

**Wednesday  
3 June 2020**

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**HOUSE OF COMMONS  
OFFICIAL REPORT**

**PARLIAMENTARY  
DEBATES**

**(HANSARD)**

**Wednesday 3 June 2020**

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# House of Commons

*Wednesday 3 June 2020*

*The House met at half-past Eleven o'clock*

## PRAYERS

[MR SPEAKER *in the Chair*]

## Oral Answers to Questions

### WALES

*The Secretary of State was asked—*

#### **Covid-19: Role of the Union**

2. **Ruth Edwards** (Rushcliffe) (Con): What assessment he has made of the role of the Union during the covid-19 outbreak. [902987]

**The Secretary of State for Wales (Simon Hart):** Our co-ordinated UK-wide response to the threat posed by covid-19 is testament to the strength and value of the Union. People and businesses in Wales and across the UK have benefited from the Government's unprecedented package of support, which is far beyond the scale that any UK nation could offer alone.

**Ruth Edwards:** I thank the Secretary of State. As all nations start to lift lockdown measures and interconnectivity starts to increase, it is really important that we work together to track and trace the movement of any covid-19 cases, especially across porous borders such as the one between England and Wales. Does my right hon. Friend agree that this is in fact an opportunity to show how we are stronger working together and that we are better off tackling the crisis as one United Kingdom?

**Simon Hart:** My hon. Friend makes a very good point, and I absolutely agree with her. Covid does not respect political boundaries and it does not respect national boundaries. As a result of that, we have had something in the region of 110 meetings now at which the Welsh Government were present so that we can approach this issue, for example through the joint biosecurity centre, as one United Kingdom, because that is the why that we will crack this.

**Gerald Jones** (Merthyr Tydfil and Rhymney) (Lab): The contact tracing systems are now active in all four nations across the UK, and will require thousands of people to self-isolate to stop the virus spreading further, but for many self-employed and low-paid people who do not qualify for support such as statutory sick pay, this means there will be no money coming in to support them or their families. Will the Government urgently look to fill the gaps in statutory sick pay so that no one faces the impossible choice of self-isolating or putting food on the table?

**Simon Hart:** My opposite number makes a very good point. Right from the start, as I think he will agree, the Chancellor has said that we will always look at every possible anomaly in these support systems, because he and all of us, I suspect, in our own constituency examples recognise that even though the measures are widespread and generous and try to account for every individual circumstance, they do not always do so. Where people slip through the net and where there are anomalies, yes, of course, we will work to see if we can rectify those.

**Stephen Crabb** (Preseli Pembrokeshire) (Con): The furloughing scheme has been a lifeline for businesses in every corner of the United Kingdom and demonstrates the strength and the value of our Union, but with the scheme becoming co-financing in August, could I ask my right hon. Friend urgently to discuss with the Chancellor the need for ongoing financial support, particularly for tourism businesses in Wales? Frankly, they will not have the money to contribute a share of staff costs, and they see little prospect of the Welsh Government allowing any kind of late tourism season this year.

**Simon Hart:** My right hon. Friend rightly points out what is becoming known as the risk of the 12-month winter, and he might be pleased to hear that I have already had such conversations with Treasury Ministers including the Chancellor himself. We are looking, as we always do, at ways of making sure that for industries that find themselves in a particularly difficult position—tourism and leisure is one such example—there are ways in which we can be as flexible as possible, but obviously within the overall financial ambitions and constraints that we all understand.

**Chris Evans** (Islwyn) (Lab/Co-op): The furlough scheme in Wales has rightly been a success. However, as the Secretary of State knows, one large company called BA—British Airways—has decided not only to furlough its staff, but to consult about losing their jobs. It is morally reprehensible that during this time people are worried about their jobs. Will he make a commitment, first, to condemn this behaviour and, secondly, to speak to the chief executive of BA about the jobs that are at risk in constituencies such as mine and those of other colleagues across Wales?

**Simon Hart:** Indeed, I have examples in my own constituency of people who have come to me feeling completely bewildered at the position they find themselves in. Absolutely, I offer that guarantee to take it up with BA. It does seem, on the face of it, to be a mystifying decision, particularly in the circumstances we are in. The answer to that is yes, of course, we will look into it. I am sure that, UK-wide, there is going to be much more debate in this place about that very problem.

#### **Transport Connectivity**

3. **Mrs Sheryll Murray** (South East Cornwall) (Con): What recent discussions he has had with the Secretary of State for Transport on connectivity (a) within Wales and (b) cross-border. [902988]

**The Parliamentary Under-Secretary of State for Wales (David T. C. Davies):** We have regular discussions with Ministers in the Department for Transport across a wide

range of issues, including connectivity within Wales and cross-border, such as our support for the Pant-Llanymynech bypass and the restoration of the Barmouth viaduct, and obviously we have offered the funding for an M4 relief road. I very much hope that the Welsh Government will choose to prioritise these schemes.

**Mrs Murray:** I welcome that answer, but I have had lots of correspondence from constituents concerned about people travelling to second and holiday homes. What is hon. Friend's assessment of what can be done about this in Wales?

**David T. C. Davies:** My hon. Friend raises an important point. The leisure and tourism industry has been hugely affected by covid-19, but now is not the time for people to travel to Wales for a holiday or to a second home. Of course, when this crisis is over, we want to roll out the red and green carpet for visitors from throughout the United Kingdom to come and enjoy everything that Wales has to offer. I look forward to welcoming my hon. Friend.

#### Covid-19: Co-operation with Welsh Government

4. **Lilian Greenwood** (Nottingham South) (Lab): What steps his Department is taking to ensure effective co-operation with the Welsh Government during the covid-19 outbreak. [902989]

8. **Jeff Smith** (Manchester, Withington) (Lab): What steps his Department is taking to ensure close co-operation with the Welsh Government during the covid-19 outbreak. [902994]

**The Secretary of State for Wales (Simon Hart):** My hon. Friend the Under-Secretary of State for Wales and I are working hand in hand with the Welsh Government in responding to the virus. I have already provided the House with a comprehensive schedule of engagements between my Department and the Welsh Government, which outlines more than 100 instances since the start of the crisis. I will today place an updated schedule of those meetings in the Library.

**Lilian Greenwood:** The Prime Minister may not have heard of it, but we know from the Welsh Government that the Conservatives' "no recourse to public funds" rule is causing real hardship to families in Wales and throughout the UK. People face extreme poverty for doing the right thing to protect public health. Will the Secretary of State listen to the Welsh Government and urge his colleagues to do the right thing now and suspend the rule during this public health emergency?

**Simon Hart:** I would like to think that I always listen to valid arguments put forward by the Welsh Government, and this is no exception, but I ask the hon. Lady to recognise that the UK Government have provided an extraordinary level of support—probably one of the most extensive plans on the globe—for people who are suffering across our economy and throughout the nation of Wales. That support will remain; we are being as flexible as possible and as generous as possible for as long as possible. I will of course have the discussions to which the hon. Lady refers.

**Jeff Smith:** The Welsh Labour Government require businesses that receive financial support to sign up to their economic contract, which means that they need to support economic growth, fair work, employee health and skills, and action to reduce carbon footprints. Given the need to build back better after this crisis, does the Secretary of State agree that the Welsh Government approach should be adopted by the UK Government?

**Simon Hart:** The point the hon. Gentleman makes is interesting, because of course a number of the companies to which he refers are UK-wide companies. It is a UK-wide issue that we are looking at, and it will require co-operation between the UK Government and the Welsh Government in the areas that are devolved and the areas that are clearly reserved. Currently, that co-operation and collaboration has been, by and large—probably eight times out of 10—as positive as the hon. Gentleman would hope, and as businesses and individuals would hope. We will of course continue that collaboration. We are now into the recovery period, hopefully—touch wood—and that will clearly test that collaboration, but at the moment I have confidence that it can work.

**Dr James Davies** (Vale of Clwyd) (Con): A few days ago, Wales finally joined the UK portal for covid test applications—some five weeks following its launch. Perhaps because of such delays, north Wales remains an outlier in new case numbers. Will my right hon. Friend join me in calling on the Welsh Government to get a grip on controlling outbreaks, mostly relating to care homes and hospitals?

**Simon Hart:** My hon. Friend clearly has considerable and detailed knowledge of this pandemic and the problems in his area. I hope he will be relieved to hear that I have a call this afternoon with the First Minister to discuss, among other things, exactly the point my hon. Friend raises, because the statistics show that north Wales is currently an uncomfortable outlier compared with what is going on throughout the rest of the UK and particularly Wales.

**Nia Griffith** (Llanelli) (Lab): As the Secretary of State knows, the Welsh Labour Government have given an extra £2 billion to support businesses that are affected by the pandemic—the most generous package anywhere in the UK—and, crucially, they are not giving a penny of that public money to companies that are based in tax havens, thus doing right by the taxpayer and right by the companies that do pay their fair share. Will the Secretary of State commit to persuading the Chancellor to do the same thing?

**Simon Hart:** I feel I ought to point out that the £2.2 billion to which the hon. Lady refers is in fact money that has been provided courtesy of the Barnett formula because Wales is a member of the Union. Not only that, but on top of that £2.2 billion is probably a similar amount of money, taking it up to between £4 billion and £5 billion of support that UK Government intervention has provided to businesses, individuals and taxpayers in Wales. In case I have not mentioned it before, I should say that I did have a conversation on this very point with Ken Skates, the Minister in the Welsh Government. He explained to me the logic behind what they were trying to do but also pointed out that it

relates to a tiny proportion of the companies under consideration. As a general rule, the idea that he and the hon. Lady have come up with sounds good and looks good, but in fact it refers to very few businesses that are actually situated in Wales.

**Nia Griffith:** Well, indeed, Mr Speaker, I think the Secretary of State makes the point very clearly that a UK-wide attack would have a lot more effect. But anyway, looking beyond the current covid challenge, Welsh businesses, farmers and universities all deserve to know now what funding will be in place in January when the structural funds come to an end. With barely seven months to go, when will the Government publish the detail of the shared prosperity fund so that people in Wales can prepare?

**Simon Hart:** The hon. Lady will be aware that, if the shared prosperity fund was an important future issue for the economic prosperity of Wales before, it is even more so now. I think that we all acknowledge that. There are regular discussions with Jeremy Miles in the Welsh Government and relevant Ministers in the UK Government to prepare for that. As she knows, Government policy is very clear on this. The project is on time and on schedule, and more details will be shared with her colleagues in Cardiff as and when the relevant decisions are made. At the moment, though, there is no change to Government policy in this regard.

#### Covid-19: Intergovernmental Relations

5. **David Linden** (Glasgow East) (SNP): What assessment he has made of the effectiveness of intergovernmental relations between the Government and (a) the Welsh Government and (b) other devolved Administrations in responding to the covid-19 outbreak. [902990]

13. **Alison Thewliss** (Glasgow Central) (SNP): What assessment he has made of the effectiveness of intergovernmental relations between the Government and (a) the Welsh Government and (b) other devolved Administrations in responding to the covid-19 outbreak. [903000]

**The Parliamentary Under-Secretary of State for Wales (David T. C. Davies):** We have worked hand in hand with the devolved Administrations since the start of the outbreak, including through the Cobra ministerial committees and the ministerial implementation groups. We have noted 112 engagements in total since 23 March and the number continues to rise.

**David Linden:** I want to associate myself with the point made by the right hon. Member for Preseli Pembrokeshire (Stephen Crabb) because there is a danger that the wind-down of the furlough scheme will have an impact on the hospitality and tourism sector in Wales. Given that that is a policy that will be directed from London, does it not make the case for the devolution of fiscal powers, so that the Welsh Government can continue to support businesses for so long as is necessary?

**David T. C. Davies:** The UK Government have already made it very clear that they are supporting Welsh businesses. We have had the coronavirus business interruption loan scheme, the large business scheme, the furlough scheme,

the self-employed scheme and there are other schemes as well. We have shown, at all times, the flexibility and the commitment to support industry, including the tourism industry, and I welcome the interactions that I have had with members of the Scottish Government, as well as with the Welsh Government.

**Alison Thewliss:** From the outset of this pandemic, the UK Government said that they would take a four-nation approach, which surely requires transparency over how decisions are made. But two unilateral decisions have been made in the past week without consulting or forewarning the Welsh Government: first on shielding advice; and secondly, on university numbers, which affects Glasgow Central, as it does Wales. So how can the UK Government claim to be respecting that four-nation approach? Is it not less hand in hand than thumbing a nose?

**David T. C. Davies:** I am reliably informed that, in actual fact, there has been a great deal of consultation with the Welsh Government on university numbers and, of course, shielding is a devolved matter and the hon. Lady surely would not expect us to trample all over the devolution settlement. But it is important to say that the people of the United Kingdom—Wales, Scotland, Northern Ireland and England—expect politicians to put aside political grandstanding at the time of this crisis and work together, and the UK Government are committed to doing that.

**Liz Saville Roberts** (Dwyfor Meirionnydd) (PC): Office for National Statistics figures show that the number of people claiming jobseeker's allowance and universal credit in Dwyfor Meirionnydd has increased by 124% since the start of lockdown. This is the biggest increase in any Welsh constituency. A pattern is appearing across Wales and the UK, with regions heavily dependent on tourism and hospitality seeing a desperate increase in unemployment. We will see a corresponding increase in rural poverty if these businesses are left defenceless and facing a three-winter scenario. Will the Minister commit today to working with the Welsh Government to create a tailored long-term package to guarantee the long-term future of the Welsh tourism and hospitality sector?

**David T. C. Davies:** I thank the right hon. Lady for the question. It is quite obvious that the lockdown will have a huge impact on our economy and it will increase unemployment figures. That is why the UK Government are committed to coming out of lockdown as quickly as it is safe to do so, and I hope that the Welsh Government and members of Plaid Cymru will also support that. I said earlier on that we look forward to rolling out a red and green carpet for visitors from across the United Kingdom, and we want to make absolutely certain that we do not see signs going up in parts of rural Wales saying, "English people are not welcome here". We welcome tourists from all parts of the United Kingdom and beyond to see what Wales has to offer. I hope the right hon. Lady will talk to members of local authorities across north Wales to emphasise that message.

