseries with the Secretary of State, but we are trying to encourage businesses and employers to think more imaginatively about how they can retain the talent from which they benefit. They may have spent many years training and developing female employers through schemes such as flexible working and shared parental leave—bold schemes that will make a cultural as well as a practical difference.

David Hanson (Delyn) (Lab): Why have 100 health bodies across the United Kingdom increased their gender pay gaps in the last 12 months? If the Minister is writing to those health boards, what does she expect them to do on receipt of her letter?

Victoria Atkins: I expect them to look at the variety of diagnostic tools that are available on the gov.uk website, and to seek advice about how to better diagnose and then deal with their gender pay gaps. This is not an insurmountable problem, and health trusts need to understand that the gender pay gap expectation applies to them just as it applies to any large multinational company.

Jim Shannon (Strangford) (DUP) *rose*—

Mr Speaker: Ah! A sentence, please. Jim Shannon.

Jim Shannon: One sentence, Mr Speaker. Has the Minister had any discussions with the devolved regions about the implementation of reviews throughout the public and private sectors to get a clearer picture of how we stand?

Victoria Atkins: Yes, of course. We are very keen to work with all our colleagues throughout the United Kingdom to ensure that businesses and employers are treating their female staff fairly, regardless of where they happen to be in the United Kingdom.

Mr Speaker: Order. I think the shadow Minister for Women and Equalities wants to raise a point of order that relates to the exchanges that we have just had, and that point of order, and that point of order only, I am content to take now.

Dawn Butler: On a point of order, Mr Speaker. I have just contacted the chief executive of Brent Council, Carolyn Downs, and she has informed me that Brent Council submitted the gender pay gap report on Friday 29 March via the Government's own portal. I wonder whether the Minister would like to stand and make an apology to Brent Council.

Victoria Atkins: Further to that point of order, Mr Speaker. That was not the information I had just before I walked into the Chamber. I am advised that it was not on the gender pay gap portal. Of course if Carolyn Downs has done what she should have done and followed the law I am not sure I will congratulate her; I am just pleased that she is following the law.

Mr Speaker: We will leave it there. Thank you.

Business of the House

Valerie Vaz (Walsall South) (Lab): Will the Leader of the House give us the business for next week?

The Leader of the House of Commons (Andrea Leadsom): The business for next week is as follows:

MONDAY 8 APRIL—Motion to approve a statutory instrument relating to the draft Electronic Communications (Amendment etc.) (EU Exit) Regulations 2019, followed by a motion to approve a statutory instrument relating to the draft Trade in Torture etc. Goods (Amendment) (EU Exit) Regulations 2019, followed by a general debate on UN International Day for the Elimination of Racial Discrimination. The subject for this debate was determined by the Backbench Business Committee.

TUESDAY 9 APRIL—Motion to approve the Burma (Sanctions) (EU Exit) Regulations 2019, followed by a motion to approve the Venezuela (Sanctions) (EU Exit) Regulations 2019, followed by a motion to approve the Iran (Sanctions) (Human Rights) (EU Exit) Regulations 2019, followed by a motion to approve the Republic Of Guinea-Bissau (Sanctions) (EU Exit) Regulations, followed by general debate on housing.

WEDNESDAY 10 APRIL—Motion to approve the draft Regulatory Reform (Scotland) Act 2014 (Consequential Modifications) Order 2019, followed by a general debate on the 50th anniversary of the continuous at sea deterrent.

THURSDAY 11 APRIL—General debate on the definition of Islamophobia. The subject for this debate was determined by the Backbench Business Committee.

As colleagues will be aware, discussions between the two main parties on the subject of EU exit are ongoing. Subject to the progress of those talks, there is the possibility that business will alter, and I will of course update the House as soon as possible in such an eventuality. We do want to enable all colleagues to have a break during holy week, but I would note that we will need to retain flexibility to potentially sit on Monday and Tuesday of that week—15 and 16 April—and I will, as always, endeavour to update the House about business as early as possible. In the same vein, it is likely that we may need to sit on Friday of next week, and I will update colleagues on this as early as possible next week.

Subject to the agreement of the House, Westminster Hall will not sit during holy week, following a discussion with the Chairman of Ways and Means, in order to make sure that as many House staff as possible get a well-deserved break.

Mr Speaker, yesterday was the third anniversary of the detention of Nazanin Zaghari-Ratcliffe in Iran. We continue to call for her release, and the Foreign Office is doing all it can to make sure that happens as soon as possible.

This week is also Autism Awareness Week, which gives me the opportunity to congratulate all those who have taken part in fundraising events this week, and to thank all those working so hard to support autistic people and their families.

Several hon. Members *rose*—

Mr Speaker: Order. Today is not as heavily subscribed as sometimes, but the first of the two Backbench Business Committee debates is very heavily subscribed, and of course there is a ministerial statement to follow, so I think the focus today is on brevity.

Valerie Vaz: I thank the Leader of the House for the business. I appreciate that it is difficult to have settled business, but this is yet another sign that the Government cannot govern, because again the Prime Minister has run down the clock. However, I have to say that we have not had an Opposition day—there are Backbench Business Committee debates and general debates—so may I ask again for an Opposition day?

Last week, I asked whether we could have a statement from the Government on the timetable for the progress of the key legislation that needs to pass through Parliament before exit day on 12 April, but the Leader of the House responded by just mentioning the progress of secondary legislation. There are important Bills that need to have their next stages, particularly the financial services Bill. There is cross-party support for the amendment tabled by the right hon. Member for Sutton Coldfield (Mr Mitchell) and my right hon. Friend the Member for Barking (Dame Margaret Hodge) calling for Jersey, Guernsey and the Isle of Man to have registers in place by the end of 2020. This is a crucial piece of legislation to tackle tax evasion. Her Majesty's Revenue and Customs has confirmed that in a clampdown on offshore tax evasion in 2018, it received reports about the offshore financial interests of around 3 million UK residents or the entities that they controlled. Figures from *Accountancy Daily* show that this involved 5.67 million individual records detailing offshore financial bank accounts. When will the Government find time for the Report stage of this Bill?

Will the Leader of the House update the House on whether she is confident that all the necessary Brexit statutory instruments will go through the House before exit day? The Brexit process has been a shambles. There is no solution, and Ministers are resigning. The Prime Minister has now decided that she wants to stop speaking Klingon—or should I say ERGon—to the European Research Group and start speaking to the Opposition. In her statement—made at No. 10 Downing Street, not to the House—she failed explicitly to rule out leaving the EU with no deal. The Bank of England estimates that the worst case scenario, involving border delays and a loss of market confidence in the UK, could result in the economy contracting by 5%. Nearly 30% of our food comes from the EU, and some imports are particularly high at the moment because they involve foods that we cannot grow ourselves at this time of year, such as lettuce, tomatoes and soft fruit. Academics at Imperial College say that two extra minutes spent checking each vehicle at Dover and Folkestone could lead to traffic queues of 29 miles on nearby roads.

In the meantime, my constituents want to know why spending per pupil has fallen by 8% since 2010. The Leader of the House has mentioned the fact that it is Autism Awareness Week. It was announced today that 17% cuts had been made for those with special needs in the past four years. Just last week, a constituent of mine was in tears because her 11-year-old daughter has to take two buses or have a 40-minute car journey to school because all the local schools are full. May we have a statement on school places?

We had Home Office questions on Monday, but no statement on knife crime. My hon. Friend the Member for Gedling (Vernon Coaker) had asked for a statement, but nothing was forthcoming. One question to the Prime Minister is not sufficient. This is more than a

public health issue; it is about giving young people facilities and community places where they can find their talents. So could the Leader of the House ensure that we have a statement, either from the Prime Minister or from the Home Secretary, on the knife crime summit?

It is the 20th anniversary of the national minimum wage, which was introduced by a Labour Government and opposed by the Conservative party. When will the Government implement the real living wage, which should be our goal?

We celebrate today the 70th anniversary of NATO. That treaty was signed by a Labour Foreign Secretary. The Leader of the House will be interested in the report published today by the Defence Committee entitled “Missile Misdemeanours: Russia and the INF treaty”. The Chair of the Committee, the right hon. Member for New Forest East (Dr Lewis), says that the continent of Europe is less safe as a result of the Russian decision to develop missiles in contravention of the intermediate-range nuclear forces treaty. We are not a party to the treaty, but the Committee says that the Government need to push NATO for a proportionate response that sends a firm message. Will the Leader of the House find time for a debate on this important report?

The Ministry of Defence has instigated an inquiry into the use of a picture of the Leader of the Opposition for target practice. I am sure that the Leader of the House will condemn that activity. While the investigation is ongoing, will she ensure that the following questions are put to the Secretary of State for Defence? First, what action will be taken under section 19 of the Armed Forces Act 2006 against the soldiers on the grounds of good order and service discipline? Secondly, will the commanding officers and officials higher up the chain in the Ministry of Defence take responsibility, and how will they prevent this from happening further? Thirdly, can they confirm who supplied the image, and can they confirm that there are no other such photos circulating among the armed forces? If the Secretary of State for Defence or the Prime Minister would like to apologise to the Leader of the Opposition, I am sure that that would be very welcome. In the meantime, we would like a response to those questions.

Will the Justice Secretary meet my hon. Friend the Member for West Lancashire (Rosie Cooper)? We rightly paid tribute to her resilience yesterday when she received the House’s appreciation. She may have some suggestions about improvements to the trial process, given the terrible things she was put under while she was waiting for the result.

I do not know whether you are aware of this, Mr Speaker, but BBC Parliament has had excellent ratings. I want to thank my right hon. Friend the Member for Normanton, Pontefract and Castleford (Yvette Cooper) and the right hon. Member for West Dorset (Sir Oliver Letwin) for their great courage in ensuring that the Government do not put our economy at risk with no deal. Once again, I thank the talented and dedicated staff of the House for ensuring that our business was done.

Finally, it is cherry blossom time, so I urge hon. Members to go outside and look at the blossom.

Several hon. Members *rose*—

Andrea Leadsom: I can absolutely assure—[*Interruption.*]

Mr Speaker: Order. I do beg the Leader of the House’s pardon. People who came in after the statement was issued cannot expect to be called and should not stand. We really must observe the basic principle of respect. The Leader of the House delivers a statement and it is responded to, but people cannot wander into the Chamber and expect to be called. It is quite wrong.

Andrea Leadsom: Thank you, Mr Speaker. I was just going to say to the hon. Lady that I would love to be outside looking at the cherry blossom, as I am sure we all would. Maybe that is what some colleagues were doing before they wandered into the Chamber.

The hon. Lady asked about key legislation and the Brexit Bills, particularly the Financial Services (Implementation of Legislation) Bill. As she will know, we want to consider the amendments made in the other place carefully. That Bill is relatively straightforward and seeks to deal with in-flight files during the Brexit transition period, but one amendment would have a more significant impact on the rights of the Crown dependencies, so it is right for the Government to take a bit of time to consider that properly. However, we will bring the Bill back in due course.

The hon. Lady asked about other Brexit primary legislation, and she will be aware that, in addition to the European Union (Withdrawal) Act 2018, nine other exit-related Bills are in Parliament or have already received Royal Assent. The Nuclear Safeguards Act 2018, the Sanctions and Anti-Money Laundering Act 2018, the Haulage Permits and Trailer Registration Act 2018, the Taxation (Cross-border Trade) Act 2018, and the Healthcare (European Economic Area and Switzerland Arrangements) Act 2019 are all now law. The Bills still in the Commons or the Lords are the Immigration and Social Security Co-ordination (EU Withdrawal) Bill, the Agriculture Bill, the Fisheries Bill, the Financial Services (Implementation of Legislation) Bill, as has been mentioned, and the Trade Bill. Progress is being made, and they are all scheduled to receive Royal Assent before they are needed.

The hon. Lady also asked for an update on the secondary legislation. Almost all the Brexit SIs needed for exit day have been laid—around 515 of about 550. The programme of secondary legislation is in hand and is almost complete. The remaining SIs are planned for completion when they need it.

On schools, I am sure that the hon. Lady will want to celebrate, as I do, the fact that 1.9 million more children are being taught in good or outstanding schools. We created 920,000 more school places between 2010 and 2018, and the gap between disadvantaged pupils and others has narrowed. All those things are important to give young people a good start in life.

The hon. Lady asked for a statement on the knife crime summit. I will certainly take that request away, but I am sure that my right hon. Friend the Home Secretary will want to update the House.

The hon. Lady mentioned the national living wage, and I am sure that she will share in the delight that it went up on Monday by the highest rate since it was first introduced in 2015, increasing by almost 5% to £8.21 an hour.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): Good old Tony Blair.

Andrea Leadsom: The hon. Gentleman shouts from a sedentary position, but it was actually George Osborne as Chancellor under a Conservative Government who introduced the national living wage—[*Interruption.*] No, I am talking about the national living wage. Full-time workers receiving the national living wage will now be more than £2,750 a year better off compared with 2015.

Finally, the hon. Lady raised the serious issue of a photograph of the Leader of the Opposition being used for target practice. That is utterly unacceptable, and I condemn it in the strongest terms, as I am sure all right hon. and hon. Members would. It is vital that anybody with any kind of role in public life is extremely careful about the sort of images and portrayals that they put forward. I understand that my right hon. Friend the Secretary of State for Defence has written to the shadow Secretary of State to respond to the points made to him.

Several hon. Members *rose*—

Mr Speaker: The brevity tsar himself, Sir Desmond Swayne.

Sir Desmond Swayne (New Forest West) (Con): You missed it, Mr Speaker, because your focus was properly on what was happening in the Chamber, but the prolonged demonstration in the Public Gallery was a function of the fact that, first, the police had to be called and, secondly, the police, frankly, have a different way of operating and different priorities. Our Doorkeepers are trained in the practice but no longer carry it out, because the House will not insure them. Can we have a statement next week on how this is to be remedied?

Andrea Leadsom: My right hon. Friend is absolutely right to raise this matter and I am tempted to mention the bare cheek of such a demonstration in the Public Gallery. The police certainly had to deal with a very sticky matter. I will be seeing the director general later today to talk about what more we can do.

Pete Wishart (Perth and North Perthshire) (SNP): I thank the Leader of the House for announcing the business for what would have been the first week of our Easter recess, which we are giving up for that. I just hope we will see some more substantial business that would justify our giving up time to be available for our constituents. The thing is she has absolutely no idea what will be discussed and considered next week.

Yesterday's innovation should be commended, and this House should be proud that we delivered a piece of legislation within a few days that will underpin the seeking of an extension to article 50. Of course, most curiously, there are those among the take back controllers who do not want this House actually to take back control and who would prefer the Government to continue in their ways unfettered and to continue ignoring the decisions of this House. It has taken legislation to get this minority Government to do what the majority of this House wants them to do. Maybe now they know we can do this they will start taking the decisions of this House more seriously, but I seriously doubt that will be the case.

The great unelected ones in the House of Lords will now consider the Bill, and the message from this House to the aristocrats, the Church of England bishops, the

cronies and the donors is that they should do nothing to thwart the progress of this Bill. We have already seen loads of amendments tabled down there, particularly, and curiously, by some Scottish Conservative Lords. They must do absolutely nothing that would stop the will of this House and the democratic will of this Parliament.

Can we have a debate about modern romance? There was a real Mills & Boon glow yesterday, as the Leader of the Opposition sat down with the Prime Minister so that she could share the blame for her Tory Brexit with him. Last week, the Prime Minister said that he was

“The biggest threat to our standing in the world, to our defence and to our economy”.—[*Official Report*, 27 March 2019; Vol. 657, c. 313.]

He is now the saviour of her Brexit.

We in Scotland are watching very carefully the reinvention of Better Together—Better Together 2.0, the sequel, the latest in the Tory-Labour disaster franchise. This time they have come together to take Scotland out of the EU against its will. Scotland is sick of being ignored. The Scottish people are watching our nation being carved out and disrespected, and we will not sit idly by as the usual Better Together squad play their games with our nation and the European Union.

Andrea Leadsom: The hon. Gentleman will recognise that Better Together did quite well last time. As he will know, the Prime Minister is seeking to find a way to leave the European Union, and it is extraordinarily apparent to everyone that, so far, the House has not agreed a way in which to leave. It is right that the Prime Minister continues to seek a way to deliver on the referendum, which is why she is talking to the Leader of the Opposition, as the hon. Gentleman well knows.

Dame Cheryl Gillan (Chesham and Amersham) (Con): Can we have a debate on budgeting and the transparency of public projects and their finances, particularly in the light of the delay to the notice to proceed on High Speed 2 and the revelation that it is now spending millions of pounds on consultants tasked with trying to reduce, or even control, the mammoth costs of this project, all of which will be paid for by the taxpayer?

Andrea Leadsom: My right hon. Friend raises a very important issue. She will be aware that many of my constituents also have concerns about the cost overruns, and I have written to ask for reassurances on that. The Department for Transport assures us that the project is still working to its budget, but I am sure that my right hon. Friend will continue to seek her own reassurances.

Ian Mearns (Gateshead) (Lab): The demonstration in the Public Gallery has been referred to. I wondered whether it was a manifestation of a modern-day Rump Parliament—I'm here all week.

The Leader of the House mentioned that the business next week could be subject to rescheduling. I genuinely offer a hand of friendship and, if there is rescheduling, I hope there will be consultation with me and the Clerk of the Backbench Business Committee, so that we can fill any gaps due to business being moved.

I am a member of the Education Committee, and I wonder whether we could have a debate in Government time on school funding. Figures from the Institute for

Fiscal Studies show that school funding in real terms is 8% lighter than it was several years ago. The Minister for School Standards said at the Education Committee on Wednesday that the schools budget has been protected in real terms, like the Department for International Development budget, but the DFID budget is 0.7% of GDP and has been protected at that level—it has grown in financial terms. Education funding has diminished from 5.69% to 4.27% of GDP in only seven years. That is a real-terms cut from both the IFS's perspective and the GDP perspective. We need to invest in our future if we are going to engage and be successful in the fourth industrial revolution.

Andrea Leadsom: I am glad that the hon. Gentleman took pains to flesh out the matter of the protests, but we now need to crack on a bit with the business of the day.

The hon. Gentleman offered to fill in any blanks in the business next week. Of course, if there are opportunities for Backbench business, we will always take them. He also raised the important matter of school funding. He will appreciate that the achievements in our schools are incredibly positive for improving young people's education, and I pay great tribute to all our teachers' professionalism. Nevertheless, he makes an important point about funding, and I encourage him to raise that directly with Ministers on 15 April at Education questions.

Sir David Amess (Southend West) (Con): Will my right hon. Friend find time for a debate on the difficulties that converts to Christianity are having in achieving asylum status in the United Kingdom? While I am sure the House understands that the Home Office has to be very careful, I simply do not understand its reluctance to approve those applications, given all the checks and balances.

Andrea Leadsom: My hon. Friend raises an interesting point. All asylum claims made in the UK are carefully considered on a case-by-case basis, taking into account individual merits against a background of relevant case law and up-to-date country information, which covers issues relating to freedom of religion and belief. I can assure him that the Home Office provides protection for all those who genuinely need it, in accordance with our international obligations under the 1951 refugee convention and the European convention on human rights.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): Can we have a debate about the challenge we have in our constituencies and in this place in the way we treat one another and the language we use? Could the Leader of the House particularly bear in mind something very offensive that was said last night by the right hon. Member for Rayleigh and Wickford (Mr Francois) at this time, when we are in Lent and approaching Easter weekend:

"Forgive them, Father, for they know not what they do."—[*Official Report*, 3 April 2019; Vol. 657, c. 1217.]

As a Christian and former parliamentary churchwarden, I found it deeply offensive for that phrase to be used in the context of a debate on Brexit. I hope we can have a discussion about what is and is not appropriate to say in this House.

Andrea Leadsom: As I have always said, it is vital that everybody in this place and in this Palace of Westminster treats each other with courtesy and respect and I completely uphold that. As the hon. Gentleman

will be aware, behaviour in the Chamber is a matter for the Chair. On the other hand, I am sure you will also agree, Mr Speaker, that it is vital that everybody is treated with courtesy and respect.

Mr Speaker: Yes, that is absolutely fair and reasonable. I did not intervene at the time, as the hon. Gentleman will know. The right hon. Member for Rayleigh and Wickford (Mr Francois) felt extremely strongly and expressed himself with force, and I respect the right hon. Gentleman's sincerity and integrity—I make no bones about that; I do—but moderation in the use of language and the importance of trying to keep the temperature down can hardly be overstated. I think the hon. Member for Huddersfield (Mr Sheerman) has served a useful purpose today, of which we can all take note.

Sir Mike Penning (Hemel Hempstead) (Con): Mr Speaker, you will be aware that I go on and on about the lack of accountability of NHS trusts in my constituency and around the country, and there are often lots of nods when I raise this. As the Leader of the House knows, I raised this before and she suggested that I get a Westminster Hall debate. I have got that, so I am back now—going on and on. May we have a debate in Government time about the lack of accountability of NHS trusts, which seem to ignore not just politicians and elected representatives, but the people they are supposed to be looking after?

Andrea Leadsom: My right hon. Friend is very passionate on this subject and he is absolutely right to be. If he has exhausted all his own means by which to achieve debates on this subject, I encourage him to go to the Backbench Business Committee and seek the support of other Members across the House. I am sure he would find that there were plenty of Members looking to support their own local hospitals.

John Cryer (Leyton and Wanstead) (Lab): I heard the Leader of the House's answer on the knife crime summit and subsequent events, but it really is unacceptable that the Home Secretary has not been here reporting on the knife crime summit, while our constituents—our young constituents—are regularly being murdered. When will he come here and give a report? Further to that, he really should be coming to this Chamber on a regular basis to give those reports.

Andrea Leadsom: The hon. Gentleman raises an incredibly serious issue, as he often does, about the appalling nature of the rise in knife crime, the impact it is having on communities and the fear in communities. There are far, far too many examples of young people being stabbed and murdered. It is absolutely appalling. He will be aware that the knife crime summit on Monday was designed to look at what more the Government can do. There are a huge number of plans in place. We have already had two debates recently on serious violence and what the Government can do, as well as a number of urgent questions and statements on the subject. However, as I said to his hon. Friend the Member for Walsall South (Valerie Vaz), I will certainly go away and see whether we can organise a statement on the same subject.

Mr Peter Bone (Wellingborough) (Con): Mr Speaker, I hope you will accept that I am willing to call out the Government on occasion when they abuse Parliament—I voted for the contempt motion—but I thought there was a conspiracy to defraud Parliament itself yesterday. On a huge constitutional issue, we rushed the Bill through in a day. There was no time for proper debate. There was not even a Third Reading debate. Amendments were not down. It was a total farce and it was an abuse of Parliament. It seems to me that the solution to this—it was something that both the main political parties agreed to—is a business of the House Committee that is responsible for the timing of debates. The Backbench Business Committee has shown that it works really well. Seriously, will the Government now consider a business of the House Committee? Please, Leader of the House, do not blow this off again.

Andrea Leadsom: I entirely endorse the first part of my hon. Friend's question. I draw the House's attention to the fact that the article 50 Bill contained 58 words and it went through the entire parliamentary business and legislation Committee process. It was consulted on widely and it had five days of debate in this Chamber, compared with the under one hour on Second Reading for yesterday's Bill. I therefore agree with him that it was extremely damaging to the way in which we carry out business in this place.

On the second part of my hon. Friend's question, as I have said to him on a number of occasions, I do not believe that a business of the House Committee for determining business would have the necessary flexibility to be able to ensure that, as we are seeing at the moment, swift changes to business can be properly and reliably agreed. From time to time, the House needs to go through the usual channels with a very quick decision when emergency changes are necessary.

Mr Speaker: I do not want to dwell at any length on what the hon. Gentleman said and I completely respect his sincerity, but I think it is fair just to note, reputationally for the House, that many of the Members who are complaining about the paucity of time for the debate on the Second Reading of the Bill did nevertheless seem untroubled by the absorption of three hours on the business of the House motion. It was partly for that reason that there was so little time left for Second Reading. But there is an argument to be had about the matter and I respect the hon. Gentleman's point of view.

I have heard what the Leader has said about a business of the House committee. That is the Government's position. The hon. Gentleman has been a keen and articulate champion of the cause of such a committee for many years, and, as he knows, I have joined him in that quest. It is a matter of recorded fact that the coalition Government were committed to the introduction of such a committee and Prime Minister Cameron—I say this as a matter of fact—renewed on that commitment. It is unarguable, it is incontestable, it is incontrovertible. That is the reality. He may think that the situation changed, but he promised it and he broke the promise. It is as simple as that.

Paula Sherriff (Dewsbury) (Lab): Last weekend proved to be the perfect tonic when I was joined by over 75 members of my constituency for the Great British

Spring Clean. Next week I will be out again, in Mirfield, supporting the indefatigable community champion Ruth Edwards in her spring clean. Will the Leader of the House join me in welcoming the incredible work done by the likes of Ruth and others, and encourage our members to get involved in cleaning up their communities?

Andrea Leadsom: The hon. Lady is to be hugely commended for taking part in the Great British Spring Clean. My Parliamentary Private Secretary, my hon. Friend the Member for Banbury (Victoria Prentis), who is sitting behind me, is a huge fan of it and is yelling in my ear, "Fantastic, fantastic!" I think all Members would agree that it is a superb thing to be involved in a community clean-up. It sends a good message and it cheers us all up to get outside as well. I congratulate the hon. Member for Dewsbury (Paula Sherriff), her constituent Ruth Edwards and all those taking part.

Will Quince (Colchester) (Con): Working parents of children with a disability or serious illness often have to take their entire holiday entitlement off for surgery or hospital appointments. Will the Leader of the House allow a debate in Government time on what support the Government can give to those working parents and how we can ensure they get the quality holiday time that other working parents enjoy?

Andrea Leadsom: My hon. Friend raises a very important point. Parents often have additional responsibilities to holding down a job, particularly when they are caring for children with disabilities. It is absolutely vital that they get quality time to spend with their families. I encourage my hon. Friend to seek an Adjournment debate in the first instance, so he can discuss with Ministers what more can be done.

Martin Whitfield (East Lothian) (Lab): May we have a statement on the attitude taken by Departments, particularly the Home Office, when MPs telephone them? I telephoned the hotline seeking very urgent information and was given another telephone number. I was hung up on when I phoned it. When I phoned back later, they were unable to give me any information—I will be careful about what I say—about what I asked for. I have now emailed on two occasions and not received a response. The challenge is that my constituent faces an approaching deadline, and without that information I cannot advise him and he cannot take action.

Andrea Leadsom: I am genuinely very sorry to hear that. My own experience of the MPs' hotline has been good with the Home Office, but I totally respect what the hon. Gentleman is saying. If he cannot get through to the right people and they are not responsive, that is absolutely unacceptable. I encourage him to perhaps take this matter up through a parliamentary written question, but if he wants to contact me, I can contact the Home Office on his behalf.

Greg Hands (Chelsea and Fulham) (Con): Could we get a bit more clarity on the business for the week after next? The Leader of the House said that it is possible that we will be sitting on Monday 15 and Tuesday 16 April, but for the benefit of Members and staff with Easter holiday and childcare problems to sort out,

could she perhaps be a bit more definitive about what might or might not happen on Wednesday 17 and Thursday 18 April?

Andrea Leadsom: My right hon. Friend is tempting me to get my crystal ball out. As all hon. Members appreciate, and I think we can all agree, we and certainly the staff of the House, need a break. We are very conscious of the need to try to ensure that people are able to meet prior commitments. As well as that, many colleagues have commitments in their constituencies that they need to fulfil. There is no doubt that the Government and I are extremely well aware of the need for colleagues to have a break. On the other hand, as we all know, the business is changing very rapidly. We are extremely keen to ensure that we can leave the European Union with a deal, with a majority of the House supporting it. In order to achieve that, it requires the next few days to be quite flexible. I can only repeat that I will keep the House as updated as possible, but certainly at the moment, as I said in my opening remarks, we need to retain flexibility to potentially sit on Monday 15 and Tuesday 16 April during holy week, but I will update the House as soon as I possibly can.

Jim Shannon (Strangford) (DUP): On Monday 1 April, the all-party group for international freedom of religion or belief, which I have the privilege to chair, hosted a parliamentary briefing investigating the ongoing farmer-herder conflict in Nigeria. Nigeria is awash with weapons. This conflict has claimed tens of thousands of lives since the turn of the century. It is one of the bloodiest in the world at the moment and, as both groups happen to also be divided by religion, with farmers being mainly Christian and the herders being mainly Muslim, it threatens to escalate into a full-blown religious war. Will the Leader of the House agree to a statement or debate on this very pressing matter?

Andrea Leadsom: I am grateful to the hon. Gentleman for his question. The Government are concerned by the recurrent clashes involving pastoralists and local farmers. We continue to call for an immediate de-escalation of violence and for the Nigerian Government to demonstrate a clear strategy for resolving the conflict, ending the violence and ensuring that the needs of all the communities are taken into account. There is no doubt that these clashes have a devastating impact on lives and communities, as well as, of course, being a major barrier to Nigeria's economic development.

John Lamont (Berwickshire, Roxburgh and Selkirk) (Con): I am very pleased that the Government are investing £290 million in improving the A1 road north of Newcastle to Berwick-upon-Tweed. Sadly, north of the border, 17 miles of the A1 still remain a single-track road. Transport policy is devolved to the Scottish Parliament and yet the Scottish Government are refusing to take any action to improve this important cross-border route. Could we have a debate about how the UK and Scottish Governments can work together to improve cross-border connectivity?

Andrea Leadsom: As always, my hon. Friend raises an important issue on behalf of his constituents and many others. He is right that under the devolution settlement, roads within Scotland are the responsibility of the

Scottish Government, and it is for them to prioritise and fund any relevant schemes. I hope that they will take the decision to do so. For our part, UK Ministers and officials regularly collaborate with their counterparts in Scotland on issues of mutual interest, including cross-border connections, and they have previously discussed the dualling of the A1.

Vicky Foxcroft (Lewisham, Deptford) (Lab): I wonder whether the Leader of the House can provide us with a date when the Timpson review of exclusions will be produced. If she cannot provide a date, perhaps she can explain why we have had a delay since December last year.

Andrea Leadsom: I am grateful to the hon. Lady for her question. She has raised this on a number of occasions and, as I have said to her, I have chased for a date on which this report will be published. She is absolutely right to keep pursuing it and I am continuing to seek to get an answer for her—[*Interruption.*] She is asking “Why?” from a sedentary position. As I have tried to explain previously, the review is considering the difference in exclusion rates between areas and why that is taking place. That, therefore, makes the review quite complicated and time-consuming.

Martin Vickers (Cleethorpes) (Con): The Leader of the House will recall that three weeks ago, I raised with her the accountability of Network Rail. That particularly relates to its proposed closure of Suggitt's Lane level crossing in my constituency. The accountability issue has become more serious, because the *Grimshy Telegraph* is reporting that when contractors moved in to lock the gates, they hauled away cars parked near the crossing. Surely Network Rail should not have the powers to haul away private vehicles. Could we have a statement from the Department for Transport on this issue?

Andrea Leadsom: My hon. Friend's concerns sound very justified. Of course the safety of our railways is paramount, but as he knows it is a matter for Network Rail, working with the independent regulator, the Office of Rail and Road. I understand that an urgent meeting on the Suggitt's Lane level crossing closure has been arranged for Monday between the rail Minister, senior representatives from Network Rail and my hon. Friend himself. I hope that there will be some progress as a result of that.

Mrs Madeleine Moon (Bridgend) (Lab): I thank the shadow Leader of the House for reminding us that it is the 70th anniversary of the signing of the Washington treaty. I also remind the House that London was the first home of the NATO alliance and that the first shots fired by NATO came during a peacekeeping mission in Bosnia in 1996. If the Leader of the House is short of business for next week, may I suggest that we celebrate the NATO alliance, which has kept peace and security across Europe and north America for 70 years?

Andrea Leadsom: The hon. Lady is absolutely right to pay tribute to the amazing achievements of NATO, which has been the cornerstone of our defence for 70 years, as she rightly points out. I will certainly take away her request for a debate in Government time and see what can be done.

Mark Pawsey (Rugby) (Con): There is a sense of anticipation in Rugby because the finalists of the “Pride of Rugby” awards, run superbly by our local radio station, Rugby FM, have been announced. They recognise local achievers in businesses and charities and among our volunteers and young people at a time when we hear a lot about the challenges that communities face. May we have a debate to recognise some of the great work going on in our communities?

Andrea Leadsom: It is always welcome that business questions gives colleagues a chance to praise the excellent work that goes on in their communities. I congratulate my hon. Friend and join him in congratulating the finalists in the “Pride of Rugby” awards. I wish them all the best for the event. The UK is undoubtedly a very generous place; I understand that the British public donated £10.3 billion to all causes in 2017. That cements the UK’s place as one of the most generous nations in the world—something that we can all celebrate.

Chris Stephens (Glasgow South West) (SNP): Given BBC Parliament’s success and viewing figures in the past few weeks, are there any plans to broadcast Cabinet meetings live? The details of the meetings are leaked within minutes, so should we not just cut out the middle man? Can the Leader of the House tell us which is true: is there more infighting in a Cabinet meeting or in the next episode of “Game of Thrones”?

Andrea Leadsom: What goes on in Cabinet would not be a great TV show—too often, what gets reported is not correct. It either has to be a documentary or it is a fabrication. Sometimes I sit in Cabinet and hear one thing and read about it in the newspapers but it is not the same at all—it is someone’s interpretation.

The hon. Gentleman makes a serious point about how Cabinet commentary gets out into the press. There are interpretations on all manner of meetings that take place. What that really says to me, and what I always urge young people to understand when I go to universities and schools to talk to them about democracy, is that people should not believe everything they read—it is definitely not always true. People need to go to the source.

John Howell (Henley) (Con): I recently launched a new Saturday bus service in Henley. May we have a debate on buses to show how smaller, more local buses can help?

Andrea Leadsom: Congratulations to my hon. Friend—a number of hon. Members would love to do the same in their areas. He will be aware that the bus market outside London is deregulated and that decisions about service provision are primarily a commercial matter for bus operators. Individual English local authorities will make decisions on whether to subsidise bus services. The Bus Services Act 2017 provides the tools that local authorities need to improve local bus services and increase passenger numbers, but I am sure I am not alone in this place in thinking that we need to do more to provide better bus transportation for all our communities.

Mr Paul Sweeney (Glasgow North East) (Lab/Co-op): May a debate be held on the urgent need to fund community-based projects to tackle climate change?

North Glasgow Housing Association is the biggest community-owned housing association in Glasgow, and with Lambhill Stables it is doing fantastic work in all sorts of fields using climate challenge funding from the Scottish Government, including community swapshops for furniture and even using comics to educate young people. Unfortunately, that funding has not been renewed this year, so the projects cannot continue. May we have an urgent debate on the need to advance funding for community-based climate change initiatives?

Andrea Leadsom: First, I congratulate the hon. Gentleman’s constituents on their work. It is incredibly important that we do all we can to make people aware of the importance of climate change and the steps we can take to address it. He will be aware that our 25-year environment plan seeks to ensure that ours is the first generation that leaves our environment in a better state than we found it. Within that plan, there are many different initiatives. I encourage the hon. Gentleman to talk to Ministers in the Department for Environment, Food and Rural Affairs about what more they can do to support such initiatives.