**Liz Saville Roberts:** I think some more specific support would have been more useful than political points. The Minister says that both Governments will work together,

but we know that this week's student number controls announcement in response to the covid-19 pandemic was brought out without any consultation whatsoever with the Welsh Government. Given his role in the Government and his role representing Wales, what is he doing to protect the interests of the Welsh higher education sector from such potentially damaging effects and decisions made by his Government?

**David T. C. Davies:** I discussed this very issue with my officials this morning. I am assured that there was consultation between the Wales and the UK Government and that this is a UK-wide scheme that is being put in place to protect universities and to stop people poaching students from each other across the United Kingdom. I can only say once again that the UK Government are completely committed to consultation with Welsh Government. We have made it clear that Welsh Government Ministers are welcome at Cobra meetings and the ministerial implementation groups, and we have actually asked if we could attend Welsh Government meetings in the same way; thus far we have not had a response. If the right hon. Lady can put pressure on her friends in the Assembly to allow UK Welsh Government Ministers to attend Welsh Government meetings, we would be happy to do so.

**Fay Jones (Brecon and Radnorshire) (Con):** The First Minister and members of the Welsh Government have been closely involved in all aspects of the UK Government's coronavirus response, but despite this the First Minister has been continually critical of the UK Government. Can my hon. Friend put these criticisms to bed and outline just how engaged the UK Government have been with the Welsh Government?

**David T. C. Davies:** As I have already mentioned, we have had 130 meetings at which Welsh Government Ministers have been present, and we very much hope that the Welsh Government will take a similar view of the importance of having UK Government representation at their meetings. We look forward to invitations coming to me and my right hon. Friend the Secretary of State for Wales from the Welsh Government shortly.

**Craig Williams (Montgomeryshire) (Con):** I thank the Secretary of State and the Minister for their mature approach to the Welsh Government and for engaging on so many levels. My hon. Friend was right to outline tourism as important to Wales. As we come out of the lockdown, the language and the relationship between the two Governments working together is key for my constituents and the tourist industry. Will he meet me and push the Welsh Government to work together on coming out of lockdown?

**David T. C. Davies:** I would be delighted to meet my hon. Friend to talk about how we can support tourism after the crisis is over. We will be meeting with many other representatives of industry groups, including the automotive, defence and aerospace sectors, to discuss how we can support them as well.

**Simon Baynes (Clwyd South) (Con):** Transport is an important area of intergovernmental relations between the Welsh and Westminster Governments. Would the Minister agree that both Governments' transport investment

plans are of even greater importance as we come out of the crisis, and would he meet me to discuss the need in Clwyd South for projects such as step-free access at Ruabon station?

**David T. C. Davies:** I would be delighted to discuss step-free access at Ruabon station with my hon. Friend, and I hope that I will be able to give him news of much greater rail and road infrastructure projects that will be on offer to Wales once the crisis is over.

### **Covid-19: Deployment of Military Personnel**

**6. Robert Courts (Witney) (Con):** What discussions he has had with the Welsh Government on the deployment of military personnel to Wales in response to the covid-19 outbreak. [902991]

**The Secretary of State for Wales (Simon Hart):** I regularly discuss with the Welsh Government the vital role of the UK's armed forces in supporting Wales in its fight against covid-19. Whether it is getting personal protective equipment to those who need it, establishing testing sites or driving and decontaminating ambulances, the response of our servicemen and women is testament to how strong we are as members of the United Kingdom.

**Robert Courts:** I thank the Secretary of State for that answer. Our armed forces have been active in all corners of the United Kingdom during this crisis. We see this particularly clearly in my own constituency, where the Royal Air Force's transport fleet is based. Would the Secretary of State agree that in the dedication and reach of our armed forces we see the perfect illustration of what our family of nations, this Union, can achieve?

**Simon Hart:** My hon. Friend makes a really good point really well. There are so many examples of where this is the case. In Wales alone, the armed forces have done one fifth of our ambulance shifts and decontaminated more than 2,000 ambulances, without seeking praise, reward or recognition; it is just part of what the armed forces do, and they do it in a fantastically clear, brave and professional manner. The idea that that service could be provided in a broken-up United Kingdom is a complete fantasy. I wish that some of the separatist noises we occasionally hear in the Chamber would recognise that.

**Chris Elmore (Ogmore) (Lab):** There can be no doubt about the importance of the military in terms of supporting the people of Wales during the pandemic, so can I press the Secretary of State to do all he can, in his discussions with the Secretary of State for Defence, to ensure that the base in Brecon is kept in Wales?

**Simon Hart:** Indeed, the military footprint, as it is called, is incredibly important for lots of reasons, economic reasons being high amongst them. I have regular conversations with the various brigadiers and individuals based in Brecon and elsewhere across Wales, and they are as enthusiastic about the hon. Gentleman's comments as I am. It is a shared ambition to ensure that we deliver on our military footprint.

### Covid-19: Lockdown Policies

7. **Christian Wakeford** (Bury South) (Con): What comparative assessment he has made of the effect of covid-19 lockdown policies in Wales and England on their respective economies. [902993]

**The Parliamentary Under-Secretary of State for Wales (David T. C. Davies)**: There is no doubt that covid will have an enormous and detrimental impact on the Welsh economy. The Government are doing everything they can to support business and individuals through the pandemic and to ensure that the economy recovers as quickly as possible. I am confident that our policies are the right ones to defeat this virus and to save jobs in Wales.

**Christian Wakeford**: I thank the Minister for that response. Although our efforts are rightly focused on tackling the coronavirus pandemic, we also need to continue building on our cross-border economic activity; that is now more important than ever. What initiatives has the Department put in place to strengthen the economic links between Wales and the north-west of England?

**David T. C. Davies**: It is heartening that the Welsh Government have adopted a number of UK-wide programmes, such as the UK-wide coronavirus testing portal. A UK-wide, Union approach is key as we move to the next phase, and it is disappointing that sometimes the Welsh Government have taken a little time to come on board with UK-wide schemes. On testing, England has tested around two and a half times per head more people than Wales. I look forward to closer co-operation in future.

**Ruth Jones** (Newport West) (Lab): I am thinking in particular, as we move into the next phase of the covid-19 crisis, about the steel industry, especially in south Wales. Of course we know how vital it is for jobs and livelihoods across the UK, but especially in Newport West, in places such as Island Steel. What discussions has the Secretary of State had with his Cabinet colleagues about the steps that the UK Government plan to take to protect the UK steel industry?

**David T. C. Davies**: The hon. Lady makes a very important point; the steel industry is vital to the UK and to Wales, and the Secretary of State and I have had discussions with the sector. We have, as she is aware, already put in place a range of schemes, which companies such as Tata and Celsa are taking advantage of—the coronavirus large business interruption loan scheme, the VAT deferral, the covid corporate financing facility and so on—but we will be very happy to have further discussions about specific proposals that could help that industry.

**Virginia Crosbie** (Ynys Môn) (Con): This week is National Volunteer Week. Will the Secretary of State join me in thanking the hidden heroes in my constituency of Ynys Môn and all across Wales—five-year-old Alfie Pritchard making rainbows, Stayce Wheeler sewing? Can we please thank those people, who are working so hard to protect the vulnerable at this exceptional time?

**David T. C. Davies**: I absolutely support the hidden heroes—and the not-so-hidden heroes. I have been delighted to take part in the clapping every Thursday for the NHS and for all members of the emergency services.

### Industry: North Wales

9. **Alison McGovern** (Wirral South) (Lab): What recent discussions he has had with representatives of industry in North Wales. [902995]

**The Parliamentary Under-Secretary of State for Wales (David T. C. Davies)**: I have had regular discussions with businesses from north Wales, including a recent webinar with the Under-Secretary of State for Business, Energy and Industrial Strategy, my hon. Friend the Member for Stratford-on-Avon (Nadhim Zahawi), and the Welsh Government Minister responsible for the economy and transport. Earlier this week I had a wide-ranging and useful meeting with the North Wales Economic Ambition Board.

**Alison McGovern**: I thank the Minister for his reply. Obviously, what happens in north Wales matters to people in the Wirral. The Welsh Government take a social partnership approach, involving employers and trade unions in the situation that we face. So in all those meetings that the Minister has just described, can he tell me—does he take that same social partnership approach?

**David T. C. Davies**: I am very pleased to say that I do, and it may surprise the hon. Lady—I was cut short earlier—that one of the very useful meetings that I had was with the trade union representatives from across Wales, and I was delighted with their very constructive approach. They are as keen as we are to see Welsh businesses up and running as quickly as possible.

### Covid-19: Financial Support

10. **Tonia Antoniazzi** (Gower) (Lab): What recent discussions he has had with the Chancellor of the Exchequer on financial support for people in Wales affected by the covid-19 outbreak. [902997]

**The Secretary of State for Wales (Simon Hart)**: I have had regular discussions with my right hon. Friend the Chancellor of the Exchequer to ensure that the right financial support is available to people in Wales, and across the United Kingdom, to help people through the covid-19 outbreak.

**Tonia Antoniazzi**: The UK Government want to tax the one-off thank you payment that the Welsh Government are going to make to carers in Wales. As the Secretary of State goes out and claps on a Thursday evening, he should ask himself—or maybe explain to the people of Wales, especially if he refuses to stand up for the people of Wales, allowing his Tory Government to short-change the Welsh carers who have looked after our most vulnerable—what is the point of his role?

**Simon Hart**: If there had been a little bit of earlier consultation, we might have been able to advise the Welsh Government on how that problem could have been overcome. We have made some suggestions to them about how that gift to care workers is properly

made, without the need for primary legislation, which is where we are at the current time. I also urge the hon. Lady, if she is concerned about the matter, to make sure that everybody in the care sector receives a similar act of generosity from the Welsh Government.

**Mr Speaker:** We have now come to an end. I am going to suspend for a minute to allow those who do not need to be in the Chamber to make way for those who need to come in.

12 noon

*Sitting suspended.*

12.1 pm

*On resuming—*

## PRIME MINISTER

*The Prime Minister was asked—*

### Engagements

Q1. [902898] **Rachael Maskell** (York Central) (Lab/Co-op): If he will list his official engagements for Wednesday 3 June.

**The Prime Minister (Boris Johnson):** Tomorrow, I will open the global vaccine summit; the UK-hosted, virtual event will bring together more than 50 countries, as well as leaders of private sector organisations and civil society, to raise at least \$7.4 billion for Gavi, The Vaccine Alliance. Tomorrow's global vaccine summit should be the moment when the world comes together to unite humanity in the fight against disease.

This morning, I had meetings with ministerial colleagues and others. In addition to my duties in this House, I shall have further such meetings later today.

**Rachael Maskell:** As the Prime Minister obfuscates over his adviser, the real scandal of the coronavirus pandemic has been exposed in the Public Health England report published yesterday on inequality and poverty. If you are black or Asian, if you are poor, if you have a low-skilled job, the mortality risk is up to double that of the rest of the population, with the poorest having the greatest exposure, risk and fate. Now the Government are seriously increasing that exposure and risk with their easement announcements. Why will the Prime Minister not publish a full health and economic risk assessment for scrutiny, to protect us all from this deadly virus?

**The Prime Minister:** I thank the hon. Lady for her question. This Government commissioned the review from PHE and we take its findings very seriously, because there obviously are inequalities in the way the virus impacts on different people and different communities in our country. The Minister for Equalities, my hon. Friend the Member for Saffron Walden (Kemi Badenoch) will be looking at what next practical steps we need to do to protect all our country from coronavirus.

**Scott Benton** (Blackpool South) (Con): In the past few weeks, Blackpool has been inundated with visitors, and the images of people not social distancing and

leaving our beach strewn with litter have angered my constituents, at a time when they are doing the right thing and following the Government's advice. The fact that Blackpool has one of the highest local infection rates in the nation has only served to heighten these fears. What assistance are the Government providing to areas such as Blackpool to deal with the influx of visitors, at a time when local services are already under pressure?

**The Prime Minister:** My hon. Friend well represents Blackpool and his constituents, sticking up for the interests of Blackpool. In addition to the £3.2 billion we are already giving to local councils to help combat corona, Blackpool is receiving another £9 million, as well as the funding from the high street funds and the town fund to deal with the particular problems he rightly identifies.

**Keir Starmer** (Holborn and St Pancras) (Lab): May I start by expressing shock and anger at the death of George Floyd? This has shone a light on racism and hatred experienced by many in the US and beyond. I am surprised the Prime Minister has not said anything about this yet, but I hope that the next time he speaks to President Trump he will convey to him the UK's abhorrence about his response to the events.

This morning, *The Daily Telegraph* is reporting that the Prime Minister has decided to take "direct control" of the Government's response to the virus, so there is an obvious question for the Prime Minister: who has been in direct control up till now?

**The Prime Minister:** Let me let me begin by associating myself absolutely with what the right hon. and learned Gentleman had to say about the death of George Floyd. I think that what happened in the United States was appalling and inexcusable. We all saw it on our screens. I perfectly understand people's right to protest at what took place, although obviously I also believe that protests should take place in a lawful and reasonable way.

On the right hon. and learned Gentleman's more polemical point, let me just say that I take full responsibility for everything that this Government have been doing in tackling coronavirus, and I am very proud of our record. If you look at what we have achieved so far, it is very considerable. We have protected the NHS. We have driven down the death rate. We are now seeing far fewer hospital admissions. I believe that the public understand that, with good British common sense, we will continue to defeat this virus and take this country forward, and what I think the country would like to hear from him is more signs of co-operation in that endeavour.

**Keir Starmer:** The Prime Minister asks for a sign of co-operation—a fair challenge. I wrote to him, as he knows, in confidence two weeks ago, to ask if I could help build a consensus for getting children back into our schools. I did it confidentially and privately, because I did not want to make a lot of it. He has not replied.

This is a critical week in our response to covid-19. Whereas "lockdown" and "stay at home" were relatively easy messages, easing restrictions involves very difficult judgment calls. This is the week, of all weeks, where public trust and confidence in the Government needed

to be at its highest. But as the director of the Reuters Institute, which commissioned a YouGov poll this weekend, said,

“I have never in 10 years of research in this area seen a drop in trust like what we have seen for the UK government”.

How worried is the Prime Minister about this loss of trust?

**The Prime Minister:** I am surprised that the right hon. and learned Gentleman should take that tone, since I took the trouble to ring him up, and we had a long conversation in which I briefed him about all the steps that we were taking. He did not offer any dissent at that stage—he thoroughly endorsed our approach, and I believe that he should continue to endorse it today. I think that he is on better and firmer ground when he stands with the overwhelming majority of the British people who understand the very difficult circumstances we are in and who want clarity across the political spectrum but who believe that we can move forward, provided that we continue to observe the basic rules on social distancing, on washing our hands and on making sure that when we have symptoms, we take a test and we isolate. I think everybody understands that. That is why the incidence of this disease is coming down, and his attempts to distract the public from that have not been successful, because they continue to pay attention to our guidance.

**Keir Starmer:** The Prime Minister challenges me on the offer I made to him. This was a confidential letter. I think the best thing I can do is put it in the public domain, and the public can decide for themselves how constructive we are being.

Two weeks ago today at the Dispatch Box, the Prime Minister promised:

“we will have a test, track and trace operation that will be world-beating, and yes, it will be in place by 1 June.”—[*Official Report*, 20 May 2020; Vol. 676, c. 568.]

But it is not, and a critical element—the ability of local authorities to respond to local spikes—is missing. As one council leader put it to us, “We are weeks away from having this fully up and running. We simply were not given enough warning.” [Interruption.] The Prime Minister mutters that it is not true. Dido Harding, the Prime Minister’s own chair of the track and trace system, has said that this element will not be ready until the end of June. The Prime Minister must have been briefed on this problem before he made that promise two weeks ago, so why did he make that promise?

**The Prime Minister:** I am afraid that the right hon. and learned Gentleman is casting aspersions on the efforts of the tens of thousands of people who have set up the test, track and trace system in this country from a standing start. We now have 40,000 people engaged in this. As he knows, thousands of people are being tested every day. Every person who tests positive in the track and trace system is contacted, and then thousands of their contacts—people they have been in contact with—are themselves contacted. I can tell the House that at the moment, as a result of our test, track and trace system—which, contrary to what he said, was up and running on 1 June as I said it would be—and the efforts of the people who set it up, thousands of people are now following our guidance, following the law and self-isolating to stop the spread of the disease.

**Keir Starmer:** I welcome that news from the Prime Minister. He did not put a number on those who have been traced, but, as he knows, the number of people testing positive for covid-19 every day is only a fraction of those actually infected every day. According to the Office for National Statistics, the number actually infected every day is between 7,000 and 9,000. Assuming that up to five contacts need to be traced for every infected person, the system probably needs to reach 45,000 people a day, so there is a long way to go; and I am sure that if it is 45,000 a day, the Prime Minister will confirm that in just a minute. But the problem when the Prime Minister uses statistics is that the UK Statistics Authority has had concerns on more than one occasion. In a strongly worded letter to the Health Secretary yesterday, the chair of the UK Statistics Authority said that the statistics

“still fall well short of...expectations. It is not surprising that given their inadequacy data on testing are so widely criticised and often mistrusted.”

Can the Prime Minister see how damaging this is to public trust and confidence in his Government?

**The Prime Minister:** I must say to the right hon. and learned Gentleman that I really do not see the purpose of his endless attacks on public trust and confidence, when what we are trying to do is to provide—I think this is what the public want to hear from politicians across all parties—clear messages about how to defeat the virus. Test and trace is a vital tool in our armoury, and, contrary to what he says, we did get up to 100,000 tests a day by the end of May and to 200,000 by the beginning of this month. That was an astonishing achievement, not by the Government, but by tens of thousands of people working to support the Government; I think that he should pay tribute to them and what they have achieved.

**Keir Starmer:** The Prime Minister is confusing scrutiny for attacks. I have supported the Government openly and I have taken criticism for it—but, boy, he has made it difficult to support this Government over the last two weeks.

Another critical issue on trust and confidence is transparency about decision making. On 10 May, the Prime Minister said on the question of lifting restrictions:

“If the alert level won’t allow it, we will simply wait and go on until we have got it right.”

At the time that he said that, the alert level was 4, and the R rate was between 0.5 and 0.9. We are now three weeks on and some restrictions have been lifted, so can the Prime Minister tell us: what is the alert level now and what is the R rate now?

**The Prime Minister:** The right hon. and learned Gentleman knows perfectly well that the alert level does allow it. Indeed, he did not raise that issue with me when we had a conversation on the telephone. He knows that the reason that we have been able to make the progress that we have is that the five tests have been fulfilled. Yes, the alert level remains at 4, but as the Scientific Advisory Group for Emergencies will confirm, we have managed to protect the NHS, and we have got the rate of deaths and the rate of infections down. The personal protective equipment crisis; the difficulties in care homes; the question of the R figure—they have

been addressed. The question for him is whether he actually supports the progress that we are making because at the weekend he was backing it, but now he is doing a U-turn and seems to be against the steps that this country is taking.

**Keir Starmer:** I have supported the Government in the gradual easing of restrictions. That is why I wrote to the Prime Minister two weeks ago, because I could see the problem with schools and I thought it needed leadership and consensus. I privately offered to do what I could to build that consensus. That is the offer that was not taken up.

Finally, may I turn to the question of Parliament? Mr Speaker, I know you feel very strongly about this. The scenes yesterday of MPs queuing to vote and Members being unable to vote were, frankly, shameful. This should not be a political issue. Members on all sides know that this is completely unnecessary and unacceptable. If any other employer behaved like this, it would be a clear and obvious case of indirect discrimination under the Equality Act 2010, so may I urge the Prime Minister to stop this and to continue to allow online voting and the hybrid Parliament to resume?

**The Prime Minister:** Again, I do think that the right hon. and learned Gentleman needs to consider what is really going on throughout the country, where ordinary people are getting used to queuing for long periods to do their shopping or whatever it happens to be. I must say I do not think it unreasonable that we should ask parliamentarians to come back to this place and do their job for the people of this country. I know it is difficult, and I apologise to colleagues for the inconvenience. I apologise to all those who have particular difficulties with it because they are shielded or because they are elderly, and it is vital that, through the change we are making today, they should be able to vote by proxy. But I have to say that when the people of this country look at what we are doing, asking schools—the right hon. and learned Gentleman now says he supports schools going back—our policy is test, trace and isolate; his policy is agree, U-turn and criticise. What I can tell him is that I think the people of this country on the whole will want their parliamentarians to be back at work, doing their job and passing legislation on behalf of the people of this country, and that is what this Government intend to do.

Q3. [902900] **Jeremy Hunt** (South West Surrey) (Con): I congratulate the Prime Minister on hitting the 200,000 daily capacity target for testing, which puts us at the top of the European league table for testing. He rightly said that he wanted a 24-hour turnaround for testing, so could he tell us how many of the tests are currently being turned around within 24 hours and whether he would be willing to publish that number on a regular basis?

**The Prime Minister:** I congratulate my right hon. Friend on the kind of detailed forensic question that we could have had earlier on. The answer is that we already turn around 90% of tests within 48 hours. The tests conducted at the 199 testing centres, as well as the mobile test centres, are all done within 24 hours, and I can undertake to him now to get all tests turned around in 24 hours by the end of June, except for difficulties with postal tests or insuperable problems like that.

**Ian Blackford** (Ross, Skye and Lochaber) (SNP): Watching events unfold across America in recent days, and the actions and rhetoric from the American President, has been distressing and deeply worrying. We cannot delude ourselves into believing that we are witnessing anything short of a dangerous slide into autocracy. It is at times like these that people look to those they elect for hope, for guidance, for leadership and for action. However, in the seven days since George Floyd was murdered, the UK Government have not even offered words. They have not expressed that pain. They have shuttered themselves in the hope that no one would notice. The Prime Minister skirted over this earlier in Prime Minister's questions. May I ask him what representations he has made to his ally Donald Trump? And at the very least, Prime Minister, say it now: black lives matter.

**The Prime Minister:** Of course black lives matter, and I totally understand the anger and the grief that is felt not just in America but around the world and in our country as well. I totally understand that, and I get that. I also support, as I have said, the right to protest. The only point I would make to the House is that protests should be carried out lawfully and, in this country, protests should be carried out in accordance with our rules on social distancing.

**Ian Blackford:** I am afraid the Prime Minister did not answer the question of what representations he has made to his friend Donald Trump. It is imperative that the UK is vocal on human rights, freedom to gather and protest, freedom of speech and upholding press freedom in other parts of the world. It would be nothing short of hypocrisy if we were to turn a blind eye to events unfolding in the US. However, actions speak louder than words. [Interruption.] The Prime Minister can shake his head, but the UK exports millions of pounds worth of riot control equipment to the US, including tear gas and rubber bullets. The Prime Minister must have seen how these weapons are used on American streets. With the Government's own guidance warning against equipment being used in such way, will the Prime Minister urgently review such exports?

**The Prime Minister:** I am happy to look into any complaints, but as the right hon. Gentleman he knows, all exports are conducted in accordance with the consolidated guidance, and the UK is possibly the most scrupulous country in that respect in the world.

Q4. [902901] **Jane Hunt** (Loughborough) (Con): I have a number of businesses that serve the wedding market and that would like to hold viewings to make bookings for the future. Church leaders of Loughborough have also contacted me about access to churches both for services and to help to tackle loneliness. Please could I ask that religious faiths be allowed to let people into their places of worship, observing social distancing within their premises, and that wedding venues be allowed access for bookings?

**The Prime Minister:** I very much understand the urgency that many people in this country feel about the need to reopen places of worship. My right hon. Friend the Secretary of State for Housing, Communities and Local Government is of course leading a taskforce on

this very matter. It is a tough one: every time we do something like this, we push up the risk of infection and the risk of pushing up the R again. To repeat what I was saying earlier to the Leader of the Opposition, we are not there yet. We are getting there, but we are not yet there. It is vital that the people of this country understand the continued need to push down on the infection rate.

**Q12.** [902909] **Lloyd Russell-Moyle** (Brighton, Kemptown) (Lab/Co-op): Our firefighters have been assisting in this covid crisis. They have taken 12 additional areas of work supporting our NHS, and while they are busier than ever, they are about to face another round of devastating cuts. My local fire authority in East Sussex is planning to remove 10 fire trucks from the county, with the loss of frontline firefighters. Is the Prime Minister planning to respond to the Fire Brigades Union letter sent to him on 22 May calling for a moratorium on cuts? Clapping on Thursdays is well and good, but will he put his money where his mouth is and ensure that no fire authority needs to cut frontline firefighters when they have been helping to save our country?

**The Prime Minister:** I will certainly respond to his letter.

**Q5.** [902902] **Paul Howell** (Sedgefield) (Con): Does the Prime Minister agree that as we exit the pandemic, it is critical that we not only stimulate the UK economy, but also start the important process of levelling up? This should include stimulating the housing market to help excellent companies such as PWS at Newton Aycliffe, investing in rural broadband to help villages such as Killerby, and maybe moving the Treasury to Sedgefield, and also the acceleration of rolling stock investment to help companies such as Hitachi. May I also ask him to join me in opening the station at Ferryhill, which I am sure he will ask the Transport Secretary to approve?

**The Prime Minister:** What a brilliant idea. I think Sedgefield should be careful what it wishes, but I will certainly investigate that possibility. My hon. Friend will know what we were doing, whether it is the 300,000 homes that we want to build every year, massive investment in gigabit broadband, or the huge investment in railways and roads, and I will make sure that I add to that an ambition to come and see Ferryhill station launched with him.

**Dr Alan Whitehead** (Southampton, Test) (Lab): Will the Prime Minister address himself to the question of quarantine arrangements? Most European countries have had quarantine arrangements for quite a while now and are beginning to reduce them. This country has had no quarantine arrangements to date and is only now introducing them. Why is that?

**The Prime Minister:** For the simple reason that as we get the rate of infection down, with the efforts that we are making as a country, it is vital that we avoid reinfection from elsewhere. That is why we are doing it.

**Q6.** [902903] **Mel Stride** (Central Devon) (Con): When my right hon. Friend attended the Liaison Committee last week, he very kindly committed to me to speak to the Chancellor about the possibility of including self-employment income received by way of dividend in

the calculation of furlough support. I wonder whether my right hon. Friend has had the opportunity to have that conversation and whether he has some good news for the House, because there are hundreds and thousands of self-employed people up and down this country who need that support.

**The Prime Minister:** I am grateful to my right hon. Friend, who raises a very important point. I have an answer of fantastic complexity here before me, but the gist of it is that at present HMRC would be forced to rely on all sorts of information that it would not be able to verify very easily in order to comply with his wishes. I am happy to discuss it more fully with him and to write to him in detail.

**Q15.** [902912] **Paul Blomfield** (Sheffield Central) (Lab): In front of the Liaison Committee last week, the Prime Minister was clearly shocked to learn that many migrants living and working lawfully in the UK have no recourse to public funds. Without support, many have been forced to continue working in unsafe conditions or have been pushed into extreme poverty. He promised the Liaison Committee that he would do all he could to help. Scrapping the policy would be the best step, so will he update the House on his progress?

**The Prime Minister:** What I can tell the House is that everybody knows that no recourse to public funds is a long-standing condition that applies to people here with temporary immigration status, but it is a term of art; it does not mean that they are necessarily excluded from all public funds. For instance, they may be eligible for coronavirus job retention scheme funds or self-employed income support scheme funds. Indeed, if they have paid into the benefit system, they may be eligible also for certain benefits.