Luke Graham (Ochil and South Perthshire) (Con): It was mentioned earlier that it is cherry blossom time. I encourage every Member of the House to come and see the Japanese garden in Clackmannanshire in my constituency, where recently I joined the Japanese consul-general to plant new cherry trees, whose blossoms we hope everyone can enjoy in the near future. May we have time to debate rural development? We spend a lot of time talking about our towns and cities, but our rural communities are working hard to improve prosperity and employment through schemes such as Can Do Crieff shared workspace, which was recently established in my constituency? Country is just as important as town, so may we have more time to debate rural issues?

Andrea Leadsom: I completely agree that the countryside is every bit as important as towns, and we need to do everything possible to ensure that our rural communities thrive. We have Housing, Communities and Local Government questions on Monday, and I encourage my hon. Friend to raise with Ministers what more can be done to support rural communities.

Colleen Fletcher (Coventry North East) (Lab): The Duke of Edinburgh’s volunteering achievement award has been presented to pupils in Coventry to celebrate 9,360 hours of voluntary service by the city’s young people over the past 12 months. We know that such volunteering efforts help young people to develop, build confidence and gain important life skills, while improving the health and wellbeing of the local community around them. Will the Leader of the House join me in commending Coventry’s young volunteers, and will she arrange a debate in Government time on the importance of volunteering and how it can inspire a generation of young people who care about where they live and are willing to make a commitment to improve society?

Andrea Leadsom: The hon. Lady always speaks up for Coventry, and she is right to do so. I definitely join her in congratulating all those young people. I think she

quoted a figure of 9,360 hours of volunteering in the past 12 months. That is a superb record of which they can be very proud.

Vernon Coaker (Gedling) (Lab): Can the Leader of the House tell me where the Home Secretary is? I asked last week whether he was going to come and make a statement, and she said she would speak to him. We had a knife crime summit, but nobody has a clue what happened there; he has not bothered to come to the House of Commons to explain. We read in the papers about search powers being changed—not a word to the House of Commons about it. We read about extra money for all sorts of groups—not a word to the House of Commons about it. Will the Leader of the House go again to the Home Secretary and tell him to get over here and start making some statements to this House about the national emergency this country faces with knife crime?

Andrea Leadsom: I know the hon. Gentleman cares passionately about this issue, as do the many right hon. and hon. Members who raise it frequently at business questions. As a matter of fact, my right hon. Friend the Home Secretary was here yesterday, making a statement on Windrush compensation. He is of course always willing and keen to update the House as soon as some important breakthrough takes place. The hon. Gentleman will know that a tremendous amount of work has gone into our serious violence strategy, the Offensive Weapons Bill, the creation of knife crime prevention orders, the youth endowment fund and the recent discussions about making knife crime a public health matter, so that we can do everything possible to steer young people away from a life of knife crime and violence. I totally understand the hon. Gentleman's frustration. I will again raise the issue with the Home Secretary, but he is willing to—indeed, has he done so very regularly—come to update this House whenever there is more to say.

Nic Dakin (Scunthorpe) (Lab): At his last meeting with the all-party group on steel, the then steel Minister, the hon. Member for Watford (Richard Harrington), committed to bring together all the key steel stakeholders to look again at how to progress a steel sector deal. May we have a statement from the Secretary of State for Business, Energy and Industrial Strategy on how we are to bring about this steel summit?

Andrea Leadsom: I was not aware of the commitment that was made, but if the hon. Gentleman would like to write to me, I can take the matter up with the Department on his behalf.

Diana Johnson (Kingston upon Hull North) (Lab): On my way into Westminster, I walk through the Canary Wharf Crossrail station on most mornings. It is a pristine station that cost £500 million. It was opened in 2015, but no trains will use it until at least 2020. It is a bit like the hospital in “Yes Minister”—the Leader of the House might remember—where there were no patients but it was seen to be a very efficient hospital. The Public Accounts Committee has said that the cost of Crossrail has spiralled out of control, at more than £18 billion and counting, and question marks remain over its completion. We cannot get new signage or the toilets sorted out in the railway station in Hull, let alone

electrification of the line, so may we please have a debate on investment in rail in the north and not just in London?

Andrea Leadsom: I am sympathetic to the hon. Lady's desire to see more investment in the north. She will be aware that the Government are investing significant sums in new rail infrastructure and in improving the experience of all train users.

With regard to Crossrail, work is now being done to deliver a revised schedule for the project, and the Department for Transport is working closely with the Infrastructure and Projects Authority and the National Audit Office to ensure that lessons are learned for the delivery of major projects. Once built, the new Crossrail line will provide a boost to the UK economy of up to £42 billion and enable 200 million journeys across London and the south-east. I absolutely understand that the hon. Lady wants to see more investment in the north, and that is also happening—it is not either/or but both.

Matt Western (Warwick and Leamington) (Lab): In the past fortnight, households up and down the country have received their council tax bills. Members will be well aware that people have seen significant increases of almost twice the rate of inflation and twice the rate of pay increases. In my constituency, there has been a 5% council tax increase and a 12% increase in the police levy, and residents are concerned that they are getting less for paying more. Against that backdrop, my local authority wishes to build a new council office. May we have a debate on the terrific One Public Estate programme, which was introduced in 2013, so that we can examine where we are with those sorts of programmes?

Andrea Leadsom: The hon. Gentleman raises the issue of council tax rises; he will be aware that council taxes have fallen since 2010 in real terms, under the Conservative and coalition Governments. It has been important to hold down those increases. At the same time, I am sure he will want to celebrate that this week there is more than £1.3 billion extra available for local councils, more than £1 billion extra for schools and of course, really importantly, a rise in the national living wage, which has given a full-time worker a £2,750 annual pay rise since its introduction. There is also another rise in the personal tax-free allowance, leaving a basic-rate taxpayer more than £1,200 a year better off than in 2010. I totally sympathise with the hon. Gentleman's point about council taxes rising, but on the other side of the economy, the Government are taking steps to ensure that there are better services, that people get to keep more of their hard-earned income and that people in our economy are better off through job increases, wage increases and increases in their personal tax-free allowance.

Justin Madders (Ellesmere Port and Neston) (Lab): Some of my constituents have received letters this week informing them that the owner of their homes—the freeholder—has changed from one company based in Guernsey to another company based in Guernsey. We have had a very powerful Select Committee report and various vacuous pledges about what will be done to tackle leasehold abuses, but the fact remains that these kind of manoeuvres are making it harder and more expensive for my constituents to purchase outright the

[Justin Madders]

freehold of their properties. May we have a statement from the Government about what they will do to protect existing leaseholders?

Andrea Leadsom: I certainly share the hon. Gentleman's concern about the way in which some properties are being sold as leases and then those who have bought them are being charged additional sums on an increasing basis. That cannot be right. We have Housing, Communities and Local Government questions on Monday. I encourage him to raise the matter there.

Brunei

11.50 am

The Minister for Asia and the Pacific (Mark Field): With permission, Mr Speaker, I will make a statement about Brunei and sharia law.

I appreciate that this issue has been of widespread concern in the House and was the subject of two requests for an urgent question earlier in the week by the hon. Member for Edinburgh West (Christine Jardine). I apologise, too, that, given how late we sat last night, there are slightly fewer Members in the House today than there might have been, as many of them have an understandable desire to head off. I thought that it was worth making a full statement on this issue. There was no criticism of you, Mr Speaker, that you did not allow the urgent questions, not least because we were able to touch on this matter in the slightly unsatisfactory way that one does during Foreign and Commonwealth questions.

Brunei introduced sharia criminal law in 2014, to operate alongside the common law system in that country. Implementation of the final phases of the associated sharia penal code was delayed from 2014 until yesterday. These final phases now introduce the possibility of hudud corporal and capital punishments, which may include amputation for theft, and execution by stoning for witnessed adultery and anal sex.

The sharia penal code requires four witnesses or a confession from the offender for a conviction to be secured. It is a fairly tall ask, but that does not mean it is impossible to achieve. Under the common law in Brunei, homosexuality is already a criminal offence. Whippings are also quite frequently used as a punishment for a variety of offences, and the death penalty remains on the statute book—although it has not been enforced since 1992.

I want to be absolutely clear about the UK's position on this: this Government consider it appalling that, in the 21st century, people anywhere are still facing potential persecution and discrimination because of who they are and whom they love. We strongly support and defend the rights of the LGBT+ community here in the UK and all around the world.

We absolutely oppose the death penalty in all circumstances and in all forms, and we do not believe that amputation or stoning are legitimate or acceptable punishments. Indeed, we consider them to be illegal under international human rights laws relating to torture or cruel, inhumane or degrading treatment.

We also note that, since the introduction of sharia criminal law in Brunei in 2014, the vast majority of crimes have continued to be brought to justice under the existing common law system, which runs in parallel in that country. However, if implemented, we believe that these extreme hudud punishments would contravene Brunei's international commitments to respect human rights and individual freedoms. That is why we have expressed deep concerns to the Government of Brunei. I personally raised the matter with His Majesty the Sultan, the Minister of Religious Affairs and the Foreign Minister, Dato Erywan, when I visited the country in August 2018.

Last week, I wrote to Dato Erywan to re-emphasise our concern about the use of hudud punishments, which contravene the international standards and values that

the UK and Brunei both uphold. Earlier this week, our outstanding high commissioner Richard Lindsay also raised our concerns with senior Bruneian Ministers, including the Ministers of Foreign Affairs, Religious Affairs and Finance. He received assurances that common law would continue to be the primary means of administering justice and that the burden of proof under the sharia penal code has been set to be almost unattainably high, and, obviously, we welcome that. I understand that the Foreign Secretary will speak with the Bruneian Foreign Minister later today and urge the Government of Brunei to take further steps to ensure that those extreme punishments cannot be used, and to respect the rights and freedoms of all their citizens.

Colleagues may be concerned about the potential impact of sharia criminal law in Brunei on British nationals, for whom we have a specific consular responsibility. I assure the House that our travel advice has been updated to ensure that all British citizens are aware of the introduction of the new laws under the sharia penal code. Supporting British nationals remains our No. 1 priority, and we will continue to provide consular support for all British folk in Brunei should it be required. As many Members will be aware, we have a specific responsibility towards British military personnel and their families who are stationed in Brunei, including as part of our long-standing garrison agreement that dates from the coming into existence of Brunei as an independent state in 1962. I assure the House that necessary protections are in place with the Government of Brunei.

For historical and ongoing reasons we have a close friendship with Brunei, and from my experience both in Brunei and with Bruneians in this country, I know that they regard themselves—with good cause—as a generous, friendly and tolerant people, and they are worried to see the tarnishing of that reputation, given recent press in the UK and across the world. We have an important bilateral security relationship with Brunei, of which the garrison agreement is one part, but that has never prevented us from raising difficult issues. Indeed, I believe that the strength and richness of that relationship permits us to share our views and express those concerns—sometimes openly, sometimes more in private, but always frankly—as we seek to work together to address these issues.

I am sure I speak for the entire House when I say that this Government, our high commissioner and I will continue to urge the Government of Brunei to take all necessary steps to reassure their own people, the United Kingdom and the wider international community that they are fully committed to allowing all citizens and residents of Brunei to live with dignity, and free from violence, discrimination or persecution. As an integral part of our foreign policy work around the world, we will continue to oppose the use of the death penalty in all circumstances and promote the rights of LGBT+ people. Nobody should face punishment for who they are or whom they love. I commend this statement to the House.

11.57 am

Mr Khalid Mahmood (Birmingham, Perry Barr) (Lab): I thank the Minister for advance sight of the statement, and for the concern and care that he has brought to this issue, just as he did for other issues including Kashmir

and the Rohingya, as well as many other matters covered by his brief. My right hon. Friend the shadow Foreign Secretary spoke the other day about the former Minister, the right hon. Member for North East Bedfordshire (Alistair Burt), and said that we would miss both the substance and tone that he brought to our debates. As we have seen today, however, this Minister brings the same substance to our debates, and he knows how to set the tone for his Department.

What we have seen in Brunei in the past week with the proposed new laws has been shocking, shameful and deeply sad. Let me read the words of one staff member from our shadow Foreign Office team. She is a young English woman who grew up in Brunei, and when she heard the news she said:

“It breaks my heart that a country I would credit with opening my mind and my heart in my formative years, and deeply embedding in me a love of the world and the people in it, could now preach such utter hatred against people just because of who they love.”

That is absolutely right. Brunei is a beautiful country with a warm and welcoming people, and for a long time it has been home to a diversity of races and nationalities. For it to take such a backward step into the darkness, with these horrific proposals for people to be stoned and whipped to death just because of their sexuality, is truly heartbreaking and fundamentally evil. It is also a clear breach of Brunei's obligations under the Commonwealth charter on human rights. If it presses ahead with the proposals, surely there must be immediate consequences for Brunei's membership of the Commonwealth. The Commonwealth has stood for human rights when it comes to democratic abuses in countries such as Nigeria, Zimbabwe and the Gambia, but for far too long it has turned a blind eye to LGBT discrimination in Asia, Africa and the Caribbean.

It is time for the Commonwealth to draw a line in the sand on LGBT rights, and that line must be drawn now in relation to Brunei. We cannot be in a situation whereby a Commonwealth country announces plans to stone and whip LGBT people to death and the Commonwealth does nothing.

I thank the Minister of State for his words and I hope they will lead to action, whether that means suspending our support for Brunei's armed forces or other measures. Above all, I hope it will include calling an immediate meeting of the Commonwealth Ministerial Action Group and agreeing that if Brunei does not drop its proposals it will, with great regret but as a matter of urgency, be suspended from the Commonwealth.

Mark Field: I thank the hon. Gentleman for his kind words but also his tone. At a time when so many debates in this House have been very fractious—on matters that we dare not discuss now—it is very important that we are able to unite and work constructively on an issue that is close to the hearts of many of us. On the issue of the garrison, we take very seriously the importance of security in the region, and obviously we are negotiating a range of safeguards for British nationals.

The main thrust of the hon. Gentleman's contribution was to do with the Commonwealth, so I will touch on that. As he alluded to, the Commonwealth charter states specifically that members are

“opposed to all forms of discrimination, whether rooted in gender, race, colour, creed, political belief or other grounds.”

[Mark Field]

At the Commonwealth Heads of Government meeting here in London last April, the Prime Minister was absolutely clear:

“Nobody should face discrimination or persecution because of who they are or who they love and the UK stands ready to help any Commonwealth member wanting to reform outdated legislation that makes such discrimination possible.”

I think I should put the issue in context. This is not in any way to justify what is happening specifically in relation to Brunei, but it is worth recognising that 30 Commonwealth member states have the death penalty, four have imposed a full or partial moratorium and 19 have abolished it. Obviously, we are working on trying to increase that number. There are 35 member states that still criminalise consensual same-sex relations, primarily as a result of colonial-era legislation, which does not apply in relation to Brunei, obviously. Since CHOGM 2018, two Commonwealth member states have decriminalised same-sex relationships, namely India and Trinidad and Tobago, which together account for well over 1 billion people. Two member states are able, in principle at least, to impose the death penalty for same-sex relationships. Brunei and some 12 states in the north of Nigeria have adopted elements of sharia law through a component of their legal system. That does not mean, of course, that the death penalty will necessarily be enacted.

Clearly, this is an issue on which we and Commonwealth countries have been working and will continue to do so. We would like to think that progress is being made. I very much agree with the sentiment of the House that the imposition of a sharia penal code is a backward step as far as Brunei is concerned, but progress is being made elsewhere and we will continue to work within the broad international community and the Commonwealth to ensure that countries come on board.

The best way to do that, rather than threatening to kick countries out of the Commonwealth, is to try to hold them close and recognise the strong connections. I would refer, at the individual level, to what the hon. Gentleman said about a close member of his Foreign and Commonwealth team staff, whose heart bleeds to see what is happening in Brunei, as it gives a misleading impression of what is a friendly and generous place. Indeed, the Sultan of Brunei has been a great friend of this country over many years. He has, I think, become a little more devout as he has got older, which is one reason why the sharia code—based, of course, on the Saudi Arabian sharia code—has been put in place. However, I am hopeful that we can continue to have a positive and constructive dialogue on this issue, with Brunei and with a number of countries that we would like to see making changes in future.

Tom Tugendhat (Tonbridge and Malling) (Con): Looking around the Chamber, I am reminded of some of the transformations that we have seen over generations, which have now become so normal and were so obviously the right decision. I think in particular of the freedom of women to have a say in our public life and in our private life.

One of the things that we have not yet seen is the normalisation of the equality of love. We do not see it totally in the United Kingdom, in cultural senses, and

we do not see it around the world, in areas where we should. We are talking about this today because a friend of the United Kingdom has decided to turn in the wrong direction. I have heard what my right hon. Friend the Minister has said, and I strongly support the words that he has been using. However, I urge him not just to press harder directly, but to use the regional approach, which he has deployed so successfully in many other circumstances, and talk to our partners and friends in other countries in the area.

Brunei is a country that we feel very warmly towards and that, as he knows more than anyone, has a battalion of Gurkhas who do an enormous amount of work in defending the monarchy and the people there. This is a moment when Brunei could step forward, change its mind and become again a bastion for peace and, in this case, an expression of equality and tolerance, as it has been in so many other areas.

Mark Field: I thank my hon. Friend, who knows that area of the world well, for his wise words, to which there is little that I can add. For those who have not visited, Brunei is a beautiful country, and it is a matter of regret for us all that this penal code has come on to the statute book. Because of the high bar for proof and the fact that Brunei has a common law stream in its legal system, I am fairly confident that little will happen in this regard. That is one reason why there has been such surprise in Brunei at the international abhorrence that has been expressed. However, we will do our level best, remembering that Brunei has been a strong friend. We want to encourage it to protect and promote values that I hope will become universal.

Martin Docherty-Hughes (West Dunbartonshire) (SNP): I thank the Minister for early sight of the statement. I also thank him and the shadow Minister for their robust denunciation of the tactics now being taken up by the Sultan—and also, I suppose, in some ways by the Government of Brunei—on sharia law and its implementation on a range of issues, not just LGBT issues. I admit that, as a gay man, it comes as no surprise to me that we live in a world in which people of my identity are still stoned, hanged and murdered because of their having sex with someone of the same gender, along with lesbian women, who are to be whipped.

But this is not just about LGBT issues; there are also the amputation laws, which are directed at children, who could face amputation. We need to be very much aware of that, so I wonder whether the Minister can say something about that. There are also a range of issues around religious freedom in Brunei, or the reduction of it, so I could not stand here and not call for more robust action, in particular through the Commonwealth. The shadow Minister mentioned the Commonwealth, and the fact that we are now at a moment when Commonwealth 2.0 rhetoric is being deployed by many in this place should not be missed either.

We also need to be clear that Brunei is one of 35 states in the Commonwealth where being lesbian, gay, bisexual or transgender is illegal. Indeed, the states that do not criminalise their LGBT citizens are in the profound minority. Given that the Scottish National party's Westminster group has the largest number of LGBT Members in this place, I am sure that it will come as no surprise that we will be unbending in our support for

the fundamental human rights that are enshrined in European institutions—and this country is, at present, a member of the European Union.

Let me make it clear that while many Members may see a return to the days of laissez-faire economics and mercantilism as some sort of liberation, SNP Members will be looking very carefully at the way in which the Government deal with this issue through the institutions of the Commonwealth, with which they claim to have great influence.

Let me ask the Minister some direct questions. Will the Government ensure that they register their strongest objections through the Secretary General of the Commonwealth? Will they consider asking for Brunei's suspension from the Commonwealth in line with the suspension of Zimbabwe, which was mentioned by the hon. Member for Birmingham, Perry Barr (Mr Mahmood)—not expulsion but suspension, until it gets its act together? Finally, will they protect the rights of members of the armed forces, who, if they are also members of the LGBT community, should not have to go to a place like Brunei and put themselves in direct danger?

Mark Field: I thank the hon. Gentleman for his words. Obviously, we will take this matter up with the Secretary General of the Commonwealth. Let me say a little about the broader Commonwealth position on LGBT rights, given the context that we have both discussed: more than half the members of the Commonwealth have, on their statute books, at least, what we regard as discriminatory legislation.

Using UK funding, the Equality & Justice Alliance is working to create a fairer, more equal and more inclusive Commonwealth for the LGBT community and, more widely, for women and girls. The project involves creating a cross-Commonwealth network and high-level champions, and the alliance is offering technical assistance with the reform of laws that discriminate against, or fail to protect, women and girls and LGBT individuals. We will also take action through the Commonwealth Ministerial Action Group. It is currently chaired by Kenya but, as the hon. Gentleman knows, we are members by virtue of our having been the Commonwealth Chair-in-Office since last April. That, I think, will provide a space for some very sensitive discussions, which—I hope—will in turn allow discreet engagement through, for instance, the good offices of the Secretary General.

Crispin Blunt (Reigate) (Con): As the Minister will recall, I raised this issue during Foreign Office questions on Tuesday. What struck me about his reply to my topical question then, and what strikes me now, is the utter paucity of any proposed Government action. I wonder whether the Minister can give us an explanation.

First, when were we aware that this proposal was coming down the track? It is not just about LGBT citizens. A third of the Bruneian population are not Muslim, and plainly the problem of death for apostasy presents a significant threat to anyone who professes a new belief, in a society in which many different belief systems are present. We have heard about the barbaric practices of amputation and the imposition of the death penalty for adultery. I take no comfort from my right hon. Friend's reference to the requirement for a certain number of witnesses of those crimes, as confessions are obtained rather more easily in such circumstances.

This is an utter affront. We knew that it was coming, so why did we not divert it? What exactly are we going to do to ensure that Brunei at least pays a price that can be paid? It will not be paid through loss of its membership of the Commonwealth, given that two thirds of Commonwealth states still have anti-LGBT laws on their statute books.

Mark Field: The sharia criminal law came into being in 2014, and at that point—and certainly when I was in the country last summer—we were well aware that we were heading down a path towards the sharia penal code. We have tried to warn the Bruneian authorities throughout my time as a Minister, and possibly for some time before that.

I reiterate that the new sharia penal code does not supplant the existing common law, which will apply in most cases, and obviously to non-Muslims in Brunei. The burden of proof for conviction under sharia is incredibly high, and there will be no new intrusive efforts at enforcement. However, I understand the frustrations that my hon. Friend has expressed. I can only say that we have tried to give warnings through the diplomatic network, and that the international outcry caused by the imposition of a penal code has probably come as a surprise to many in Brunei. We will continue to make those diplomatic representations. As I have said, I personally take the view that it would be better to try to keep the country within the Commonwealth, and to make the necessary changes through some of the initiatives that we have in play, than to issue threats of expulsion.

I am sorry that my hon. Friend—who takes a robust view on these and, indeed, many other matters—feels that we have been light and lily-livered. I can only reassure him that, certainly during my time as a Minister, we have been aware of the concerns that were coming down the track, and have done our level best to advise Brunei accordingly.

Thangam Debbonaire (Bristol West) (Lab): It is important to note that as well as punishing the other so-called crimes that have been mentioned—obviously they are not crimes—the sharia law prohibits women from having abortions, for which they are subjected to violent punishments, even though that is surely a health matter, and adultery, which is surely a private matter.

Article 1 of the United Nations convention against torture prohibits the use of intentionally inflicted pain as a form of punishment inflicted by a state actor. Brunei is a signatory to the convention, but has not implemented it. We have done so, and we are bound by article 3, which prohibits refoulement. That means that we should not return, expel or extradite anyone to another country if there are substantial grounds for believing that that person will be in danger of being subjected to torture or cruel punishment. What discussions is the Minister having with his counterparts in other Departments about ensuring that we are abiding by the principle of article 3?

Mark Field: I know that the hon. Lady will be leading a debate on this matter in Westminster Hall. Perhaps I will have a second bite of the cherry if, in discussing some of the technical issues, I do not get it right this time round.

[*Mark Field*]

This matter is currently being dealt with through the Foreign Office network rather than through other Departments. Clearly, however, in the light of the UK's international obligations, it will need to be discussed more widely—with the Ministry of Defence in particular, given the number of UK citizens and Gurkhas who are in the garrison.

Mr Philip Hollobone (Kettering) (Con): ISIS pushes gay people off buildings, and now Brunei is threatening to stone gay people to death. Will the United Kingdom take the lead in the Commonwealth in making it clear that such punishments are simply incompatible with Commonwealth membership?

Mark Field: As I have said, at the Heads of Government meeting in London last April the Prime Minister could not have made clearer where we stood on these issues. As I have also said, we have tried to work constructively to ensure that changes are made to out-of-date legislation, some of which dates from the colonial era. Progress has clearly been made, although perhaps not as rapidly as some Members would like. I believe that trying to utilise the carrot rather than the stick may be the right approach at this stage.

Christine Jardine (Edinburgh West) (LD): I thank the Minister for giving me prior sight of his statement, and I welcome the tone that he has taken in recognising the inhumanity of these laws. However, I am disappointed by his willingness to accept that the bar may be set high for convictions, and that that might be acceptable. The fact of the law, and the threat of the law to people who are LGBT or young people who might be coping with recognising their own sexuality, are surely unacceptable.

Further to the comments that have already been made, may I plead with the Minister to try to take action through the Commonwealth? We should never forget that it was not an international outcry but action that defeated apartheid, and perhaps action is what we need here now.

Mark Field: I am not sure that the hon. Lady was in the Chamber at the very second when I was praising her. I knew that she had tried twice to secure an urgent question, and I thought that rather than her being disappointed by the Speaker on a third occasion, there should be a statement. I thank her for her kind words, but I too accept that action is needed. I am not trying to belittle the seriousness of the situation, but I am trying to put in context the likelihood of any of these punishments actually being carried out. It is a sharia penal code that has been introduced. But the hon. Lady makes a strong point, and we will try to work closely with the Commonwealth. She drew a comparison with apartheid; I am not saying we should do anything other than have a sense of urgency, but equally sometimes in international affairs there has to be patience. One need only look at the transformation in this country: we are not all the way there, but there has been a transformation in LGBT rights in this country even in my adulthood over the past 30 years. While I understand the frustrations many have in wanting to see all these things achieved immediately, equally sometimes we have to be patient and move in the right direction. I believe we are in a position to do

that, but I will make sure the Commonwealth secretary-general is made well aware of the concerns raised in the House today.

Richard Graham (Gloucester) (Con): The reason, I suggest, why this House cares so much about the introduction of the sharia penal code in Brunei is partly that the kingdom of Brunei is a long-standing ally and Commonwealth partner, and therefore this is a great disappointment to us all, but partly too because Brunei becomes the first country in east or south-east Asia to introduce the sharia penal code. While the trend in the Commonwealth and the world in general is to liberalise—indeed, that is what the Commonwealth charter counts on all members to do—this is a step in the opposite direction. Will my right hon. Friend confirm whether he has any concerns that the introduction of this penal code in Brunei could have an effect on other countries with majority Muslim populations in the region?

Mark Field: My hon. Friend makes a good and wise point. There are obviously other countries in that region with majority Muslim populations, but there is possibly also a sense that there is an exception in the case of the Sultanate of Brunei: as my hon. Friend will be well aware, the connections between it and Saudi Arabian and Qatari doctrine are quite profound. But he makes a good point: whereas on related issues we have made significant progress, we should all be very wary of the fact that there could be a backward movement.

Sandy Martin (Ipswich) (Lab): I do not in any way doubt the sincerity of the right hon. Gentleman or indeed of Her Majesty's Government; as he says, nobody should face punishment for who they are or whom they love. However, this situation does set up real difficulties for this country and our relationship with such a country, because of course it is entirely possible that we will have an LGBT member of HMG visiting Brunei on official business; how will we cope with that?

I remember the movement against apartheid, and I am sure the right hon. Gentleman remembers it as well from his childhood; it started when the South African regime refused to allow Basil D'Oliveira to play cricket in South Africa. What is our attitude going to be if the Brunei regime starts to make concerns felt about having LGBT members of our armed forces serving in Brunei? We cannot have a sensible relationship with a country that refuses to accept that some people are the way they are, and I feel strongly that the Government need to do more.

May I also add that I believe the right hon. Gentleman misunderstood my hon. Friend the Member for Bristol West (Thangam Debbonaire) when she was talking about people seeking asylum in this country? I believe the right hon. Gentleman needs to have a serious conversation with the Home Office—

Madam Deputy Speaker (Dame Rosie Winterton): Order. We still have a lot of business to get through this afternoon, including a heavily subscribed debate coming next, so I urge Members to ask short questions, and hopefully they will receive short answers as well.

Mark Field: Thank you, Madam Deputy Speaker.

I very much respect the hon. Gentleman's heartfelt concerns. I hope I did not misunderstand what was said earlier; it was on a Home Office matter, and we have not been able to discuss it at length with that Department. He makes a valid point, however, but anyone who goes to Brunei will recognise what a welcoming and open place it appears to be, and that seems so at odds with the idea of having a sharia penal code with all of the potential punishments in place. However, please be assured that we will not be complacent about this matter and will try to ensure that we get some progress along the lines suggested by Members.

Will Quince (Colchester) (Con): I welcome the Minister's statement and thank him for repeatedly raising concerns regarding these laws with the Government of Brunei. The penal code introduced in Brunei is nothing less than barbaric. What more can the British Government do to put pressure on the Government of Brunei and ensure the strength of opposition from across the world to the introduction of this punishment is felt?

Mark Field: I thank my hon. Friend for his question. The sheer strength of expression here, both in the press and in Parliament, will I think make a strong impression in itself. We will make sure our counterparts, and in particular our high commissioner Richard Lindsay, are made well aware of the universal strength of opinion on this matter and the desire to ensure that we regularise our relations with Brunei partly by seeing genuine progress amidst the concerns raised here today.

Angela Crawley (Lanark and Hamilton East) (SNP): I echo the sentiments of my hon. Friend the Member for West Dunbartonshire (Martin Docherty-Hughes), and wish to express my own grave concerns about these changes to the penal code in respect of both stoning and amputation. As hon. Members have rightly outlined, this affects not only the LGBT community but potentially many young vulnerable children and women in particular. Will the Government continue to exercise their diplomatic and foreign policy efforts in condemning these practices, and at every opportunity call on Brunei to ensure its human rights obligations are upheld? It is shocking and barbaric that in 2019 people can be stoned to death for who they love, so I call on the Minister to simply make every effort possible to bring Brunei into compliance.

Mark Field: I thank the hon. Lady for her words, and I agree. It is important to stress that these threats against what seem like minorities are actually threats to us all—threats to the liberty of all of us. That is the single most important message we will endeavour to get across.

Ross Thomson (Aberdeen South) (Con): I welcome my right hon. Friend's statement and fully endorse the actions he says he will take. Can he advise the House on what he will do to proactively engage with international allies, partners and organisations beyond the Commonwealth to lobby Brunei to reverse this abhorrent decision?

Mark Field: I thank my hon. Friend. In part we will try to work with a number of the countries that have already expressed grave concerns. Brunei has a number of other trading partners in the EU and elsewhere, and

we will try to work together with them and within international organisations such as the United Nations. I will leave it at that, but we are trying to put together some sort of plan and may well say a little more at the Westminster Hall debate next Wednesday.

Sir Edward Davey (Kingston and Surbiton) (LD): I thank the Minister for his unqualified condemnation of these actions by the Brunei Government—these appalling new punishments that are an attack on the LGBT+ community and indeed on vulnerable men, women and children—but can we go further than words? We need to put our money where our mouth is. The Minister was on a trade visit to Brunei in August last year, and the hon. Member for Sutton and Cheam (Paul Scully), the British trade envoy to Brunei, was on a trade trip to Brunei at the end of last year. We have open trade talks with the Brunei Government; can we not just bring those to an end as a very clear signal that we will put our support for human rights and our opposition to human rights abuses above trade links, Brexit or no Brexit?

Mark Field: In fairness, my visit last year was more to do with the broader diplomatic relationship, which is extremely strong. It will sadden many people who know Brunei or have Bruneian blood, and who recognise how strong that relationship is, that this outrage has come forth over the last couple of days over this issue. We do not import hydrocarbons from Brunei, although obviously it is a big oil nation, but we believe having open and honest discussions—rather than going down the route of boycotts, for example—is the best way to encourage Brunei to uphold its international human rights obligations and respect individual freedoms. The people-to-people connection is also important. I am very proud of the fact that we have had a good track record of achieving scholarships—getting young Bruneians to come to the UK. Perhaps that is one of the best ways of their understanding the different, but none the less positive, values we have in this country and returning to perhaps a play a role in public life in that country.

Alex Chalk (Cheltenham) (Con): I am very concerned about the implications for the safety of British nationals who are either in Brunei or planning to visit Brunei, following the shocking introduction of these barbaric and retrograde laws. The Minister has said a little bit about the travel advice that has been provided, but may I press him on that? What is the advice now, and how can he be satisfied that British nationals will indeed be protected?

Mark Field: The travel advice obviously changed when it became evident that the penal code was likely to come into play. It simply explains that there is a penal code and that, under that code, certain behaviours could lead to a variety of punishments. We have raised, and will continue to raise, our specific concerns with the Government of Brunei. Hitherto, we have received reassurances that the common law, rather than sharia law, will continue to be the primary means of administering justice in Brunei. We shall continue to provide consular support to any British nationals, as needed. Some British nationals are working there, some are in the garrison, and others are visiting the country.

Kevin Foster (Torbay) (Con): When the right to choose who you love and to be who you are is taken away, other rights, including the right to believe in and follow your own God, quickly follow in being taken away. I welcome the Minister's statement today. Will he make it clear to the Brunei Government that this is not about being devout, but that it is about being completely misguided?

Mark Field: I think we will try to find slightly more diplomatic language than that. We understand that a sharia code is in play, and that some in Brunei hold that close to their hearts, but my hon. Friend makes a fair point. We obviously want to see the universality of our values, and that is what we in the international community will continue to press for.

Luke Graham (Ochil and South Perthshire) (Con): Will my right hon. Friend tell us what can be done to champion the virtues of giving people equal rights? When these rights are denied, it is not just a loss for the individual; it is a loss for society as a whole. We have only to look at our own history to see the denial of the rights of individuals such as Alan Turing, and to see the impact that that had not only on our local communities but on our entire nation. Imagine how much further forward computing would be if we had not sterilised him and pushed him towards the destiny that he ended up fulfilling. How do we champion these rights internationally and pull people towards our vision of a more liberal society, so that individuals and society as a whole can benefit?

Mark Field: Amid all the frenzy of what is going on at the moment in British political life, it is worth remembering that just over 100 years ago, the big issue was the right of women to vote. It now seems absurd to us that there even needed to be a debate about that.

Many women are now legislators, and we have had two women Prime Ministers in the past 100 years. Hopefully there will be a few more to come. Equality has to be recognised, whether it is gender equality or equality in many other fields, not just for a country to fulfil its potential economically but for the fulfilment of the potential of all individuals. To be fair, we and many of our partners try to get that message across, and we will continue to do so.

Thank you, Madam Deputy Speaker. I am sorry that this has taken a little bit longer than we might all have hoped. I thank everyone for their contribution; it has been wonderful to see such unity across the House. I can see that my next-door neighbour, the hon. Member for Poplar and Limehouse (Jim Fitzpatrick), is in the Chamber, and it is his birthday today. [HON. MEMBERS: "Hear, hear!"] He must have better things to do than being in the House of Commons on his birthday.