**Q7.** [902904] **Mark Fletcher** (Bolsover) (Con): As we come out of lockdown, it is vital that we get our economy firing on all cylinders. In Bolsover, to level up we need more skilled jobs, so will my right hon. Friend the Prime Minister meet me to discuss my proposal for Bolsover to lead the country with a green enterprise zone so that we can bring low-carbon manufacturing and research to our region?

**The Prime Minister:** My hon. Friend has exactly the right vision for Bolsover. Indeed, it is the vision that I have for the whole country. The green recovery will be essential to this country's success in the next few years. I am happy to meet him to discuss it.

**Judith Cummins** (Bradford South) (Lab): The Communities Secretary has admitted unlawfully overruling his own planning inspector to allow the Westferry development to go ahead, potentially saving the developer, Richard Desmond, who is a Conservative party donor, £40 million in tax. The Secretary of State did so just weeks after sitting next to the developer at a Tory fundraising dinner. Given that this was the same scheme that the Prime Minister tried to push through when he was Mayor of London and which reappeared after he entered Downing Street, will he now tell the House what conversations he has had with the Secretary of State about the scheme? Will he publish all relevant correspondence between No. 10 and the Department?

**The Prime Minister:** I am happy to tell the hon. Lady that I have had no conversations on that matter whatever, nor any exchanges of any kind.

Q8. [902905] **Laura Trott** (Sevenoaks) (Con): The lockdown has seen a rise in antisocial behaviour in my area, including at Lullingstone castle, where a man sadly died last Thursday evening. My sincere condolences are with his family and friends at this time. This incident shows the need for more visible police in Sevenoaks. Can the Prime Minister confirm that the 147 new police officers promised to Kent will not be delayed and they will be focused on frontline policing to tackle antisocial behaviour?

**The Prime Minister:** Yes, indeed. That is why the Government are going to get on with our agenda of uniting and levelling up the country with 20,000 more police officers. In fact, we have recruited thousands already, and I am pleased to say in terms of the 147 that she identifies coming to Kent that I think they have already got there. If they have not, they are getting there very shortly.

**Maria Eagle** (Garston and Halewood) (Lab): In view of the Health Secretary admitting yesterday that covid outbreaks are worse in deprived areas and that our great cities have been hardest hit—the PM said earlier in the session that he takes these inequalities very seriously—will he now promise me that Liverpool City Council and Knowsley Council will get the full costs of their covid spend reimbursed, as they were told they would, instead of only half, which is what they have been allocated? I raised the issue with him on 11 May, and he promised he would look into it. I have written to him, but I have not had a reply.

**The Prime Minister:** The hon. Lady has raised this before. I pointed out that we have given an extra £3.2 billion to local government and another £600 million to deal with the particular costs of care homes, but I am happy to write back to her about the particular needs of Liverpool and Knowsley councils.

Q9. [902906] **Rob Butler** (Aylesbury) (Con): Buckinghamshire Council has been able to help thousands of local businesses thanks to the £91 million grant from the Business Department, but despite the very best efforts of its staff, £13 million remains unclaimed. I and the council would like all that money to be able to be given to small businesses that need it to survive, but at the minute that is not allowed. Will my right hon. Friend seek to persuade his Cabinet colleagues that this would be a win-win—more help for businesses in need without costing the Government a penny more than has already been allocated?

**The Prime Minister:** I am grateful to my hon. Friend; he represents his businesses in Aylesbury well. We are certainly talking to all councils about how they can properly utilise the allocations that they have.

**Mr Ben Bradshaw** (Exeter) (Lab): The Public Health Minister told me in an email on 22 May that the justification for a 14-day quarantine is “where local Covid incidence and prevalence is much lower relative to international incidence and prevalence”.

It is not, is it? So why is the Prime Minister inflicting, from Monday, a blanket quarantine with no basis in science that will devastate our travel industry and rob British families of their foreign holidays?

**The Prime Minister:** I am surprised to hear that criticism from the Labour Benches. I thought that the Opposition were in favour of the quarantine policy. The simple reason is to protect the British people from the reimporting of that disease once we have driven infection rates down.

Q10. [902907] **Henry Smith** (Crawley) (Con): Aviation was one of the first sectors to take an immediate negative impact from the coronavirus pandemic and will probably be one of the slowest to recover. Will my right hon. Friend consider an extension to the furlough for air industry employees through the low season and into 2021?

**The Prime Minister:** I am not going to make a commitment, alas, to extend the coronavirus job retention scheme now, but my hon. Friend represents the aviation sector, which has been very hard hit, and we will look at all the ways we can to support it throughout the crisis.

**Fleur Anderson** (Putney) (Lab): I hope that the Prime Minister will join me in standing together not only in grief at the killing of George Floyd but in determination that we will work together against racism, both in the US and here in the UK. In Putney, black teachers have told me that they are scared of going back to school because of the higher rates of death, and today’s figures from the Metropolitan police show that more than a quarter of lockdown fines have been for black people, although they are an eighth of our London population. Will the Prime Minister condemn the actions of the American police, will he freeze sales of tear gas and rubber bullets, will he review the lockdown fines, and will he act on the report on covid deaths, so that there are not more black people dying than white?

**Mr Speaker:** Sorry, we are not going to get other people in. We have got to be fair to each other.

**The Prime Minister:** The hon. Lady raises a very important series of points. I certainly condemn the killing of George Floyd, and we will certainly make sure that everything that we export to any country around the world is in accordance with the consolidated guidance on human rights.

Q13. [902910] **Laura Farris** (Newbury) (Con): This Government have taken the lead on tackling domestic abuse, but there is an ugly dimension that remains unresolved, where men who kill their partners in appalling acts of sexual violence establish in court that “she asked for it” and avoid a murder conviction. Does my right hon. Friend agree that the time is now to end the rough sex defence?

**The Prime Minister:** My hon. Friend raises an incredibly important point. We are committed to ensuring that the law is made clear on this point, and that defence is inexcusable.

**Tim Farron** (Westmorland and Lonsdale) (LD): The virus effectively turned summer into winter for Cumbrian tourism. Ending Government funding in October, though, will mean three winters in a row, causing severe hardship on top of the 312% increase in unemployment we have already had locally. Will the Prime Minister provide a support package for tourism and hospitality in the lakes, the dales and elsewhere to see them through the spring of 2021?

**The Prime Minister:** I am grateful to the hon. Gentleman. We are certainly looking at all sorts of packages—creative ideas—to help the tourism industry over the winter period so that its winter, as it were, can continue to be a kind of summer once we can get things open again. There are all sorts of packages that we will be bringing forward, but I do not want to extend some of the schemes that we currently have.

Q14. [902911] **Holly Mumby-Croft** (Scunthorpe) (Con): I am very proud to tell the House that we have 2,500 world-class steelworkers in Scunthorpe. Like steelmakers across this land, they stand ready to make steel for High Speed 2. My right hon. Friend the Prime Minister has said in the House that he wants to see that happen. Will he reassure me that he will press for HS2 to sign the UK steel charter, and that steel for HS2 will be made in Britain?

**The Prime Minister:** We are doing everything we can to support the UK steel industry and to make sure, as HS2 goes forward, that it maximises the use of UK steel. I am proud to say that 98% of the companies that have signed up to deliver for HS2 are based in this country.

**Andy Slaughter** (Hammersmith) (Lab): When the Prime Minister was forced to publish the review of the risks covid-19 poses to black and minority ethnic groups yesterday, why did he remove reference to the 1,000 responses to the review, many of which cited structural racism and discrimination as root causes of higher risk? If, unlike Trump, he seeks to represent the

whole country that he is elected to lead, what action is he going to take to show that in tackling covid-19 and wider racism in society, black lives matter?

**The Prime Minister:** I think that the hon. Gentleman may have missed some of the earlier answers I have given, but he is wrong when he says that this Government were somehow forced to publish a review. This Government commissioned the review because we take it incredibly seriously. It is our review, and yes, I do think it intolerable that covid falls in such a discriminatory way on different groups and different communities in our country, and that is why we are going to ensure that our Minister for Equalities takes up that report and sees what practical steps we need to take to protect those minorities.

**Mrs Theresa May** (Maidenhead) (Con): My right hon. Friend has rightly been focusing on keeping people safe, but that task goes beyond covid-19, so can he give me the reassurance that as from 1 January 2021, the UK will have access to the quantity and quality of data that it currently has through Prüm, passenger name records, the European Criminal Records Information System and SIS—Schengen Information System—II, none of which, I believe, should require the European Court of Justice jurisdiction in the UK?

**The Prime Minister:** That depends, I am afraid, on the outcome of our negotiations, as my right hon. Friend knows well, but I am absolutely confident that our friends and partners will see sense and the great mutual benefit in continuing to collaborate in exactly the way that we do.

**Mr Speaker:** We now come to the end. In order to allow the safe exit of hon. Members participating in this item of business and the safe arrival of those participating in the next, I suspend the House for five minutes.

12.37 pm

*Sitting suspended.*

12.42 pm

*On resuming—*

## Covid-19: Aviation

**Huw Merriman** (Bexhill and Battle) (Con): To ask the Chancellor of the Exchequer if he will make a statement on covid-19 and the economic impact on aviation.

**The Parliamentary Under-Secretary of State for Transport (Kelly Tolhurst)**: My right hon. Friend the Chancellor has asked me to respond on his behalf.

The covid-19 crisis has affected every person in the country and every sector of the UK economy, and aviation is essential to that economy. It connects the regions together and it plays a huge part in the UK's future as a global trading nation. That is why the Government have responded to the crisis with an unprecedented package of measures. On 24 March, my right hon. Friend the Chancellor of the Exchequer wrote to the aviation sector setting out the schemes being made available, including the deferral of VAT payments, the covid commercial finance facility and the coronavirus job retention scheme. The Civil Aviation Authority is also working with airlines, airports and ground handlers to provide appropriate flexibility within the regulatory framework. If airlines, airports or other aviation organisations find themselves in trouble because of coronavirus and have exhausted the measures already available to them, the Government have been clear that they are prepared to enter into discussions with individual companies seeking bespoke support.

We recognise that there remain serious challenges for the aviation sector, despite the measures that have been put in place. It will take time for passenger numbers to recover, and the impact will be felt first and foremost by the sector's employees. The recent announcements about redundancies from companies such as British Airways, Virgin and easyJet will be very distressing news for employees and their families. These are commercial decisions that I regret, particularly from companies that benefit from the job retention scheme, which was not designed for taxpayers to fund the wages of employees only for those companies to put the same staff on notice of redundancy during the furlough period.

The Government stand ready to support anyone affected, with the Department for Work and Pensions available to help employees identify and access the support that is available. My Department has set up a restart, recovery and engagement unit to work with the aviation industry on the immediate issues affecting the restart of the sector and its longer-term growth and recovery. As part of that, we have established an aviation restart and recovery expert steering group, which is formed of representatives across the sector, including airports, airlines and ground handlers, industry bodies and unions.

The sustainable recovery of the aviation sector is a core part of our commitment to global connectivity and growing the UK economy. With airports, airlines and other parts of the aviation sector, we are putting in place the building blocks for recovery. The House will be updated as soon as possible on the next steps.

**Huw Merriman**: Thank you, Mr Speaker, for giving aviation workers in your constituency and across the nation the chance to have their voice heard. I am grateful to the Minister for being a tireless champion for the sector.

This is a hugely challenging time for the aviation economy. Job losses are inevitable, but many of us are concerned that companies are using the pandemic as a justification to slash jobs and employment terms—step forward British Airways, the only airline that is effectively sacking its entire 42,000 workforce and replacing it with 30,000 jobs on inferior terms. BA has tried that before, but its workforce resisted. It is ethically outrageous that our national flag carrier is doing that when the nation is at its weakest and when we expect the country to do its bit.

May I ask the Government to use their full weight to stop unscrupulous employers using the pandemic as a chance to slash terms and conditions? Will the Department ask the Civil Aviation Authority to undertake an urgent review of reallocating lucrative landing slots at Heathrow to companies such as British Airways that indicate that they are downsizing, and perhaps handing them to companies that wish to expand and take on workers? BA has 51% of Heathrow landing slots, including the most profitable to John F. Kennedy airport. Will the Government change the job retention scheme to stop employers using it while simultaneously putting employees on redundancy notice?

On quarantine, that is the wrong policy at the worst possible time for the aviation sector and the economy. It gives companies such as BA justification for shedding staff and worsening terms and conditions. Thirteen of our 15 most popular international destinations have a lower R rate than we do. Will the Government commit to reviewing quarantine, bringing in air bridges from safer destinations, and developing an immediate exit strategy to allow the aviation sector to plan ahead? The situation is grave, but there is still time to save the aviation sector with further Government support and action to ensure that companies such as British Airways do their patriotic duty and stand by their hard-working and loyal staff, rather than deserting them.

**Kelly Tolhurst**: I thank my hon. Friend for his work as Chair of the Select Committee on Transport and the fair but firm way in which he is standing up for the aviation sector.

My hon. Friend asked about the Government's ability to stop employers making poor use of the pandemic to slash terms and conditions. I certainly would not expect employers to use the pandemic as a chance to do so. I think most people would agree that terms and conditions are usually a matter for employees and employers, but employees have recourse to a number of options for support in cases in which that is happening. I highlight the fact that in crises such as this we would hope that all organisations that are taking such measures treat their employees with the social responsibility that one would expect. I will do everything in my power to make sure that that is understood by those organisations.

My hon. Friend asked about the ability to reorganise the slots process. He is right to raise that. The Government are currently legally prevented from intervening in the slots allocation process. However, we want airport landing and take-off slots to be used as effectively as possible for UK consumers. As the UK aviation market recovers from the impacts of this terrible disease, I want to ensure that the slots allocation process encourages competition and provides connectivity, so that is something I will be looking at.

The Prime Minister has been clear, and I will be clear again today, that the job retention scheme was not designed for this purpose. It will be for Treasury to review the specifics of the scheme, and I am sure that colleagues will be taking note of today's proceedings.

The Home Secretary will be making a statement on the quarantine measures immediately after this, and I do not want to pre-empt her, but I can confirm that the measures will be subject to regular review. My Department, through the aviation restart and recovery unit, is working non-stop with the sector and Government partners to plan for the future of aviation, enabling it to recover. No option is off the table, and we are looking closely at air bridges, which are also known as international corridors. I will be working tirelessly, as I have done over the last 10 weeks, to do whatever I can to mitigate the impacts that have been felt by the aviation sector.

**Wes Streeting (Ilford North) (Lab):** I congratulate the Chair of the Transport Committee on securing this urgent question. The aviation industry is looking to the Chancellor for leadership, but he is not here today, and it has been locked in a holding pattern once again. While the Treasury dithers and delays, the crisis continues to unfold, with 12,000 job losses at BA—a quarter of its workforce; 4,500 redundancies at easyJet; 3,000 staff at threat of redundancy at Virgin Atlantic; GE Aviation making a quarter of its global workforce redundant, with jobs at risk in south Wales; and Airbus describing this as the biggest crisis in its history. So where is the urgency, the clarity and the specific support package that the Chancellor referred to back in March?

This is a sector that contributes £22 billion a year to our economy, with 230,000 jobs across the industry and the manufacturing supply chain dependent on it. It needs to change to meet the challenge of climate change. So why did one industry leader tell the Transport Committee just a fortnight ago that the Government were “asleep at the wheel”? Can the Minister go back and wake the Treasury up?

We have been calling for an aviation sector deal. Can we have one? If so, by when? British Airways has taken taxpayers' cash to furlough its staff. Why is anyone surprised by that? We warned the Government that this would happen. Will the Government now ensure that any bail-outs come with conditions to protect jobs, workers' rights and taxpayers' money? Will the Government ensure that any company in receipt of support from British taxpayers also has its tax base here in the UK? Will the Government hold them to tougher environmental targets to achieve our net zero ambition, rather than simply allowing them to go bust through Government inaction and incompetence?

Finally, we have the Home Secretary ambling along this afternoon with a face-saving quarantine plan that has huge consequences for our economy and without any publication of any evidence to support it on public health grounds. None of this is good enough. This is an issue for our whole economy. With respect to the Minister, her Department is neither use nor ornament. We need the Treasury to act. The Chancellor should be here. They should have turned up this afternoon, and I hope she will take that message back in the strongest possible terms.

**Kelly Tolhurst:** I welcome the hon. Gentleman to his place as shadow Minister. I am responding to this urgent question as the Minister responsible for aviation

who has been working with the sector over the last 10 weeks to understand the impacts and the issues related to our airlines, airports and the whole aviation sector.

We cannot overestimate the impact that the coronavirus has had on the whole UK economy, and the aviation sector has been acutely affected. We have been working hard in Government, and it is pretty clear for most people to see the unprecedented level of support that the Chancellor and this Government have delivered across the economy, which has had a massive impact in the aviation sector. The Chancellor was incredibly clear that any business that had explored all the Government schemes and needed bespoke support as a last resort could enter into discussions with the Government. It is absolutely right that we request those private businesses to exhaust all other options before that, including raising capital from existing investors and exhausting all the economy-wide measures that are in place.

The job retention furlough scheme has had a massive impact in the aviation sector in keeping people employed. As I outlined in my opening answer to the urgent question, I will do whatever I can as Aviation Minister to encourage companies to use the furlough scheme and make use of the other Government schemes without making people redundant. We absolutely have not been asleep at the wheel. I am not sure that anybody else recognises that description. Of course, a bail-out by the taxpayer or any other Government support would need to comply with state aid rules and require us to meet our legal obligations, particularly on climate change.

On quarantine, the Prime Minister made it very clear at PMQs just now that we need to keep the infection under control, and the Home Secretary will introduce measures to try to mitigate it.

**Mrs Theresa May (Maidenhead) (Con):** I refer the House to my entry in the Register of Members' Financial Interests.

Aviation supports 1 million jobs in the UK, including 114,000 in aerospace and 1,700 in my constituency, and international air travel is necessary for trade; without it, there is no global Britain. Given that, instead of introducing measures to close Britain off to the rest of the world, why are the Government not taking a lead in developing an international aviation health screening standard, to save jobs and ensure that Britain is open for business?

**Kelly Tolhurst:** I recognise the importance of the aviation sector, particularly in my right hon. Friend's constituency. The restart and recovery unit, which we set up within the Department, is working across Government, the sector, including the airlines, airports and ground handlers, and trade bodies, and looking at how we can do exactly that—get internationally agreed standard health measures. We are working incredibly hard to gain consumer confidence so that people want to travel again. We want to meet our objective of keeping people safe and reducing the spread of coronavirus while also trying to get the aviation sector up and running as quickly as possible.

**Mr Speaker:** I call Gavin Newlands, the Scottish National party spokesperson, who has 1 minute.

**Gavin Newlands (Paisley and Renfrewshire North) (SNP):** Back in March, the Chancellor said he was working on a specific package of help for airports and

[Gavin Newlands]

airlines. We are still waiting for that support. Will the Minister press the Chancellor at least to follow the Scottish Government's lead in giving the industry 100% business rates relief for a year? Will she also echo what the Chair of the Transport Committee said about the despicable behaviour of Willie Walsh and IAG? In the short term, we all understand and accept that the industry needs to reduce in size, but the manner in which Mr Walsh is choosing to do this should be illegal, if it is not already.

This affects the supply chain too. Sadly Rolls-Royce has today confirmed it intends to cut 700 jobs at Inchinnan in my constituency. The company is looking to offshore yet more work, despite having taken UK Government research and development money and job retention scheme money. The UK, but particularly Inchinnan, is being disproportionately affected. Are the Government engaged with, or have they offered any support to, Rolls-Royce to mitigate job losses? Finally, will the Minister join me in urging Rolls-Royce to engage meaningfully with the Scottish Government on supporting jobs at Inchinnan?

**Kelly Tolhurst:** The hon. Gentleman has raised several of these points with me previously, and I have tried to articulate to him before the support being offered to the aviation sector. Once it has looked at all the Government schemes and exhausted all other possibilities, such as going to shareholders to see whether they can support their businesses, businesses in the sector can come to the Government to discuss bespoke support. As he would imagine, those discussions are ongoing.

On business rates, which the hon. Gentleman has, rightly, mentioned before, the Chancellor was clear about where those business rate alleviations would happen and that is obviously a matter for the Treasury. On the impact of the reduction in aviation on the wider jobs market in the aerospace industry, and particularly on Rolls-Royce, as I have outlined, the furlough scheme was not introduced in order for businesses to put people on notice of redundancy while they were on furlough. As hon. Members would expect, we will work across Government, including with colleagues in the Department for Business, Energy and Industrial Strategy, to assess the significant impact that will be felt across the economy, and particularly in the wider aerospace sector. We will do whatever we can to ensure that we engage with those businesses and protect as many jobs as possible.

**Sir Graham Brady** (Altrincham and Sale West) (Con): Manchester airport generates 100,000 jobs and is an essential motor for growth across the north of England. If we are to save those jobs, it is essential that companies behave responsibly, and that the Government partner with the sector to ensure that the vital peak summer season goes ahead. For that to happen, we need immediate clarity about the criteria for safe countries, and the names of the countries that will be air bridges should be put in place rapidly.

**Kelly Tolhurst:** My hon. Friend is right. Across Government, we are working with the sector, at pace, and with officials and representatives, to get those measures in place so that people can get back into the air and travel as soon as possible. I caveat that with the point

that ultimately, limiting the spread of coronavirus and keeping the UK population safe must be our priority, but I am determined and will work hard to find a solution.

**Kim Johnson** (Liverpool, Riverside) (Lab): As we have heard, British Airways has taken public money from the Government's coronavirus job retention scheme that was intended to protect workers' jobs, and instead it has used it to put 12,000 workers on notice of redundancy. The purpose of the scheme is to keep people in work, not to let them go on the cheap. Will the Minister join me in condemning that behaviour, and will she ensure that any further support will protect the workforce as intended?

**Kelly Tolhurst:** Shareholders and employers should consider their social responsibility to the people in their businesses. They take the benefits in the good times, and they should share the burden when times are harder, particularly when in receipt of taxpayer moneys. As I have said, I will do all I can to ensure that that is understood by those organisations.

**John Lamont** (Berwickshire, Roxburgh and Selkirk) (Con): The Minister will be aware of how important the airline sector is to connecting Scotland not just with the rest of the United Kingdom, but with the whole world. With airlines under pressure and flight paths being reduced, there is real concern in Scotland that it might lose out. Will the Minister reassure me that the Government will do everything they can to protect Scotland's air connections, not just with the rest of the UK, but across the world?

**Kelly Tolhurst:** My hon. Friend is absolutely right. Air connectivity with all our devolved Administrations, particularly Scotland, is important, and regional connectivity and our smaller airports will very much feature in our planning for the recovery stage. I am incredibly cognisant of the fact that we must do a lot of work to keep that connectivity and deliver on our levelling up agenda, and that is exactly what I intend to do.

**Dr Ben Spencer** (Runnymede and Weybridge) (Con): I thank the Minister for her answers, and I echo the point about the use of taxpayers' money and the furlough scheme, and the corporate responsibility of carriers such as British Airways. A 14-day quarantine would ground the aviation industry and all jobs and businesses that rely on it, but as yet we have not provided aviation-specific financial support. Given that the 14-day quarantine is in effect a Government mandated shutdown of a large part of the passenger airline industry, does the Minister agree that sector-specific financial support should be provided, as we have done for other sectors that have been directly shut down, such as shops and pubs?

**Kelly Tolhurst:** I recognise the importance of the aviation sector in my hon. Friend's constituency; he has been a champion of it and spoken to me about this issue a number of times already. We absolutely have already delivered unprecedented financial support already for the airlines, which have the ability to access the Government schemes. As we move through the period of restart and

recovery, we are working with the industry to assess what the problems, issues and requirements will be. We have not taken anything off the table and we will continue to work through things. We are obviously working closely with the sector to deliver on the quarantine announcement.

**Claudia Webbe** (Leicester East) (Lab): It is worth repeating that British Airways, which has benefited from covid-19 taxpayers' support, has issued redundancy notices to its entire 42,000-strong workforce and shamelessly intends to make 12,000 redundant and to rehire the remainder on much worse contracts. British Airways has taken hundreds of millions of pounds of Government money that is intended to protect workers' jobs. In the words of the many British Airways employees in my Leicester East constituency who fear for their futures, this is immoral, opportunistic and greedy. Did the Government not agree conditions? Do they plan to stand up to this corporate bully? Will they say now—now—how they will guarantee protections for workers?

**Kelly Tolhurst:** I feel the concerns of BA workers and others, and we want to make the point to these organisations that the use of Government schemes is preferable to making redundancies. Terms and conditions are a matter for negotiation between employers and employees—the Government are not part of that—but I have already stated that we would expect employers to treat employees fairly and in the spirit of partnership.

**Ruth Cadbury** (Brentford and Isleworth) (Lab): Up to one in three households in the London Borough of Hounslow could be affected by job losses at Heathrow. Will the Government work with aviation communities and their local councils, and with aviation unions, to deal with the economic and social impact on our communities of the decimation of the aviation sector?

**Kelly Tolhurst:** I thank the hon. Lady for raising that point, because it is quite right. The Department for Work and Pensions stands ready to support anyone who is affected by the announcements and those job losses. As the Minister responsible for the aviation sector, I have said that I am keen to work regionally, where we can, when particular areas may or may not be affected disproportionately by the loss of these jobs.

**Steve Double** (St Austell and Newquay) (Con): Without airports, there can be no aviation sector. Many of our smaller regional airports, such as Cornwall Airport Newquay, have been deeply impacted by this crisis, and there is great concern about their future. Such airports will be vital to the recovery of the aviation sector and, indeed, the wider economy, so will the Minister say what steps she is taking to support our regional airports?

**Kelly Tolhurst:** My hon. Friend is quite right that the regional airports—our smaller airports throughout the UK—will be and have been affected by coronavirus. I have given my assurances to those smaller airports that we will work with them on the recovery stage to secure our connectivity. They are important pieces of infrastructure and I am very cognisant of the fact that once such important pieces of infrastructure are closed or lost, it is harder to reinvigorate them, so I will be working my hardest to try to protect them.

**Liz Twist** (Blaydon) (Lab): My many constituents who are employed by British Airways are absolutely devastated by the threat of losing their jobs and the proposed downgrading of their terms and conditions of employment. That is a message that BA needs to hear loud and clear from this House. I am glad to hear that the Minister shares the concern of so many Members about the proposals, but will she go further and condemn this behaviour and make it a condition of any financial or business support that BA reverses its decision?

**Kelly Tolhurst:** I have been clear with the hon. Member for Leicester East (Claudia Webbe) about my position on that particular point. We need to recognise that coronavirus has had an unprecedented impact on all businesses, and that airlines are not immune from some of the financial challenges faced by other parts of the economy. However, we absolutely stand by the point that this was not the intention of the job retention scheme; I think I have already made that point.

**Joy Morrissey** (Beaconsfield) (Con): If British Airways continues to treat its employees with contempt by refusing to take section 188 off the table and refusing to move the deadline past 15 June, will the Government consider speaking to the Aviation Authority to encourage it to remove the airline's legacy landing slots as leverage to ensure that it treats its employees with the respect that they deserve?

**Kelly Tolhurst:** I agree with my hon. Friend. As I have outlined, businesses get the benefits from being shareholders in the good times, and they should be sharing the burden in the bad times. Ultimately, it is the workers who make—and, really, dictate the success of—any business. I have already outlined that there are opportunities as we work through coronavirus and move to the end of December, and I am quite willing to look at anything that can benefit, open up and increase competition in the aviation sector.