Jim Fitzpatrick (Poplar and Limehouse) (Lab): On a point of order, Madam Deputy Speaker. I am grateful to the Minister, my next-door neighbour, for his best wishes, but it is very unkind of him to tell the whole world that it is my birthday—but at 67, I am still here.

Madam Deputy Speaker (Dame Rosie Winterton): Thank you for that point of order.

Robert Neill (Bromley and Chislehurst) (Con): Further to that point of order, Madam Deputy Speaker. I should like to tell my fellow West Ham supporting friend that there is nothing wrong with being 67, but I am glad that he has got there a bit before me.

Madam Deputy Speaker: It is nice to see an outbreak of good humour in the Chamber.

Loan Charge

12.34 pm

Ross Thomson (Aberdeen South) (Con): I beg to move,

That this House expresses its serious concern at the 2019 Loan Charge which applies from 5 April 2019; expresses deep concern and regret about the effect of the mental and emotional impact on people facing the Loan Charge; is further concerned about suicides of people facing the Loan Charge and the identified suicide risk, which was reported to HMRC; believes that the Loan Charge is fundamentally unfair and undermines the principle of the rule of law by overriding statutory taxpayer protections; expresses disappointment at the lack of notice served by HMRC and the delays in communication with those now facing the Loan Charge, which has further increased anxiety of individuals and families; is concerned about the nature and accuracy of the information circulated by HMRC with regard to the Loan Charge; further regrets the inadequate impact assessment originally conducted; understands that many individuals have received miscalculated settlement information; calls for an immediate suspension of the Loan Charge for a period of six months and for all related settlements to be put on hold; and further calls for an independent inquiry into the Loan Charge to be conducted by a party that is not connected with either the Government or HMRC.

I want to thank the Backbench Business Committee for agreeing to bring forward this important debate. I also want to thank the members of the all-party parliamentary loan charge group for all their work and the many colleagues who have added their names to the motion before us today. The urgency of today's debate cannot be overstated. As of tomorrow, tens of thousands of people and their families will face the huge cost, both physical and emotional, of the loan charge. HMRC has yet to show any regard to the enormous pain that this legislation has already inflicted on thousands of people across the country.

I represent Aberdeen South, which is Europe's energy hub and the very heart of the UK's oil and gas industry, and my surgeries have been inundated with people who are concerned about the damage that the loan charge will have on their financial security. Many of my constituents working in the oil and gas industry were actively encouraged by their companies and professional advisers to enter into these schemes, without a single peep from HMRC, and some did so for many years. The oil and gas industry is just one of many that has long relied on the hard work of contractors as a crucial element of its supply chains. These contractors provide a hugely valuable workforce, and concerns over the loan charge have driven away many of those who have worked in the industry and will deter people from contracting in the future. HMRC should be in no doubt this will be bad for business, bad for public finances and bad for the country.

Damian Green (Ashford) (Con): I echo my hon. Friend's praise for the good work of the all-party parliamentary group on this. I am sure that he will come on to talk about retrospection. When my constituents approach me about this, the strongest point they make is that HMRC allowed these schemes to run for very many years and then disallowed them retrospectively, all the way back to the beginning, which is why the potential losses are so great. Does he agree that that is one of the worst aspects of what is happening?

Ross Thomson: I could not have worded it better myself. Having been part of the all-party parliamentary group's inquiry, and having looked into the retrospective effect of the legislation, I am even more convinced that what is happening is wrong. People coming into my surgeries are quite happy that the Government legislate to change things if they believe them to be wrong, but they are concerned that the Government are going back in history in this way, as am I.

Sir Roger Gale (North Thanet) (Con): I congratulate my hon. Friend on securing this debate. The Financial Secretary to the Treasury, my right hon. Friend the Member for Central Devon (Mel Stride), is always meticulously courteous in his replies, and the Treasury has consistently taken the view that this is technically not retrospective. However, our constituents do not live in a technical world; they live in the real world, and this is causing them real distress.

Ross Thomson: I endorse what my right hon. Friend says about our Minister and good friend on the Treasury Bench, but he is right to say that our constituents have real concerns about the way in which HMRC has behaved, and about its tone and attitude. I will say more about that in my speech.

Sir Desmond Swayne (New Forest West) (Con): The Minister has today sent us some warm words about the lengths to which HMRC is going to accommodate those who have fallen foul of these arrangements, but today in *The Times* there is a report of tax inspectors putting pressure on people to pay up ahead of time, even beyond the arrangements that have been agreed.

Ross Thomson: My right hon. Friend is right. The all-party parliamentary group's inquiry took a lot of evidence on the impact that the policy will have. The behaviour of some, particularly on the Government side, is making people feel like criminals, and this has driven them to a place where they feel broken, mentally and emotionally. I am glad that this is being reported, and we need to continue to highlight it.

Mr Tanmanjeet Singh Dhesi (Slough) (Lab): I commend the hon. Gentleman for securing this important debate. Many of my constituents have got in touch and met me personally to express their distress and concern about the impact of the loan charge. Given that the inquiry by the APPG, of which he is a member, found that more than two thirds of those affected feared that their family relationships were breaking down, does he agree that the Minister must assure our constituents today that HMRC will support them with manageable repayments so that no one needs to be made bankrupt? Does he also agree that it is absolutely ridiculous that Her Majesty's Treasury has downgraded the promised review of the loan charge to a report, as provisionally agreed by the House?

Ross Thomson: I thank the hon. Gentleman. I am sure that his constituents will be grateful to him for raising their concerns in the Chamber. I will refer to some of my constituents later on, because this matter is causing genuine concern, and I hope that those on the Treasury Bench will be listening to the various cases throughout the debate.

Several hon. Members *rose*—

Ross Thomson: I will take one more intervention before I make a little more progress.

Zac Goldsmith (Richmond Park) (Con): I congratulate my hon. Friend on securing this important debate. In normal times, I think it would be considered even more important and taken even more seriously than it is being taken today. Does he share my concern that some of HMRC's language seems totally tone deaf? Its factsheet says that it has

“no desire to make things difficult for taxpayers, and will always take a fair and even-handed approach to those who genuinely want to settle their affairs.”

That is the opposite of the experience of some of my constituents who, based on good faith and professional advice, are being punished retrospectively and face utter ruin.

Ross Thomson: I could not agree more. My hon. Friend sums the situation up well. This is not just about HMRC being tone deaf, because I have found through my interactions with constituents that it has also been tin eared. I must admit that I am deeply concerned by some of the tactics that have been employed and how some normal people have been made to feel. It is not right at all.

Dr Matthew Offord (Hendon) (Con): Will my hon. Friend give way?

Ross Thomson: I will make a little more progress, but I am keen to take as many interventions as possible.

Nobody should be in any doubt that the loan charge has left people living in genuine fear of losing their homes, being unable to care for their families, and seeing their life's work reduced to less than nothing. As we debate this matter, it should not be lost on us that many of those affected and their families will be watching this Chamber today, and they will listen closely to the Government's response.

I want to put it on the record at this point that we live in a time when politics is heated and is becoming more personal than ever before, and we have seen some disturbing consequences for some colleagues in this House as a result. However, I must make it clear that I have found the Financial Secretary to the Treasury incredibly helpful, supportive, engaging, and willing to listen to my concerns.

This debate has come about following the efforts of Members from across the House and the many campaigners fighting this injustice. The all-party parliamentary loan charge group recently launched a report following a long inquiry, and I commend it to Members because it contains truly worrying, emotional and harrowing responses.

James Cartlidge (South Suffolk) (Con): My hon. Friend is making some good points, which I do have sympathy with having met people in this situation. However, we must remember that if anyone using one of these schemes had gone to hospital, they would have expected not to wait any longer or less than anybody else who pays their taxes. These schemes were taken up because people wanted to reduce the tax they were

paying. We must remember all the other taxpayers who pay their taxes legitimately without this kind of professional advice.

Ross Thomson: I thank my hon. Friend for his point. He talks about the legitimate paying of taxes, and I will touch on that later in my speech. The people who entered into such schemes, whether they were in oil and gas, social care or healthcare, did so legitimately and because they were advised to do so. Some did so because their employers asked them to.

Alex Burghart (Brentwood and Ongar) (Con): My hon. Friend is being generous with his time and is making some excellent points. Something that struck me from the correspondence that I have received from constituents is that they were often advised by accountants to enter into arrangements that would allow them to take home a large proportion of their income, and they were told that that was not illegal, that it was totally above board, and that any tax liabilities would lie with the employer, not the employee. Part of the problem is that we are dealing with people who were acting in good faith and yet feel that they are now being penalised.

Ross Thomson: I cannot add much more to that, because my hon. Friend is absolutely right.

Alex Chalk (Cheltenham) (Con): Does my hon. Friend agree that one of the problems with the situation in which some people find themselves is that the advice was given so long ago that the opportunity to seek redress from advisers who gave negligent advice may have gone? Those advisers may now be out of business or otherwise unavailable for litigation.

Ross Thomson: I echo my hon. Friend's point. He is right that many of those who gave advice seem to have disappeared.

Mr Laurence Robertson (Tewkesbury) (Con) *rose*—

Ross Thomson: I will take an intervention from the other side of the Chamber first.

Andy Slaughter (Hammersmith) (Lab): The hon. Gentleman is making an excellent speech and is capturing the mood on both sides of the House. Over 200 people in my constituency are affected by the loan charge, and the situation is unfair because the affairs were fully declared on their tax returns. HMRC was aware of what was happening. There was no attempt to hide. To characterise this as tax avoidance retrospectively seems wholly unjust.

Ross Thomson: The hon. Gentleman is right about HMRC being aware, because people even had to fill out disclosure of tax avoidance schemes, or DOTAS, forms.

Several hon. Members *rose*—

Ross Thomson: I will take one more intervention and then make a little more progress.

Mr Robertson: Following on from the point made by my hon. Friend the Member for Cheltenham (Alex Chalk), not only may advisers have gone out of business,

but there is a legal disjoint here. As I understand it, if someone were to seek redress, they can go back only six years, or maybe nine years if they have only just become aware of the problem, whereas HMRC is going back 20 years. There is a big difference between how they are being pursued and how they can obtain redress.

Ross Thomson: My hon. Friend is right. I do not know whether he has read today's *Financial Times*, which has a good article about the effects of retrospection and how some of the legal safeguards for taxpayers that ensure continuity in tax affairs are being broken.

Several hon. Members *rose*—

Ross Thomson: I will make a little more progress, but I will take some more interventions.

I was talking about the APPG's report. Of the 1,768 responses received by the APPG, nearly a third of people have received no information whatsoever from HMRC about the loan charge. That flies directly in the face of HMRC's repeated claims that people were given three years' notice of the impending changes to legislation. A similar number of respondents also believe that they have no possible means of settling their case with HMRC. The Government are leaving them to face bankruptcy—a fate facing more than half those affected. I receive new stories from constituents every day detailing the pain that they and their families are enduring with the threat of the loan charge hanging over them.

Joseph Johnson (Orpington) (Con): Will my hon. Friend give way?

Ross Thomson: I will happily give way to my hon. Friend, and I will then take an intervention from my hon. Friend the Member for Hendon (Dr Offord).

Joseph Johnson: I echo my hon. Friend's words about the Minister, who has always been assiduous and diligent in all his dealings with me on this matter. I congratulate my hon. Friend on his work in leading the APPG inquiry, but does he agree that the time has come for HMRC to acknowledge that we must now have an independent inquiry led by an experienced tax judge?

Ross Thomson: I wholeheartedly agree. That is what today's motion calls for, because it is the best way of giving our constituents certainty.

Dr Offord: In Hendon, 170 of my constituents have been affected by the charge, but many of them entered into the scheme in good faith. Just two weeks ago, a constituent came to see me at one of my surgeries, and she had been sent a bill by HMRC for £91,000, but it was revised down to £41,000 when she challenged it. There seems to be some discrepancy between the bills and the discretion that HMRC is showing in withdrawing its request for moneys.

Ross Thomson: My hon. Friend makes a good point that forms part of the evidence that we have gathered from the inquiry. It is deeply concerning that many of the demands sent to constituents have been miscalculated by HMRC, and that must be addressed.

Several hon. Members *rose*—

Ross Thomson: I will make some progress, but I will take some more interventions before I finish.

I receive stories from constituents every day detailing the pain that they and their families are enduring with the threat of the loan charge hanging over them. That is why we are here today, because it is about real people and real lives, not just lines on a spreadsheet.

One of my constituents recently wrote to me:

"The Loan Charge has very likely cost me my marriage and I stand to lose everything. I cannot believe that this is happening."

That is far from an isolated case, and I am sure Members on both sides of the House have had similar stories from their constituents. The loan charge is breaking apart families before us, yet HMRC has remained both intransigent and tin-eared.

I have a simple request today: the Government should place the loan charge on hold to investigate the true impact these changes will have on countless families across the country. I have heard from colleagues who believe that those involved in such schemes are somehow devious, mega-wealthy people, but one constituent, at the end of a career working in health and social care, recently attended my surgery and told me of his guilt because he feels he has let his family down.

Jonathan Edwards (Carmarthen East and Dinefwr) (PC): I am deeply aware of this. The all-party group took evidence from a family whose father had committed suicide. If the House will indulge me, I received this email from a constituent:

"I find all this massively worrying and stressful and I try not to discuss with my wife otherwise she would feel the same. At times I have considered suicide but realise that that will help no one and impact my family most."

The loan charge is having a terrible effect on people's mental health, isn't it?

Madam Deputy Speaker (Dame Rosie Winterton): Order. A lot of people want to speak this afternoon, and I am sure the hon. Member for Aberdeen South (Ross Thomson) will bear that in mind.

Ross Thomson: I could not agree more with the hon. Member for Carmarthen East and Dinefwr (Jonathan Edwards). We have all heard harrowing testimony in our constituencies. My constituent talked about the stress and anxiety keeping him awake at night and his fear for his family's future. He cannot escape the fear brought about by a crippling demand from HMRC that will leave him unable even to keep a roof over his family's heads. He went on to say that the loan charge has removed all joy from his life, leaving him unable to concentrate on everyday tasks or even to enjoy time with his wife and young children.

My hon. Friends and I are proud of this Government's record on mental health. However, we will jeopardise that hard work if we continue this cold approach to people in our communities who face this charge.

Neil Parish (Tiverton and Honiton) (Con): Will my hon. Friend give way?

Ross Thomson: Sorry, but I will continue to make progress.

This story is far from unique. More stories emerge every day from people who fear the break-up of their family and a future devoid of opportunities as they face lifelong payments to cover HMRC demands.

[*Ross Thomson*]

Another constituent wrote to me recently about his long work in oil and gas and how he has experienced the highs and lows of the industry for decades, but he told me that HMRC is now demanding nearly £200,000, dating back two decades:

“I am 59 in July this year, I have no assets, I will have 5 or 6 years of working life left, assuming that I get to work, even if I am lucky enough to secure a job for that period, trying to pay that amount of money really is mission impossible.”

Richard Burden (Birmingham, Northfield) (Lab): Will the hon. Gentleman give way?

Ross Thomson: Apologies, but I will make progress so that others can speak in this debate.

My constituent is facing financial ruin at the end of his long career in the oil and gas industry, which has seen him work hard during boom and bust. HMRC is turning a lifetime of work to nothing, delivering my constituent a bigger blow than the oil market ever could. It cannot be ignored that over half of those who responded to the APPG inquiry believe these changes will place their chosen career in danger. The loan charge is driving people away from industries in which they have long played an important part. This is intolerable.

I fear there has been a complete breakdown in trust between the people and the authorities that are responsible for upholding the rule of law. It is a sad reality that this breakdown in trust will not end with those who have been directly affected by the loan charge scandal. There will instead be lasting damage to the trust that the people of this country have long had in the very institutions they expect to serve them fairly. The stories I have shared today are but a drop in the ocean compared with the number affected. Each person acted in good faith, and each of them has been let down by HMRC. The fact that the Government continue to pursue the loan charge, without hesitation or thought for those who will be affected for the rest of their lives, greatly saddens me.

Many of the people who now find themselves facing retrospective charges were simply acting on the professional advice of employers and advisers. The tax arrangements that these individuals entered into were presented as entirely legal, legitimate and HMRC-compliant financial planning. None of us objects to people paying a fair share of tax. Indeed, we should be doing more to crack down on those complicit in tax evasion. However, that is not the case here.

HMRC is seeking to claw back tax and is breaking legal safeguards that ensure fairness. Those safeguards include time limits, and the Treasury Committee heard evidence from the president of the Chartered Institute of Taxation, Ray McCann:

“In reality, the retrospective effect actually displaces all the protections that taxpayers are given by Parliament in terms of getting certainty for their affairs”.

The behaviour of HMRC to date has greatly concerned me, and I know other colleagues will elaborate further.

Simply put, HMRC has demonstrated it is willing to pursue individuals for settlement, driving them into bankruptcy, breaking families apart and destroying hope for financial security in old age. HMRC has blatantly

gone after the softest target—individuals who have the least to defend themselves—while largely ignoring those who are most culpable in proliferating these schemes.

Members will be aware that a number of people have now taken their life as a direct consequence of being unfairly pursued by HMRC. As part of the APPG inquiry, we heard the most harrowing, powerful and emotive evidence I have ever heard. The Government have been made aware of the risk that we will only see more cases of this nature, yet they have continued to refuse to halt settlements. The Government have the power to do something about this, and they have the ability to ease the suffering, pain and distress felt by so many. However, they have yet to do so. I hope the Minister will say that the Government are willing to change course. Our request is not onerous. A six-month delay and a review is not the end of the world for the Treasury, but a failure to do this is the end of the world for thousands of people across the country.

I am sure that Members on both sides of the House will join me in urging the Government, once again, to halt settlements and urgently to bring forward an independent review of the loan charge. Failure to do so would continue to put lives at risk, would break families apart and would fuel distrust in our institutions. Trust in the rule of law and our democratic system is at stake.

Several hon. Members *rose*—

Madam Deputy Speaker (Dame Rosie Winterton): Order. As colleagues can see, a number of people want to participate in this debate. I will start with an eight-minute time limit.

12.57 pm

Nic Dakin (Scunthorpe) (Lab): It is a real pleasure to follow the hon. Member for Aberdeen South (Ross Thomson), who has so comprehensively put the case today. I congratulate him, other hon. Members and the Backbench Business Committee on allowing us to have this debate, which has clearly captured the attention of Members because it is very heavily subscribed, as Madam Deputy Speaker has observed.

As the hon. Gentleman said, this is about real people and real lives, not names on a spreadsheet. We should remain focused on that. I have serious concerns about the effect that the introduction of the loan charge is having on my constituents. Although my constituency cases are small in number, they are huge in impact. I am the first to say that people should pay their taxes and that tax avoidance is wrong and should be stopped, and I am grateful that HMRC and the Treasury are taking steps to address tax avoidance.

Several hon. Members *rose*—

Nic Dakin: I will give way to a maximum of two Members.

Neil Parish: I thank the hon. Gentleman for giving way, and I very much agree with him. The biggest problem is the loan charge’s retrospective nature, because the tax situation, the way in which we pay tax and the attitude towards tax have changed so much over the years. Many people entered into these loan arrangements in good faith and, of course, they were brought on by

the employer, not the employee. As my hon. Friend the Member for Orpington (Joseph Johnson) said, a tax judge needs to look at this because it is wrong to ask people to pay massive amounts of money retrospectively.

Nic Dakin: The hon. Gentleman makes the point clearly; the retrospective element is particularly disturbing. I am concerned that a small number of ordinary working people who are not millionaires with broad shoulders, but who are on average incomes and have acted in good faith, are being hit by significant tax penalties implemented in the most unfair manner.

Teresa Pearce (Erith and Thamesmead) (Lab): Will my hon. Friend give way?

Several hon. Members *rose*—

Nic Dakin: I will make a bit of progress.

I have seen HMRC's briefing pack on the loan charge, and I note the line in bold that says:

"HMRC has never approved tax avoidance schemes."

I am glad to hear that, but I am not sure in this case whether I completely believe it, because when this law was passed in 2017, it applied a retrospective tax going all the way back to 1999. Notwithstanding the trouble with retrospective law in general, 18 years is a very long time to disapprove of something but not say that or act to fix it. The reality is that, by HMRC not speaking out or acting to prevent these loan schemes from being used for 18 years, while it did not give explicit approval, it certainly gave implicit acceptance.

Richard Burden: My hon. Friend makes a powerful point. At best, HMRC was woefully slow on this. Does he agree that, even at that late stage, the Treasury could have sorted this out when it accepted the amendment to the Finance Bill tabled by the right hon. Member for Kingston and Surbiton (Sir Edward Davey) in February by undertaking a proper review of this, so that it does not have the impact on individuals that my hon. Friend and the hon. Member for Aberdeen South (Ross Thomson) have talked about? It is woeful that HMRC and the Treasury did not conduct a thorough review, and that is why we need a proper, independent investigation.

Nic Dakin: I tend to agree with my hon. Friend, but fortunately the Financial Secretary to the Treasury is a good Minister, and I echo the comments made about him. I am sure he will respond in a positive way to the debate and that we can anticipate positive moves that will reassure people.

It is easy to see why people such as tax accountants, employers and even my constituents who were employed under these schemes and told they could not be employed otherwise thought it was okay to use these schemes—they believed they were perfectly legal.

Lee Ashcroft, who is one of my constituents impacted by the loan charge, is an engineer in the construction industry. He is a normal working man who happened to find himself, through no fault of his own, in a sector where businesses contracting workers obliged them to enter into these schemes if they wanted to work. To Mr Ashcroft, these schemes seemed unfair because there was no holiday pay or sick pay, but they seemed perfectly legal. He was told that they were perfectly

legal by the company he worked for and by advisers with whom he checked it out.

Mr Ashcroft needed to work and accepted that this was the deal. He tells me that, in relation to £6,500 in loan payments, HMRC expects him to agree to settle a bill of £25,500—money he clearly does not have. He strongly disputes the amount he has to pay, which is vastly in excess of what he earned, but the clock is ticking. If he does not enter into an arrangement to pay by the upcoming deadline, he will be expected to pay the full amount with fines added on top. He is being forced to make an impossible decision: accept paying a huge bill that he thinks has been miscalculated and is morally wrong, or try to get HMRC to re-evaluate what he owes, and if he is unsuccessful, he will have to pay the full amount with fines on top. Either way, it will have a life-changing impact on his prosperity. Given the amount of worry that this has caused him, I think it has already had a life-changing impact, and Members will have stories of other constituents whose lives have been turned upside down by this.

It is unclear to me why HMRC is going after Mr Ashcroft in the first place. After all, it was his employer who forced people into these schemes. It is the employer who has benefited financially from this, yet it is the employees who are being left to pick up the tab, after HMRC waited 18 years to collect it and now wants it all in one dollop. These advanced payment notices are being relentlessly pursued by HMRC with no independent right of appeal. That does not seem to be playing fair.

Matthew Pennycook (Greenwich and Woolwich) (Lab): My hon. Friend makes an important point. One of the most iniquitous aspects of this is the fact that the promoters of these schemes are not being pursued. Does he know of any who have been prosecuted to date?

Nic Dakin: I do not know the details, but I think the Financial Secretary will be able to update us on that when he responds, and I think that that is being looked at. The reality is that people who wanted work were pretty much forced to go into these schemes, which they believed, having checked them out, were perfectly reasonable and legal. Many years later, they are picking up a big tab that does not seem to equate to the money they got at the time, but seems much bigger.

Teresa Pearce: Will my hon. Friend give way?

Nic Dakin: No, I will complete my speech, because other Members need to speak.

Another of my constituents, Jonathan Davidson, told me:

"The loan charge continues to be a real worry to myself and my family. HMRC have only now"—

this is a couple of weeks ago—

"advised me of the actual settlement figures which are much higher than my expectations, as such I am being forced out of retirement even though my health is not great and I am now actively looking for employment."

That is an example of what is happening to real people's lives. For all my constituents affected, this issue is causing severe emotional and financial distress, which HMRC is neglecting and not taking note of. It is behaving as though it does not understand that this is

[*Nic Dakin*]

about real people's lives. This is serious and should not be minimised. This is having a devastating impact on people's lives, and the distress is very real.

HMRC's actions are also self-defeating, as they will undoubtedly push ordinary working people into bankruptcy, restricting HMRC's ability to recover these tax liabilities. That does not seem very sensible, and it will create pressures on the public purse in other areas. We need some common sense—I see the Financial Secretary as the personification of common sense. It is time for the Government to pause the loan charge and think again about the best way forward, which should be fair to the Exchequer but also fair to honest working people who believed they were doing the right thing and have unfortunately—and, for many, unavoidably—been caught up in these schemes.

1.7 pm

Mr David Davis (Haltemprice and Howden) (Con): It is a pleasure to follow the hon. Member for Scunthorpe (Nic Dakin), who is a near neighbour of mine. He and I represent seats in the north of England that are not full of city slickers and billionaires avoiding taxes with expensive lawyers. I pay tribute to the APPG for the work it has done on this, representing constituents up and down the country who have suffered dreadfully under this arrangement.

US Supreme Court Judge Marshall once said, “the power to tax involves the power to destroy”.

This, I am afraid, is a good example of that—a tax policy that is destroying families, homes, mental health and even lives.

Andrew Rosindell (Romford) (Con): My right hon. Friend is making a pivotal point. This is a deeply un-Conservative action by a Conservative Government. Surely the mood of the House is clear: nobody wants to see this loan charge implemented. It is devastating people's lives, and the Government need to act immediately.

Mr Davis: My hon. Friend makes a powerful point. I am not going to make a political point out of this, but I will make a policy point. When I was the Public Accounts Committee Chairman 20 years ago, it would not be true to say that the Inland Revenue behaved like a charity. It was always pretty tough, but in the last 20 years it seems to me that the exercise of its judgment has become more and more oriented to cash and less to justice. That is what we are addressing today. Part of the reason for that is that successive Chancellors have blurred the distinction between tax avoidance and tax evasion, one of which is illegal and one of which is a matter of judgment. That has put a huge burden on HMRC's judgment, so that we see it effectively making the law through its judgment and in ways that are deleterious to our constituents.

Mr Sam Gyimah (East Surrey) (Con): My right hon. Friend is making a very powerful case about how the tax system is developing and about the issue of justice. Does he agree with me that there are a number of people in this situation whose employers came up with schemes and they had no choice but to sign up to them?

In some cases, they left the employment of these companies decades ago and are being pursued for funds, but the employers can actually wash their hands of the whole thing. It is not just for them to be pursued retrospectively, and it was not fair for them to have no choice but to sign up to schemes if they wanted to be employed by such a company.

Mr Davis: My hon. Friend is absolutely right, and I will come back to that point in a second.

This also rests on this point of judgment: how does an ordinary lay person forecast what HMRC will decide in 10 or 20 years' time? We see this—unlike others, I am not going to butter up the Treasury Bench today—even in the responses of Ministers in previous debates and even in the letter we received from the Financial Secretary this morning. He talked about the reason for the definition of this scheme, and said it was for the “sole purpose of avoiding tax”.

Well, I have news for the House: I have at least a couple of ISAs—individual savings accounts—which are there for the sole purpose of avoiding tax. Are they now illegal? Is that the criterion we should apply? Well, plainly not.

There is a real issue about the approach of HMRC, and I am going to be rather harder than the all-party group in my recommendations. I think it is being just a little bit too reasonable, and I will come back to that in a second. [*Interruption.*] I think a number of Conservative colleagues are threatening to sue me for calling the right hon. Member for Kingston and Surbiton (Sir Edward Davey) reasonable.

Before I come to my main point, I want to go back to the report on this subject carried out by the House of Lords Economic Affairs Committee. We all have very emotional cases impacting on our judgment, but we cannot say that about the House of Lords. The House of Lords looked at this incredibly dispassionately. Its Members do not have constituents, so they can in a way be viewed as much more dispassionate than us. Let me remind the House of a few of the Committee's findings.

The Committee found that the Public Bill Committee for the Finance (No. 2) Bill in 2017

“did not adequately scrutinise the loan charge.”

That is incredibly important for something that will be retrospective, but it did not properly scrutinise the loan charge. I think it was spoken about only by the Minister and the Opposition spokesman, and by nobody else.

The Committee said that many witnesses told it that they had joined these schemes—this is the point made by my hon. Friend the Member for East Surrey (Mr Gyimah)—without being aware of HMRC's attitude towards them. Many were assured by employers or promoters that these schemes were above board and, indeed, as he said, they could not have had the jobs if they had not accepted the terms.

George Eustice (Camborne and Redruth) (Con): Will my right hon. Friend give way?

Mr Davis: No, I am afraid not.

That is why we find not city slickers, bankers or finance specialists, but nurses, doctors, locums and careworkers caught up in this. All those people will

never have the resources to pay back this money. It does not matter whether it is over two, five, seven or 10 years, they will just never have it.

Many witnesses said they had declared the schemes to HMRC. This really is the criminal aspect of this: someone declares a scheme, and then 20 years later or 10 years later, HMRC comes back and says, “Sorry, we haven’t closed your year, and you can pay now”. They are being asked to pay not a small amount, but £20,000 or £30,000 in the case of some my constituents.

What the Committee found is very important because, again, where does the blame lie? I think part of the blame lies with HMRC, but part of the blame lies with the employers. Many people have said that that is where HMRC should focus its effort, but the House of Lords Committee found

“little evidence of action taken against those who promote disguised remuneration schemes.”

It went on to say that

“HMRC appears to be prioritising recovery of tax revenue over justice”.

That point is central to today.

The Committee noted that the people involved were unusual subjects of this sort of recovery, because of the nature of their employment and so on. It said that of course these disguised remuneration schemes are “unacceptable tax avoidance”, but it also said:

“The loan charge is, however, retrospective in its effect.”

This House was formed in order to challenge the King, in his day, on the justice of the taxes he was demanding, and to put their own concerns back to the King to get them corrected before we paid the taxes. We should not forget the fundamental reason for this House’s existence, which is to look after our constituents in the face of demands from the state.

The Committee made a recommendation that HMRC should in future make clear public statements when it is looking at avoidance schemes. Because of the fact that so much of the burden of the decision falls on HMRC, it should make it clear to the public at large and anybody in those schemes when it is investigating them.

Rushanara Ali (Bethnal Green and Bow) (Lab): Will the right hon. Gentleman give way?

Mr Davis: No, I am afraid not. I have a couple of minutes left and I am going to come to an end in a second. That is the House of Lords’ view, and it was very critical. For a House of Lords report, it was an incredibly critical report.

Let me turn to the motion and the all-party group’s approach. As I say, it is incredibly reasonable: let us have a review—a judge-led review or whatever—and take some time to sort this out. I am afraid I think that that is altogether too reasonable in the light of the pressure that is being created by this policy. People who are under this policy now are suffering mental strain day in, day out. They are not people who are ever going to find £20,000, and to say to them that they have five years to pay if they are—as one of my constituents is—on a minimum pension, is meaningless. It just means his house or his car has to go, and his family is breaking up under the strain.

My view is very simple: this should not be retrospective at all before 2017—at all—because there is no reason for it whatsoever, given the behaviour of HMRC. If we

do not get something like that—I say this to the Treasury, and they can add this into their accounting—I, and I suspect many others in this House, will start to pursue a right in law for every citizen that limits the extent to which the state, and particularly HMRC, can take any retroactive action whatsoever against persons, not companies such as the Vodafones, but against individuals, because it seems to me that we owe a duty to our constituents to have some certainty from the state in relation to the taxes they pay.

Several hon. Members *rose*—

Madam Deputy Speaker (Dame Rosie Winterton): Order. I will have to reduce the time limit to seven minutes.

1.17 pm

Sir Edward Davey (Kingston and Surbiton) (LD): I apologise to the right hon. Member for Haltemprice and Howden (Mr Davis) for being the chair of an all-party group that has produced such a reasonable report. We did it because we wanted to be constructive and to bring this House together. I want to draw attention to two points: first, the fact that this issue has brought the House together, and I will talk a little bit about that because it is in the power of this House to stop the Executive on this matter; and secondly, the nature of the retrospection, which is the issue that has caused me, as well as my constituents with such cases, to be so passionate about this issue.

First, on cross-party unity, I pay tribute to the hon. Member for Aberdeen South (Ross Thomson), a vice-chair, who opened the debate, and the hon. Member for Brentford and Isleworth (Ruth Cadbury) and all the other members of the all-party group, which represents six parties in this House. I thank all Members who spoke on Report of the Finance (No. 3) Bill, when we passed the amendment—quite unusually—because we had cross-party support from every side and political persuasion both between and within parties.

There is a reason why we got that support. It is because our constituents have come to us and we have seen the damage this is doing to their lives—real lives—but also because key principles of democracy are at stake: parliamentary sovereignty, if we can forget the Brexit debate for a minute, with respect to holding the Executive properly to account for the way they tax our constituents, and the rule of law. Those issues have brought this House together, and today we need to continue with that message and make it clear to the Minister and the Government that we are not going away until this is put right.

Stephen Lloyd (Eastbourne) (Ind): When my right hon. Friend opened, he spoke about cross-party support. As he knows, since I started early-day motion 1239, whenever it was—nine or 10 months ago—the cross-party support has been astonishing: 148 MPs from all parties, including many Conservative Members, have now supported it because they really do have concerns about the retrospectiveness and the fairness. Does my right hon. Friend agree that Parliament is really coming together and saying, “There is a real problem and a real challenge here. Treasury, please look at it”?

Sir Edward Davey: I strongly agree with my hon. Friend and I thank him for the work he did in leading that EDM. The cross-party nature and depth of support should make the Minister think today. People have been looking at the way this House operates more closely than they usually do. They need to know that when this House comes together, the Government listen. It is our constitutional job to make the Government listen. When there is that level of support and they do not listen, that is an outrage to this House.

Mr Jim Cunningham (Coventry South) (Lab): I agree with the right hon. Gentleman: it is about time that the Government listened. Regardless of the issue, retrospective legislation can be a dangerous thing. In some instances it might be justifiable, but by and large and in principle, it is a very dangerous thing. The other point that has emerged from this debate is that those who encouraged people in their employ to get involved in such schemes should be the ones to pay up, not the victim. Does he not agree?

Madam Deputy Speaker (Dame Rosie Winterton): May I just point out that interventions must be short? Please remember that interventions mean that other people have less time to speak.

Sir Edward Davey: I agree with the hon. Gentleman. Let me take his point on retrospection into the substance of my speech.

Everybody has paid tribute to the Minister and I join in that, but I urge him to look at the retrospection issue. The all-party group has spoken to tax professionals and has read a lot of material. There is a debate about whether aspects of this are retrospective or not, and about where the retrospection lies. One group has been hit by the loan charge where the retrospective nature has been proven beyond doubt: taxpayers who have had their tax returned to the Treasury with DOTAS added—sometimes even without DOTAS added—and who have come clean on everything they have been doing. HMRC has accepted that and has not opened an inquiry. Their cases have been closed and time has passed. Under section 9 of the Taxes Management Act 1970, we have been giving taxpayers in that situation total protection from HMRC coming back to them. That has been true for decades. Indeed, we have signed international conventions to say that that is the way individuals should be treated. Yet here we are, going back on that. To be clear to the Minister, all the tax professionals we talked to believe that for closed cases, that was a transgression. Indeed, I asked them if they could find any example on the statute book ever of a Government passing a law to override taxpayer protections and they could not.