**Sarah Olney** (Richmond Park) (LD): In the Minister's response to the hon. Member for Leicester East (Claudia Webbe), she said that she wanted to make the point to BA that the job retention scheme was not to be used for redundancies. Can she confirm specifically what engagement the Government have had with BA? It is at least three weeks since I was first contacted by constituents who are appalled by the way in which they are being treated after a lifetime of loyal service. What have the Government actually done to engage with BA on this point?

**Kelly Tolhurst:** The hon. Lady will accept that I have been engaging regularly throughout the last 10 weeks with the whole aviation sector, including with BA and other organisations that have made similar announcements, and I will continue to do that. Questions such as this will make a clear point to those organisations. As I have said before, the organisations taking these decisions ultimately need customers, and if customers view that their actions are below par, people might start voting with their feet when booking flights.

**Christian Wakeford** (Bury South) (Con): I thank my hon. Friend the Member for Bexhill and Battle (Huw Merriman) for securing this urgent question. As an MP for Greater Manchester, I am particularly concerned about Manchester airport and the wider impact on the

[*Christian Wakeford*]

north-west aerospace and aviation industry. Will my hon. Friend the Minister tell me what assessment she and her Department have done regarding employment in the sector itself and in the wider supply chain?

**Kelly Tolhurst:** I thank my hon. Friend and note the importance of the Manchester airport, which is close to his constituency, and the work that is done there. We have been engaging with the airport extensively over the past 10 weeks, as hon. Members would expect. We are working across Government, through a Government-led taskforce on aviation. I am working with my colleagues in the Department for Business, Energy and Industrial Strategy to look at the extent of the impact on a wide range of jobs in the sector, not only at airlines and airports. That work is ongoing and will very much influence policy.

**Maria Eagle** (Garston and Halewood) (Lab): Liverpool John Lennon airport in my constituency supports 7,000 jobs and contributes £240 million in gross value added to the local economy, but saw no international flights at all from mid-April to mid-May. The chaotic and strangely timed Government quarantine plan will prevent any early recovery and cost the aviation industry generally more. In view of this, what specific support will the Minister offer to the aviation industry generally, and to regional airports in particular, in exchange for this sudden imposition of Government policy?

**Kelly Tolhurst:** Our priority is clear: it has been to halt and limit the spread of the coronavirus. Officials in our Department are working with the sector in order to gain a set of standard health measures that can be applied across the industry and that will be internationally recognised. We are working with the sector to find ways in which we can allow people to travel safely and come into the country without the need for quarantine, but ultimately it is absolutely the right time to implement quarantining as we are seeing a reduced number of transmissions and we want to protect the UK and the people within it.

**Julie Marson** (Hertford and Stortford) (Con): My constituents in Hertford and Stortford who are employed by British Airways at Stansted airport are desperately worried for their jobs. Will my hon. Friend join me in supporting them and condemning BA? Will she also urge BA—a profitable cash-rich company that has availed itself of Government support in this crisis—in the context of Project Birch to engage with the Government, unions and staff and not to destroy my constituents' jobs?

**Kelly Tolhurst:** Like my hon. Friend, I too have British Airways employees in my constituency and I understand the pain and worry that this is causing those individuals. There is so much concern among the whole of the UK population about what this means for them economically, and I have made the point that this is not what we would expect. Quite rightly, we are not part of the ongoing discussions, but I will monitor them. I will continue to talk to the unions and to those businesses in order to limit the number of jobs that are lost.

**Dr Rupa Huq** (Ealing Central and Acton) (Lab): I have had scores of emails from people representing years of loyal service to British Airways, who initially welcomed these lefty-looking furlough and job retention schemes and are now finding that the public purse is being used to effectively chuck 'em on the scrapheap. May I ask the Minister to revive another old Labour tradition and, rather than acting a bit like a bystander, bang some heads together and get the unions, the airlines and the Government round the table—they can have beer and sandwiches at No. 10 if they like—to thrash out a sector-specific deal to save aviation in this country?

**Kelly Tolhurst:** I like the hon. Lady's optimism for beer and sandwiches. I personally do not drink beer, so that would not necessarily be of benefit to me. Wine is more to my taste. But I should say that we remain committed as a Government to do what we need to do and align the policies in order to get planes up in the air. The aviation sector is so important for the UK economy and it will remain so, particularly with our regional connectivity. We will work through this crisis with the aviation sector in mind, working on what we can do to mitigate its impact.

**Mark Pritchard** (The Wrekin) (Con): Will the Minister continue to press the Home Office on introducing a flexible quarantine rather than a blanket quarantine, so that countries with high infection rates can be targeted rather than every country, including those with low infection rates? While she has the opportunity, given that some extensions have been given to review periods, will she give a commitment to the House that any review, post 29 June, will be for three weeks and three weeks only and will not be extended to four weeks or further?

**Kelly Tolhurst:** My hon. Friend is right to suggest that any quarantine review period needs to be understood by the sector. As I have already outlined, we are working with the sector and we are investigating air bridges. There is a lot of work going on internationally as well, with other international organisations, and that is quite right because this is not something that purely affects the UK. In relation to quarantine, a number of countries are following suit or have already implemented measures at this time. The Home Secretary will be making a statement immediately after this in relation to the policy, and I obviously do not want to pre-empt anything that she might say.

**David Linden** (Glasgow East) (SNP): It is quite clear from the callous and cavalier attitude of Willie Walsh that he only understands one piece of language, so may I gently suggest to the Minister that this matter definitely needs to be escalated? When will the Prime Minister pick up the phone to Willie Walsh and make it crystal clear to BA that unless it halts its plans, those much-coveted slots at Heathrow will go? We need much stronger language from the Government on this, because many of my constituents are frankly cheesed off about it.

**Kelly Tolhurst:** I accept that constituents will be concerned and upset; that is a completely understandable position. I have tried to outline that I will do what I can as aviation Minister to mitigate or limit the number of job losses.

We have not stopped working on that—I have not, and the Prime Minister was also clear that this matter was not in the spirit of the furlough scheme—and we will keep on working on that.

**Jack Lopresti** (Filton and Bradley Stoke) (Con): The slowdown in the aviation sector is having a big impact on jobs in my constituency—Airbus, Rolls-Royce and GKN employ several thousand people—so does my hon. Friend agree that we must get the aviation sector working again quickly, not only to protect jobs, but to preserve our country's world-leading industrial manufacturing capability in civil aerospace and, crucially, in defence?

**Kelly Tolhurst:** I thank my hon. Friend for that. He is right to say that the success of the aviation industry has a direct impact on some of the wider aviation manufacturing technology being developed in this country, and it has a particular effect in my constituency too. We will continue to work across government to understand the full impact this has in the wider supply chain and to provide mitigation as far as we are able.

**Siobhain McDonagh** (Mitcham and Morden) (Lab): On Asda, Marks & Spencer, B&Q, John Lewis and Sainsbury's, the Minister and I have been here before, when employers have been choosing to reduce terms and conditions for their long-standing staff simply with 90 days' notice. BA, however, is the employer that bears our country's name and holds our country's flag; is this what we want for Britain in post-coronavirus times? We will not fight our way out of a depression by reducing people's pay.

**Kelly Tolhurst:** The hon. Lady is right to say that we have had conversations in this vein many times before. As I said in my opener, I regret the job announcements that the organisations have made. We also need to accept that we are in unprecedented times, and we are working hard with the sector—with all stakeholders, including unions, industry representatives and companies—to fully understand what that will mean for the future and what we need to do to provide mitigation. I have set out my position a number of times today and I will continue to work to try to limit those job losses.

**Scott Benton** (Blackpool South) (Con): Although the aviation industry will face significant challenges in the months and years ahead, regional airports across the UK will continue to be well placed to increase economic growth and boost connectivity in the longer term. Does my hon. Friend agree that restoring commercial passenger flights from Blackpool airport in the longer term could boost tourism, increase economic growth and really help to deliver the Government's levelling-up agenda?

**Kelly Tolhurst:** My hon. Friend is absolutely right; regional airports can have such a major impact on the local communities they serve, and there is much pride in having an airport within one's area. These airports are absolutely part of our levelling-up agenda and of being able to increase and improve our UK's connectivity, not just within the UK, but abroad. That is absolutely part of our recovery and planning for the future,

**Catherine McKinnell** (Newcastle upon Tyne North) (Lab): I echo concerns about the shoddy treatment of BA staff. Newcastle airport is the single largest site for employment in my constituency, supporting 4,000 jobs there and 19,000 across the north-east region. The airport is pivotal to our regional economy. Airports in Scotland and Northern Ireland have been granted business rates relief. In England and Wales, the Government have offered that to retail, hospitality and leisure, but not to aviation. The Minister says that business rates are not for her Department, but the Chancellor is not here. Can this Government not see that this industry needs support, both now and to deal with the future economic storms that are clearly going to come, which will have an impact on areas such as the north-east in particular?

**Kelly Tolhurst:** I understand the impact that any reduction in jobs or stress on organisations in the hon. Lady's constituency will have on her constituency. The Chancellor did announce an unprecedented level of support, and use has been made of that. The option to come to talk to us about bespoke support has been there and is still there. I am continuing to talk to airports and airlines about the ability to tap into that. We will continue to work with those in the sector to mitigate some of the issues and impacts they are understandably feeling at this moment in time.

**Zarah Sultana** (Coventry South) (Lab): Constituents of mine have told me that BA's plan means that they face redundancy, significantly reduced wages and worse working conditions. The company should step back from the brink, and instead work with trade unions and the Government to develop a strategy that protects jobs and the environment. Will the Minister commit to using the Government's powers to prevent this betrayal of staff, such as withdrawing slots at airports and exploring the option to bring the company back under public control?

**Kelly Tolhurst:** I think I have outlined the point quite clearly, and I have answered a number of questions in the same vein. I will continue to do what I can to make organisations in the sector aware that we would rather they used the unprecedented Government support available to them before making redundancies. I absolutely understand the concerns of the workers affected, and we will continue to look at all the options we as a Government have to make use of.

**Chris Grayling** (Epsom and Ewell) (Con): I also represent a number of the British Airways employees affected, and I am grateful to the Minister for her commitment to keep pressurising the airline to try to minimise the number of job cuts. Indeed, I would encourage her to do that not simply with British Airways, but with all the other airlines affected. This sector is the busiest and biggest of its kind in Europe in normal times, and it is crucial to our economy. Can I ask her to work with the Chancellor, as he comes to his next financial statement during the course of this year, to look at a longer-term recovery plan for the sector that goes beyond the immediate Government support and actually sets a path that can put this sector back where it should be, which is at the top of the European league table?

**Kelly Tolhurst:** I thank my right hon. Friend for his question. He is absolutely right about the scale and importance of the aviation sector in the UK compared with other parts of the world, and also about the level of employment that it creates in the UK. I am committed, as the Secretary of State is, to working with the Treasury and across Government—with all Government Departments—to find solutions for a sector that has been affected badly, and obviously may experience a slight lag in the restart due to the nature of the work it does. I am committed to working with my colleagues across Government to find solutions to those questions.

**Mrs Flick Drummond (Meon Valley) (Con):** I thank my hon. Friend for her comments, particularly on BA, which is affecting a lot of employees in my constituency as well. Southampton airport is an important contributor to the economic prosperity of the wider region. It has already seen the loss of Flybe, which was 95% of its business, so it was already struggling before covid-19. What further support can the Government give regional airports, such as Southampton, which are relied on by a wide range of companies and are lifelines for business and other travel?

**Kelly Tolhurst:** I thank my hon. Friend for her question. I know very well the impact the coronavirus has on Southampton airport, which is a great asset on the south coast. We are engaged constantly with the airports. I am committed to doing that and to having such conversations about what we can do to help those regional airports, and that will continue. We fully understand their pressures, and where we can act, I will do my best to achieve that.

**Florence Eshalomi (Vauxhall) (Lab/Co-op):** On 12 May, I raised with the Transport Secretary the worries of many of my constituents, some of whom had over 30 years of service. One constituent highlighted to me that, on his road alone, there are five BA members of staff. Let us be clear: these are staff members who have given up birthdays and funerals to serve BA. They have made sacrifices, and they fear losing everything when this sham of a consultation ends in two weeks' time. Will the Government act urgently now to ensure that support is provided to those constituents and others?

**Kelly Tolhurst:** I thank the hon. Lady for her question. The Department for Work and Pensions stands ready to help and support anyone who is affected by this. I must reiterate that terms and conditions are for negotiation between the employer, the employee and/or their representatives and that the Government are not part of those discussions. If terms are not agreed to, there are still options for recourse. I am monitoring the situation closely. Many constituencies are affected. We will keep an eye on what happens in relation to the point that she raises, but, absolutely, I want all employees to be treated fairly and given the respect that they deserve for the contribution that they have made to the businesses in which they have worked.

**James Sunderland (Bracknell) (Con):** I am grateful to the Minister for confirming that the Government would be willing to enter into bespoke agreements and arrangements with airlines. Given that British Airways in particular is ultimately a private company and thinks that it can behave as disgracefully as it wishes, how do the Government intend to mitigate that?

**Kelly Tolhurst:** As I have said, as aviation Minister, I would expect any organisation to treat their employees fairly and in the spirit of partnership. Absolutely, it is a question for the organisations as to whether they feel that they are carrying out their social responsibility and acting in a good way, but there are opportunities for us as we move forward. We have the restart and recovery project in which we are working with the sector to find ways that we can speed up the recovery in the aviation sector. I am sure that, across the Treasury and the Government, we are looking at ways in which we can mitigate all of the things that colleagues have, quite rightly, raised here this morning.

**Wera Hobhouse (Bath) (LD):** Now is the opportunity to move the aviation sector towards net zero. The Government need to require the gradual blending in of synthetic fuels, first, for all internal flights and then for international flights via international agreements. There is a mechanism for doing this via the renewable transport fuel obligation. Will she commit to making this move towards a net-zero aviation industry?