When the Government responded to that clause with a review, their argument against all the advice was that the charge was not retrospective because it was a charge on the loan as of now—the outstanding loan. That is interesting, because they had never before proven that loanable income. That was the whole point of this whole debacle. Moreover, the loans were taken out in the past. We might not call it retrospective and we might call it retroactive, but frankly it is the same thing for the ordinary person. The reply to the amendment to the Finance (No. 3) Bill was therefore simply not good

enough; it was wrong. This is a breach in the rule of law, particularly for those people with closed tax years. At the very, very least, the Government should not apply the loan charge to those people; that is the recommendation of the all-party group.

We then come to people with open tax years. Sometimes there has been an inquiry years before—15 or 20 years ago. For many taxpayers, it was not really clear what that was. There was a little form. They were not told what their rights were or what they should do in response. They just sat there, and some of them did not even know there was an open inquiry. Those open inquiries have lasted for years, with, as the hon. Member for Scunthorpe (Nic Dakin) said, HMRC doing nothing. Surely that is HMRC incompetence, not mistakes by taxpayers. They are now paying because HMRC could not administer the tax system over that period, and tried and failed to get the law right. I am sorry, but HMRC cannot penalise our constituents with tax bills of tens of thousands of pounds because it could not do its job properly. That is not acceptable.

Rushanara Ali: As the right hon. Gentleman rightly points out, HMRC has been looking at disguised remuneration since the late '90s and opened hundreds of thousands of cases. Mary Aiston, at the Treasury Committee, said that

“at that time our strategy meant that we weren't telling taxpayers enough about what we were doing on their case—so they would have had an open inquiry or assessment... We recognise that at the time our strategy meant we weren't communicating regularly enough to keep them in the picture.”

Does the right hon. Gentleman agree that if that was done people could have dealt with those cases and paid up immediately, and not had tens of thousands—or, in cases in my constituency, hundreds of thousands—of pounds to pay back?

Sir Edward Davey: The hon. Lady is precisely right. That is what I think has offended people. Technically for people with open tax years it is not retrospection, but in practice—and, frankly, morally—it is. One thing that I will pursue after this experience is the use of open tax inquiries by HMRC. It goes against the whole spirit of the 1970 Act and of the way the rule of law should operate. I believe that in all parts of the House we stand to defend the rule of law. When we see an abuse of it we should get angry, we should get passionate and we should pledge to do something about it. I hope we will.

How should the Government respond? I think they should call a halt and delay. That would send a clear message to people who are suffering mentally and socially with their families and their homes. Announcing that today from the Dispatch Box would give them some relief. We have been telling them that their tax bills are not due until 31 January 2020. Nevertheless, according to the guidelines, if they do not talk to HMRC by this Friday they could suffer severe penalties. A delay would therefore help.

A judge-led inquiry is the only way we will bring people back together. Such an inquiry could look at all aspects. However—to speak to the right hon. Member for Haltemprice and Howden—I do not want to leave it there. The policy should change now for people with closed tax years. There should be no debate about that. That is retrospection and an abuse of the rule of law.

For those with open tax years, as the all-party group's report says, a number of measures should be taken to reduce the pain and to ensure that they can get their tax affairs in order. This House is against abuse of the tax system. That is wrong and it should be stopped. But this House is also in favour of parliamentary sovereignty—the Government listening, upholding the rule of law and upholding long-standing taxpayer protections.

1.27 pm

Royston Smith (Southampton, Itchen) (Con): I do not intend to take all of my time, because I am nowhere near as qualified as the right hon. Member for Kingston and Surbiton (Sir Edward Davey) and my hon. Friend the Member for Aberdeen South (Ross Thomson), who have done a fantastic job in getting us here to this debate, so that we can make representations on our constituents' behalf. I, too, pay tribute to the Minister. He has been very helpful in responding to all my queries and those of my constituents. Of course, not all responses have been to their liking, but he has always been available and I pay tribute to him for that. I hope he is as accommodating today as he has been so far.

My hon. Friend the Member for South Suffolk (James Cartlidge), who is not in his place any more, argued that people who use public services should pay for them. If we are talking about evasion versus avoidance then of course he is absolutely right, but self-employed contractors have a different tax regime from people who work with PAYE; they have a different structure. They will look to see whether they can make the best use of their tax situation, because they do not get sick pay or holiday and nobody is paying their pension for them. They will therefore look for the most efficient way to deal with their tax. Some of these schemes have been shown to be that for them. They asked the questions and we all know they asked the questions. There are very few people caught up in this who we think went deliberately out of their way to avoid tax.

Sir Henry Bellingham (North West Norfolk) (Con): I endorse what my hon. Friend said about the Minister, who has been extremely receptive, and we hope that he will take action. Is my hon. Friend aware that many of these people are well into their late 50s and many are over 60, and they have no chance of ever recovering their financial position? Some of my constituents specifically asked the Revenue whether everything was in order and correct and proper. They were told categorically that it was, and it allowed them to take out future schemes in future years.

Royston Smith: My hon. Friend makes a very good point. That is exactly what my constituents have been saying to me. Some of them are nearing retirement with absolutely no chance of paying back what they are told they owe. Furthermore, they tell me that these schemes still exist—I hope that the Minister will confirm whether they do—and that people are still promoting very similar schemes. If that is the case, it is incumbent on HMRC and the Government to be shutting them down and going after the people who did them.

Robert Courts (Witney) (Con): My hon. Friend makes an excellent point. I have a great number of constituents who are very distressed about this. People cannot be

treated and approached in a technical way, because this affects people's real lives. The Treasury must bear some culpability, given that it has at least allowed these schemes to be used when everyone else has acted in good faith in investing in them.

Royston Smith: My hon. Friend is absolutely right. I think that we are finding a consensus across the House, in that we all agree with that. People did ask these questions. They were convinced by those who promoted the schemes that sometimes it was the only thing that they could do, but that the schemes were legal. Some of the people asked these questions of HMRC.

The worst of it is that it looks very much like we sometimes just go after the low-hanging fruit. It is easy to chase such people rather than those who promoted the schemes and landed them in this trouble. Everyone has said—I will say it too—that these are real people. When people affected first came to see me in my constituency, I did not know very much about this, but when they told me about it and the figures that they might have to pay, it was devastating. I could not believe what they have been told might happen to them. I thought, "What if that was me? What if someone came to me and said, 'You owe tens of thousands of pounds?'" Frankly, I would have no way of paying that amount without a significant change to my life. Fine—maybe if I deserved it I would have that coming, but if people did not know that, why should their life have to change so much, to the point where some have now felt that their life is no longer worth living? Driving people to bankruptcy is not the answer. We should be finding out how this happened and discovering who is culpable, including HMRC.

Drew Hendry (Inverness, Nairn, Badenoch and Strathspey) (SNP): Does the hon. Gentleman agree that it would be a clear injustice if anybody innocently caught up in this, having sought advice for one of these schemes, were to lose their main home or indeed be made bankrupt as a result of this action?

Royston Smith: It would be an absolute tragedy. That is why I am very grateful to my hon. Friend the Member for Aberdeen South for securing this debate, enabling us to air this issue publicly. If anybody is made bankrupt by something that is not of their deliberate doing, it would be a travesty.

I do not propose to take much more time; I know that a lot of people are waiting to speak. It is not a great ask to the Minister to pause this, to review it independently and to give my constituents and everyone else in this House a bit of respite, so that they know that what has happened to them is right.

1.33 pm

Ruth Cadbury (Brentford and Isleworth) (Lab): As one of the vice-chairs of the all-party loan charge group, I add my thanks to members of the Loan Charge Action Group for all their work in submitting evidence to us, and particularly to those few people who have worked their socks off in recent weeks to pull together the APPG report, which was released yesterday and is available online for anybody who wants to see it. I will focus on HMRC's communications with taxpayers that

[*Ruth Cadbury*]

have led to many of the appalling stories that Members across this House have been relating and will relate today.

Jim Shannon (Strangford) (DUP): I sought the hon. Lady's permission to intervene beforehand. Many of my constituents have the same problems that everybody, including the hon. Lady, has referred to. They are asking for a six-month delay for a review of the loan charge. Does she share my real concerns about those who are purported to have committed suicide? There have been deaths, and people facing bankruptcy have had to sell their homes. The effect on people's health is enormous.

Ruth Cadbury: Examples such as that—tragically, we heard from the family of somebody who committed suicide—have been mentioned today. The stress has been well related by Members today on behalf of their constituents.

I knew very little about this issue until I met a group of my constituents. They are normal people, if anybody is normal. They are specialists in their field and they are middle-aged, but they have had to put their lives on hold. One couple cannot get married and get a mortgage. Another are making plans for their children's university education, and that is causing them real stress. Those who are still working are treading water. They are not investing, not employing people and not generating wealth for this country. All are profoundly anxious and depressed, and it is affecting everything about their lives.

What I have learned from the work that we have been doing in recent months is that there are, very roughly, two groups of people. The first group is professional freelancers who went into the scheme, starting up to 20 years ago. Generally, they are middle to high earners and took professional accounting advice about the options available in the post-IR35 world. This group, mainly professionals, went into loan schemes because for them, pay-as-you-earn employment was not an option and their accountants advised them that due to the regulatory complexity and disproportionate cost burden of IR35, it would be best to enter into a loan-based enumeration scheme. There was no uncertainty about the legality of the scheme back then. They made arrangements with umbrella companies to prevent them from inadvertently breaking the IR35 rules. Everyone I heard from who went into these schemes said that they did so not to save tax, but to save the administrative burden.

There is another group—an unknown number—of more recent joiners since the rules changed in 2016. They are working in public services, as nurses, doctors and social workers. The word “loan” was never mentioned to them by the scheme providers. They generally did not take separate professional accountancy advice, as they were signed up by a recruitment company that had links with the umbrella company. There appeared to be no choice, and

“everyone we worked with was doing it”.

It is possible that many of these people do not know that they are caught up in this.

Mrs Kemi Badenoch (Saffron Walden) (Con): Will the hon. Lady give way?

Ruth Cadbury: I will if I have time.

Evidence to our inquiry shows that HMRC was aware of these promoters, yet none has been investigated and prosecuted. Why not, and why have they not been chased?

There is a 45% non-refundable charge on all loans advanced during the period unless the individual agrees to pay up front a figure calculated by HMRC—completely opaquely—and regardless of whether any such tax was legally due at the time. It is going to have to be paid and is effective from tomorrow. Anyone who has ever been employed through such a structure could face a retrospective charge in the 2018-19 tax year, which is about to close, payable by January 2020. All potential liability—it could be for many years—will be rolled up into this tax year, whether or not someone knows what their liability is, or indeed whether or not they are even aware that they have a liability. That cannot be within the spirit of natural justice.

How do the people who know about it know? Many of our inquiry respondents were notified of the loan charge in late 2018—some as late as this year. That is wholly inadequate given the life consequences of these demands. Standard letters are going out indiscriminately to any individual who might have been employed by a company that might have undertaken a disclosed tax avoidance arrangement. Letters refer to closed tax years, as the right hon. Member for Kingston and Surbiton (Sir Edward Davey) mentioned, even when the tax has been agreed and paid. Evidence shows that there is no standard format in letters and no evidence provided, even of the dates in the years being queried. By withholding this information, HMRC has failed in its duty of care to taxpayers who are unaware of their right to request disclosure. They face a greater retrospective penalty in a single year—this year—than might have otherwise been the case.

People's belief that they were doing the right thing was partly based on a belief that the loan charge arrangements were not taxable. HMRC correspondence of 2006 stated that plans

“made by an...EBT...are not taxable under Sections 173 & 174” of the

“Income Tax (Earnings and Pensions) 2003”.

Furthermore, there is the Rangers Supreme Court case, which remains the position in law. Individuals are not liable—their employers are—yet HMRC is misinterpreting the outcome of that case. We understand that HMRC has used behaviour change specialists in pursuing the loan charge, which may explain the aggressive and opaque nature of its communications. The regular use by HMRC of a phrase asking people to “put their tax affairs right” is clearly part of this strategy of forcing people to feel, and accept, guilt for wrongdoing. That is despite the fact that the arrangements they used were entirely legal at the time. There have also been a disturbing number of reports of individual HMRC officers telling taxpayers that they should apply for mortgages or loans, but not telling the lender that the money will be used to pay a tax bill. Why? Because that is contrary to tax law, of course.

Many of the taxpayers who submitted evidence to our inquiry highlighted the stress and anxiety that they have experienced as the direct result of the language and tone of HMRC communication. Individuals who believed that they were acting within the law told us that they have been made to feel like criminals. The all-party parliamentary group on the loan charge agrees: it is wholly inappropriate for a Government department to intimidate individuals into settlements through threats and labelling.

The issue has had two consequences. One is the feeling of criminality. We heard about the family who read out the father's suicide notes; he had kept the information from them as he was too embarrassed. He was too embarrassed even to see a tax consultant or his accountant; he could not admit that he might have done wrong. He thought he was going to prison. In that example, his liability was well within his means; he could have afforded to pay. But he was made to feel like a criminal—a man who had never done anything against the law in his life.

The other consequence is the threat to the homes and businesses of those who are likely to be made insolvent. This issue will affect their and their family's lives now and in the future. We are talking about amounts that are often unjustified, unquantified and unexplained.

Dominic Raab (Esher and Walton) (Con): I thank the hon. Lady, who is making an excellent speech. Does she agree that there are three fundamental elements of the injustice? There is the retrospectivity, which undermines basic principles of justice; the devastating impact on ordinary people's lives, which she has described; and the contrast between the arbitrary approach taken to those people and the sweetheart deals for the likes of Goldman Sachs. Does she agree that the retrospectivity must be ended and that the scheme must be reviewed?

Ruth Cadbury: I absolutely agree. The scheme needs to be paused for at least six months and should be reviewed by a qualified tax judge completely independent of the Government. I am also concerned that HMRC may have been acting without direct steerage from the Treasury and Treasury Ministers. Ministers have said things to the loan charge APPG that contradict what we have been told by credible witnesses. This debate raises a number of questions for Treasury Front Benchers, and we look forward to their responses.

1.42 pm

Dame Cheryl Gillan (Chesham and Amersham) (Con): It is a pleasure to follow the hon. Member for Brentford and Isleworth (Ruth Cadbury). I join others in congratulating my hon. Friend the Member for Aberdeen South (Ross Thomson) and the other Members who secured this debate today.

I do not want to repeat the eloquent speeches that have already been made, but it is worth putting on the record that this is not happening to a group of high net worth individuals but to some ordinary, hard-working people such as social workers or IT consultants—people in the everyday run of their lives. Frankly, if I were to be cynical, I would say that the indictment of HMRC, which the hon. Lady was laying out for the Chamber, is absolutely right. I feel that these collection officials are cutting their teeth on a whole group of individuals who

feel that they cannot fight back. This debate shows how they can fight back, particularly when the voices of those who are not often heard are represented so well across the House. The right hon. Member for Kingston and Surbiton (Sir Edward Davey), who chairs the APPG, was right in saying that the issue brings the House together.

Mr Iain Duncan Smith (Chingford and Woodford Green) (Con): Will my right hon. Friend give way?

Dame Cheryl Gillan: I am sorry, but I will not give way. A lot of people want to speak, and the more I give way, the more their time gets reduced.

What is striking for me is that all these individuals made reasonable inquiries about their tax liabilities. They consulted professionals and were offered advice. Indeed, the actions of HMRC almost reinforce the fact that what they were doing was a legal way of pursuing their employment.

If as a result of this issue our constituents who work in the banking industry are declared bankrupt, they will not even be able to continue legitimately pursuing their career and means of earning a living, because they are specialists in that area. They will be prohibited from working in the banking sector. That is absolutely appalling.

I turn to what some of my constituents have said, to reinforce some of the points that have been made. One of my constituents used an umbrella company, which assured him that he was doing nothing wrong and that the scheme was HMRC approved. When, finally, the bill landed on his desk, the umbrella company asked him to appeal, which he did. He received letters for tax years other than the one in question, but always at least three years after he had sent in a tax return. In each case, HMRC not only requested the tax it said he owed, but three years' interest as well.

Another constituent said:

"I am not a tax expert and the policy left me extremely confused...I didn't know which way to turn. I was advised that I could use an arrangement that would ensure I was compliant with IR35. My primary motive was to abide by the law. I was told that the tax arrangement was HMRC and QC approved.

HMRC are now saying that these arrangements do not work, yet at the time they did nothing to curb them. They allowed me to build up years' worth of debt, signing off my tax returns and on some occasions sending me a tax rebate!

I simply do not have the sums of money involved. I am not a wealthy person, I have worked hard and I have paid taxes. Over the 18 months, this situation has led to anxiety and stress."

Sometimes, he has had suicidal thoughts. This person is a freelancer, so he has had no holiday pay, sickness pay, maternity pay, paternity pay, compassionate leave, pension contributions, career development, training or bonuses, and certainly no job security. He is suffering from sleep deprivation and has been thinking he could take out some sort of insurance so that if he ended his life it could secure his wife and children's future. That is a terrible thing to have to say.

Another constituent said:

"I began receiving loans in late 2011 and they were always very clearly disclosed to HMRC within my annual Self-Assessment Returns. In mid-2012, HMRC reviewed the payroll arrangement and the loans provided to me and formally confirmed they did NOT constitute 'tax avoidance.'"

[*Dame Cheryl Gillan*]

When HMRC gives that sort of reassurance to the taxpayers of the United Kingdom, they should expect to be able to believe it. Much praise is heaped on Front Benchers and the Financial Secretary to the Treasury; I concur with it—my right hon. Friend is always polite, always replies and is assiduous in dealing with my constituency correspondence, for which I am very grateful. However, I am afraid that I agree with my right hon. Friend the Member for Haltemprice and Howden (Mr Davis), who is not in his place, who said that we cannot pursue anything before 2017. I hope that the Minister will listen carefully.

I feel that HMRC has been trying to collect taxes aggressively but using what I consider to be a very tame audience. It should direct its attentions to the fraudsters and the mega-companies—not just the J.P. Morgan schemes, but the Googles and the Amazons. In some instances, our constituents are being asked to pay sums greater than what a company such as Amazon or Google has paid in a whole tax year.

I consider that this issue has been used as a loss leader by HMRC; it has put so much into administration costs that it is almost caught—it feels that it cannot go back and abandon its pursuit of these individuals. But I think it should. Treasury Benchers certainly now need to pay attention to the will of the House. The anarchy of what has happened to our Standing Orders has resulted in the House being taken over by people other than the Government. There is a strength of feeling across the House and across parties. If some mechanism has to be sought to try to get relief for our constituents, that is not now beyond imagination.

1.49 pm

Mr Adrian Bailey (West Bromwich West) (Lab/Co-op): I congratulate the hon. Member for Aberdeen South (Ross Thomson) and his colleagues in the all-party group on the way they have taken up and pursued this issue, and on the incredibly well informed report they have delivered. Many of the points I wanted to make have already been made, but I think one or two are well worth underlining and reaffirming.

The first point is on the retrospective approach taken. The people caught by the charge are, by and large, on ordinary, or perhaps slightly better than ordinary, incomes and are law-abiding; they were advised, perhaps beguiled, and in some cases even coerced into being part of the schemes; and they filled in their tax returns and declared everything. There was no attempt to hide their tax status in returns to HMRC. Although it may be true that HMRC did not approve the schemes, it is self-evident that HMRC ignored the evidence in front of them that may have justified taking action, so to take action now, after 20 years, is totally unfair and defies all laws of natural justice.

Seema Malhotra (Feltham and Heston) (Lab/Co-op): Will my hon. Friend give way?

Mr Bailey: Sorry, but I will not take interventions.

The Government need to do something about this problem. Astonishingly, it appears that, during those years, the Government had adequate legal redress available

to them, had they wanted to take action. The loan charge legislation they introduced was designed to recoup the money simply, in a way that avoided the time and hassle involved in taking action under previous legislation. It smacks of trying to maximise income from the softest targets with the minimum of cost. The high volume of complaints that I have had about the process used to achieve that aim underlines that point.

It has been mentioned that the deadline is Friday for people to give evidence of how they will settle their outstanding bills. I have people in my constituency who are scared witless because they are not in a position to do that. It is not that they ignored HMRC; they provided it with the evidence, but they have not had the figures necessary to make the decision on how to settle their affairs. They are being threatened by HMRC that if they do not do that, penalties will be invoked, but HMRC has not provided them with the figures they need to do it. It is absolutely incredible, and it underlines the impression that HMRC is trying to maximise the amount of income that it can get from individuals who are trapped in this situation.

I looked at the HMRC document on the subject, particularly the “Supporting people” section. Unbelievably, it says that people must realise their assets, if necessary. I suppose that with a multimillionaire, that is a reasonable approach, but for ordinary people—especially retired people on low incomes, whose home may be their main asset—it is a totally inappropriate way to “support” people. One person who came into my surgery told me they think—they have not had the figures—that, after 5 April, they will have to sell their house. It is all right for HMRC to say people will not have to sell their house, but if that is their only asset and they have to realise their assets, they have no alternative.

The HMRC document goes on to say that people can remortgage. A retired person on a low income who goes to a financial institution and says, “I need to remortgage my property so I can pay off my tax debts” is unlikely to get a sympathetic response. Frankly, that document contains a lot of honeyed words that actually give no help or succour to those who are confronted with this potentially devastating and life-changing financial experience.

HMRC holds surgeries in the House of Commons that we can go along to. That is praiseworthy, but I went along with a couple of cases on loan charges and, unbelievably, there was no one there in a position to give me an answer. Given that this is the pre-eminent taxation issue that Members face at the moment, and HMRC is presumably trying to improve communication between constituents, MPs and itself, that is an amazing omission, which only underlines again the fact that HMRC appears to be totally indifferent to the plight generated by its processes and the culture that surrounds them.

I say to the Minister that there will be thousands of people watching us today, knowing that their future welfare, their livelihood and their happiness depend on the words of advice he gives at the conclusion of the debate. I just hope that his response will be favourable. Treasury Ministers do not often have a chance to make people happy, but here is an opportunity to do.

1.56 pm

Sir Mike Penning (Hemel Hempstead) (Con): I should not be here today. I should be at the funeral of my constituent Graham Smart. He was the chairman of Leverstock Green football club, and as his constituency MP and president of Hemel Hempstead football club—another community club—I desperately wanted to be there and had promised to attend. However, my place is here in this debate, making sure that I stand up for, initially, one of my constituents, who came to see me many months ago, which is when I joined the all-party group. I was informed this morning that I now have 100 constituents who are affected by the loan charge.

I sat in on some of the all-party group's evidence sessions. There is a really important point to make here. We have Select Committees in this House and other Committees. All-party parliamentary groups can be a complete waste of time, or they can really make a difference. I jointly chair one of these groups—the all-party group on medical cannabis under prescription—and we managed to change the law. I truly hope that the all-party loan charge group, with the backing of the House, will be able to sway Ministers and the Treasury's view on this, which I think is one of the great disasters that we are bringing on our communities.

More than 900 years ago, this House was formed to represent the people who paid tax. Admittedly, it was completely unelected in those days, but that remains our job. Unlike some of my colleagues, I have clearly upset the Financial Secretary to the Treasury. I was over-zealous defending my constituents. I have apologised to him privately and I apologise to him publicly now. I think that he is fundamentally wrong in what he said to me, but at the end of the day that is his opinion and, I am sure, the Treasury's. In my opinion, what is happening here is that some of my constituents took advice from the companies—if they had not, they would not have got the job—and from some very large taxation accountants; they submitted completely openly that they were in one of these schemes; they had a registration number from Her Majesty's Treasury; and now they are getting bills for hundreds of thousands of pounds, which, as we have heard, is completely and utterly destroying their lives.

Like lots of colleagues, I have had constituents come to me. I am not making it up, but I am not going to name these people, because—it is part of the problem we face—they are too ashamed to tell their loved ones that these bills are coming down the line. They are petrified of their employers knowing. Many of the people in my constituency who have come to see me and written to me are employed in the financial sector in the City. There is absolutely no doubt that they will lose their jobs and their livelihoods.

Sir Henry Bellingham *rose*—

Sir Mike Penning: I will give way twice: once to my hon. Friend and then to another colleague.

Sir Henry Bellingham: I am grateful to my right hon. Friend for putting forward a strong and moving case. Is he aware that some early-retirement benefit schemes—so-called EFRBS, or employer-financed retirement benefits schemes—are also being unpicked retrospectively, causing

an equal amount of pain and suffering to constituents, including one in my constituency who is having to pay back £175,000?

Sir Mike Penning: I do not agree with the way the Treasury has started to unpick people's personal taxation schemes. This is not the big companies that frankly get away with murder because they can employ the right sort of lawyers, but the small people. They are the people who are getting messed about.

Sir Geoffrey Clifton-Brown (The Cotswolds) (Con) *rose*—

Sir Mike Penning: I will give way once more; then I will make some progress.

Sir Geoffrey Clifton-Brown: I am grateful to my right hon. Friend for giving way; I know he is short of time. He and the House might be interested in the reply given to me in the Public Accounts Committee by Jim Harra, the second permanent secretary at HMRC. He said:

“Among the disguised remuneration users, there are undoubtedly people who have liabilities for years, where under the normal rules we do not now have assessing rights. In our settlement opportunity, we have asked those people to settle for all years, including the years for which we do not have those assessing rights. If they choose not to do that—I can't make them settle voluntarily for those years”.

Does my right hon. Friend not think that the Financial Secretary should formalise that tax advice?

Mr Deputy Speaker (Sir Lindsay Hoyle): May I just warn Members that because of the interventions the time limit will need to go down to five minutes to get everyone in?

Sir Mike Penning: On that basis, Mr Deputy Speaker, I will not give way anymore. It would be right and proper to let colleagues speak, no matter how short their contributions.

My hon. Friend makes a good point. Is there one rule on taxation in this country for one person—a small business—and another for others, or am I missing something here? For instance, a constituent came to see me who worked alongside a colleague who was in the same kind of scheme. Constituent A had had his scheme agreed and closed. He had disclosed everything, including the registration number and the DOTAS number, and it was closed—finished. He came to me because he sat next-door to a colleague who was doing exactly the same job under exactly the same contract and exactly the same kind of scheme, with exactly the same declarations, but for nearly 15 years this scheme had been left open. There is something fundamentally wrong in that.

The Lords Committee's conclusions are eminently sensible. I agree with my right hon. Friend the Member for Haltemprice and Howden (Mr Davis) that perhaps they could have been a bit stronger, but that might have lost some people on each side. We can work with them. I am slightly concerned about the reference to tax judges. Ray McCann, the president of the Chartered Institute of Taxation, has said that technically the charge is not retrospective—so that is the position the taxation people are going to come from—but he went on to say that it has an effect of being retrospective. That sounds like semantics to everybody else out there, but that is what a

[Sir Mike Penning]

specialist judge involved in taxation will look at when we argue the point. The point is that it is clearly retrospective, and that is where the Minister and I completely disagree.

The Minister has an absolutely golden opportunity to say, “Stop. Let’s see what the effect is here.” Why are we picking on these people who in many cases cannot pay—not will not pay but cannot pay. As we heard earlier, they are being advised to get loans. How are they going to do that? Where is the equity? Are they going to use their house? Many of them are of a similar age to me. They have absolutely no chance. They can pay through the nose on interest rates and borrow money from anybody, but do we really want to encourage that? Or, would we like to say, “We think something has gone wrong here.”?

The House has come together—I think the chairman of the all-party group, the right hon. Member for Kingston and Surbiton (Sir Edward Davey), said the group represents six parties—because there is something seriously wrong. These people are petrified. My constituent said to me, “If my wife finds out about this—she has suicidal tendencies, and we already have major problems.” Other constituents say they need to come out of retirement—“I’ve been out of the IT industry for about five or six years now. I have no chance of coming back into the industry.” Others work in the finance world and if their employers find out that action is being taken in this sort of way, they have had it. What are we doing, driving people into this sort of debt when they thought they were doing the right thing?

I say to the Minister in all candour: take a look around the House today, a Thursday on a one-line Whip. Even the Whips could not have got this many people in here from both sides of the House, given what is going on at the moment. [Laughter.] I am really serious: I do not think the Whips could have got this many people in here on a Thursday, on a one-line Whip. What has driven us here is our constituents. It is our job. It is what this Parliament was set up to do—to defend the little guy against the big guy. The big guy is the Government, and we will defend the little guy.

Several hon. Members *rose*—

Mr Deputy Speaker (Sir Lindsay Hoyle): Order. I call Jim Fitzpatrick on a five-minute limit.

2.5 pm

Jim Fitzpatrick (Poplar and Limehouse) (Lab): I am grateful to be able to contribute to this debate on an issue that affects many of my constituents. I am pleased to follow the right hon. Member for Hemel Hempstead (Sir Mike Penning). I congratulate the hon. Member for Aberdeen South (Ross Thomson) and other colleagues who bid for this debate, and I thank the Backbench Business Committee for affording the time for it. I commend the leadership of the all-party group and thank the hon. Gentleman for his excellent opening speech. I wish to concentrate on relaying a few constituents’ comments to those on the Treasury Bench, to show the strength and depth of feeling on this issue. They speak much more effectively for themselves than I could do on their behalf.

Marc and his partner John wrote to me to express their concerns. For them, the main issue is the retrospective aspect of the legislation, which stretches back over 10 years, yet the schemes were allowed to operate with no notification to members at the time. They fear the knock-on effect of bankruptcy to contractors, which means Marc will fail credit checks and is unlikely to work in financial sector ever again.

Another constituent, Vladimir, says his loan provider shared his DOTAS number with HMRC every year and disclosed the promoter name and the benefit in kind that the loan was providing him. Similarly, Daniel says that the loans he received were all disclosed on his tax returns.

Rony wrote:

“As I moved from permanent to contracting I used an agency ‘Aston Mae’ who advised me about the benefits of using a limited company or using an LLP. I also used a UK Chartered Accountant who was fully aware of the LLP I was working for.”

Amjad got in touch to say that

“this issue has taken over my life since I received the letter from HMRC last August”,

and makes the same point about fully declaring.

Another constituent who is facing serious trouble, Rehan, wrote,

“on a personal level, the threat of the Loan Charge has made me incredibly stressed and physically unwell”.

Like many in his position, Todd contends that

“there was nothing ‘disguised’ nor ‘contrived’ about the arrangements. Taxpayers described in detail exactly what their tax arrangements were under DOTAS.”

Another constituent, Abdul, said that

“if the schemes have always been defective, why did HMRC not write directly to affected individuals and advise them of this?”

Richard got in touch and what he said echoes the previous point. He said:

“HMRC and the Treasury say these arrangements are ‘defective’ and have ‘never worked’. Yet, not once did HMRC communicate that they believed the scheme was ‘defective’ or ‘never worked’”, and that means he is now liable for more than £200,000.

Marie wrote:

“It makes my blood boil when I hear ‘you should have known better’. No one told me! I am not an expert on tax and am risk averse, I would not have entered into the arrangement if I even had a sniff that it was not legal. I have already had to sell my house to pay the first lot of APNs which came through and don’t have any savings or a home.”

The solid theme of frustration, confusion and bleak despair runs through every e-mail, letter and meeting I have had on this issue. HMRC and the Minister keep saying that this change is not retrospective, that the average amount is £13,000 and that everyone knew what they were doing. Clearly, that is not the case, and it has been emphatically contradicted by my constituents.

In conclusion, I thank the Loan Charge Action Group and its secretary, our former colleague Greg Mulholland, for their work on this issue. Three recommendations from the group’s report stand out for me, and they are certainly reasonable recommendations, as several colleagues have already said: first, the request for a six-month delay to the loan charge; secondly, a 24-hour HMRC-funded mental health helpline, to help to prevent more suicides; and finally, a full and proper review led by an expert tax judge. I look forward to the Minister’s response. Given the unanimity of the opinion in the Chamber so far and

the number of compliments that the Minister has been paid by so many colleagues from all parties, my hopes have been raised.

2.9 pm

Sir Paul Beresford (Mole Valley) (Con): I feel a little cautious in this debate as I do not have the full knowledge or experience of many Members here and I do not have many cases in my constituency.

I have had a considerable number of cases over the years in which I have had to deal with HMRC. Contrary to what many people have said, I have found that individual approaches to individual taxation experts in HMRC have been extremely positive: cases have been listened to, and we have secured some dramatic changes.

I have six cases of loan charges in my constituency, and one other case which, while not a loan charge, is slightly relevant. I was approached by an individual some years ago. He was divorced and his wife had moved, some years before, to New Zealand of all places. He paid a large monthly payment to her and support for the child, and she remained single—or so he thought. After a considerable number of years, he discovered that, in fact, she had got married and that all that maintenance he had paid over those years—vast sums—he should not have paid, so he stopped paying. HMRC came along and asked him why he was no longer making those payments, because they were tax deductible, and he explained. An HMRC official said, “Well, the money that you have paid that you should not have paid is now counted as profits and we would like tax on that plus interest.” This man was not suicidal, but he came close to considering murder. The ex-wife was still alive. We went to HMRC and got an agreement on this retrospective—or retroactive—payment. It was spread over time. The collector was eminently reasonable and the payments were managed. When the circumstances of this individual changed—he went to university—again we went back, and again they changed the terms.

What I am saying to my six loan charge cases, or to those who want help—only two of them do—is that I am prepared to take up their cases and work with them. Everyone in this Chamber will know that when we have that portcullis on our letters and we ask for a meeting, it happens. That has to be the best way through it. What I have discovered in two cases is that some of the information that the Inland Revenue and HMRC have been given does not match the real information. When we hear Members say, as we all have done, that communications have broken down and that the information that has been used has given rise to incorrect decisions, some of that is because officials are not being given—probably deliberately—every bit of information that they need to come to a fair and clear decision.

I could not believe that two of them, who were bright, independent professionals, had actually taken up their loans. I asked one of them to explain to me—I am fairly simple and can only count to 32—how it had happened. They said that they had been told that it was all right. I asked by whom. They said by the promoters. I asked them to describe the situation. They said that they had worked for whoever it was and that they had been given money, but it was not payment; it was a loan. I said, “Fine, what was the interest on it.” “Oh, there was no interest,” they said. I asked, “When will you pay

it back?” “Oh, we’re not going to pay it back,” they said, “and we are not paying any tax on it.” I said that that was just too good to be true.

Julia Lopez (Hornchurch and Upminster) (Con) *rose*—

Sir Paul Beresford: I will give way just the once and very quickly.

Julia Lopez: I must confess that I share some of my hon. Friend’s mixed feelings about this issue, particularly as there is a disparity between what my constituents say to me and what the Minister says to me. Where there does seem to be culpability from HMRC from my perspective is that it knew full well about some of these loan schemes for a very long time and subsequently a political decision was made to call them in, and that political decision could have been taken much earlier so that we would not have seen some of this damage. That creates a lot of uncertainty within the wider tax system, which is very corrosive.

Sir Paul Beresford: I thank my hon. Friend for her intervention if for no other reason than she has given me a minute more. I will leave that for the Minister to answer. I can only go by the six cases that I have seen and what she says does not apply in any of them.

If I can say anything to Members it is this: please, put these cases together and consult an individual senior tax inspector. I have found the inspector and the collector to be really co-operative, which makes such a difference to these people’s lives. There is a look of relief on their faces when we come out of the meeting with those officials. There is also an acceptance that they will have to pay the loan. Some may call it retrospective, but I call it retroactive. I do remember the case of the divorced man who did not commit murder—his bill was way up over £100,000.

2.16 pm

Sammy Wilson (East Antrim) (DUP): It is a joy to follow the hon. Member for Mole Valley (Sir Paul Beresford), although I disagree with much of what he said. This is not an issue of just getting people to sit down with the right tax inspector and sort things out. Today’s debate has shown that there is a deep-rooted problem right at the heart of this issue—people who were fully aware of the kind of scheme that they had entered into, and who had an understanding that it was fully legal, suddenly finding that they were faced with huge tax bills. Many people find themselves hitting their head against the brick wall of officialdom with frustration, anger and fear. As we have discussed today, this needs to be sorted out, not at some official level, but at Government level. A ministerial decision is needed.

The economist Adam Smith, who wrote the first economics textbook, laid down what were called the canons, or principles, of taxation. In answer to the question, “What should the basis of any tax system be?” he mentioned three things: first, that there should be certainty; secondly, that there should be fairness; and thirdly, that there should be convenience. If we look at what is happening with this loan charge, we can see that all those principles of taxation—the rules of good application of tax—have been broken.

[*Sammy Wilson*]

Many of the people who entered into these schemes did so because they wanted to reduce their tax bills. That is perfectly legitimate. There is a difference between tax avoidance and tax evasion. I do not think that anyone here has advocated that if people have been evading their taxes they should not be pursued. But some people were forced to enter these schemes; they could not have secured employment otherwise. In fact, at the all-party group, we received evidence that even HMRC was taking on contractors, who in turn then took on employees and insisted that they were paid by these remuneration schemes. It seems that HMRC was quite happy to employ contractors on that basis, because the scheme was deemed to be legal.

Members have covered a number of issues. Let me reiterate just some of them. First, I do not believe that this scheme and the loan charge meet the criteria of ensuring that there is certainty for taxpayers. It is retrospective. No matter how the Minister tries to wriggle on this, the case is that if tax is imposed on a loan balance today, and that loan balance has been built up over a number of years, because people thought that it was okay to repay in that way, then the tax that is being demanded is retrospective.

Luke Graham (Ochil and South Perthshire) (Con): The hon. Gentleman makes a point about the loan charge being a current liability, which is the Government's argument. Does he agree that our constituents need clarity about what recourse they have to those advisers who told them to go for these schemes, as well as clarity from HMRC about the options for refinancing, and what protections they have as citizens?

Sammy Wilson: The other point about the retrospective nature of this is that many people thought they had put in their tax returns and given the information. They were not told that there would be an inquiry into their tax affairs, and they believed that what they were doing was perfectly legal, and that their payments would not be subject to additional tax.

My second point is about certainty. Many of those who gave evidence said that for years they were given tax bills that did not even work. They were given bills for sums that did not coincide with what they had earned, and in some cases they were told that the figure was just an estimate. One person said that when she queried the bill, HMRC said, "That is what most other people are paying." That is how the tax bills were worked out in some cases. There was no degree of certainty, and often the bills were not related to the years that people had worked, or to their income.

Is it fair that none of those who promoted these tax schemes have been pursued? The people being pursued are the recipients of the schemes, who in some cases were forced into them, as they would not have got employment otherwise. Their employer said, "This is the way you will get paid, and that is what you have to do." The promoters of those schemes—many of whom are based offshore or are no longer in business—are not being pursued, and those who needed to join these schemes in order to find employment are now faced with a tax liability.

Some evidence that we received suggested that if people did not settle, they might be taxed not just on the money they received, but on the fees taken by those who have now disappeared. Is that fair? My third point was about convenience. That is why we use pay-as-you-earn, and we pay tax on a monthly basis or whatever, rather than being hit with a huge sum of money all at once.

Neil O'Brien (Harborough) (Con): The point about people being asked for a huge sum of money all at once gets to the nub of the issue. Regardless of the rights or wrongs of the case, does the right hon. Gentleman agree that these people need huge amounts of time to pay, or in some cases debt forgiveness because they simply cannot afford to pay?

Sammy Wilson: I was just coming to debt forgiveness. When it comes to large companies, HMRC is prepared to negotiate and cut tax bills significantly. In these cases, however, it is a case of, "This is the sum owed. Enter into a discussion and settlement with us, or you will be hit by the loan charge." For all those reasons, as the hon. Member for Mole Valley (Sir Paul Beresford) said, this problem does not simply require us to sit down with our constituents and a tax inspector; this requires action by the Minister. We have asked for reasonable action from a reasonable Minister, and I trust that is what we will get today.

2.23 pm

Crispin Blunt (Reigate) (Con): I apologise to the Minister if I am not here to listen to his response to the debate. I am flying to Rome to go to the Vatican for an engagement on behalf of the all-party group on global lesbian, gay, bisexual, and transgender rights. That goes to show how important those all-party groups can be, and I hope there will be a significant policy development in that area.

I congratulate my hon. Friend the Member for Aberdeen South (Ross Thomson) on his excellent speech and I thank the all-party loan charge group, which has done so much work in representing our constituents' interests. None of us wants our tax system to be abused. We should all pay our fair share of taxes, and we must ensure a level playing field for the sake of the integrity of our economic model.

The interests of those who do not have the means to opt for or set up complex tax schemes should be as protected as the interests of those who can afford such advice. It is therefore right that in the Finance (No. 2) Act 2017 the Government sought to close the disguised remuneration loophole, but today we are questioning the way that the Treasury handled that closure. My right hon. Friend the Member for Haltemprice and Howden (Mr Davis) chaired the Public Accounts Committee during my first Parliament, and he was completely right in what he said about the change in culture inside the Inland Revenue and Treasury towards such issues over the past two decades.

Current Treasury policy is having an unfair retrospective effect, which is recklessly throwing the lives of thousands across the country into sheer chaos. Sadly, that also highlights some of HMRC's own performance issues, as it appears to have failed adequately to inquire into notifications by honest taxpayers about their use of a scheme under DOTAS when it had the chance. I do not

understand why HMRC now thinks it is fair to go back over records that are up to 20 years old, and unexpectedly ask for sums in the tens and hundreds of thousands of pounds from ordinary, hardworking people. It completely baffles me. More to the point, who are these people? By and large, they are the most flexible and entrepreneurial workers in our system, and as we have heard, they were employed flexibly and did not receive holiday pay or allowances because of their employment conditions.

Our constituents are seriously distressed by the vast amounts of money that the Treasury is trying to claw back from them in a totally unexpected way. They have also experienced repeated delays in the handling of their cases, resulting in even more uncertainty and pressure. They have experienced consistently poor communication from HMRC. One constituent told me that an adviser on the dedicated helpline told him not to quote her under any circumstances. I am grateful for the letter, dated yesterday, that the outstanding Parliamentary Private Secretary to the Treasury made available to us. It states:

“I strongly encourage any of your constituents affected by this issue to contact HMRC as soon as possible before 5 April. I have enclosed a factsheet on disguised remunerations, and further information on the support available from HMRC”.

It seems a bit of a stretch to get that information to constituents by tomorrow, although I appreciate the Treasury’s putting out that message.

HMRC’s website states that it is estimated that 75% of income from this policy will come from employers and 25% from individuals, and that so far, 85% of that money has been raised by employers. That is not entirely surprising, because employers are not in the same position as individuals, and it is much easier for them to come up with funds if they are presented with a bill by HMRC. It is the little people who are on the receiving end of this policy.

One of my constituents who is facing bankruptcy articulates the issue clearly:

“In short, HMRC got tired of going for the scheme providers because they knew how to deal with them and were always one step ahead of them...Due to their inability to get any perceived tax they feel they are owed out of them, they have now shifted the focus further down the chain to people like me.”

The Minister has received plaudits from across the House, and I hope that the steel in his position—

Mr Deputy Speaker (Sir Lindsay Hoyle): Order.

2.28 pm

Mohammad Yasin (Bedford) (Lab): It is an honour to speak in this important debate. In January last year, Labour’s shadow Treasury Minister said of the impending deadline for people to pay the loan charge by April next year:

“We cannot let vulnerable people who have been exploited end up with massive tax debts hanging over their heads for many years to come. If we see bankruptcies, failing businesses, repossessions and even suicide, that will be because this Government have not done the outreach needed and not invested in adequate training.”— [*Official Report*, 20 November 2018; Vol. 649, c. 291WH.]

I am sorry to say that on 1 April we heard that HMRC had reported itself to the police over the death of an individual who had been notified of a loan charge bill. It was the first time that HMRC had felt it had been given sufficient evidence to link a death to the loan

charge. I do not know any details about the case and I do not want to speculate, but it was a tragic loss of life and a reminder to all of us of what is at stake.

Bambos Charalambous (Enfield, Southgate) (Lab): Some constituents have told me that they will be severely affected by the retrospective loan charge if it is rolled out tomorrow. It will have a devastating effect on them and their families. Does my hon. Friend agree that the charge should be halted and that a review should be set up to investigate HMRC’s actions?

Mohammad Yasin: I thank my hon. Friend for making that very important point. I entirely agree with him. It is very important that we make sure that people do not suffer because of this very unfair loan charge.

I have a number of constituents whose lives have been turned upside down by changes made three years ago to tax legislation for disguised remuneration schemes. On the face of it, I support the Government’s move to clamp down on tax avoidance schemes, but the way in which the loan charge has been handled is confusing and cruel, and seems less guided by principle than by rushing through a badly designed process to reclaim tax.

The director general for customer strategy and tax design at HMRC told the House of Lords Economic Affairs Finance Bill Sub-Committee in October 2018 that

“the loan legislation was put in place because it was just too much time and trouble for HMRC to exercise its pre-existing powers conferred by Parliament”.

Seema Malhotra: My hon. Friend is making a powerful speech. Some 100 people have been affected in my constituency. I am grateful to Mr Salotra and Mr Jhaj from Hounslow West who came to the rally yesterday. They highlighted the fact that families are under great strain and stress and that the situation is one of policy failure. Does my hon. Friend agree that inadequate research on and an inadequate impact analysis of the policy have also contributed to the pain and strain on people who thought they were doing—and who want to do—the right thing, and that a delay and review are not just the right thing to do, but the human thing to do?

Mohammad Yasin: I agree with my hon. Friend, who makes a very important point.

One of my constituents recently wrote to me:

“Essentially, we have legislation being enacted because HMRC find it too difficult or troublesome to follow the rules and yet they expect taxpayers to follow the rules.”

No one disputes that HMRC has a right to challenge companies and individuals who have participated in tax avoidance arrangements. However, Parliament gave HMRC powers to do so long before the loan charge legislation was proposed. Those powers have not been exercised, making a mockery of the existing legislation and denying taxpayers their legitimate right to have their dispute resolved by the courts.

Many have no idea whether the schemes their employers were getting them into were effective or defective. It is completely unfair to penalise those people, who are innocent, and not those who designed and enabled these complicated and vague structures. We must distinguish between those who entered into these arrangements

[*Mohammad Yasin*]

with their eyes open and those who were entered into them by their employers. The legislation has resulted in thousands of people accruing a tax debt that had not been invented when employers invested in good faith. If nothing changes, thousands of people will be made bankrupt, families will be destroyed and innocent people will have their lives ruined.

2.34 pm

Justine Greening (Putney) (Con): Like many other Members, I have a number of affected constituents. When one of them first came to see me in my surgery, I listened. It was a complex tax case and it soon became clear that the way in which it was being handled was genuinely not how I had been used to seeing things dealt with during my time as a Treasury Minister. I and many of my colleagues, including my next-door neighbour, the Minister for Health, my hon. Friend the Member for Wimbledon (Stephen Hammond), are right to raise our concerns, not least because of the very personal impact the issue is having on thousands of people around the country who have this hanging over them without anything being done to resolve the situation, other than those who represent them setting out how much of an impact it is having on their lives.

I have young constituents who are contractors and have been unwittingly caught up in this. They did all the right things, including asking their accountant and checking whether a QC had approved a scheme. An older gentleman who is caught up in it is looking at having to sell his home. He is in his 70s and clearly has no ability to go back into the workplace to even begin to recoup some of the money that HMRC is now claiming he should pay.

There are a number of issues, but in the end it comes down to how we in this House, and HMRC, look at the concept of fairness in taxation. I think that HMRC has simply got it wrong and is striking the wrong balance. I agree that the Financial Secretary is a talented Minister, but in the end it is these more challenging areas of policy that make or break a reputation, rather than the ability to do a brilliant job from day to day on turning around constituency casework where, as others have said, he is almost unparalleled in his assiduousness. I hope that he will use his talent to find a way through and to come up with a compromise to achieve a quick resolution.

The approach being taken circumvents taxpayer protections on time limits on HMRC inquiries, as many have said. The bottom line is that, overwhelmingly, people declared these arrangements transparently. They sent in their tax returns and, as has been said, some were given tax rebates. They were given no indication that HMRC was ever going to come back to those years.

Greg Hands (Chelsea and Fulham) (Con): I am also an ex-Treasury Minister and my right hon. Friend's neighbour. Could she comment on the unusual nature of the situation? One of my constituents has had £300,000 assessed, so the average of £13,000 can mask some of the very large numbers involved.

Justine Greening: My right hon. Friend is absolutely right. One of my constituents has done their own estimate and they believe that this could cost them £230,000. They say:

“I was first contacted by HMRC in 2013/14 about income from just the 2008-2010 tax years and having accepted my appeal letter to their enquiries I haven't heard anything from them since. So 5 years on, I still have no clear idea what HMRC believes I owe them and the real justification for it.”

As they say:

“Communication from HMRC has been inconsistent and sporadic at best. In addition”—

I will come on to this issue—

“HMRC does not appear to be targeting the companies who were (and in some cases still are) providing these tax planning schemes, but rather the individuals who used them. Sadly, there are still people joining these schemes today, unaware of the impact it is likely to have on them.”

HMRC's approach to the loan charge has been punitive rather than proportionate. For some constituents it has essentially grouped up to 20 years of charges and lumped them into one big sum that they are now being asked to pay. [*Interruption.*]

With the sound of a leaky roof in the background—this has been an interesting week for other events happening while Members have been giving speeches—I will conclude by asking a really important question. What on earth is being done to tackle those promoting the schemes? They are the people who have, effectively—and, I believe, knowingly in many cases—mis-sold schemes, got rich off the back of them and left the people who took part in them to pick up the pieces.

Sir Peter Bottomley (Worthing West) (Con): Over 10 years ago, Roy Faichney and David Perrin—non-accountants in an accountants tax firm—were arrested and later convicted, but their clients were not told that HMRC might come after them 10 years later. That strikes me as grossly unfair and out of time.

Justine Greening: I think that is right, and it would be good if the Minister was clearer about how many schemes HMRC is aware of, how many are currently being tackled by HMRC, how many remain unaddressed, what penalties have been issued in relation to closing down such schemes, how much that has totted up to, and what action has been taken against the directors who pursued and promoted those schemes, often in the knowledge that they were not compliant with HMRC. Will they ever be barred from being directors in future? They are clearly reckless and, I think, not fit to be company directors. We need to send out a message across the industry that such behaviour is not acceptable, that lost revenue will be sought to be recouped from the businesses and companies promoting the schemes first—that they are the ones at risk—and that then, perhaps secondly, there will be more clear-cut rules for people to understand when they are putting themselves and their assets at risk by participating in such schemes.

It really is time that HMRC did all the people caught up unwittingly in this loan charge issue a favour, set out a sensible compromise that draws a line in the sand and does not go back so far, treated them with dignity and enabled them either, where they still owe money, to settle or, where not, to move on with their lives and get clarity as soon as possible.

2.41 pm

Justin Madders (Ellesmere Port and Neston) (Lab): I hope that I can complete my speech before rain stops play—I think it is probably some kind of symbol of how many people view Parliament as broken, but let us return to the matter at hand.

I congratulate the hon. Member for Aberdeen South (Ross Thomson) on securing the debate. Clearly this issue has caused much distress, and brutally so at times. Of course, if tax is due, it should be collected. Without the ability to raise funds from taxation, our public services will obviously grind to a halt, but my concern, and that of many other hon. Members, is about how the loan charge and the recovery of it has been handled to date. It raises many questions about how HMRC can say in all honesty that each individual case is being looked at properly before the menacing letters are sent out. Let me make it clear that if, following due process, it is determined that money is owed, it should be recovered in a fair, consistent and reasonable manner. However, what I have heard raises questions about HMRC's capacity to deal with these issues properly.

I previously raised the issue of my constituent Mr Crook when we debated the matter in Westminster Hall back in November. I recounted the six times that he had contacted HMRC about his potential liability without any response. I explained the immense anxiety that he was feeling, because he was not getting any answers and feared bankruptcy. Since my involvement, there have been responses from HMRC. I am sure that it was entirely coincidental that they came the week after the Westminster Hall debate.

I wish that I could say that we had somehow managed to reach a happy ending, but we have had tales about spam boxes and deleted emails and about how, in that wonderful phrase, my constituent's request will be "progressed within the normal timescales". Yet here we are, 360 days after my constituent registered his interest with HMRC, and still no agreement has been reached. My constituent is not the only one in this position, so I repeat the question that I raised back in November: does the Department consider that it has sufficient resources to deal with this issue?

Mike Amesbury (Weaver Vale) (Lab): I have a constituent called Jeff, who has lived by the rules and played by the rules, and who submitted tax returns year in, year out, yet he is also suffering this retrospective injustice.

Justin Madders: My hon. Friend is absolutely right. It is the retrospectivity of this that is really difficult for people to reconcile with what they consider to be a fair and transparent process.

I have had constituents raise concerns that if they manage to reach agreement with HMRC, they will be required to sign a settlement document that stops them reclaiming money from HMRC if they are later judged against in a judicial review. The retrospectivity of this sits uncomfortably with me, but the idea that the Government will not be bound by future court decisions goes very much against the rule of law that we are used to in this country.

That is the wholly unsatisfactory situation that we face, but I want to return to where we all started on this. My constituent tells me that, having submitted his tax returns each year when he was working, they have never been queried—*[Interruption.]*

Sir William Cash (Stone) (Con): On a point of order, Mr Deputy Speaker. I just wondered what was going on. Is it hot air that is escaping from in here?

Mr Deputy Speaker (Sir Lindsay Hoyle): Some might say that there is a leaky Parliament at the moment, so we will take it from there.

Justin Madders: I am sure that many Cabinet meetings have similar difficulties.

My constituent tells me that, having submitted his tax returns each year when he was working, they have never been queried. He states that, by doing that, HMRC has at the very least implicitly, if not explicitly, accepted that any moneys that he received in the form of a loan were just that. However, it is the retrospective nature and long reach of the loan charge that is so hard for him to accept. I understand that it has been claimed that HMRC has always said that these arrangements were unacceptable, but I have not seen anything prior to 2016 to suggest that that was the case.

When the Minister responds, can he say whether in future I should advise my constituents that they should no longer consider HMRC responses to tax returns to be final, that they can be reopened at any point and that any schemes registered with HMRC can be overturned decades in future? Can he also advise me whether any companies that made loans will be pursued for employer national insurance contributions? What if the company is no longer trading? Will the employees' national insurance records be updated?

I also want to say a few words about the human cost of all this. HMRC has admitted in response to freedom of information requests that no assessment was made of the likely number of taxpayer bankruptcies that will result from this charge, yet the official HMRC statement—*[Interruption.]*

Mr Deputy Speaker: Order. No photographs.

Teresa Pearce: I wasn't.

Mr Deputy Speaker: You were holding your phone up.

Justin Madders: I will carry on.

The HMRC statement says:

"The government anticipates that some of these individuals will become insolvent as a result."

It also says that the measure

"is not expected to have a material impact on family formation, stability or breakdown."

I find that statement unbelievable on two counts. First, it is unbelievable how little understanding or empathy there is for those facing bankruptcy. Anyone who has spent more than five minutes in the real world will know that individual insolvency has a massive impact on families. My other huge reservation about that statement is that it appears to say that no assessment has been made of the number of bankruptcies, yet it claims that there will be "some" insolvencies. If people have to be made bankrupt, I think we are all clear that something has gone terribly wrong.

Finally—and before we get the paddles out—I would like to ask the Government to think about what kind of message this whole mess is sending out to entrepreneurs, the people the Conservative party used to consider the

[Justin Madders]

bedrock of its support. Under this Government, those people are being left with the distinct impression that HMRC is prioritising the recovery of tax revenue over justice by targeting individuals rather than the promoters of the schemes, many of whom still enjoy generous contracts with Government. They knew what they were doing but appear to have accepted no responsibility for their actions and faced no consequences. The suggestion that some public sector employers were insisting that the people paying the price now would only be employed if they agreed to accept the kind of contract that HMRC is now declaring unlawful is an outrage.

Several hon. Members *rose*—

Mr Deputy Speaker: Order. I am going to suspend the sitting, and the bells will ring two minutes before we restart. [*Interruption.*] No photographs, please.

2.48 pm

Sitting suspended.

ADJOURNMENT

Resolved, That this House do now adjourn.—(*Craig Whittaker.*)

3.12 pm

House adjourned.

Westminster Hall

Thursday 4 April 2019

[MIKE GAPES *in the Chair*]

BACKBENCH BUSINESS

Sub-Committee on Disinformation

DIGITAL, CULTURE, MEDIA AND SPORT COMMITTEE

Select Committee statement

1.30 pm

Mike Gapes (in the Chair): We begin with a Select Committee statement. Damian Collins will speak on the publication of the 10th report of the Digital, Culture, Media and Sport Committee, on the launch of the Sub-Committee on Disinformation for up to 10 minutes, during which no interventions may be taken. At the conclusion of the statement, I will call hon. Members to put questions on the subject of the statement and call Damian Collins to respond to them in turn. Hon. Members can expect to be called only once. Questions should be brief. I call the Chair of the Digital, Culture, Media and Sport Committee, Damian Collins.

Damian Collins (Folkestone and Hythe) (Con): It is a pleasure to serve under your chairmanship, Mr Gapes. Earlier this week, the Select Committee published its 10th report on the creation of the Sub-Committee on Disinformation, which followed our reports on disinformation and fake news—the final report was published in February this year, with the interim report published in July last year. Our reports on that important subject were based on an inquiry that spanned about 18 months and that took in thousands of questions and many witnesses.

The focus on disinformation and fake news comes from our belief that there is a genuine danger to democracy and society in the deliberate and malicious targeting of disinformation at citizens, largely using social media to influence what they see and their opinions about politics, society and institutions. In the discussion about disinformation, much of the focus has been on it being used in election campaigns or around political events, but it is by no means limited to that. Disinformation is becoming a serious issue in the health sphere, in particular, with anti-vaccine information and stories being disseminated through social media.

The problem of disinformation is not limited to the period of our inquiry. When we established our initial inquiry, we were particularly concerned about the role of disinformation in the United States presidential election and other elections around the world, and about the role of foreign states and, in particular, agencies such as the Internet Research Agency in St Petersburg that deliberately create campaigns and mechanisms to spread disinformation through social media and target people relentlessly.

That has become a bigger societal problem as people increasingly get their news and information through social media. In this country, about half the population receives news principally through social media. That means that, rather than going to a curated news space, such as a newspaper, a broadcaster's piece of news or a news organisation's website, they are receiving news and information that has been shared by their friends on social media in bitesize chunks, or they are being targeted with information by advertisers and other organisations that promote content.

We know that, during the US presidential election, the number of shares of the top 20 fake news stories was greater than that of the top 20 real news stories. The issue is fundamental to the way people receive news and information because, on the channel where they increasingly receive it, they often do not know why they are receiving it or much about the organisation that is sending it. Disinformation is often dressed up to look like real news, but it could be hyper-partisan content from people with a high degree of bias or, more seriously, content that is totally fabricated. That has been an issue for some time, but it is of growing importance because of the scale and reach of social media.

When we look at the potential application of technology, the problem is only set to get worse, given the phenomenon of deep fake content. That is when someone takes a recording of your voice—I am sure they would not do it in your case, Mr Gapes—and creates a fake video image of you, then writes their own words and has them played out through your mouth in the film. We are all familiar with those grainy films that emerge during political campaigns whose production quality is not great because they are often shot on someone's smartphone. Imagine the capability to do that easily in a totally fake way and to release a film of a politician supposedly saying something malicious or misleading during the final days of an election campaign. That capability exists, and we need the tools in place to fight back against it.

Since we published the Committee's report in February, we have seen other events that lead us to believe that this is an ongoing and growing problem. We were all shocked and appalled at the way in which harmful footage from the terrorist attack in Christchurch, New Zealand, was livestreamed on Facebook and shared continuously on social media platforms around the world, and particularly YouTube, for a number of days afterwards.

We are also concerned about the role of organisations that spread news and information about political events in this country—this is particularly linked to Brexit—but that we do not know much about. The Committee's inquiry identified an organisation called Mainstream Network, which was contacting people through social media with adverts and asking them to lobby their MP to vote in favour of a hard Brexit and to "Chuck Chequers"—to use the expression at the time—and not support the Prime Minister's negotiating strategy.

People have a right to a political opinion, and there is nothing wrong with that, but when they are being targeted by an organisation and they do know who is doing that, who is providing the money or who is supporting that organisation, that becomes a problem. In our campaigns as politicians, we have to put legal imprints on our leaflets, posters and flyers to make it clear who they are from, but people do not have to do

[*Damian Collins*]

that online, and those loopholes are being exploited. We have also seen campaigns and organisations other than just Mainstream Network, such as We are the 52% and Britain's Future, where large amounts of money are being spent to target people with messaging, but we do not know who is doing that. That is going on all the time and on a growing scale.

The purpose of the Sub-Committee is to provide an institutional home for the Select Committee to build on the work of its initial inquiry, to look at new incidents of disinformation campaigns, where they lack transparency and where they are deliberately misleading, and to recognise that this is a form of harmful content that needs to be addressed. We look forward to the publication of the Government's White Paper on online harms, which I believe will happen early next week, so that we can see what ideas they propose and understand more about their response to the Select Committee report, which covered many of those issues. The Sub-Committee will look at the issues arising from the White Paper and at the areas where the Government are looking for a response and consultation.

Julian Knight (Solihull) (Con) *rose*—

Mike Gapes (in the Chair): Order. Interventions are not allowed.

Damian Collins: The Sub-Committee will be the forum through which we look for areas where the Committee can analyse and respond to the White Paper. It will also be the forum through which we seek to hold regular sessions with important organisations and people who are investigating similar issues, and particularly the Information Commissioner.

The first meeting of the new Sub-Committee will be on Tuesday 23 April when we return from the short Easter recess. We will then question the Information Commissioner, principally about her investigation into the work of Mainstream Network and connected organisations, to understand more about who is funding that organisation and who is behind the dissemination of the content that it is sharing. That will be an important first step in the Sub-Committee's work.

I appreciate that hon. Members have questions that they want to ask me—one of my Committee colleagues wished to jump the gun—so I will not use up every second of my 10 minutes. The Sub-Committee is a new step for the Digital, Culture, Media and Sport Committee, which has never created a Sub-Committee before. We have done so because we recognise the concerns about the spread of disinformation and the pivotal role that social media play in that.

Disinformation is a growing issue for democracy and society, and we need to provide robust public policy responses to tackle it at source, as well as through the channels through which it is shared. We also need to look principally at the responsibilities of big technology companies to act more effectively against the dissemination of disinformation, to provide more tools for their users to help them identify untrustworthy sources of information, and to provide greater transparency about who is promoting that content.

Julian Knight: I was not certain whether I was allowed to intervene, but I will ask my question now. I welcome the advent of the Sub-Committee. In terms of the scale, this is not just about Russia or potential foreign actors intervening in our Brexit-related political crisis from a UK base or from overseas; it goes on worldwide. It is not just one foreign actor, but perhaps up to 39 foreign actors. Does my hon. Friend, the Committee Chair, agree that we need the Sub-Committee to be long standing and its scope to be as wide as possible in looking at all those other countries and what they are up to in terms of British politics?

Damian Collins: My hon. Friend makes a very good point. This is a worldwide problem. As he knows, we took evidence during our inquiry about problems to do with disinformation in South America and across Europe—this is not just about Russian campaigns of disinformation. The reason why we decided to create this institutional home for our work on disinformation is that such work runs beyond the scope of any one particular inquiry; indeed, looking to develop successor inquiries with a narrow, defined remit could restrict us from looking at other material from elsewhere around the world.

We look forward to the Government's White Paper and their response to the Select Committee report, because this country could provide a world-leading framework for understanding the liabilities and obligations of technology companies in terms of acting against known sources of disinformation, and I would include disinformation as a form of harmful content, along with other forms of extreme harmful content.

My hon. Friend is quite right that this is a global problem, and I hope our work in exposing what is going on can benefit other inquiries. As he knows, one reason why we established the international grand committee as part of our disinformation inquiry was to aid our partnership work with other Parliaments that are investigating these issues so that we could benefit from their insights and to share our own work.

Ian C. Lucas (Wrexham) (Lab): Less than two weeks ago, in the current febrile political environment, I was sent information from a closed Facebook group making the entirely false allegation that I had paid for two coaches to go to the march in London. I was made aware of that only because an individual contacted me and gave me the information. Does the hon. Gentleman agree that it is really important that closed groups on platforms are investigated and that this issue is dealt with urgently by Government? If so, what role does he see the Sub-Committee playing in that process?

Damian Collins: The hon. Gentleman, who is a member of the Select Committee, makes an important point. He will know that we discussed the role of groups with Facebook during our investigation. We believe they play a significant role in spreading disinformation; it is not just through targeted advertising that someone can drive content through a platform such as that. Indeed, as he knows, the Committee's final report on disinformation touched on how far-right organisations are using closed Facebook groups with hundreds of thousands of members to spread content very quickly through the web. Content posted into the group by a group administrator goes immediately to the top of the news feed of members, who may in turn share it.

These closed groups may be closed to the public, but Facebook can tell what is going on in them, and it should act where closed groups are behaving irresponsibly or maliciously in spreading lies and disinformation about people. It can see who the administrators are and who is doing that.

As a consequence of the attacks in Christchurch in particular—having an independent regulator with the power to go into the tech companies to see what is going on would facilitate this—we should do an audit of the sorts of groups and organisations that were sharing and promoting the vile content involved. That could provide a really important map of the way in which these far-right groups, in particular, co-ordinate online and spread disinformation.

The hon. Gentleman is quite right that this is not just about global news stories such as the Christchurch attacks; disinformation is also taking place in individual communities. We should be able to report such things to Facebook and know that it will investigate and take action against groups, including by closing them or the administrator down if necessary.

Dr Lisa Cameron (East Kilbride, Strathaven and Lesmahagow) (SNP): I thank the hon. Gentleman and all members of the Committee for a very important report. I know that the Minister is working extremely hard on these issues.

My question is about making it easier or more streamlined for the police to investigate closed Facebook pages. At this point in time, it seems to be very difficult for the police to access information even when they have suspicions about it. The fact that individuals can post anonymously without giving their own details seems to exacerbate the situation whereby they feel they can post whatever they like without any responsibility.

Damian Collins: The hon. Lady raises a number of very important issues. Co-operation with the authorities is important. We have seen too many cases where different social media companies have been criticised for not readily sharing information with the police as part of an investigation. Often the companies have very narrow terms of reference for when they would do that; sometimes if there is an immediate threat to life or if information might be related to a potential terror attack, they will act. However, we see hideous crimes that affect families in a grievous way and those families want the crimes to be investigated efficiently and speedily, and for the police to get access to any relevant information. I think we would have to say that the current system is not working effectively enough and that more should be done.

There should be more of an obligation on the companies to share proactively with the authorities information that they have observed. They might not have been asked for it yet, but it could be important or relevant to a police investigation. Part of, if you like, the duty of care of the tech companies should be to alert the relevant authorities to a problem when they see it and not wait to be asked as part of a formal investigation. Again, that sort of proactive intervention would be necessary.

I also share a general concern, in that I believe tech companies could do more to observe behaviour on their platforms that could lead to harm. That includes self-harm resulting from a vulnerable person accessing content that might lead them towards a pattern of self-harm. Indeed,

one of the particular concerns that emerged from the Molly Russell case was the content she was engaging with on Instagram.

The companies should take a more proactive responsibility to identify people who share content that may lead to the radicalisation of individuals or encourage them to commit harmful acts against other citizens. I think the companies have the power to identify that sort of behaviour online, and there should be more of an obligation on them to share their knowledge of that content when they see it.

Mr Khalid Mahmood (Birmingham, Perry Barr) (Lab): It is always a pleasure to serve under your stewardship, Mr Gapes.

The Committee has produced an absolutely superb report—such detail—and it is to be welcomed. It raises serious issues in relation to the power of the platform providers, and their lack of usage of the powers they have to identify people and to do something with that information. That is very important. The Government should consider how to tackle the people who put this material on these platforms. We should get the providers to work through these issues with the Government and stop the false information that is being put up.

This issue affects huge numbers of people because, as the Chair of the Select Committee said, a lot of people take such information as gospel, as most of their media input is from social media, so it has a huge effect. I urge the Government to look at this issue seriously and to consider how we can push the social media platform providers to have a better response and remove false media reports that are put online.

Damian Collins: The hon. Gentleman is absolutely right. One of the issues at the heart of this—it comes up again and again throughout our report—is the obligations of the tech companies. A social media platform is not necessarily the publisher of content; it has been posted there by a user of the platform. However, the social media company can observe everything that is going on and it curates the content as well.

When someone goes on social media, if they just saw what their friends had posted most recently, that would be one thing, but because social media algorithms direct users towards particular content, we are concerned not only that harmful content can exist, but that when individuals start to engage with it, they are directed to even more of it. I think that we should not only consider the responsibilities of the tech companies to remove harmful content when it is posted, but question the ethics of algorithms and systems that can direct people towards harmful content.

Angela Crawley (Lanark and Hamilton East) (SNP): I congratulate the hon. Member for Folkestone and Hythe (Damian Collins) on an excellent, wide-ranging and groundbreaking report, and I congratulate all the members and staff of the Digital, Culture, Media and Sport Committee on it. My hon. Friend the Member for Argyll and Bute (Brendan O'Hara), who demonstrates great knowledge of and enthusiasm for this inquiry, asked me to make a few points.

The inquiry started an ongoing worldwide conversation about the threats posed by shadowy, unaccountable and anti-democratic forces. As I understand it, in February the

[Angela Crawley]

Digital, Culture, Media and Sport Committee hosted its first ever international grand committee, which included representatives of countries such as Canada, Ireland, Argentina, Belgium, Brazil, Singapore, France and Latvia. The Committee has also formed a new Sub-Committee as part of that international grand committee.

I recognise that it must have been difficult in a fast-moving environment to produce the formal report of an 18-month inquiry in such a timely fashion. I congratulate the Committee on establishing the Sub-Committee. Although the hon. Gentleman may already have answered this question, can he say exactly when the White Paper, which has been delayed repeatedly, will be published? Does he have any information on that White Paper that he could outline today?