**Kelly Tolhurst:** The hon. Lady knows that decarbonisation of the aviation sector is an important priority both for the Government and the sector itself. They have come together to work towards that. I, as the aviation Minister, and the Department commit to working with the sector to reduce those emissions and to decarbonise the industry as far as we are able.

**Ian Paisley (North Antrim) (DUP):** May I put on record my thanks to the Minister for the meetings that she has had with me and my colleagues over this crisis to deal with the airport situation in Northern Ireland which has its own particular problems? I am sure that she agrees that the staff of British Airways—the cabin crew, the pilots and other staff—who operate out of Northern Ireland feel absolutely betrayed by the conduct of Willie Walsh and the organisation. BA carries the strapline “national carrier”, but that should be changed to “national disgrace” given the way that it has operated. None the less, the Government cannot have it both ways. They cannot close down air traffic, introduce a quarantine that will impact on airports and airlines and then say, “This has nothing to do with us”. Action has to be taken to address this matter holistically. I urge the Minister and the Government to act.

**Kelly Tolhurst:** I thank the hon. Gentleman for his words, particularly in regards to our regional connectivity. Being able to continue that connectivity with Northern Ireland is a key priority, and it has been good to be able to continue to do that with Government support. We will continue, as I have outlined, to work together across Government with the aviation taskforce, working with the sector, working with experts, and working with our stakeholders in order to try to find solutions. The reality is that, with regard to aviation, there has to be consumer confidence to travel. We need to ensure that we are not only tackling consumer confidence, but creating the right environment with our policies in order to get airlines back in the air. I am committed to working with all our colleagues across Government, as is the Secretary of State, to deliver that.

**Laura Farris (Newbury) (Con):** Section 188 of the Trade Union and Labour Relations (Consolidation) Act 1992 creates not just a general duty to consult with employees,

but a specific duty to consult on avoiding redundancies, reducing the numbers of those selected for redundancy and mitigating the consequences. Will my hon. Friend commit to including an employment judge or an impartial employment lawyer in the steering group to assess whether BA and other airlines are meaningfully engaging with their statutory obligations and make this a condition of further Government support?

**Kelly Tolhurst:** My hon. Friend makes a very good suggestion. I will happily take that away and see what I can do.

**Sam Tarry** (Ilford South) (Lab): I have received thousands of individually written emails, including from residents in Ilford South, who have collectively spent decades and decades working for British Airways. Unite the Union members have given their adult lives to making British Airways our proud national flag carrier. BA is a multibillion-pound company, with £10.7 billion in liquid and other assets if we include the parent company, International Airlines Group. Will the Minister seriously consider whether any mechanism can be brought forward by the Government to look at the allocation of slots? Those slots are the most lucrative part of the operation from which BA makes its profits. That might make IAG, Willie Walsh and all the people swinging the axe on tens of thousands of people—remember, not only all of them being sacked and then re-engaged—sit up and actually listen to how serious Members are across this House. If not, will she ask whether they will return the British flag, because they do not deserve to carry it on their planes?

**Kelly Tolhurst:** I thank the hon. Gentleman for questioning me on that particular point in the Transport Committee. I very much recognise his support for his constituents. The point I will make is that this has been a commercial decision taken by British Airways. We would absolutely expect any organisation entering into this process to do so with fairness and in the right way for its employees. I will do my best to work with colleagues across Government to deliver the support needed by those affected, and to try to our best to mitigate the job losses that are coming because of an unprecedented reduction in the number of flights that is not specific to the UK.

**Douglas Ross** (Moray) (Con): Moray is well served by Inverness airport, which has been operating only essential flights during the pandemic. Will the Minister outline what support the Government have given and will continue to give to regional airports such as Inverness, which serves people in Moray and across the north of Scotland?

**Kelly Tolhurst:** We will continue to work with our regional airports to understand the full impact coronavirus is having on the operation of their businesses. As I outlined, regional connectivity is a priority for the Department. I will continue to work with individual regional airports to deliver on what we can do. Policy levers are available to us, and we will be exploring that more within the restart and recovery unit.

**Chris Elmore** (Ogmore) (Lab): May I raise with the Minister the particular issue of the British Airways Avionic Engineering site in Llantrisant in the constituency of my hon. Friend the Member for Pontypridd

(Alex Davies-Jones)? I pay tribute to her for all the work she is doing to support the workforce there. Many of my constituents are facing the consultation now. It cannot be good enough for the Minister to simply say that the Department for Work and Pensions is ready to offer support if they lose their jobs. These are highly skilled, well paid jobs in south Wales. The site is worth £1 billion to the south Wales economy and over £6 billion to the Welsh economy as a whole. I do not doubt the Minister's sincerity, but her answers just are not good enough. My constituents, and constituents up and down the land, are desperate for Government intervention to support the aviation sector and all the jobs that many tens of thousands of them rely on.

**Kelly Tolhurst:** The hon. Gentleman knows I have great respect for him, but we are supporting the aviation sector. We have delivered unprecedented Government support and those organisations have the opportunity to talk to us with regard to bespoke support. He is absolutely right that we in Government will try to deliver what we can to support those colleagues, but we also need to be asking those organisations how they will support workers affected by the commercial decisions they are taking. I will continue to do what I can in my capacity.

**Jerome Mayhew** (Broadland) (Con): Much of the anger that has been expressed in this House is because British Airways has taken advantage of a Government scheme intended to protect jobs and used it as a convenient funding stream for a long-planned corporate restructuring. It is a breach of faith. Does my hon. Friend agree that British Airways should pay a price for that breach of faith?

**Kelly Tolhurst:** Yes.

**Chi Onwurah** (Newcastle upon Tyne Central) (Lab): My constituents have had to make huge sacrifices during this terrible outbreak, and they have responded with real solidarity, helping others and following the rules. Now those who work at the British Airways call centre in Newcastle see the contempt in which they are held, and they feel abandoned, betrayed and blackmailed. Does the Minister agree that, just as with Governments, businesses will be judged by their response to a crisis? Does she think that British Airways' response is worthy of our national flag?

**Kelly Tolhurst:** The hon. Lady is right: businesses are judged by the way they behave and the way they treat their employees. We will need to wait to see how British Airways is judged by the consumers and customers they reach out to, and I will do whatever I can to work with the airlines to mitigate any job losses.

**Kevin Hollinrake** (Thirsk and Malton) (Con): I understand the public concern that has given rise to the policy on quarantining, but would it be worth publishing the economic and public health impacts of that policy, with and without air bridges, to properly inform the public debate?

**Kelly Tolhurst:** The Home Secretary will make a statement directly after this session, and I would not want to pre-empt anything that she may be inclined to speak about. It is right that at this time, as we see a reduction in the spread of domestic cases, we do whatever we can to limit imported cases. That is why the decision

[*Kelly Tolhurst*]

has been taken. As I have outlined, I have been working hard with the sector, the team at DFT and across Government to find solutions to ensure that we can get aeroplanes in the air and passengers on their holidays as quickly as possible.

**Dr Andrew Murrison** (South West Wiltshire) (Con): The Minister must have made an economic assessment of the effects of quarantine. Does she accept that there is no point in quarantining people coming from countries with a relatively low disease burden to the UK? If she does, which European countries specifically has she in mind for quarantine, since pretty much all of them have a lower disease burden than the United Kingdom?

**Kelly Tolhurst**: My right hon. Friend will know that in DFT, we are working closely with our colleagues in the Home Office on the implementation of the borders and quarantining policy, to ensure that we are expressing the concerns and needs of the aviation sector and looking at how that can be implemented practically. There are a number of differences in the implementation of quarantining and other measures in many countries across Europe and the rest of the world, and we will keep working to find solutions.

**Ruth Jones** (Newport West) (Lab): Along with other Members, I am increasingly concerned by the actions and apparent decisions of British Airways and its management teams. While these are difficult times for everyone, BA has a duty to its employees, including all those who live in Newport West. I pay tribute to my colleagues from south Wales for the work that they have been doing; it is a concerted effort. What discussions has the Minister had with the relevant trade unions about the impact of the redundancies on people up and down the country?

**Kelly Tolhurst**: My Department and I engage with the unions with regard to the impact on jobs. I have some other meetings coming up with the unions. Within the Department, we have been very clear, and as I think the unions would agree, we have been working with them over this period. We are committed to doing that to deliver on behalf of workers as far as we can.

**Tom Hunt** (Ipswich) (Con): Of course, British Airways is a private company, but the reality for many employees and customers is that it is a national institution. Many employees have perhaps shown more loyalty to British Airways because of that than they would have shown a normal airline, and that also includes customers. There have been occasions on which I have paid more to fly with British Airways because I felt some loyalty towards it as a British citizen. Will the Minister take into account both the employees who have been most acutely affected and those of us who, as nationals and citizens, have shown loyalty to British Airways when she decides how to deal with British Airways and how it has behaved over the last couple of months?

**Kelly Tolhurst**: I think I have been very clear about my position. We need to keep working to protect as many jobs as possible, and we will continue to work with the restart and recovery group to find ways to help the aviation sector to recover.

**Mr Ben Bradshaw** (Exeter) (Lab): Given that it has no basis in science, will inflict further damage on a travel industry that is already on its knees and is widely opposed in this House, including this lunchtime by the chairman of the 1922 committee, would it not be better, rather than introducing this quarantine policy for two or three weeks, just to abandon it and leave it there?

**Kelly Tolhurst**: I have been very clear that the priority for this Government is to halt or limit the spread of coronavirus. It has to be accepted that we need to work to find those measures that will enable airlines to operate flights and passengers to travel safely, but also to stop the importation of cases as our infection rate is reduced. We are working hard across Government to find policy measures to achieve that, and that is what the quarantine policy is about.

**Mr Speaker**: In order to allow the safe exit of hon. Members participating in this item of business and the safe arrival of those participating in the next, I am suspending the sitting for five minutes.

1.46 pm

*Sitting suspended.*

## Covid-19: UK Border Health Measures

1.51 pm

**The Secretary of State for the Home Department (Priti Patel):** With permission, Madam Deputy Speaker, I would like to make a statement about the introduction of public health measures at the border in response to coronavirus. This is another cross-Government measure in our continued collective fight against the virus, to save lives and protect the British public by preventing a second wave of the disease. Our priority has always been to protect people's health and to keep those in the UK safe from this virus, and introducing this measure now will play an important role in our fight against coronavirus.

The tragic events of recent months have shown that, in a world of serious threats to the UK and to global stability, pandemics have no boundaries. Throughout this national endeavour, the introduction of public health measures has been to protect the public, keep the virus under control and now to protect our hard-won progress as we move in the right direction.

The scientific advice has been consistent and clear, and thanks to the collective determination and the resolve of the British public we are past the peak, but we are now more vulnerable to infections being brought in from abroad. Some have suggested that public health measures at the border should have been introduced when the virus was at its peak. However, at that time, the scientific advice was clear that such measures would have made little difference when domestic transmission was widespread. Now, however, the transmission rate in the United Kingdom continues to decline, and international travel is likely to resume from its record low. Therefore, the scientific advice is that imported cases of the virus pose a more significant threat to our national effort and our recovery. Travellers from overseas could become a higher proportion of the overall number of infections in the UK, and therefore increase the spread of the disease. The Government are therefore taking a proportionate and time-limited approach to protect the health of the British public.

I will recap and recall to the House the key points of the public health measures that the Government are putting in place from 8 June. These temporary requirements are set out in full in the Health Protection Regulations laid today. These will apply across England, with the devolved Administrations laying their own regulations to set out their enforcement approaches.

To limit the spread of infection, arrivals must self-isolate for 14 days; this is the incubation period of coronavirus. This follows expert medical advice and is in line with the NHS test and trace service self-isolation period for anyone who has been in contact with the disease.

Working with key industries, the Government have deliberately included a limited number of exemptions to the self-isolation rules, to allow essential services and supply chains to continue, keeping food on our tables, and getting vital medicine and PPE to the frontline. The responsibility for sector-specific exemptions sits with relevant Government Departments.

Arrivals to the UK will be required to fill in a contact locator form, including details of where they will isolate and how they can be contacted. That form will be found on gov.uk and a Government-led working group, with the industry, has developed a process for carriers to

inform travellers about the information they need to provide in order to travel to the UK. The form must be completed in advance of travel to provide details of the journey. Border Force will be at the frontline of enforcing this requirement. Passengers will require a receipt, either printed or on their phone electronically, to prove that they have completed the form. Border Force will undertake spot checks at the border and may refuse entry to non-resident nationals who refuse to comply. It will have the power to impose a £100 fixed penalty notice on those who do not comply. Our fantastic frontline Border Force officers are world class and are consistently working to keep our borders safe and secure.

The data collected will be used by Public Health England, which will undertake checks and ensure that people understand and are following the rules. If Public Health England has reason to believe that someone is not following the law as they should be, it will inform the police.

We trust the British people and our visitors to play their part in acting responsibly and following the rules to control the spread of coronavirus, but we will not allow a reckless minority to put our domestic recovery at risk, so there will be penalties and enforcement for those who break them. A breach of self-isolation could result in a £1,000 fixed penalty notice in England, or potential prosecution. This programme will work alongside test and trace to help us further minimise the public health threat of coronavirus.

The Minister for the Cabinet Office and the Secretaries of State for Transport, Business and Health have worked across Government and the devolved Administrations, with science and industry, carefully to develop the policy for this public health action. In line with all Government covid-19 measures, and as I announced on 22 May, the measures will be kept under regular review to ensure that they remain proportionate and necessary. I can inform the House that the first review will take place in the week commencing 28 June, and the measures will be assessed on an ongoing basis thereafter, together with all other measures to fight this disease.

We will publish in due course more information on the criteria that must be satisfied for these health measures to be lifted, but I can update the House on some factors that will be considered. These include the rate of infection and transmission internationally and the credibility of reporting; the measures that international partners have put in place; levels of imported cases in other countries where there are more relaxed border measures, and the degree to which antibody and other methods of testing prove effective in minimising the health risk.