Damian Collins: I have some information on that, but given that the Minister is here, I will leave it to her to respond. The official word is “imminently”, which I think means “very imminently”. We look forward to the White Paper; it is an important piece of work that I hope will lay the foundations for turning the work of our inquiry, and other work that the Government have done, into real policy. We could establish in this country a world-leading framework for dealing with these issues.

The Minister for Digital and the Creative Industries (Margot James): Life in Parliament is full of surprises at the moment. I must confess that I had a complete misunderstanding about today’s hearing; I thought it was in the main Chamber. When I alighted on the Order Paper on my return from a meeting outside the House and saw that this hearing was absent from it, I thought that it must have been moved—along with so many other things in Parliament at the moment. That explains why I have no official documentation whatsoever.

However, as my hon. Friend the Member for Folkestone and Hythe (Damian Collins) knows, this is my top priority across what is a very broad brief. I will therefore respond based on my own understanding, the excellent remarks that have been made by hon. Members, and of course the report of my hon. Friend’s Select Committee, which I read from cover to cover. I commend his work as Chairman, and all hon. Members who serve on that Committee, which exemplifies the power and potential that a Select Committee can bring to policy making. I am delighted to hear of the new development that my hon. Friend has announced: the Sub-Committee that he has set up specifically to tackle disinformation sounds like an excellent initiative.

I was delighted to hear that at the first meeting of that Sub-Committee, Members will be able to question and hear from the Information Commissioner, whose office is the leading data protection agency across Europe. That is partly because of the reputation of Elizabeth Denham, the commissioner; partly because of the huge additional resources that we have given the Information Commissioner’s Office; and partly because the office is leading on an investigation into the misuse of data, primarily by Facebook but by other platforms as well.

Mike Gapes (in the Chair): Order. Can I direct the Minister to ask some questions?

Margot James: Yes, please do. I need some direction.

Mike Gapes (in the Chair): This is not the normal procedure.

Margot James: I see. I am so sorry. You have been very forbearing with me as I completely misinterpreted my role.

Mike Gapes (in the Chair): Up until now, yes.

Margot James: I thought I was making closing remarks. Should I be asking questions?

Mike Gapes (in the Chair): Yes, please.

Margot James: I will convert some of the comments I was going to make into questions, then.

My hon. Friend the Member for Folkestone and Hythe indicated that he might want to know when the White Paper is coming out. We intend to publish it early next week—Monday, in fact. That White Paper is very broad, and I think it is an excellent piece of work. It has been informed by the work of my hon. Friend’s Committee, as well as by many other Members and external bodies, and also by the hard work of our officials in the Department for Digital, Culture, Media and Sport.

The White Paper will raise a number of questions, and I will take the opportunity to ask my hon. Friend about closed groups, encrypted content, and anonymity. From my knowledge of the White Paper, I think those are the three biggest challenges when it comes to delivering on the objectives that my hon. Friend has set out for internet companies. There are various experts working in those areas of encryption and private groups, and I would welcome my hon. Friend’s comments.

Mike Gapes (in the Chair): Order.

Margot James: Is that all right, Mr Gapes?

Mike Gapes (in the Chair): That is fine, but we have limited time, because we have another statement and then a normal debate after that. Thank you very much. Damian Collins, did you wish to respond?

Damian Collins: I will respond briefly. To add to the Minister’s comments, we have all benefited enormously from the work of Elizabeth Denham and the ICO. It has demonstrated that it is one of the world-leading organisations in its field, and the fact that it has invested so much of its time into this area has helped enormously. This was an extremely long inquiry, and I place on record my thanks to all the Committee Clerks, particularly Chloe Challender the Committee Clerk and Josephine Willows the Committee specialist. They worked tirelessly, well above and beyond the call of duty, to support the Committee in its investigations.

The Minister has touched on some important issues. We discussed closed groups earlier, which are an important mechanism for allowing content to be shared virally and at great speed, particularly on Facebook. That sharing can be done not just through advertising, but through those closed groups. We know that social media platforms can observe what is going on in closed groups, and part

of their responsibility should be to monitor that activity, particularly if those groups are being used to spread harmful content.

Encrypted media is also an important issue, and I have some concerns about the vision that Mark Zuckerberg has set out for Facebook, effectively bringing Facebook, Instagram and WhatsApp together. If that means all content being shared through encrypted channels, it would give the platforms an excuse to say that, because they cannot see what is being shared, they have no responsibility for it. I do not think that is acceptable, especially when those platforms will be using data gathered about their users to help facilitate contact via encrypted channels, and will still have a good understanding of what is going on. That is why the idea of a regulatory system is such an important step forward. As we have seen from the way Ofcom works with broadcasters, we need a regulator that has statutory powers—the power to go in and investigate, with the backing of Parliament—and the flexibility to look at new challenges as they arise and establish new standards for what is a responsible, ethical and acceptable way of working.

Elsewhere in the world, encrypted channels are increasingly becoming the principal mechanism for sharing information in election campaigns, particularly WhatsApp in India and Brazil. In any country that has a smartphone-connected electorate—as so many countries now do—sharing of political information through encrypted media will be an increasingly big problem. In our report, we tried to address many of the issues that exist today, and there are things that we can get on and deal with now. However, we may look back in five years' time and say that, even having done all those things, the challenge of responding to disinformation being spread through encrypted media is one we still have to crack. We cannot leave that challenge to the tech companies on their own; we cannot leave it to them to solve that problem for us. We need to establish a clear legal framework, whereby it is clear what duty of care and responsibility tech companies have to ensure that their technology is not abused by people who seek to do others harm.

China and the Rules-based International System

FOREIGN AFFAIRS COMMITTEE

Select Committee statement

Mike Gapes (in the Chair): We move on to the 16th report of the Select Committee on Foreign Affairs, on the topic of China and the rules-based international system. Tom Tugendhat, the Chair of the Committee, will speak for up to 10 minutes, during which time no interventions may be taken. At the conclusion of his statement, I will call Members to put questions on the subject of the statement and call Tom Tugendhat to respond to them in turn. Members can expect to be called only once, and questions should be brief.

1.57 pm

Tom Tugendhat (Tonbridge and Malling) (Con): It is a particular pleasure to serve under your chairmanship today, Mr Gapes. Your contribution to the Foreign Affairs Committee over the past 20 years has been truly exemplary, and indeed, your contribution to this report is one of the reasons why it was such a success. I am very glad that you are chairing this hearing.

Today, the Foreign Affairs Committee published its report on China and the rules-based international system. We worked on this inquiry for more than a year, including a trip to China to understand how the UK was seen from a Chinese perspective. As ever, we are very grateful to many people who submitted evidence to us, and especially to those who gave oral evidence, including the former Prime Minister of Australia, Kevin Rudd.

China is seeking a role in the world commensurate with its growing economic power, and the UK should welcome its desire to take part in global governance. We do not believe that China wants to jeopardise the benefits that it has reaped from a stable, rules-based international system. However, it has consolidated power in the hands of the Communist party under President Xi, and the UK's China strategy needs to reflect that. On many issues, China is a viable partner for the United Kingdom. The threat that environmental degradation, for example, poses to the Communist party's legitimacy has led China to join international efforts on climate change and sustainability.

However, on other issues that China perceives as challenging its domestic control, such as global initiatives on human rights and free societies, it has opposed international approaches. It is appropriate that this statement follows one from the Select Committee on Digital, Culture, Media and Sport, given how many of the concerns we considered overlap with that Committee's work.

Indeed, in the area of human rights, the evidence suggests that China does not intend to reform the rules-based international system. Rather, it intends to subvert it by promoting an alternative version of human rights that stresses economic development at the cost of the universality of individual civil and political freedoms. In our report, we urge the Foreign and Commonwealth Office to increase its efforts to hold China to account for its human rights violations by using UN mechanisms, public statements and private diplomacy.

[Tom Tugendhat]

During the inquiry, we also heard troubling allegations of Chinese attempts to interfere in the UK's domestic affairs. The openness of the UK's political system and society is a fundamental source of our strength. However, in the face of an autocratic state seeking to increase its influence abroad, that openness can also be a source of vulnerability. The UK needs to decide how to draw the line between legitimate attempts to exercise influence and illegitimate attempts at interference. It is a topic that we on the Foreign Affairs Committee will be looking at further in our new inquiry into autocracies and UK foreign policy.

The Committee also noted its concern about the Chinese Government's approach to Hong Kong. The Sino-British joint declaration on Hong Kong is a legally binding international treaty registered at the UN. It is of great importance to UK national interests and the health of the rules-based international system. China's adherence to the letter and spirit of the declaration is a key test of the sincerity of its commitment to global governance. We were therefore deeply concerned by evidence that Hong Kong's autonomy is at risk, especially in the area of the rule of law. We are concerned that the Chinese Government are moving away from an approach of "one country, two systems" towards "one country, one system". We therefore urge the UK Government to continue to raise concerns about Hong Kong publicly and privately with the Hong Kong authorities.

We support the Government's efforts to increase the UK's presence in the Indo-Pacific—including its military presence—in line with its capacity and other defence commitments. The region is vital for global trade and home to a number of UK partners and allies. Communication about those efforts is crucial. Poorly communicated military deployments in the Indo-Pacific could be perceived or depicted by China as a crude attempt to contain the expansion of its influence.

The UK should focus instead on core principles, including freedom of navigation, the rights of states—including China's neighbours—to form and maintain alliances of their choosing, and the importance of a balanced and consensual regional security order. We urge the Government to ensure that initiatives to expand the UK's military presence in the Indo-Pacific are explained with reference to those principles.

China's belt and road initiative—perhaps the most famous and well-known aspect of its foreign policy—is likely to have geopolitical effects that are as important as, and potentially more important than its economic impact. That Chinese-led investment in foreign countries, and in developing countries in particular, need not conflict with British interests. Asia's infrastructure gap is real, and exporting the fruits of China's spectacular growth could be a way to close that gap while addressing China's own economic needs. The UK should help China with that. It can gain economic benefits from doing so, including by focusing on areas in which the UK has particular value to offer, such as legal and financial services.

However, in its current form, the belt and road initiative raises concerns in relation to UK interests. There is a risk that Chinese investment could encourage countries to strike deals that undermine international standards or that leave countries with unsustainable debt that undermines their political stability. The Government

should take a strictly case-by-case approach to assessing belt and road projects and refrain from expressing a view on the initiative as a whole.

For the UK to come up with a comprehensive strategy to guide its relationship with China, it will need to answer some key questions. What are the drivers of Chinese foreign policy? What are the major goals of UK policy towards China? What is the bottom line of UK interests, values and national security considerations on which we are not prepared to compromise?

The UK's approach to China reflects an unwillingness to face the reality of China's strategic direction. Building a deeper partnership with China is still desirable, but we must recognise that there are hard limits to what co-operation can achieve and that the values and interests of the Chinese Communist party, and therefore the Chinese state, are often very different from those of the United Kingdom. In the report, we call for the Government to produce a single public document that defines its China strategy, crafted through a cross-Government process directed by the Foreign and Commonwealth Office. That chimes with findings emerging from all the substantial inquiries we have undertaken.

The FCO has a diminished grip on our Government's international strategy. It needs to reassert itself as the focal point for that strategy and regain some of its self-confidence and authority. Without a comprehensive approach, the UK risks prioritising economic considerations over its other interests, its values and national security. A constructive, positive UK relationship with China is possible and desirable, but it will require strategy, rigour and unity in place of hope and muddling through.

Chris Bryant (Rhondda) (Lab): I, too, think it is a delight that you are in the Chair, Mr Gapes, although in a way it would be better if you were sitting down here, because I think your contribution would be useful. I commend the Committee on which I sit on our wonderful report. I think the Chairman has outlined the issues very well. How concerned is he that the British Government are a bit mealy mouthed sometimes when it comes to issues such as the Uighurs? More than 1 million people are in probably the largest concentration camp in the world, effectively being reschooled or re-educated—whatever we want to call it. Also, how worried is he by Italy's recent deal with China? With that, we are beginning to see all the possible dangers of the belt and road initiative that he pointed to coming into the European Union.

Tom Tugendhat: I thank the hon. Gentleman for his points. His contribution to the report was extremely important, as he knows. He raises two points that we looked at in various different ways. The Italian question came up at the end of the report process. On the question of the Uighurs, one of the things that came out strongly is that it is not simply a Chinese domestic issue. The repression of Muslim communities in western China will almost certainly have repercussions on other areas, including the UK and our allies in the region, as radicalism is likely to increase and further violence may follow from that.

As the hon. Gentleman will have heard, this is one of those moments when one must remember that one is looking at various forms of China. We are seeing the Chinese security state experimenting with its powers, particularly in Xinjiang. In some ways, one could say

that modern China is an experiment. The challenge to which we do not know the answer is whether old men with tech can beat young people with ideas. So far, we do not know.

Italy's deal with China is part of a long pattern that we have seen in Chinese foreign policy, which is to divide alliances and seek to break up groups. In this case, that is to split Italy from the rest of the European Union. It is interesting that when President Macron met President Xi only a few days after that deal was signed, he insisted on having Chancellor Merkel and President Tusk in the room at the same time to make the point that the European Union was still a united entity when dealing with Chinese trade. The hon. Gentleman is absolutely right that the Italian decision to go on its own poses some important questions, not only for the European Union but for the United Kingdom.

Dr Lisa Cameron (East Kilbride, Strathaven and Lesmahagow) (SNP): I thank the hon. Gentleman for explaining his report in such detail. The report is excellent and thorough, and I commend all members of the Committee as well as its excellent Chair. Will he tell me how important he thinks soft power is in building our future relationships with China and ensuring that we foster them in the most positive ways, such as through cultural exchange, art and literature, which are important? I had an excellent visit to the Brunei gallery to see the exhibition of John Thomson, who was a devoted Scottish photographer. It was curated by Betty Yao. In the 1800s, he took the earliest pictures of China. I know that the ambassador has been very positive on the connections. Will he comment on taking forward soft power and culture, and that connection?

Tom Tugendhat: The hon. Lady makes some important points on soft power. We did not look specifically at the area of arts that she talks about, but we did speak to people about universities. The university sector is an extremely important element of the UK's soft power, particularly in Scotland, which has universities with international reputations such as St Andrews, which is merely an example of the much larger university sector.

When we look at the university sector in terms of soft power, it is important that we look at both its influence and the challenge that dealing with autocratic states can pose. The hon. Lady is right that soft power is very important; it allows us to spread cultural values and to influence future generations of Chinese society. However, it also gives the Chinese state an opportunity to influence some aspects of the UK.

We took evidence from some universities and professors who commented on the nature of the intervention in UK civic life that the Chinese state has made, on occasion, in seeking to close down debate or discussion in UK universities by using Chinese students as an economic lever over our university sector. That is clearly important, and something we need to be cautious about. It is one of the reasons why many of us on the Committee are so supportive of the work of the BBC World Service in setting out a neutral and open information network for the world.

Jim Shannon (Strangford) (DUP): I, too, thank the Chair of the Committee and all its members for this comprehensive report. As he and the Minister will know, I have a deep interest in human rights. Pages 28 and 29

of the report are clear about the persecution of ethnic minorities or religious groups. The hon. Member for Rhondda (Chris Bryant) mentioned the Uighur Muslims. House Christians, Buddhists and the Falun Gong also face persecution. The Chair of the Committee will be aware of the debate that we had in Westminster Hall a short time ago about live organ transplants or extraction on a commercial basis, with some 90,000 transplants per year in China.

I know that the Minister is very sympathetic to the issue—this is not a criticism, by any means—but I wonder whether the Committee gave any thought to how to address the human rights exploitation, which is clearly at a clinical, surgical level. Although the Chinese constitution says that there is freedom of expression, there clearly is not. How can we persuade the Chinese Government, through the Minister and our Government, of the changes that we feel they should put in place?

Tom Tugendhat: The hon. Gentleman's record on defending human rights, and particularly the freedom of religion and belief, is second to none in this House, and I am grateful to him for those points. In the inquiry, we restricted ourselves to focusing on the UK, our relationship to China and how we should shape our position. We therefore did not look at the house Churches, the Christian persecutions or the Buddhist persecutions that he speaks of.

We looked at the Uighur element because of the repercussions on the UK of increased radicalisation in Muslim communities. We also recognised the closing down of freedom of expression in Hong Kong, and therefore the intervention in the rule of law, because we have a specific commitment, lodged with the United Nations in the Sino-British treaty, that we are obliged to maintain.

Furthermore, we also inherit some aspects of that rule of law, because we continue to send judges to the court of final appeal in Hong Kong. The undermining of the rule of law in Hong Kong could therefore affect the perception of UK justice here at home. We are focused on how we can influence the UK Government to change their actions in relation to protecting the UK's interests. That is why we focused, as I said, on the Uighur and the Hong Kong elements in relation to human rights.

Martin Docherty-Hughes (West Dunbartonshire) (SNP): I congratulate the Chair of the Committee, who my hon. Friend the Member for North East Fife (Stephen Gethins) holds in high regard. If the UK Government decide to uphold the UN ruling on the Chagos islands, in respecting the international rules-based system, they risk letting China in and upsetting the delicate balance of power in south Asia and the Indian ocean. If the UK Government do not respect the decision, they undermine the rules-based system, allowing China further to erode and undermine the balance of power in the South China sea with its base construction. Which is it to be?

Tom Tugendhat: I am impressed with the ingenuity of the hon. Gentleman in relating the Chagossians to a Foreign Affairs Committee report on China. There is a difference, which I will leave the Minister to explain, with the British Government's position towards the Chagos islands and the British Indian Ocean Territory. I will not be drawn on that—forgive me.

[Tom Tugendhat]

I will say that the UN law of the sea, which guarantees freedom of navigation in all parts of the world, is an extremely important underpinning of world trade. It is extremely concerning that nations are restricted in transiting through international waters, because that can have severe repercussions on not just our own community and trade but those of very important allies such as India and Japan, which share our interest in free trade. We therefore need to be very supportive of democratic states in the area, whose economic lives will—I hope—be increasingly linked to our own.

Mr Khalid Mahmood (Birmingham, Perry Barr) (Lab): I congratulate my hon. Friend, as I will call him, on this excellent report, which has been put together in such detail. I will ask a couple of questions, particularly on what he thinks the Government will do regarding the Indo-Pacific routes, and how we can push the Government to make some clear lines in relation to them.

My hon. Friend raised the belt and road project, which will have a huge effect on Europe and on what we do. China has to meet international standards, in relation to products, the way they are transported, the areas that they go through, and the people who are affected. It has to trade on the same level footing as we do. He also rightly raised issues surrounding democracy in Hong Kong. I press the Government to support that and to continue to move forward; we have a responsibility to do so.

Finally, soft power was mentioned—where we have a huge advantage. My hon. Friend rightly mentioned universities, which are very important, as is the World Service, but I urge him to look at the British Council, which does a phenomenal amount of work in this area. The British Council's presence in China, looking at the issues, will lead to more young people and students coming to our universities. That is a great tool of soft power that we do not use as much as we should.

I thank my hon. Friend for the report, and urge him to look at those questions. The Minister is a very good fellow, and I am sure he will be supportive.

Mike Gapes (in the Chair): There were a lot of questions there, but we do not have much time.

Tom Tugendhat: Mr Gapes, I will be as brief as you are in Committee. [*Laughter.*]

Mike Gapes (in the Chair): No longer!

Tom Tugendhat: I will pick up on the points that have not been covered, particularly those relating to the British Council. My hon. Friend the Member for Birmingham, Perry Barr (Mr Mahmood) is right that we did not explore its work, but it is an extremely important element of Britain's soft power.

The work of the Department for International Development in China is also interesting, because it has ceased, in many ways, to be a donor agency instead of a partner agency. That is an area in which our partnership with China is reaping rewards, not just for China but for the United Kingdom and many other countries in the region. Our assistance in professionalising Chinese aid and sharing best practice is helping in many areas. That

is an expression of soft power that we often overlook. We often look at DFID's soft power as a donor agency, but being a partner agency is an important element too.

The Minister for Asia and the Pacific (Mark Field): Let us not beat about the bush: the rise of China is the big geopolitical issue of our age. It is fantastic that the Committee has put so much work into its report. I know that it makes a lot of recommendations; there may be some that we do not entirely agree with, but having appeared before the Committee, I hope that we can work closely together on its important work.

My hon. Friend the Member for Tonbridge and Malling (Tom Tugendhat) quite rightly pointed out the importance of the juxtaposition between the two reports debated in this Chamber today. I think it is wishful thinking to assume that there will be a global protocol for the internet. It may be slightly disingenuous for Facebook and others to suggest that they can work towards one, because there is no doubt that there are fundamental differences in values. Equally, this is a world in which we need to work both in bilateral relationships and internationally.

May I touch on the rather provocative question asked by the hon. Member for West Dunbartonshire (Martin Docherty-Hughes)? Of course our view is that the judgment of the International Court of Justice was advisory, rather than being a judgment that we are necessarily subject to, but there is a risk that in trying to address these issues we could be accused of being mealy mouthed. Fundamentally, I am not quite sure where we will come out. There is a great risk that if the injustice to the Chagos people continues for any great length of time, we will be accused of riding roughshod in the way that has been suggested. I am being very candid with the hon. Gentleman, but I think that it is right to do so.

Mike Gapes (in the Chair): Order. May I gently suggest that we get back to China?

Mark Field: Well, there was an issue relating to China there—the fundamental issue of standing up for the rules-based international order. We will need to work closely on it with partners and recognise that China will not respect that order, although it respects order in its own right, and that it will want us to adapt and evolve those rules for a 21st century in which it will be an even bigger player.

I do not think I have any more questions, but more questions will arise from a full analysis of the Committee's excellent report, to which we look forward to providing a full written response in due course.

Tom Tugendhat: The Minister's response, both on the Chagos islands and on other areas, shows why he is highly respected in his brief and why he is such an important part of our diplomatic effort around the world. I am extremely grateful for his contribution. I am particularly grateful that he brought up the comparison between democracy and autocracy with respect to the question of privacy and openness. He is right, because democracies fundamentally require privacy to survive and autocracies fundamentally compel openness. That is a challenge that we are seeing around the world.

It remains for me to thank you, Mr Gapes, because your contribution was invaluable throughout; the hon. Member for Dudley North (Ian Austin), who was also a

fantastic member of the Committee; and our Committee staff, who have been instrumental. Sadly, our specialist Matthew Harries was with us all too briefly and has now taken up a different opportunity elsewhere, but he was absolutely first rate; he could not have been better or more diligent in his preparation and his efforts. Our Clerk Hannah Bryce has been exemplary in keeping our rather disorderly Committee together on our trips—she is extremely impressive. I thank them both, along with our other Clerk, who I am glad to see in a new place, from my perspective—sitting next to you, Mr Gapes.

IR35 Tax Reforms

2.22 pm

Ged Killen (Rutherglen and Hamilton West) (Lab/Co-op):
I beg to move,

That this House has considered IR35 tax reforms.

It is a pleasure to serve under your chairship, Mr Gapes. We are now a year out from the Government's extension of the IR35 rules to the private sector, and we are halfway through the Treasury's further technical consultation, which is due to conclude on 28 May. Although the IR35 reforms are a complicated issue, I hope that this debate will provide an opportunity for us to add something to the process, raise the concerns of constituents who will be affected by the changes, and flag up to the Minister our anxieties about the IR35 roll-out into the private sector.

The rules have been a long time in the making. It was in the late 1990s that concerns began to creep across Whitehall that private service companies were becoming a widely utilised tool to disguise worker status, allowing some workers to perform the role of an employee while they and the employer reaped the tax benefits of a business-to-business relationship. We all want to tackle non-compliance and tax avoidance and close any loophole that allows an employee to leave their employment on a Friday and return to the same role in the same office on the Monday as a contractor or consultant through a PSC, paying less tax. The question, however, is how it is being tackled and what impact it will have on legitimate small businesses and the clients who engage them.

The last Labour Government introduced provisions to allow the tax authorities to take a closer look at contractual relationships to identify where an intermediary, such as a PSC, may be being used to avoid tax contributions and associated workers' rights. That legislation, known as IR35, was introduced in 2000 following the March 1999 Budget statement. It was a controversial measure at the time, and calls to scrap it came from different parties. However, although the initial implementation created problems that still bedevil the modern IR35 rules, the legislation took important steps to avoid a contraction of the tax base as self-employment increased across the UK labour market and to ensure that where individuals acted as employees, they were treated as such.

In many ways, the objectives of the original IR35 rules were significantly ahead of their time. The growth of self-employment in the UK economy has produced several structural problems, with employment status and the gig economy leading to situations in which employers can privatise the reward of lower-cost labour through tax avoidance, but socialise the risk that comes from cutting corners, with the costs borne inevitably by the public purse.

The Select Committee on Scottish Affairs, on which I sit, has looked closely at the impact that unclear worker status can have on the wider economy. Our inquiry considered the findings of the Taylor review and supported its conclusion that there is an "overwhelming case" to tackle the lack of clarity around employment status. We also supported its recommendation that the Government should produce

"a clearer outline of the tests for employment status, setting out the key principles in primary legislation".

[Ged Killen]

Perhaps at the moment the Government lack the necessary bandwidth and political capital to follow through fully on the review's recommendations, but that is ultimately where we must end up.

One of the major issues with the IR35 changes is the great difficulty in assessing whether an individual should be caught by the rules. Her Majesty's Revenue and Customs' guidance and tools are far from 100% effective, and there is a lot of complex case law. I would therefore be grateful if the Minister said what progress the Government have made on the issue and on the Taylor review's recommendations.

It is impossible to look at the myriad changes that the labour market is likely to go through in the coming decades and not conclude that legal clarifications will need a serious rethink, particularly to secure the integrity of the tax base that will be all too important in an ageing society. In many ways, the IR35 rules are a stopgap in the journey towards a statute book that supports 21st-century employment practices and the realities of modern workers' lives. I have no doubt that the objective of the reforms is correct, but their implementation threatens to scupper any associated benefits.

The roll-out of the IR35 rules in the public sector has raised several concerns that need to be ironed out. Independent research has highlighted problems in implementing the reforms, including initial unfamiliarity with the legislation and guidance, which has resulted in compliance problems. Many public authorities were found to be overly cautious or to have judged more contractors to fall within the rules than they should have.

The incentive, of course, is on the fee payer to take a cautious approach rather than leave themselves potentially vulnerable to future tax liabilities. If there are agencies in the contractual chain, it is the agency immediately above the PSC in the chain that becomes the fee payer and is therefore responsible for the liability of an incorrect status decision, so an agency is unlikely to dispute a decision that brings the contractor within IR35 even when it should not be. I know that the Government are exploring options for the consequences for businesses that fail to use reasonable care in making a decision. Will the Minister update us on progress in that area?

Concerns have also been raised about the reforms' impact on the ability of public authorities to recruit contractors in sufficient numbers and with the required range of skills, as a result of which the rates for off-payroll workers have increased in some areas. Some contractors have been put off working in the public sector at all.

Many of those problems in the public sector have been solved, or at least mitigated, but the private sector presents a very different problem, with significantly greater variation, potentially weaker channels of communication and less room for manoeuvre when things go wrong. That has led a number of membership organisations, including the CBI, to call on the Government to extend the trial period in the public sector and offer extra resources to support the initial roll-out when the private sector is eventually included. The CBI was so concerned that it even went as far as to ask the Government to eliminate the prospect of an early roll-out in 2019.

We are in a state of great uncertainty about our future relationship with the European Union and its likely impact on businesses, the economy and private

sector recruitment. I wonder whether the Government will consider delaying the roll-out beyond 2020 if it is deemed necessary. I have received representations from constituents who operate as contractors and have enormous reservations about the extension of these rules, and I am sure other hon. Members have received such representations.

One constituent who came to my surgery set out his concerns about the complexity of the system. He has deep reservations about whether it could be implemented successfully and about the costs when things go wrong. He says:

"I have no idea how clients will assess my work when the responsibility transfers to them, and neither do they".

He believes there will be widespread non-compliance as clients struggle to make assessments and default to playing it safe. He works in IT, and also has deep fears about where ultimate liability will rest. I know the idea is that the fee payer is responsible, but contractors are looking at recent HMRC decisions about various schemes that were deemed legal when they were set up, which are now leaving individuals with massive retrospective tax bills. There is a worry that poor application of the rules now could end up meaning that individuals face bankruptcy later down the line if they are chased for payment.

My constituent sums up his concerns by wondering if there will be any point in continuing as a contractor at all. Among the reasons, he cites potential problems for processing expenses. In the public sector, we have heard about the removal of the 5% allowable deduction from the income of personal service companies for general expenses incurred in running the business. If all engagements are treated as caught by IR35, all the income accounted for is either tax, national insurance contributions or net pay, so there is nothing to set running costs against.

My constituent also says that the situation could lead to him setting up an umbrella company, which would increase costs. He is seriously concerned about that, as he is about the potential for disproportionate costs to be passed on to the contractor by clients. He says:

"Ultimately, if the benefits are removed from me and I am actually paying more tax than a regular employee, with none of the rights, then I have a difficult choice to make. What will my clients do if they cannot source flexible skills in the contract market due to many others doing the same as me? They have two choices: one is to hire an employee, which defeats the 'flexibility' argument. If they cannot hire an employee just for the duration of a project, they will most likely go to a large organisation, such as IBM or Capita who will charge them 2-3 times the contractor day rate."

My constituent makes the important point that those large companies are much more likely to have sophisticated tax and legal expertise at their disposal than small businesses such as his.

What my constituent says about being treated as an employee for tax purposes while not enjoying the same employment rights is crucial. I know that the Government are aware of that point, and I would be grateful if the Minister would update us on their current thinking. I am sure that the Minister will recognise many of the concerns that my constituent has highlighted, as they reflect much of what has been raised by private sector interest groups and in Government consultations.

As I said before, the aims of the IR35 rules are right, but the prospect of their implementation has fostered a very bleak view indeed. The substance of this implementation

must therefore be better, as the rules will be wholly self-defeating if, by their very nature and complexity, they force contractors out of the market or encourage more sophisticated forms of tax avoidance. I am sure all of us here would agree that the aim is to allow flexibility where needed, while ensuring that revenue and rights are not lost where a contractor effectively becomes an employee.

I have asked the Minister for quite a lot of things. When he is summing up, I hope he can provide a further update on the use of the IR35 rules in the public sector, particularly around compliance with the rules, uptake and concerns that companies are exiting the public sector market because of those rules. I hope he will summarise the key lessons the Government have learned from the public sector roll-out and how they are being adjusted to suit the different nature of the private sector. Will he clarify whether the Government have any ambitions or plans to further roll out the IR35 rules to small businesses in the private sector? Will he also give an update on how the IR35 rules sit in the Government's wider consideration of the recommendations of the Taylor review?

2.34 pm

Ruth Cadbury (Brentford and Isleworth) (Lab): It is a pleasure to serve under your chairmanship, Mr Gapes. As hon. Members may know, I am vice-chair of the all-party parliamentary loan charge group. I was approached by an agency that employs doctors, nurses and healthcare assistants purely for the NHS, because there is an interconnection with the loan charge—the unintended consequences of IR35's creation are why we have the whole problem with the loan charge.

Loan schemes were set up as a way of enabling people who are self-employed and freelancers not to be disbenefited and not to have to pay more tax than if they had gone through pay-as-you-earn. For many people, it was intended to remove the administrative burden of setting up their own companies. As the debate going on now in the main Chamber will show, many hon. Members from both sides of the House have lots of examples of the many distressing consequences of the way the loan charge has been handled by HMRC, particularly in the last three or four years.

I want to relay the concerns of the managing director, owner and founder of what was a significant recruiter of NHS workers, whose business has declined by more than 60% in recent years. The particular issue he has concerns about—I hope I can express it clearly, and I apologise if I do not get this entirely right—is the confusion in the NHS about whether freelance workers are PAYE or not. There is mixed communication, which is causing him difficulty in his business, but it is also causing difficulties for the workers concerned. These are low-paid, or medium-paid, people—some earn less than £30,000, and most less than £50,000 per annum.

Because of the inflexibility of NHS employment, those people choose to work on a freelance basis, day by day. London-based people could be sent to Southampton one day, Bath the next day and maybe somewhere in London the day after. They incur travel expenses. For long days, they incur costs that they would normally be able to claim against the company. However, if they are PAYE, they cannot claim those costs. They therefore make themselves unavailable to the NHS.

I also learned that this situation is one of the major causes—in addition to Brexit—of chronic shortages of clinicians, medical staff, nurses and nursing assistants in the NHS. For people who need to work flexibly, the work is just not worthwhile when they are being forced to go through PAYE. They are therefore working in the private health sector, where there is more flexibility and the restrictions do not apply, they are leaving the country, or they are leaving health and working in another, more flexible, sector, where they are better off.

I have been told that 99% of the firm's agency workers are being unlawfully blanket-assessed in IR35 and forced into unlawful employment, without a fair assessment—approved NHS framework operators are enforcing the blanket assessment. NHS Improvement has stated that a fair and individual IR35 assessment must be carried out, but that is not happening; blanket assessments are not compliant with the legislation.

Under the new rules, the fee payer, which is the agency or third party paying the worker's personal service company, is not allowed to carry out an IR35 status assessment to determine the proper IR35 status of the worker—I apologise for reading this out, but I will get it wrong if I do not. The fee payer is the closest party in the contractual chain to the worker's personal service company. This is despite HMRC guidance that states that, where a public authority, agency or third party makes a payment to a worker's intermediary on or after 6 April 2017, it decides if the rules apply and then deducts tax and primary NICs from the payment it makes and pays the employer's NICs, and that is included in calculating the apprenticeship levy.

The HMRC check employment status for tax tool that is used to assess workers assumes mutuality of obligation, which is one of the main tests that has to be assessed in all engagements via IR35 determination. As a result of the assumption, the CEST tool is flawed. The importance of mutuality of obligation is demonstrated by the recent tribunal case of *Dr R Narayan v. Community Based Care Health Ltd*—I can make the details available. In the supply of people to NHS trusts, there appears to be no mutuality of obligation. The worker can cancel a shift at any time and will not be paid, which is key to that case. The NHS trust can cancel a shift at any time, and the worker will not be paid, as confirmed in the contracts of the agency I mentioned. However, 99% of the agency workers are blanket-assessed inside IR35 and forced into unlawful employment.

It appears that HMRC does not understand the IR35 rules. Apparently, it recently lost a tax case against Lorraine Kelly. If HMRC has lost approximately 50% of IR35 tax cases that it has brought against contractors, how can it implement an online tool to get a correct IR35 result? HMRC gets that right only 50% of the time when it goes to court, which has to be worrying.

I am very concerned about what I have heard from this agency, which is trying to do the right thing. Incidentally, it warns all its staff about the loan charge. It is an umbrella company but does not use the loan charge. I am absolutely convinced that the company is trying to do the right thing, but it is really concerned about the impact that the confusion between HMRC and the NHS is having on the ability to supply appropriately qualified staff to the NHS, as and when needed.

2.42 pm

Susan Elan Jones (Clwyd South) (Lab): It is a pleasure to serve under your chairmanship, Mr Gapes, and to follow my hon. Friends the Members for Rutherglen and Hamilton West (Ged Killen) and for Brentford and Isleworth (Ruth Cadbury).

From discussing the issue with constituents, trying to read up on it and coming here today, the thing that really strikes me is how complicated it is. It is clearly complicated for most of us, as well as for the people who have to deal with it on a day-to-day basis. Obviously, nobody likes tax loopholes. My hon. Friend the Member for Rutherglen and Hamilton West gave an example of one that is clearly unethical and wrong. What made me realise more about all this is that a lot of the people who are affected by this want flexible working relationships. They have to respond to peaks and troughs in their businesses, and we need a system that works for them.

My hon. Friend the Member for Rutherglen and Hamilton West brought up concerns about the implementation of IR35 legislation in the public sector, and raised the CBI's concerns about its implementation in the private sector. He also mentioned the clarification that can be provided by the recommendations of the Taylor review. We would all welcome clarification on this issue. I do not know whether I speak for other hon. Members, but the more I tried to read about it, the more complicated it became.

I want to raise a couple of issues from my constituency, which have been raised by people who have to deal with the system and who have very real concerns. Let me refer to the case of Kaye Edwards from Acrefair. Kaye is a freelancer and runs a consultancy business in Liverpool that has secured assignments for many other freelancers during the last 10 years. She has serious concerns about the off-payroll IR35 tax legislation in the public sector, and believes it would dramatically damage the UK if it were extended to the private sector. She believes her personal assignments and her company will be severely impacted by the proposed legislation. She states that her company is small and struggled through the credit crunch. She is of the opinion that companies like hers helped to bolster the economy during that period and are now battling uncertainty, which is not helped by the issues surrounding Brexit.

Kaye believes that the administration and lack of clarity on off-payroll legislation will make it either very difficult or untenable to continue her business. She believes that there are real concerns about the responses from HMRC and the Treasury. I am drawn to think of what my hon. Friend the Member for Rutherglen and Hamilton West said about HMRC and its lack of success rate in the cases that have brought against it.

Kaye Edwards claims that there have been many recent surveys on what would happen if IR35 were applied to the private sector. She thinks the widespread theme is that UK businesses will be subject to major disruption on all fronts. Increasing costs, shrinking talent pools, reduced flexibility, and legal challenges to status assessments are among the hurdles that firms are expected to have to navigate. She is fearful that the costs of doing business will rise, and claims that any current and future projects that are already planned for, costed, in progress and/or are funded by investment will be affected.

She is especially fearful of how this will affect people working in IT, and feels that it could make some projects on low margins unprofitable, leading to cancellations and job losses. She is someone who has to deal with the situation on a day-to-day basis.

I have heard from another constituent on this issue. He runs a small company that is trying to develop its supply chain. Owing to the nature of the business, my constituent engages only in contract work, which involves travelling across the country. As such, he claims expenses for travel, accommodation, food and so forth. HMRC allows contractors working in the private sector to claim back 5% of the income that is generated through a contract to offset the admin costs of running a business. However, my constituent says other expenses will not be claimable. He argues that recent changes to travel and subsistence allowance mean that the contractors working under the rules of IR35 will not be able to claim on everyday expenses, such as travel, hotels, meals and so on. He believes that HMRC will reclassify those earnings as liable to tax and national insurance contributions if they do not meet its test. My constituent claims that this is notoriously difficult to do; in many cases, contractors' expenses will not meet the test, causing a significant loss of income.

I apologise for reading that word-for-word; with the complexities involved, I am rather fearful of not doing so. Can the Minister clarify some of those concerns? My constituents are committed to the business work that they do, and these sorts of workers are very important in my local area. However, they are clearly worried about the proposed changes. I hope the Minister reassures us in some way and deals with the situation—it is causing great concern to my constituents who are likely to be affected by it.

2.49 pm

Mr Paul Sweeney (Glasgow North East) (Lab/Co-op): It is a pleasure to serve under your chairmanship, Mr Gapes. I commend my hon. Friend the Member for Rutherglen and Hamilton West (Ged Killen) for securing the debate and pulling together the necessary support from the Backbench Business Committee. This debate is a good example of the constituency MP in action and effectively representing constituents—the sentiments expressed so far by my hon. Friends indicate that.

I had never heard of IR35 until a constituent came to see me about it and asked me, "What do you know about IR35?" I had to confess: "Nothing. I have never heard of it." I was in for a quick education, however, as he iterated his deep concerns about the changes. I must confess, having never before seen, heard of or understood IR35, I share his alarm. It is only right that the Minister recognises the deep and genuine concern about the issue, which is shared not only by constituents, but by hon. Members who have been made aware of it.

My hon. Friend encapsulated that concern—the changes to IR35 are akin to using a sledgehammer to crack a nut. I am heartened to see Labour MPs standing up for freelance workers and raising concerns about the policies that the Conservative Government have proposed, which could damage entrepreneurship, workers' rights and private sector businesses. That is quite curious, as the narrative is usually the other way around.

I am aware that the original IR35 legislation was introduced by the previous Government some time before I entered the House, but I refer hon. Members to what the current Chancellor said in November 2001, at the time of its introduction:

“One reason why the Government’s IR35 initiative has been so damaging and destructive is the fact that it has hit at the most flexible part of the economy.”—[*Official Report*, 6 November 2001; Vol. 374, c. 16WH.]

It would be interesting to see if the Minister can explain how the reforms are no longer as damaging and destructive as his boss previously thought.

In February, I submitted a written question to the Financial Secretary to the Treasury. In his answer, he said:

“The reform does not change the amount of tax payable by the firm engaging the worker.”

I am afraid that that is factually incorrect. Before the reform, the firm that engaged the worker did not expect to pay employer national insurance contributions. The person of significant control did that, and deducted it from the amount received from the engager. After the reform, the engager will pay employer national insurance contributions on top of the amount paid to the person of significant control.

The figures produced by the Office for Budget Responsibility have the highest uncertainty rating possible, with no data available on the behavioural effects. My hon. Friend the Member for Rutherglen and Hamilton West indicated that the potential effects could be devastating for firms, which may have to contend with cumbersome administration burdens and face considerably increased costs both to retain and to hire contingent workers, particularly those that require overnight stays to complete the work. As extra costs to business are inevitable, firms clearly need more notice so that they can plan accordingly. They face hard choices to decide whether to increase costs or cancel or delay existing projects.

Of course, some firms will no doubt be in a position to pass any extra costs on to the contingent workers whom they hire by reducing the amount that they pay. Sadly, those in weaker bargaining positions and with lower earnings will be most affected. Those given a Hobson’s choice will end up classed as employees for tax only, but will not have any of the associated employment rights. That seems entirely contrary to the Government’s good work plan.

There are clear concerns about the complexity of employment status assessments, which HMRC’s check employment status for tax tool, or CEST tool, has been unable to overcome. It is worrying that HMRC promotes the use of a tool that gives incorrect results, as evidenced by the Lorraine Kelly case, which has been mentioned. Given that HMRC loses the vast majority of IR35 cases in court, how can it adequately educate and prepare the entire private sector to accurately assess the status of the contingent workforce? Should a teacher who consistently fails their own exams be the one chosen to teach the lessons? We must reflect on the complexity and incompetence that pervade the system.

Putting the financial implications to one side, the logistical challenges for the private sector are enormous. An estimated 600,000 self-employed freelancers work in the UK, and they and their firms will be affected by the reforms. Every single engagement needs to have a status

assessment completed, and I am told that each assessment takes approximately one and a half hours, so over 1,000 status experts would be required to complete the next six months. There are simply not that many available, and even if there were, the level of inconsistency across them would create more uncertainty.

Firms that think they have correctly assessed genuinely self-employed people will themselves have no certainty, because HMRC can challenge the situation at a later date and go back six years if it considers that the firm has been careless. Every firm will have to prepare for the reforms within 12 months, but where are the warnings and support from HMRC and the Treasury?

In the light of the very subjective nature of the tests, HMRC will always be able to take an angle, which could mean that a firm will have to battle for many years to defend itself, at considerable cost to its business. The level of possible tax risk and penalties for firms could be crippling. Cambridge University estimated a tax risk equal to 56% of the original cost of hiring the self-employed worker. That risk will accumulate every year for each worker hired, and put an uncertain risk on the balance sheet of every UK business that is engaged in the practice.

That kind of risk will need to be evaluated during any potential company sale, which could reduce the attractiveness, value and shareholder value of the firm. Will firms still consider the UK as a base for operations when that kind of uncertain financial environment is the newly laid foundation of the British economy? If a growing company needs to hire contingent workers, will it choose the UK as its base?

The new proposals also introduce a new tax. It is based on a subjective assessment by the client, which could be wrong, yet there is no route to appeal. HMRC has suggested that firms should manage the appeal process themselves, but asking the perpetrator to judge their own situation is hardly a valid appeal and does not enable a taxpayer to seek natural justice through the courts. The new proposals effectively bestow on firms powers to make tax judgments that affect someone else’s wellbeing without there being any proper way to appeal. If HMRC cannot get the assessment decisions right, is it fair to put them into the hands of firms that have a vested interest—to avoid tax risk—in wrongly claiming that the worker is caught by the legislation? That will clearly require some sort of independent arbitration service, but the assessments need to be completed before the work begins. How is that possible when the service would need to deal with around 600,000 assessments a year?

I sympathise with the Treasury’s challenge. It is concerned about the projected decrease in employer’s national insurance contributions, as the modern workforce changes and more people move to flexible self-employment. The Treasury wants to take the same sized slice of tax from everyone who provides labour, irrespective of their employment status. Unfortunately, the tax system has not kept up with the modern way of working, and employer’s national insurance is now seen as an unnecessary cost by firms that can much more easily obtain the services that they need from the contingent workforce, particularly with platform-based or gig-based working.

The employer’s national insurance of 13.8% is, in all but name, a payroll tax, which firms that hire contractors do not have to pay. It is the £60-billion elephant in the room. Contractors, because of various changes over

[Mr Paul Sweeney]

the years, pay largely proportional taxes to those on a salary, and any historical tax advantages are small compared to the chunk of employer's national insurance that firms do not have to pay when they hire the self-employed. If the tax differential was closed, none of us would be standing here today and there would be no such thing as "deemed employees" or IR35.

If the Government are concerned about falling revenues because of the self-employed, they should ditch the introduction of a new complex tax that is based on the already failed IR35, and instead just introduce a new off-payroll tax that applies to all firms that hire freelancers who are off-payroll. A small but simple tax would be far preferable to the large and uncertain one. To re-class those people as "deemed employees", without giving them employment rights, is not the answer and never has been. The concept is ideologically flawed and will damage the flexibility of the British economy as the UK attempts to find its feet in these particularly uncertain times for the economy and its prospects for growth.

I shall close by asking the Minister some direct questions. If, as HMRC has claimed, a third of workers are probably "deemed employees", how come HMRC keeps losing IR35 cases in court? In the light of the inaccuracy of HMRC's CEST tool, and the lack of evidence about testing and accuracy, can the Minister assure us that the tool will undergo formal independent scrutiny to ascertain its worthiness, before any future enhancements are released to the wider sector? What studies has the Treasury conducted to consider the impact of the reforms on the self-employed?

2.58 pm

Drew Hendry (Inverness, Nairn, Badenoch and Strathspey) (SNP): It is a pleasure to serve under your chairmanship, Mr Gapes, even though it looks as though that will be brief. I congratulate the hon. Member for Rutherglen and Hamilton West (Ged Killen) on securing the debate. Those of us in the Chamber today share common ground on the problems of IR35. The hon. Gentleman said that we all wanted to see what was due to be collected in taxes being collected to pay for the services from which we all benefit. That is an important point to bear in mind, and we share that view, but that is not to take away from the difficulties that have been presented in the Chamber so eloquently today.

The hon. Gentleman referred to the Taylor review and the need to get the recommendations in play with some speed, and to the conflict between agencies and contractors. He also made a good point, on which we need to reflect, about our future relationship with the EU—the crisis that we currently face over EU membership. That should be food for thought for Ministers in relation to a possible delay to the further roll-out of IR35. The hon. Gentleman talked about his constituent and mentioned that large companies often have sophisticated tax systems and resources that are not available to those who are often affected.

[SIR DAVID AMESS *in the Chair*]

The hon. Member for Brentford and Isleworth (Ruth Cadbury) talked about the unintended consequences of IR35, moving on to the loan charge, which I will touch on in a few moments, and in particular the confusion in

the NHS and other public bodies. She mentioned those working flexibly with the NHS to meet its needs. Another point that I agreed with was that the effect of rolling IR35 into Brexit is to increase the unattractiveness of going into such jobs and accelerate chronic staff shortages by trying to force into the PAYE system people who do not want to be in it.

The hon. Member for Clwyd South (Susan Elan Jones) also talked about public sector damage, but she reflected on it in terms of IR35 being applied to the private sector. She expressed concerns that this was the wrong time, given Brexit as well as IR35. She quoted her constituents' worries about additional costs, shrinking talent pools, legal challenges, investment losses and the expenses incurred. She mentioned the impact on IT businesses specifically, which is to make some unviable or unable to operate at all.

The hon. Member for Glasgow North East (Mr Sweeney) talked about how, when IR35 was introduced, the issues around it became relevant and very present, showing up as a genuine concern for many people. He highlighted the real extra costs to businesses and, as was said earlier, the number of IR35 court cases lost by HMRC. The Government must reflect on that when they look at this. The hon. Gentleman also rightly talked about the lack of advice, warning or assistance from HMRC, moving on to the risk of the penalties incurred and of further extension of IR35 making it even less attractive to do business throughout the UK, especially in current circumstances.

The SNP has expressed concerns about the extension of IR35 since it was proposed in 2017. The UK Government must pay close attention to their own technical review and rule out extending IR35 rules until contractors' concerns have been addressed. HMRC has been described as using a hammer to crack a nut, but this UK Government have had to be dragged kicking and screaming into tackling major, systematic tax avoidance and evasion. The extension was proposed through the Finance Act 2017, and since then the SNP concern has been about the key effect on contractors supplying public sector bodies. It is only right for such contractors to pay their fair share of tax, but they have been left with an unfairly high level of bureaucracy, making it even more difficult for them to play their flexible role within the economy, as those in the sector have confirmed. Experts have expressed concerns that IR35 does not even achieve its stated aim of equalising tax between those in its scope and employees.

IR35 has also made things more difficult for public sector organisations in rural communities, something I know a lot about, being a highland MP. In rural areas, we often rely on contractors to fill vacancies and to employ key staff—teachers, doctors, nurses and such key people in our communities—so we have great concerns about the further impact on contractors if IR35 is extended for the private sector in April 2020, as proposed.

We have expressed such concerns repeatedly. Indeed, my hon. Friend the Member for Aberdeen North (Kirsty Blackman) first warned the Chancellor about the risks of the expansion of IR35 during the April 2017 finance debate. The UK Government failed to listen then and, when we raised it again, later in 2017 and in 2018. Here we are in 2019, once again asking the Minister to listen. Will this be the day when ears are unblocked? I hope so. Will this be the day when the message gets through? Let us hope that as well. The UK Government should use

the 2019 Budget and Finance Bill to address IR35's negative impact on contracted staff and our public services.

Earlier today, in the main Chamber, the loan charge was being debated. That is distinct from IR35, but some tax advisers have reportedly informed clients that IR35 required them to utilise tax vehicles now being tackled by the loan charge. For tax professionals to advise clients to use such loopholes is plainly wrong. People should of course pay their fair share of tax to support public services, but the UK Government must now pursue organisations that facilitated such loans. For those caught up in loan charge issues, there is great concern that HMRC has failed to work constructively with those seeking a loan charge repayment.

Ruth Cadbury: I thank the hon. Gentleman for giving way, and my hon. Friend the Member for Rutherglen and Hamilton West (Ged Killen) for securing the debate—I am sorry, I should have done that earlier. I was in the loan charge debate, which has been suspended because rain is penetrating the main Chamber, so I came over to this debate. I want to add something now that I said in the other debate. Until the past three or four years, many of the early adopters of the loan charge were doing so with the strong advice of chartered accountants. In my earlier speech, I included at least two pieces of evidence to show that there was no uncertainty about the loan charge—it was legitimate. One was a memo written by an HMRC staff member in 2006 about loan arrangements being legitimate, fine and approved; the other was the Rangers case.

Sir David Amess (in the Chair): Order. I am not sure whether the hon. Lady is making an intervention or a separate speech.

Ruth Cadbury: I hope that the hon. Member for Inverness, Nairn, Badenoch and Strathspey (Drew Hendry) will have a look at some of the contributions made during the other debate. Having done so, he will be able to agree with me that there is a lot of confusion and that people were not behaving illegally.

Drew Hendry: I thank the hon. Lady for that intervention, which allows me to agree with her—I too attended the early part of the main Chamber debate before coming here—and to say what a pleasure it is to serve under your chairmanship as well, Sir David. It is a particular problem that the companies that gave such advice are not being pursued, and the Minister must do something. As a final comment on the hon. Lady's intervention, given the state of politics in this place, it is hardly surprising that the roof has fallen in on Westminster.

Among those caught up in the loan charge issues, there is great and heartfelt concern that HMRC has failed. It has failed to work constructively with those seeking a loan charge repayment plan to pay the taxes demanded. Often, that is bundled up with fines and additional costs. It cannot be right that people are pushed into desperation, or face the threat of losing their family home or of bankruptcy when a more thoughtful, flexible and fair approach should and must be taken. My hon. Friend the Member for Aberdeen North tabled early-day motion 2241, and I encourage Members to sign it. We hope that the UK Government and the Minister will force HMRC to change tack and work constructively

with those seeking reasonable treatment of people due to pay fair tax payments for unpaid amounts and to remove the threat of bankruptcy and homelessness.

In conclusion, IR35 is not in a state to be further expanded at the moment. That has been clear throughout, in the comments by Members in this debate and from what we have heard about those who have experienced the effects, such as contractors and the people trying to deal with IR35 in our public services. It cannot be right for the Government to steam ahead without taking that into consideration.

3.9 pm

Anneliese Dodds (Oxford East) (Lab/Co-op): It is a pleasure to serve under your chairmanship, Sir David. I congratulate my hon. Friend the Member for Rutherglen and Hamilton West (Ged Killen) on securing this debate. It is also a pleasure to sit opposite the Minister. I had withdrawal symptoms after the end of the no-deal statutory instruments. I am afraid this subject has a similar level of complexity as the subjects we discussed in relation to no-deal preparations.

As many hon. Friends and Members have mentioned, IR35 arrangements are designed to operate in relation to workers involved in so-called off-payroll working. They cover situations where people work for a client through their own intermediary, often a personal service company. We have heard many examples in the debate. If people were providing their services directly, they would be classified as an employee. However, as a result of the arrangements, IR35 workers pay income tax and national insurance contributions in a different way to an employee. Individuals who work in such a manner benefit from increased flexibility and reduced tax liability, but the IR35 rules are intended to ensure that they pay broadly the same tax and national insurance contributions as an employee.

As we have discussed, the rules have applied to public sector bodies since 2017, and the Government confirmed at the 2018 Budget that they would extend the change to the private sector. The Government have just launched a technical consultation about the new arrangements.

Self-employment and contractual arrangements are a vital part of the UK economy. People who are genuinely self-employed deserve to be properly supported, while also ensuring that everyone pays the right amount of tax. However, there are real concerns that workers are being forced into self-employment by unscrupulous employers to avoid costs and their duties to workers. Both the law and the Exchequer are struggling to keep up on this issue—a point that has been made by various speakers today. HMRC estimates that it loses about £3 billion a year because of self-employment in name only.

There is a problem, but at the root of it is the gap between how work is characterised for tax purposes and how it is characterised for the purposes of employment legislation. The Taylor review was meant to clarify at least the latter, as was mentioned by my hon. Friend the Member for Clwyd South (Susan Elan Jones) in a speech that was characteristic of all the speeches today when she spelled out the experiences of her constituents, and appropriately so. The Taylor review had many flaws. I will not go into all of them now, but it suggested that, for example, sick pay could be traded for a weakening of minimum wage rules—certainly not something that I

[Anneliese Dodds]

would support—and that came at the same time as the courts were recognising that many alleged self-employed workers were anything but.

However, the review did offer a number of recommendations that the Government have sadly been extremely slow to consider. The lack of clarity over the implementation of Taylor where it is warranted is leading to a huge number of problems, including the ones we have talked about, for genuinely self-employed contractors and for what we might call bogusly self-employed contractors, as well as for their employers, as they adapt to coverage by IR35, knowing that even the IR35 rules may be subject to change because of future alterations to employment law in the wake of the Taylor review.

It looks as though we will not see an immediate change, so HMRC is engaging in a process of what I call bricolage to try to bridge the gap, and the consequences are complicated and very confusing. The confusion was described appropriately by my hon. Friend the Member for Brentford and Isleworth (Ruth Cadbury), who talked about a constituency case. She was kind enough to share the details of the case with me before the debate. She was absolutely right to raise the concerns of her constituent.

Ruth Cadbury: May I clarify that it was not a constituency case? The case was raised with me as a result of the work that I did on the loan charge.

Anneliese Dodds: I am grateful for that clarification. Regardless of where the individual was based in the country, the case was revelatory. In theory, with a levelling of the playing field upwards when the private sector is covered by IR35, some of the concerns about the leakage of highly skilled contractor staff from the public sector could be removed by the extension. However, the other problems that hon. Friends and Members have rightly referred to are still there, not least the problems that arise for small, often one-man or one-woman-band contractor companies that are trying to provide specialist skills on this basis, who may well end up being disadvantaged in relation to much larger providers of those specialist services. Surely we do not want that; surely we want to continue to have the innovation that exists in the complex ecology of different firms and freelancers offering such services.

We really need a joined-up approach to the issues that brings together the consideration of tax and employment law and levels up protections for the self-employed, as well as dealing with the current implications of the tax system that boost bogus self-employment. In the absence of that, we have the issues that we have been talking about today, and employers themselves are trying to find a third way through all of this, as we have seen with the GMB-Hermes deal recently, where a new employment classification has been created in the absence of any other way to improve the situation.

We do not have a coherent approach. It is unfortunate that, as Members have mentioned, the lessons have not been learned from the roll-out of IR35 to the public sector before it is rolled out to the private sector. I will not go through all of them now, as they were appropriately described by my hon. Friends, but one that I want to underline again is the concern about the finance and time that has to be spent by the self-employed who face uncertainty because of the new rules.

The kind of experience that individuals have had with the HMRC online tool, which has already been explained, is a common one. The tool is not based on all of the case law, and the case law itself is not very clear in how it directs us to determining the status of many different contractors, so it does not resolve the situation for many users. It puts an additional strain on contractors, including many individuals who, as has been mentioned, might be on quite low incomes and cannot absorb additional costs. The Government need to look at the issue at a legislative level, rather than the onus being on HMRC to try to deal with it in a technical and procedural manner. It simply cannot. A different approach needs to be taken. As we established in our previous general election manifesto, the burden of proof should be with the employer, so that the law assumes a worker is an employee unless the employer can prove otherwise. We need to be clear on that.

Concerns about the appeals process have been mentioned. I will not go into them in detail, but I will underline the questions asked by hon. Members. How can we be sure that the process will be fair when it is led by those who employ contractors effectively marking their own homework, in the memorable words of one hon. Friend?

The Institute of Chartered Accountants has stated that tax and benefit differentials between different types of work need to be addressed. There needs to be further consultation on what, if any, tax incentives are offered to the self-employed. That is one view from industry and it coincides with what was outlined in the Taylor report:

“Over the long term, in the interests of innovation, fair competition and sound public finances we need to make the taxation of labour more consistent across employment forms while at the same time improving the rights and entitlements of self-employed people.”

That brings me back to the fundamental issue that I will close with, Sir David.

It is a fact that the tax and legal status of work is not aligned, not certain and not comprehensible. It is impossible for many of those caught up in it to understand the right way forward. My party has said that we need a proper commission to look at it in detail, to modernise the law around employment status and to look at how it interrelates with tax status. We have presented a 20-point plan for security and equality at work. We need to build on that through a consultation that includes the voices of the people affected. We have heard so many of them in the short time that we have had today.

Mr Sweeney: My hon. Friend is making important points about the flaws in current thinking. With the consultation on expansion due to start in the next month or so, there is an urgent risk. Does she think we need to pause and reassess the roll-out before we blunder into it and cause much damage?

Anneliese Dodds: I am very concerned that the consultation is going ahead and that the whole process is continuing, because the consultation does not focus on the problems with the public sector roll-out. I would have anticipated that any consultation to expand the approach would take those issues on board. I hope the Minister will address that in his response, specifically why there has not been the necessary change of direction.

We may need legislative change, as I suggested, because of the lack of clarity, but we should not treat individual contractors as guinea pigs while it all gets sorted out, given the impact it could have on them. I look forward to the Minister's response.

Sir David Amess (in the Chair): Colleagues will have noticed that the House has adjourned because of a water leak. However, that does not affect these proceedings, which can continue until 4.30 pm. I call the Minister.

3.20 pm

The Economic Secretary to the Treasury (John Glen): It is a pleasure to serve under your chairmanship, Sir David, in this very dry Chamber. I acknowledge the six excellent speeches that I have listened to carefully. I hope I will be able to respond to the whole range of concerns that have been raised, and specifically on the way in which IR35 has been implemented, as well as on the implications of the Taylor review.

First, I congratulate the hon. Member for Rutherglen and Hamilton West (Ged Killen) on securing this debate, and I thank everyone who has contributed. The Financial Secretary wanted to be here today—I suppose he could now come over and see how we are getting on—but the debate on disguised remuneration and the loan charge in the main Chamber meant he was unable to attend, so I am here in his place. I am conscious that disguised remuneration and the loan charge were mentioned by the hon. Member for Inverness, Nairn, Badenoch and Strathspey (Drew Hendry), and I will come to that issue shortly.

The Government have a responsibility to ensure that everyone pays their fair share of tax—I am sure that feeling is shared across the House. We want to help people to pay the correct taxes on time by ensuring the system works as it is meant to. Some serious points have been made about the effectiveness of the system, which I will get to.

Jim Shannon (Strangford) (DUP): If the leak in the House had happened yesterday at 5 o'clock, there would have been conspiracy theories, but that is by the way. For small businesses and the self-employed who pay tax, we need a tax system that is simple to follow. Will there be changes in the tax system to make it simple to follow for small and medium businesses and the self-employed?

John Glen: I certainly agree with the hon. Gentleman's instinct that tax simplification is how all Governments should seek to develop tax reforms. I will make some observations about that later.

As we have heard, the Government have set about extending the reform of the rules that govern off-payroll working. Those rules, known as IR35, were introduced in 2000—in fact, in the previous year's Budget—to ensure that people working through their own company, who but for the existence of that company would be taxed as employees, pay broadly the same tax and national insurance as other employees. The rules do not affect the genuinely self-employed, and the Government recognise the massive contribution that contractors make to business and public services across the country. Our aim is simply to ensure that contractors who work through their own company pay the right tax.

However, evidence suggests that the rules have frequently been misapplied, meaning that contractors acting as employees were incorrectly paying less tax than if they had been employed in the usual manner. In April 2017, the Government introduced reforms for public sector organisations that take on contractors through their own companies. The reforms mean that public sector

organisations are now responsible for deciding whether the contractor is acting as an employee and is therefore within the rules, as well as for ensuring that the right amount of tax is paid.

HMRC estimates that the reform has raised an additional £550 million in income tax and national insurance contributions over the first 12 months.

Ged Killen: Does the Minister know—I am not claiming that I do—how much of that £550 million is the result of the public sector incorrectly sweeping up contractors into the IR35 rules?

John Glen: I am not aware of any distribution analysis, but I will check with officials, and if I can give clarification on that, I will do so by letter.

Non-compliance in the private sector remains a persistent and growing problem that, if left unchecked, will cost the taxpayer as much as £1.3 billion by 2023-24, according to the Government's estimates. In last year's Budget, the Government announced that we will extend the reform of off-payroll working rules to all sectors, including the private and voluntary sectors. That will help to address the issue of non-compliance and to ensure there is a level playing field for the public sector and other sectors when hiring contractors.

The Government have listened to the views of individuals and businesses and have decided that the reform will apply only to medium and large organisations. It will not extend to the smallest 1.5 million businesses. In addition, it will take effect from April 2020, to give businesses and other organisations time to prepare. The Government are consulting on the detailed design of the planned reform, and we are listening carefully to the representations made. Our aim is to provide the individuals and organisations concerned with greater certainty about how the off-payroll working rules will operate from April 2020 in all sectors, including about the actions they can take to prepare for the changes.

Hon. Members talked about HMRC's check employment status for tax—CEST—tool and raised some questions about its effectiveness. CEST was developed in consultation with stakeholders, including tax specialists and contractors, to assist individuals and public authorities in making the correct determinations. HMRC will stand by the result of CEST, provided the information entered is accurate and in line with HMRC guidance. It gives an answer in 85% of cases, and where it does not, more detailed guidance and support are available through a telephone number for individuals.

To support organisations in applying the rules, HMRC will continue to review and improve CEST. HMRC has already held user research sessions, and will continue to work with stakeholders over the coming months to ensure that the tool and the wider guidance suit the needs of all sectors, and to address specific points raised during the consultation. Enhancements will be tested and rolled out before the reforms are introduced in 2020. I asked officials for greater clarity on what that is likely to mean, and we are talking about improved guidance, better phraseology and improved language that gives greater certainty to individuals who make inquiries.

The hon. Member for Brentford and Isleworth (Ruth Cadbury) mentioned the issue of blanket decisions in the example she gave. Members have expressed concern that businesses might take a blanket approach to applying the off-payroll working rules to contractors without

[John Glen]

looking at the facts of individual cases. Independent research suggests that has not generally been the case in the public sector, where the reform has been in place since April 2017. I cannot account for every case, but research was done to evaluate the issue because it was a legitimate area of concern. The vast majority of public bodies are making assessments on a case-by-case basis. I have looked into how that research was done—HMRC commissioned an external independent organisation to speak to central Government Departments, the NHS and local government departments to ascertain that.

Having listened to people's concerns, we included proposals in our recently published consultation to help to ensure that processes are put in place for individuals to resolve disputes with their engagers directly and in real time. The proposals would put a legal requirement on engagers to have a status disagreement process in place, and would require them to consider evidence provided by an individual contractor and review their status determinations accordingly. HMRC is committed to working with organisations to ensure they make the correct status determinations, and will publish detailed support and guidance to help organisations prepare well ahead of April 2020.

Ruth Cadbury: I thank the Minister for his response. We look forward to that research. I hope he checks it with bodies such as the NHS and ensures that the different levels and layers of the NHS are looked at. I have been given evidence that different trusts are doing different things and that NHS Improvement and the framework providers in the NHS are providing conflicting advice, which of course causes a problem for agencies and for workers themselves.

John Glen: I am very happy to look into that and to see that that work is forensic enough to give a reliable read-out on actual behaviour.

Members also questioned whether there might be an additional burden on businesses that hire contractors, and raised concerns about introducing the reform at this time of uncertainty. As I mentioned, the reform simply enforces legislation that was introduced in 2000. Fundamentally, I believe it is fair that two people who work in a similar way pay broadly the same tax, and the businesses that hire individuals are best placed to determine whether these rules apply. Medium-sized and large organisations will have until April 2020 to implement the changes, and we will keep the existing rules for the smallest organisations, minimising administrative burdens for the vast majority of businesses and other organisations.

I turn now to employment rights, which the hon. Member for Oxford East (Anneliese Dodds) mentioned. I, too, have missed our exchanges in Delegated Legislation Committees, but it is good to be talking about another topic. Falling within the off-payroll working tax rules does not currently change an individual's status for employment rights, as there is currently no direct link between employment taxes and those rights.

The Matthew Taylor review took place in summer 2017, and the good work plan was published in December 2018. As set out in that plan, the Government agree that reducing the differences between the tax and rights frameworks for employment status to a minimum is the right ambition. We will bring forward detailed proposals this year—I

recognise the need for this to happen quickly—for how those frameworks could be aligned. In the meantime, it is right that the Government take action to improve compliance with existing rules. Those who wish to challenge their employment status for rights can take their case to an employment tribunal, regardless of their tax status.

Members suggested that there is a link between the off-payroll working rules and disguised remuneration schemes. Disguised remuneration arrangements have nothing to do with the off-payroll working rules; individuals are able to comply with those rules without entering into contrived avoidance. Trying to get around rules that are designed to ensure that everyone pays their fair share is not an excuse to use a tax avoidance scheme.

There was mention of some celebrated court cases. It is not appropriate for me to comment on individual cases. Obviously, many of those cases are very complex; only the very complicated cases make it to court. HMRC will work with businesses to ensure they are equipped to make the right determinations.

I want to be clear that this reform does not introduce a new tax but seeks to strengthen compliance with existing tax rules. The Government value immensely the contribution of the self-employed and flexible workers—various Members have made the point that they make up a much larger proportion of the UK workforce—and intend to protect them, but there are many legitimate commercial reasons for people to work through limited companies and for businesses to engage those companies, and that should not need to change. The off-payroll working rules exist to ensure that those individuals pay a fair amount of tax, and the Government believe it is right that we address non-compliance through these reforms.

I hope I have addressed the points that were raised. If there are any points I have not dealt with, I would be very happy to take on board the final remarks by the hon. Member for Rutherglen and Hamilton West and to write to any Member in lieu of responding appropriately.

3.34 pm

Ged Killen: I thank the Minister for his response and hon. Members for attending the debate. This is a very complicated issue, and it is not necessarily one that sets pulses racing. However, for the people affected, their livelihoods are at stake, so I am pleased that Members have had the opportunity to raise their constituents' concerns.

My hon. Friend the Member for Brentford and Isleworth (Ruth Cadbury) spoke about what is going on in the NHS, and the hon. Member for Inverness, Nairn, Badenoch and Strathspey (Drew Hendry) pointed out how many public services in rural communities are dealt with in this manner. We have not yet got this right in the public sector. That is the crucial point: if we cannot get it right in the public sector, these issues will only be amplified in the private sector. We have to consider that carefully.

As my hon. Friend the Member for Clwyd South (Susan Elan Jones) said, people's livelihoods and incomes are at risk because, for example, expenses will be treated as earnings. For a lot of small businesses, having expenses treated differently could be the difference between success and failure. Small decisions in this respect may have major impacts.

My hon. Friend the Member for Glasgow North East (Mr Sweeney) mentioned the CEST tool, which I touched on in my opening remarks. I am not comforted by what the Minister said about that tool, purely because I have experience of it in a previous life and I know just how inconclusive it can be.

John Glen: I am happy to meet the hon. Gentleman to engage further on that and discuss his concerns in detail. I am not paying lip service to the consultation; I want it to be effective, and I want the tool to be as effective as possible.

Ged Killen: I thank the Minister for that. I appreciate that we can have a constructive approach. I do not think any of us disagrees about the principles; this is about getting it right.

HMRC's idea of working with people to assist them is different across the board. I point out gently to the Minister that it can be daunting for people to have HMRC assisting them, because it provides guidance but it is also the enforcer. People are therefore keen to get things right on their own, so we need a fair and transparent system that everyone can understand and use fairly. If we can get a tool that works, that is great, but let us make sure we have one before we come down too hard on people.

I did not hear the Minister confirm whether the changes will eventually be rolled out to small businesses in the private sector. I appreciate that he might not be in a position to answer that today. If the Government are considering that, I urge real caution. They have not suggested that yet, but, having come from a small business background, I can say that that would be a very difficult prospect.

Mr Sweeney: My hon. Friend makes an important point about the roll-out being restricted to larger businesses, which the Minister referred to. The changes will inevitably also impact small businesses, which are contractors

with areas of expertise. For example, a large bank such as Barclays might commission a software expert to come in and build a product or tool, and that expert might in turn employ staff to support that project. If we classify the person who runs that small business as an employee of the bank, how are they meant to pay their staff?

That is the fankle that this reform will result in. It will draw us into situations where thriving, dynamic businesses that are responsive to the needs of large businesses—small businesses that can, for example, plug into a large financial institution to deliver a bespoke project and detach again—are not able to function in that way because their people will be pulled in as payroll staff members. Does my hon. Friend agree that those will be some of the inevitable negative impacts for small businesses if the Government do not get their act together with these changes?

Ged Killen: I absolutely agree. Small businesses will be affected by these changes anyway. People will be operating in a two-tier system, because many will work for small businesses as well as for large businesses in the private sector, and different rules will apply in those situations. I am not saying that is an argument for equalisation, because I still think it would be difficult for small businesses to act as the judge of whether someone falls under the scheme.

I am not in any way opposed to the principle of preventing tax avoidance. We all want to ensure that we boost tax revenues as much as possible, but that must be done fairly and transparently, and we must not destroy flexible working in the economy or self-employed people and small businesses in the process.

Question put and agreed to.

Resolved,

That this House has considered IR35 tax reforms.

3.39 pm

Sitting adjourned.

Written Statements

Thursday 4 April 2019

BUSINESS, ENERGY AND INDUSTRIAL STRATEGY

Whirlpool Tumble Dryers

The Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy (Kelly Tolhurst): The Office for Product Safety and Standards (OPSS) will imminently publish its review of Whirlpool's tumble dryer modification programme.

In 2015 Whirlpool identified a design issue in several tumble dryer models which could lead to increased risks of fire incidents due to excessive lint accumulation at the rear which then ignites. The company then undertook a modification programme to address the issue. However, concerns were raised about the modification programme and in May 2018 my predecessor, the hon. Member for Burton (Andrew Griffiths), commissioned OPSS to review the actions taken by Whirlpool.

Following a review of the modification programme, as well as consideration of technical documents supplied by Whirlpool, the OPSS has concluded that the risk is low and further reduced by the modification. However, shortcomings were found in the testing and quality assurance procedures, and the business must improve its monitoring and management of risk. They must also continue their consumer outreach programme and use more creative methods to contact affected consumers.

Given the full circumstances of the current position, in particular that the overall level of risk is low and that efforts have been made by Whirlpool to address the identified problem and to comply with its legal obligations, formal enforcement action is not justified at this stage. However, OPSS has produced a list of requirement actions for Whirlpool to take in light of the findings of the review, and OPSS will continue to monitor the programme. Should Whirlpool fail to take the expected action within appropriate timescales, enforcement action would need to be considered.

The main findings of the review are:

The ongoing risk from tumble dryers modified by Whirlpool is low and consumers can continue to use them.

Whirlpool has made efforts to address the identified problem but must do more.

OPSS is requiring Whirlpool to take further action and will continue to monitor the steps taken to ensure the efficacy of the modification in consumers' homes over the long term.

The modification and outreach programme should continue, with new and different methods used to reach consumers.

The safety of consumers is the number one priority for Government. We acknowledge the steps Whirlpool has taken to reach consumers and modify their tumble dryers, and we will continue to monitor the situation.

[HCWS1490]

Intellectual Property Office: Performance Targets

The Minister for Universities, Science, Research and Innovation (Chris Skidmore): Our industrial strategy sets out the Government's vision for making the UK the most innovative country in the world. The UK starts from a position of strength and is already ranked in the top four of the global innovation index and top 10 by the World Bank as the best place to start and grow a business. But the global landscape is changing and we must continue to invest in research and development. The industrial strategy has set an ambition to raise total research and development to 2.4 per cent of GDP by 2027, helping businesses access the right funds and equip them to face the challenges and opportunities presented by new technologies and new ways of doing business.

Intellectual property (IP) plays a crucial role in innovation and touches everything that makes modern life more enjoyable, easier, safer and prosperous. It provides inventors, creators and entrepreneurs with the confidence to invest knowing that they will reap the benefits of their investments. UK investment in IP rights reached almost £64 billion in 2016 and studies have shown that industries that rely on IP have accounted for over a quarter of UK employment and almost half of GDP. Our IP system matters. It creates jobs and economic growth and is helping to propel Britain to the forefront of innovation.

The Intellectual Property Office (IPO) corporate plan 2019-20 explains how through its stewardship of the IP system, it will help the UK to be the most innovative and creative country in the world. It will do this through delivering excellent IP services, creating a world leading IP environment and attracting and retaining the best people by making the IPO a brilliant place to work. This plan outlines the start of the IPO's transformational journey, which will provide truly modern IP services to its customers.

The UK already has one of the best IP regimes in the world, consistently ranked as one of the top regimes in indices such as those from the Taylor-Wessing Global IP Index and US Chamber of Commerce International IP Index, and during 2019-20, the IPO will continue to contribute to building a business environment that makes the UK the best place in the world to start and run a business.

As an executive agency and trading fund of the Department for Business, Energy and Industrial Strategy, the IPO has set targets which are agreed by Ministers and laid before Parliament. I am glad that today I can inform the House that for 2019-20 the IPO's targets are:

At least 85% of our customers to rate us 8/10 for overall satisfaction.

By the end of March 2020 we want 90% of renewals to be conducted via the new enterprise-wide digital renewals service.

75% of the businesses we reach confirm that they are able to make informed decisions about their IP.

Deliver our services efficiently through continuously improving our systems, processes and ways of working to make things better for our customers and our people, reduce costs and improve the value for money we provide. Our target is to achieve efficiencies worth at least 3.5% of our core operating costs.

[HCWS1485]

CABINET OFFICE

Common Frameworks Analysis

The Chancellor of the Duchy of Lancaster and Minister for the Cabinet Office (Mr David Lidington): I am today placing in the Libraries of both Houses a copy of the revised UK common frameworks analysis, which is also available on gov.uk. When the UK leaves the European Union, powers previously exercised at EU level that intersect with devolved competence will flow back directly to Edinburgh, Cardiff and Belfast. In some areas, we will need to maintain UK wide approaches, or common frameworks, after we leave the EU. Frameworks will create a common approach across the UK in a range of policy areas. They will provide a number of benefits, including ensuring it remains simple for businesses from different parts of the UK to trade with each other, helping the UK to fulfil its international obligations, safeguarding our common resources and ensure the effective functioning of the UK internal market.

The revised analysis sets out the progress we have made to develop common frameworks in collaboration with the devolved administrations since the first analysis was published in March 2018. There is a reduction in the number of policy areas where primary legislation is being considered, from 24 to 21, in these areas only some of the elements of the framework are expected to be in legislation. In the majority of areas (reduced from 82 to 78), non-legislative arrangements, such as a concordat, are being considered. The number of areas where no further action is required to create a framework has increased from 49 to 63. In these areas, to ensure certainty for businesses is maintained, the UK Government and devolved administrations will continue to cooperate when appropriate. Finally, there are now only four areas where competence is disputed, and conversations between the UK Government and devolved administrations continue (reduced from 12 in the first publication), demonstrating the significant progress made in this area. These changes demonstrate the careful and considered joint work underway to establish common frameworks, which in some areas has led to reclassification.

The co-operative approach to frameworks so far demonstrates the progress that can be achieved through proceeding collaboratively. We welcome the commitment demonstrated by the Scottish and Welsh Governments to agree on the direction of travel set out in the analysis and to continued close working to develop frameworks. We also welcome the commitment to co-operative working, including in policy areas where no formal common frameworks are required.

[HCWS1486]

TREASURY

Informal ECOFIN

The Chancellor of the Exchequer (Mr Philip Hammond): An informal meeting of Economic and Financial Affairs (ECOFIN) Ministers will be held in Bucharest on 05-06 April 2019. Ministers will discuss the following:

Working Lunch - Multiannual Financial Framework

Ministers will discuss the multiannual finance framework in the context of the European semester and financing of the EU budget.

Working Session I

The Council will then be joined by Central Bank Governors for the first working session.

Institutional Cycle Priorities

Following a presentation from Bruegel, Ministers and Central Bank Governors will discuss the priorities for the next EU institutional cycle.

Capital Markets Union

Ministers and Central Bank Governors will then discuss the way forward for the Capital Markets Union.

Working Session II

Labour Mobility in the EU

Following a presentation from the Centre for European Policy Studies, Ministers will discuss the macroeconomic and fiscal impact of labour mobility in the EU.

Taxation and Economic Growth

Ministers will discuss the role of taxation in supporting EU economic growth.

Preparation of the April G20 and IMF meetings

Ministers will be invited to approve the EU terms of reference for the G20 meeting and International Monetary and Financial Committee statement, ahead of the spring meetings of the World Bank Group and the International Monetary Fund in Washington, D.C.

[HCWS1491]

EDUCATION

School Condition Funding

The Minister for School Standards (Nick Gibb): Today, I am announcing the allocation of over £1.4 billion of capital funding in the financial year 2019-20 to maintain and improve the condition of the school estate.

This funding is provided to ensure schools have well maintained facilities to provide students with safe environments that support a high-quality education. It is part of £23 billion committed over 2016-21 to deliver new school places, rebuild or refurbish buildings in the worst condition and deliver thousands of condition projects across the school estate.

For the financial year 2019-20, the £1.4 billion of capital funding includes:

Almost £800 million for local authorities, voluntary aided partnerships, larger multi-academy trusts and academy sponsors, to invest in maintaining and improving the condition of their schools.

Over £400 million available through the condition improvement fund for essential maintenance projects at small and stand-alone academy trusts and sixth-form colleges.

Over £200 million of devolved formula capital allocated directly for schools to spend on small capital projects to meet their own priorities.

Details of successful applications to the condition improvement fund have also been published today, covering 1,413 projects at 1,210 schools and sixth-form colleges.

Details of today's announcement will be published on the Department for Education section on the gov.uk website. Announcement notifications are also being sent electronically to responsible bodies' chief executive officers.

[HCWS1482]

EXITING THE EUROPEAN UNION

Citizens' Rights: UK Nationals in the EU

The Parliamentary Under-Secretary of State for Exiting the European Union (Mr Robin Walker): Citizens have always been our priority in the negotiations for our departure from the EU. Today I am setting out further details on the steps that the Government are taking to protect UK nationals.

Reciprocal arrangements for social security co-ordination, including reciprocal healthcare, in a no-deal scenario

UK nationals who have chosen to build their lives in the EU and wish to remain there are concerned about their social security entitlements, including healthcare cover in the event of a no deal.

In the Government's December announcement on citizens' rights, we highlighted that aspects of the social security co-ordination section of the withdrawal agreement, including reciprocal healthcare, require reciprocity from the EU or member states and cannot be protected unilaterally. We set out that we were exploring further options to protect these rights in a no-deal scenario and the Department for Health and Social Care proposed maintaining existing healthcare arrangements with EU member states and EFTA states until 31 December 2020 on 19 March; with the aim of minimising disruption to citizens' healthcare provision.

However, to fully protect UK nationals in the EU, the UK is seeking to protect the social security co-ordination rights of UK nationals in the EU, including reciprocal healthcare, by reaching reciprocal arrangements with the EU or member states to maintain existing rights for a transitional period until 31 December 2020, consistent with our guarantee of the healthcare rights of EU citizens living in the UK.

Family reunification

UK nationals are also concerned about their right to return from the EU with non-UK national family members after exit. Having listened to these concerns, I can confirm that UK nationals will be able to return to the UK with their existing close family members under current rules, until 29 March 2022. This means that where the relationship exists before exit or where a child was born overseas after this date, they will be able to apply to and qualify for the EU settlement scheme until 29 March 2022. After this date, such family members will be able to return to the UK by applying under the relevant UK immigration rules.

UK nationals living in the EU who return to the UK after exit will be able to be joined by future spouses and partners, where the relationship was established after exit, and other dependent relatives until 31 December 2020 if they previously lived in the EU with that family member. From 2021, the UK immigration rules will apply to such family reunion. These arrangements will apply in both a deal and no-deal scenario, providing

UK nationals in the EU with sufficient continuity after exit to allow families to plan with confidence, while also bringing family reunion rights for all UK nationals in the UK and abroad into alignment from 29 March 2022.

Access to benefits and services

The Government have already announced that UK nationals living in the EU will continue to receive benefits, including child benefit and disability benefit, where the recipient is exporting a UK benefit to their EU country of residence. UK nationals in the EU who are already in receipt of a UK benefit, including the state pension, will also continue to receive these benefits should they choose to return to the UK.

UK nationals returning to live in the UK who meet the ordinary residence test will be able to use NHS services. This means that UK nationals who have returned to the UK permanently in a no-deal scenario would have access to NHS-funded healthcare on the same basis as UK nationals already living here.

UK nationals considering returning to the UK and planning to make new applications for benefits and services should check eligibility requirements for the relevant benefits and services on gov.uk. The usual entitlement conditions, which exist for both resident and returning UK nationals, will apply and we expect most returning UK nationals will be able to satisfy the necessary eligibility requirements. Certain benefits and services, such as non-contributory benefits, include satisfying certain residence criteria and individual decision makers will carefully consider each application to ensure that UK nationals receive the benefits and services that they are entitled to.

Access to higher education, further education 19+ and apprenticeship funding in the UK

UK nationals living in the EEA or Switzerland on exit day, who wish to study in England, will continue to be eligible for home fee status and student support from student finance England, along with access to further education 19+ funding for courses and apprenticeships in England starting up to seven years from exit day in a no deal scenario. In a deal scenario, the seven-year transition period will commence at the end of the implementation period.

The seven-year transition period will ensure that eligible UK nationals living in the EEA or Switzerland wishing to study in further education 19+, higher education, or undertake an apprenticeship in England, will be able to do so immediately on their return to the UK during this transition period.

Further information

The measures outlined above are without prejudice to the rights and privileges accorded, by virtue of the common travel area, to Irish and UK nationals when in each other's state.

The Government continue to pursue a ring-fenced agreement with the EU and has exchanged letters with the European Commission on the subject. The UK has also reached separate agreements with the EEA EFTA states and Switzerland, which will mean that in a no-deal scenario UK and EFTA nationals living in each other's countries before exit day will be able to continue living their lives broadly as they do today.

We will continue to provide updates to UK nationals in the EU on gov.uk and through our network of embassies, consulates and high commissions.

Let me reiterate that securing the negotiated withdrawal agreement is in the mutual interest of all our citizens. It is the most effective way for the Government to guarantee the rights of UK nationals in the EU and to provide certainty.

I will be depositing the policy paper “Citizens’ Rights - UK nationals in the EU” in the Libraries of both Houses.

[HCWS1483]

General Affairs Council

The Parliamentary Under-Secretary of State for Exiting the European Union (Mr Robin Walker): Lord Callanan, Minister of State for Exiting the European Union, has made the following statement:

The UK and the EU have agreed an extension to Article 50, until 12 April 2019, which is legally binding in EU and international law. Until we leave the European Union, we remain committed to fulfilling our rights and obligations as a full Member State, and continue to act in good faith.

I will attend the General Affairs Council in Luxembourg on 9 April 2019 to represent the UK.

The provisional agenda includes:

Multiannual Financial Framework 2021-27

Ministers and the Commission will discuss progress on the Multiannual Financial Framework (MFF) negotiations. The intention is to reach an agreement on the negotiations in autumn 2019.

Conclusions on the Reflection Paper “Towards a sustainable Europe by 2030”

The Council will adopt conclusions on the reflection paper titled “Towards a Sustainable Europe by 2030, on the follow-up to the UN Sustainable Development Goals, including on the Paris Agreement on Climate Change”. The paper was released in January 2019 by the Commission as part of its 2019 Work Programme. Ministers will discuss this paper ahead of the Sibiu Summit in May, where issues relating to Europe’s future will be discussed.

Values of the Union - Hungary | Article 7(1) TEU Reasoned Proposal

Ministers will discuss the Article 7(1) procedure in relation to Hungary.

Rule of Law in Poland | Article 7(1) TEU Reasoned Proposal

The Commission will provide an update on “Rule of Law” developments in Poland and Ministers will discuss next steps.

[HCWS1487]

FOREIGN AND COMMONWEALTH OFFICE

Foreign Affairs Council

The Minister for Europe and the Americas (Sir Alan Duncan): The Foreign Affairs Council (FAC) will take place in Luxembourg on 8 April. It will be chaired by the High Representative of the European Union (EU) for Foreign Affairs and Security Policy (HRVP), Federica Mogherini.

The FAC will discuss current affairs, Afghanistan, Eastern Partnership and Venezuela.

Current Affairs

We expect HRVP Mogherini to update Ministers following her visits to the G7 Foreign Ministers meeting in Dinard and the League of Arab States summit in Tunis. She will also provide an update on the first round of Ukrainian presidential elections.

Afghanistan

Ministers will discuss developments in Afghanistan, including recent efforts to make progress on peace, and will look ahead to the presidential elections scheduled for later in 2019. They will also discuss the EU’s future role in Afghanistan.

Eastern Partnership

Ministers will discuss preparations for the Eastern Partnership ministerial meeting on 13 May and will reaffirm the EU’s commitment to supporting greater resilience, security and prosperity across the region. They will assess progress against the priorities identified as the “20 deliverables for 2020”: to achieve a stronger economy, governance, connectivity and society. Ministers will also take stock of ongoing work to mark the partnership’s 10th anniversary.

Venezuela

Ministers will receive an update from HRVP Mogherini following the latest meeting of the international contact group on Venezuela and on plans for next steps. Ministers will discuss how to maintain pressure on the Maduro regime including the possibility of further targeted sanctions.

Council Conclusions

The Council is expected to adopt conclusions on Afghanistan, which call for an Afghan-led process and confirm EU support and its future role, as well as the Court of Auditors’ special report on Mali and Niger.

[HCWS1488]

Marshall Aid Commemoration Commission

The Minister for Asia and the Pacific (Mark Field): I am announcing today the publication of the recent tailored review of the Marshall Aid Commemoration Commission (MACC), an arm’s length body of the Foreign & Commonwealth Office.

The MACC was established in 1953 to express gratitude to the American people for the post-war support and assistance conceived by US Secretary of State George C Marshall, subsequently known as the Marshall plan. It provides postgraduate scholarships in the UK for US students with the potential to excel in their chosen fields of study and future careers. Marshall alumni become advocates for greater mutual understanding and cooperation between our two countries, bolstering our bilateral relationship and our soft power.

As a non-departmental public body (NDPB) sponsored by the Foreign & Commonwealth Office (FCO), the MACC is required to undergo a tailored review at least once in every Parliament.

The principal aims of tailored reviews are to ensure public bodies remain fit for purpose, are well governed and properly accountable for what they do.

The full report can be read on gov.uk: <https://www.gov.uk/government/publications/tailored-review-of-the-marshall-aid-commemoration-commission>

This Review involved consultation with a broad range of stakeholders across the UK and the US, including MACC commissioners and staff, former and current Marshall scholars, FCO officials, staff working on similar scholarship programmes and academic institutions in both the UK and US. It provided an opportunity to assess the efficiency and effectiveness of the commission and its programme, and to understand how it delivers on the FCO's strategic priorities.

The review concluded that the MACC runs a high-quality and well-managed programme that is still needed and contributes to strengthening the UK's relations with the US. As such, it is a valuable soft power asset, providing a good return on a relatively small financial investment. It also concluded that NDPB status remains the right classification for the commission. However, it identified areas for improvement, making a total of 24 recommendations, including:

The Association of Commonwealth Universities, which currently administers the MACC, should draw on in-house expertise to support the commission and ensure the sustainability of the programme's administration.

The FCO should establish more consistent active outreach activity throughout the US network.

The commission should develop a shared communications strategy, while the FCO should ensure communications about the programme are incorporated into FCO communications work.

The commission and FCO should develop and implement a stronger monitoring and evaluation system.

A joint implementation plan is being developed by the FCO and the MACC, with agreed recommendations expected to be implemented by the first quarter of 2020.

Copies of the Review will be placed in the Libraries of both Houses.

[HCWS1489]

HOUSING, COMMUNITIES AND LOCAL GOVERNMENT

Parks and Green Spaces

The Parliamentary Under-Secretary of State for Housing, Communities and Local Government (Rishi Sunak): In September 2017, the Government agreed to provide a written update to Parliament to assess the progress made against the recommendations of the Housing, Communities and Local Government Committee's report into the future of public parks. Today I am updating the House on a suite of initiatives to secure this future.

These have been formulated in conjunction with the parks action group (PAG) who advise on the steps the Government could take to ensure the future of our parks and green spaces. The PAG, which is comprised of a cross-government group of senior officials and a sectorial group, along with its co-ordinator have been key in driving forward the recommendations of the Select Committee. We published details of the PAG's

membership and aims on 19 September 2017: <https://www.gov.uk/government/news/government-pledges-500000-for-new-action-group-to-grow-future-of-public-parks>

In its first recommendation, the Committee advised that the Government should develop models to support local authorities in the assessment of the value of their parks. In 2018 the Department for Environment, Food and Rural Affairs, provided funding for the outdoor recreation valuation tool <https://www.leep.exeter.ac.uk/orval/> which enables the recreational value of publicly accessible parks, paths and beaches in England and Wales to be estimated and factored into decision-making. Additionally, in July 2018 the Office for National Statistics, working in partnership with DEFRA, published a national set of UK urban natural capital accounts as part of a work programme to develop natural capital accounts for the UK.

The Committee's second recommendation covers the relationship between local communities, local authorities and the free use of parks. The Government ran a public consultation on the free use of parks, "Running Free: Preserving the Free Use of Public Parks Consultation", between April and July 2017. We published our response in December 2018 and it can be found here: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/764830/Parkrun_Consultation_Response.pdf. Whilst we recognise the right of local authorities to quite legitimately charge for specific events in parks as a means of income, our position is that public parks should remain free for members of the public for reasonable everyday use.

The Committee, in its third and fourth recommendations, rightly asked the Government to support the development and working of friends' groups. My Department recently provided Locality and the National Federation of Parks and Green Spaces with £130,000 to develop a national infrastructure for "Friends of Parks" groups and create a network of green champions. Working with local authorities, friends groups and other voluntary organisations, these green champions will be invaluable in supporting community groups who wish to take greater responsibility in the management of their local parks. This funding will also expand the existing Government-sponsored "My Community" website to provide a hub for community groups interested in supporting their local parks.

In line with our response to the Committee's fifth recommendation, my Department has addressed health and safety in parks by promoting best practice and quality standards. The green flag award scheme, run under licence from my Department and operated by Keep Britain Tidy, continues to highlight community and local authority-run parks that have achieved a national quality standard for parks and green spaces. This scheme ensures that all participating parks meet high quality standards and that these parks act as ambassadors for best practice. 1,577 sites achieved the award in 2018 and I hope to see further parks added this year. Green flag award parks can be found here: <http://www.greenflagaward.org.uk/award-winners/>

In its sixth recommendation, the Committee rightly asked the Government to investigate the action that could be taken to increase provision of parks and green spaces. The House will be aware that my right hon. Friend the Secretary of State for Housing, Communities

and Local Government recently announced significant funding to support parks across the country. He committed £9.7 million to local authorities to support them in the maintenance of their parks. He also provided £3.75 million in funding to 200 community-led organisations as part of our successful and very popular pocket parks plus programme. Working with their local authorities, these community groups will expand access to green space for our communities.

The Committee's seventh recommendation asked local authorities to adopt a whole-place approach, and co-operate with other local authorities, when updating their local plans. The Government are confident that the national planning policy framework equips local authorities with the decision-making powers to secure the protection of parks—for both new and established communities. Additionally, we have recently provided £1.2 million to the future parks accelerator programme which is an initiative, developed by the National Trust and Heritage Lottery Fund, to support local authorities and, importantly, area-based partnerships to pilot and test new and innovative models of managing and funding parks estates.

In response to recommendation eight, my Department has invested £30,000 in a joint project with DEFRA and Natural England to develop a framework of green infrastructure standards. Local authorities will be supported to assess their green infrastructure provision against this new framework. This project will also examine how our commitments on green infrastructure can be incorporated into national planning guidance and policy.

In its ninth recommendation, the Committee asked further questions of the Government's 25 year environment plan. This plan, published in January 2018, recognises the importance of parks and green infrastructure for people's health and wellbeing. It includes the commitment to green our towns and cities and details a series of actions relating to green infrastructure and trees. One of these actions is to develop a national view of what "good" green infrastructure looks like. DEFRA and MHCLG have helped to establish the cross-government project led by natural England mentioned above that will review and update existing standards for green infrastructure. The project is working with a range of expert stakeholders, including the PAG, to develop an initial framework for testing and piloting in summer 2019.

The Committee's tenth to thirteenth recommendations asked the Government to support the development of new and innovative models of parks estate management and funding. My Department has invested £20,000 in the Landscape Institute to support them in the development of apprenticeship standards for the roles of "landscape technician" and "chartered landscape professional". We will continue to work with the PAG to ensure the findings from the Association for Public Service Excellence's forthcoming research report into the skills of existing parks managers are reflected in these standards. As outlined above, we have also supported the future parks accelerator programme to provide examples of new and innovative models of parks estate management and funding. Additionally, we have provided £210,000 to help capture and share the lessons learnt from Newcastle City Council's transformative parks management project, and to help them make available governance and legal templates to others wishing to adopt this innovative model.

We can all agree that parks and green spaces are vital to the communities we serve. They provide space for respite from our busy lives, opportunities to spend time with our friends and families, and they are oases in our busy urban areas. I am confident that the initiatives I have outlined above demonstrate that the Government is making significant progress on delivering on our shared commitment to secure the long-term sustainability of parks for our future generations.

[HCWS1494]

INTERNATIONAL DEVELOPMENT

Ebola Outbreak: UK Response

The Secretary of State for International Development (Penny Mordaunt): The number of cases of Ebola in the outbreak in the Democratic Republic of Congo (DRC) has recently passed 1000. Given this, it is both proper and timely to update the House on the steps which the UK Government are taking to continue to support the response in DRC and to ensure robust and effective preparedness in neighbouring countries.

Since I last updated the House on 14 February, there has been an increase in the number of confirmed and probable cases of the Ebola Virus Disease (EVD) in eastern DRC. As of 31 March 2019, 1,089 Ebola cases have been recorded (1,023 confirmed and 66 probable) and 679 people have died. Twenty-one health zones have been affected and 12 are currently reporting active new cases.

Despite the success of the response in curbing the disease in a number of health zones, the outbreak is still not under control. The last few weeks have seen a substantial increase in the number of cases reported, and the security context remains extremely challenging. In late February, two Médecins Sans Frontières Ebola treatment centres were attacked in Butembo and Katwa. The UK condemns these attacks in the strongest of terms; health workers fighting this disease should never be the target of violence and nor should patients. However, I am pleased to note that the affected treatment centres have now re-opened, run for the moment by the Government of DRC's Ministry of Health in collaboration with the World Health Organisation (WHO) and the United Nations Children's Fund (UNICEF), both of whom the UK is supporting.

The attacks underline the difficulty of responding to this outbreak in an area of ongoing conflict, and the vital importance of strengthening community engagement to break the chain of transmission. Despite the challenges faced there has not been a rapid rise in cases as was seen during the West Africa outbreak in 2014-16.

With UK support and technical advice, the response is now shifting to become more locally-owned, including through the hiring and training of more local staff, which will have the additional benefit of building longer-term health capacity and resilience. The response communications strategy has been revised to ensure that messages come primarily from local, influential leaders and figureheads.

The UK remains one of the major supporters of the response and DFID has recently released new funds to the third strategic response plan for this outbreak. Some of this new funding has been used to target specific areas of the response that need strengthening, particularly around infection prevention and control, and water, sanitation and hygiene. The vaccination campaign remains a key element of the response, with over 93 thousand people vaccinated in DRC so far. Once again, at the request of the Government of DRC who are leading the response I am not announcing specific funding figures to avoid putting front-line responders at further risk of attack.

As mentioned in my statement to the House on 26 March regarding Cyclone Idai, I recently spoke with both Dr Tedros Adhanom Ghebreyesus, Director-General of the WHO, and Sir Mark Lowcock, Head of the United Nations Office for the Co-ordination of Humanitarian Affairs (OCHA), to underline UK support and urge further measures on the part of the UN system in tackling the outbreak. We welcome WHO and OCHA strengthening their leadership in-country to support the DRC Government in delivering an effective response.

There remains a significant risk of transmission to neighbouring countries and measures are being taken to prepare accordingly. The UK is leading donor efforts to support regional preparedness. In Uganda we have supported the vaccination of 4,420 front-line health workers, with a further 1,000 planned over the next month. We have also helped establish a screening facility at the border with DRC. In Rwanda we have strengthened surveillance activities at borders, carried out infection prevention and control training, and supported the roll out of vaccinations for at-risk health workers. We have also supported similar activities including in South Sudan, and have recently deployed staff to strengthen efforts in Burundi.

The risk of Ebola to the UK population remains very low. Public Health England continues to monitor the situation daily and review the risk assessment on a two-weekly basis.

The UK is committed to supporting our partners to end this outbreak of Ebola as quickly as possible. We have continued our “no regrets” approach, providing both funding and expertise—recognising that this is an international crisis that both requires and deserves a sustained international response. Tackling the spread of deadly diseases in Africa is firmly in our national interest—saving lives, reducing suffering, and helping prevent transmission across borders.

[HCWS1492]

TRANSPORT

Access for All

The Parliamentary Under-Secretary of State for Transport (Ms Nusrat Ghani): Improving access to Great Britain’s railway stations is a key priority for this Government and we want all passengers to be able to travel easily and confidently. The Department’s Access for All programme is critical to delivering this; the programme

has already delivered an accessible, step free route at more than 200 stations, as well as smaller scale accessibility improvements at more than 1,500 others.

The “Inclusive Transport Strategy”, published on 25 July 2018, included a commitment to extend the Access for All programme, announcing an additional £300 million of funding from the public purse. Our approach is to work with transport operators and partners to target investments where they are needed most and where they can deliver the greatest impact. This funding will enable us to deliver accessibility improvements at more stations across the rail network, and allow us to proceed with the station enhancements that were deferred from Control Period 5.

In total 73 stations are set to benefit from this funding. This is in addition to the 24 station projects that are ongoing. The selected stations will, subject to a feasible design being possible, receive an accessible route into the station, as well as to and between every platform.

The new stations due to be upgraded from this funding are listed below. They have been selected following nominations from the rail industry, which engaged with local authorities and other stakeholders. We then assessed them against annual footfall, weighted by the incidence of disability in the area, and also took account of local factors such as nearby hospitals and the availability of third party funding. Due consideration was also given to the preferences of the train operating companies and, finally, a number were chosen to ensure a fair geographical spread across the country.

Abergavenny
Anniesland
Beaconsfield Station
Biggleswade
Birkenhead Park
Bridlington
Broad green
Caerphilly
Catford
Chalkwell
Chorley
Cricklewood
Crowborough
Cray
Cwmbran
Daisy Hill
Dumfries
Flint
Hackney Downs
Handforth
Herne Bay
Hertford North
Hillside
Hunt’s Cross
Irlam
Isleworth
Johnstone
Kings Langley
Leatherhead

Ludlow
 Menston
 Mill Hill Broadway
 Port Glasgow
 Retford
 Selby
 Shotton
 Smethwick Rolfe Street
 St Erth
 St Michaels
 Stoneleigh
 Stowmarket
 Tenby
 Todmorden
 Uddingston
 Wandsworth Town
 Wellington

The stations deferred from Control Period 5, which will now be progressed are:

Alfreton (Parkway)
 Barnes
 Barry (Town)
 Battersea Park
 Cathays
 Chatham
 Garforth
 Grays
 Hither Green
 Liverpool Central
 Llanelli
 Luton
 Market Harborough
 Northallerton
 Peckham Rye
 Petts Wood
 Queen's Park
 Seven Sisters
 Southend East
 St Mary Cray
 Streatham
 Theale
 Trefforest
 Walton-on-Thames
 Warwick
 Weston-Super-Mare
 Worcester Shrub Hill

All work at the stations is due to be completed by the end of March 2024.

In addition to these significant upgrades, we intend to use £20 million of the funding to re-launch the Mid-Tier Access for All programme. This will be focused on stations where accessibility improvements can be delivered with between £250,000 and £1 million of government support. We will be seeking nominations for this funding in due course.

All of the work carried out by Access for All comes in addition to access improvements that the industry is required to deliver as part of other projects or renewals of station infrastructure.

Together these measures will make a real difference to people's lives, opening up access to leisure and employment for disabled rail passengers as well as making it easier for those with heavy luggage or children in buggies to use the network.

[HCWS1484]

WORK AND PENSIONS

Pensions Dashboards Consultation

The Secretary of State for Work and Pensions (Amber Rudd): Later today I will publish the Government's response to the consultation on the pensions dashboard CP75.

Pensions dashboards will revolutionise retirement planning. They will enable people to access their pension information in a single place online, in a clear and simple form, whether that is on a laptop or tablet, and from their own home. Putting individuals in control of their data, pensions dashboards will bring together all pensions information from multiple sources, which can then be accessed at a time of their choosing.

This Government's pensions reforms have transformed Britain's retirement savings culture. More than 10 million people have benefitted from our revolutionary policy of automatic enrolment into workplace pensions.

On 3 December 2018 the department published a consultation "Pensions dashboards: Working together for the consumer". The Government's response to the pensions dashboards consultation outlines how the Government will facilitate the pensions industry to deliver this project.

Both the quantity and quality of the 125 responses received were helpful in informing the approach we set out. The responses we received were largely positive in nature.

The result of this feedback is that Government will facilitate the delivery of pensions dashboards as a key priority. We expect to see to see initial industry dashboards developed and tested from this year.

The Government remain committed to ensuring the individual is in control of their data and is conscious of the need for pace in order to deliver dashboards. Our priority is to ensure that information is presented securely, in a clear and simple format to support consumers with their retirement planning. The response to the consultation on dashboards includes:

a commitment to bring forward legislation at the earliest opportunity to compel all pension providers to make consumers' data available to them through a dashboard;

an expectation that the majority of schemes will be ready to 'go live' with their data within a three to four year window;

confirmation that state pension information will be included as soon as possible;

and that dashboards will help to reconnect people with "lost" pension pots, benefitting savers and providers.

A crucial entity in taking this forward will be the industry delivery group; made up of stakeholders from across the industry, consumer groups, regulators and Government who will be accountable to the Single Financial Guidance Body board. We anticipate the delivery group should be fully operational by the end of the summer. The priorities for the delivery group in 2019 are to create a clear strategy for delivering the digital architecture, design a robust governance and security framework and to work with industry on their readiness to provide data via dashboards.

It is my firm belief that the pensions industry is best placed to develop and deliver dashboards.

However, there is a role for Government in facilitating industry's delivery of dashboards which work for consumers and put people in control of their data.

Pensions dashboards can be an enabler for a real step-change across the sector to modernise the way it communicates with its members. They also provide an opportunity to build trust with consumers, ensuring they can access their pensions information in a convenient way.

[HCWS1493]

ORAL ANSWERS

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