Country-specific reports will be provided to allow us to monitor global progress, but we will consider reviewing these measures only when the evidence shows that it is safe to do so, because public health will always come first. As we have considered for all our cross-Government covid-19 measures, we will take into account the impact on the economy and industry.

The aviation and travel industry is home to some of Britain's most successful businesses and supports thousands of jobs. Across Government, we understand how tough the public health measures to prevent a second wave of coronavirus are for this sector. The industry has a proud record of making the safety of its passengers and staff its No. 1 priority. It also has a record of dynamism and innovation. Engagement with the industry is crucial, and we are asking it to work with us on these measures.

[Priti Patel]

We are liaising with bodies such as the International Civil Aviation Organisation on this and other covid-19-related issues, and we will continue to work closely with companies and carriers. That is why, with my right hon. Friend the Transport Secretary, we will tomorrow host a roundtable to work across the travel sector and the broader business sector on how we can innovate and move forward together and form a long-term plan for the industry. The Government and the industry share the same aim: to get Britain and our economy moving again in a way that is safe and practical for everyone.

Our priority has always been the safety of our people. That has driven our evidence-led cross-Government approach to this whole crisis. The Foreign Office currently advises against all but essential travel abroad, or against any travel at all to countries where the risk of covid-19 remains unacceptably high. There has been engagement with embassies representing countries around the world to explain our approach. By taking this public health action alongside our other measures, including test and trace and continued social distancing, we will ensure that we can have greater freedom in the longer term. Of course, that includes international travel corridors, a subject that has already been discussed in the House this afternoon.

Currently there should only be essential travel, but we will continue to work across Government and with the sector to explore all options for future safe travel. Any international approaches will be bilateral and agreed with the other countries concerned, and of course we will need to ensure that those countries are deemed to be safe. We are not alone in our fight against this disease or in the measures that we have taken to stop it.

These measures are backed by science and supported by the public, and are essential to save lives. We know that they will present difficulties for the tourism industry, but that is why we have an unprecedented package of support—the most comprehensive in the world—for employees and for business. We will all suffer in the long run if we get this wrong, which is why it is crucial that we introduce these measures now. Let us not throw away our hard-won progress in tackling the virus. First and foremost, we owe it to the thousands of people who have died, as well as to the millions of people across the whole United Kingdom whose sacrifices over the previous months in following social distancing have together helped us to bring this virus under control. I commend this statement to the House.

2.1 pm

**Nick Thomas-Symonds** (Torfaen) (Lab): I thank the Home Secretary for her statement and for providing us with advance sight of it.

We have been calling for sensible screening measures at the border for months, and will of course study the detail of what has been announced. It is vital that the UK has a plan for minimising the risk of infections coming into the country, but the Home Secretary must also realise that there are fundamental questions that she needs to answer: why these particular measures, and why now? From 1 January to 23 March, when the lockdown was imposed, only 273 people were formally quarantined from four flights—three from Wuhan and one from Tokyo—when over 18 million people enter the

country by air. The Home Secretary just said in her statement that this was because domestic transmission was widespread, but the Government's own chief scientific adviser said that

“a lot of the cases in the UK didn't come from China and didn't come from the place you might have expected, they came from European imports and the high level of travel into the UK at that time.”

Ministers saw on their television screens what was happening in Italy and Spain.

On 30 April, I wrote to the Home Secretary to ask her to publish in full the scientific advice that her decisions on measures at the border at that time were based on so that we could learn the lessons going forward. She has not even replied to my letter. Not making all that information public is a mistake. Unfortunately, like too much of the Home Office's handling of this crisis, the management of arrivals to the United Kingdom has lacked urgency and coherence.

As long ago as 10 May, the Prime Minister gave notice of these quarantining measures. Why have the Government wasted precious weeks talking about possible border restrictions, rather than taking effective actions? If these measures are necessary from 8 June, why have they not been necessary in recent weeks or from when they were first announced by the Home Secretary herself—on 22 May? Can the Home Secretary give me her assurance that the measures that will take effect from Monday next week have been recommended and approved by SAGE? I join her in her praise of what those at Border Force have done, but can she give me further assurance that Border Force staff on the frontline will have all the resources and protection that they need?

The Government's confusion over arrivals and quarantine has widespread implications for the UK economy, particularly aviation, hospitality and tourism, and related supply chains. Huge numbers of jobs are at risk, yet the crucial package of support for these industries that Labour has argued for has yet to materialise. In her statement, the Home Secretary mentioned a roundtable with the Transport Secretary and businesses tomorrow, but the Government should already have done that. They should be presenting these steps today as part of an all-encompassing approach to travel and the aviation sector, backed up by the published scientific evidence. This is necessary because there has to be reassurance that quarantine has a genuine public health benefit now that, according to the Government, it did not have in past months, and that these measures are not just a three-week fudge to try to spare the Government the embarrassment of failing to grip this issue at the right time.

Given that there is no vaccine at the moment and that test, track and isolate is not fully up and running as the Government promised it would be, will the Home Secretary make a commitment to report back to the House before the end of the initial three-week window on that first review that she mentioned in her statement, outlining her proposed exit strategy from these measures and her plans for any travel corridors? Can the Home Secretary pass on the message to the Government about how urgent it is that the comprehensive package to support jobs is brought forward as soon as possible?

**Priti Patel:** I thank the hon. Gentleman for his comments, his questions and his remarks. First of all, I think all Members of the House will recognise the difficulties

that the entire country has experienced through coronavirus and throughout this outbreak. Across Government, led by the scientific advice but also by my right hon. Friend the Health Secretary, we have had a comprehensive response. Throughout the outbreak we have brought in the right measures at the right time, based on scientific advice. That dates as far back as January and continued throughout February and into March as well.

During the contain phase, the Government had at the borders an enhanced monitoring policy and an approach to identify symptomatic travellers from high-risk areas in the early stages and, importantly, safely triage them through the system. That was applied to those returning from Wuhan on 22 January, and that approach was broadened—[*Interruption.*] If the hon. Gentleman would let me finish, please, and listen to the facts I am providing him with—[*Interruption.*] They are facts, and they are very specific dates. That approach was broadened in conjunction with the Department for Transport to the whole of China on 25 January and then to Japan on 8 February, Iran on 25 February, northern Italy on 4 March and the whole of Italy on 5 March.

When there was significant transmission within the UK, border restrictions would have been marginal in their impact on the epidemic within the UK. Ministers at the time articulated that across Government comprehensively—this is a cross-Government pandemic and all Government Departments work together. At that point it was recognised that transmission from outside would have been contributing a tiny proportion of the number of new infections in the UK. Now that domestic transmission within the UK is coming under control, it is the right time to prepare for these new measures at the border.

The hon. Gentleman also asked, for the benefit of the House, about the health measures brought in during the very early stages. They were brought in through the general aircraft declaration system in aviation. The measures were in place through my right hon. Friend the Transport Secretary's Department in conjunction with Border Force. When that process concluded, it had covered 13 UK airports, 15 territories and 24 airlines. Some 1,116 flights were monitored, with a 98% compliance rate on the general aircraft declaration. The purpose of those declarations is to provide the details of any illnesses on board and therefore inform public health risk assessments so that the appropriate action can be taken with passengers at that particular time.

The hon. Gentleman also asked about and touched on a number of other factors, including PPE for border staff. Border Force has been exceptional throughout this crisis. It is worth paying tribute to its staff for how they have worked to keep our borders safe and secure. Throughout this, following all the public health guidance from Public Health England, they have had adequate PPE protection. That remains so and will continue.

Finally, the hon. Gentleman rightly asked about a comprehensive approach for the sector—for travel, tourism and aviation. We have world-class industries in the United Kingdom, and I worked with many of those sectors in my previous career as well. A comprehensive approach is being taken. He asked why we are only meeting with them now, but that is not the case at all. The Department of Transport and I have been in touch with many representatives from the industry as well. We work across Government. The hon. Gentleman is nodding

his head in response to a comment from the Transport Secretary. The hon. Gentleman would rightly expect a comprehensive approach. That comprehensive approach will be introduced on the Floor of the House not just by me but by my right hon. Friends across Government who lead those Departments, so there is a collective response to this issue.

**Jonathan Gullis** (Stoke-on-Trent North) (Con): Quarantine will have an impact on businesses that rely heavily on the hospitality sector such as ceramics in Stoke-on-Trent. Churchill China and Steelite have spoken to me about that, so can my right hon. Friend explain the position and reassure ceramic manufacturers that quarantine will not hinder their work as they try to reboot the local economy?

**Priti Patel:** My hon. Friend is absolutely right about the fantastic ceramics industry in Stoke-on-Trent, and he is a great advocate for it. There are some important points to make about this, and I reiterate that these are public health measures designed to protect the British public against imported cases of coronavirus. Of course, we are global Britain, and our borders are not shut—let me emphasise that to the House—and we are global Britain when it comes to goods and exports; goods coming in and goods going out of the country. All of that will continue, and businesses continue to be at the forefront of global Britain, and that will continue for the ceramics industry.

**Joanna Cherry** (Edinburgh South West) (SNP): I thank the Home Secretary of advance sight of her statement. Like her, I pay tribute to our Border Force and other key workers.

The Scottish National party has been calling on the UK Government to introduce public health measures at UK borders for some months. The Centre for Evidence-Based Medicine at the University of Oxford has said that the effectiveness of quarantine during a viral outbreak relies on the timing and accuracy of the quarantine period, as well as the ability of individuals and healthcare providers to follow quarantine procedures. I fear that the Home Secretary's statement does not fully address these matters. There is widespread concern that the UK is out of step with most other countries, which introduced public health measures at their borders far earlier in the pandemic. The best way for her to address the failure to introduce any measures to date, as well as the effectiveness of the measures that she proposes, is to publish the evidence and advice on which she has relied.

The matter was discussed at the meeting of the Scientific Advisory Group for Emergencies on 7 May, but its advice has yet to be published. Will the Home Secretary undertake to publish that advice today, and can she tell us what advice SAGE has given about the widely reported suggestions that the Government intend to water down the quarantine proposals? Does SAGE think that the quarantine measures will be effective if the watered-down proposals are introduced? The Home Secretary said that the measures would be considered regularly, commencing the week beginning 28 June, but can she tell us how long overall she envisages that the measures will be in place?

Finally, the measures at the border are her responsibility as Home Secretary, but part of their delivery and enforcement will be in Scotland, and will be the

[Joanna Cherry]

responsibility of the Scottish Government. Will she undertake to engage meaningfully with my colleagues in the Scottish Government on their requirements before any changes are made in the weeks and months ahead?

**Priti Patel:** I thank the hon. and learned Lady for her questions and comments. I shall allude to a number of points. I reiterate and restate the points that I made about the measures that have been taken from the beginning of the year, including public health measures in the aviation sector and enhancing measures at the borders to identify symptomatic travellers from high-risk areas. That happened early and safely, and people were triaged to health systems. It is really important for everyone to remember that, and to be mindful of the fact that these are public health measures.

The hon. and learned Lady—and this is in response to the hon. Member for Torfaen (Nick Thomas-Symonds) as well—made a point about publishing advice from SAGE. SAGE publishes its advice accordingly, and that is ongoing. She referred to the potential downgrading of the measures. These are public health measures, and this is not something for the Home Office or for me as Home Secretary to consider in isolation or independently. This is part of a wide package of public measures, in line with public health regulations that have been introduced in Parliament to reduce the R value and protect the British public.

It is important for the British public, and for all right hon. and hon. Members, to put this into perspective. We are in a national health emergency right now. This is not about the convenience or inconvenience of certain regulations and measures, and their application. We are here to ensure that we protect public health first and foremost. These measures will be reconsidered in due course. They will be aligned with other regulations, which will also be reviewed, and it is important that we consider this issue within the totality of how we can protect the public and their health.

**Several hon. Members** *rose*—

**Madam Deputy Speaker (Dame Rosie Winterton):** Order. I would like to get everybody in, which will require short questions and short answers.

**Steve Brine** (Winchester) (Con): If I am honest, I think many people will think that this is the right move at the wrong time. We keep being told to use our common sense, but the idea that this was wrong when Europe was at the centre of a pandemic, but right now—it does not add up to me. But perhaps that is just me. We are where we are, and we cannot go back, so we start from here. Hundreds of my constituents rely on Southampton airport for their livelihoods. It was on its knees before covid. I appreciate that there is much talk today of travel corridors, but can I ask my right hon. Friend whether the Government will consider travel gates to block incoming travellers from certain countries, based on the science—basically, a more targeted, risk-based approach to the screening of passengers, as happens with aviation security standards now?

**Priti Patel:** My hon. Friend is right: there will be a range of measures, and I emphasise that this is part of our ongoing dialogue with the industry. It is not just for

the Government to specify the type of actions that the sector should undertake; we have to innovate together and look at new international aviation health screening options and opportunities, and at how we can work to innovate and set these standards internationally. We want to be at the forefront of that, and we urge our industry to do that as well.

**Yvette Cooper** (Normanton, Pontefract and Castleford) (Lab): Sir Patrick Vallance has said that the crisis escalated in this country as a result of many, many cases coming from Spain and Italy during March. So clearly, the triage system was not working. The Home Affairs Committee was also told that in a 10-day period from 13 to 23 March, up to 10,000 passengers with coronavirus are likely to have arrived at our ports and airports. The Home Secretary has still not published the science that we were promised behind those decisions. Can I urge her now to do so and to tell us her estimate of the number of people who, in the next three-week period, are likely to arrive in the UK with coronavirus?

**Priti Patel:** I thank the right hon. Lady for her comments. I have already been clear about the measures that were brought in.

**Chris Bryant** (Rhondda) (Lab): No, you haven't.

**Priti Patel:** I have been clear and I have outlined them. I even provided dates to the House, and I have given examples of the number of airports, territories, airlines and flights that were monitored throughout the period from 22 January to 12 March. In terms of publishing the advice, I think the right hon. Lady refers specifically to advice from the Home Office, and I will ensure that the Home Affairs Committee receives it. On the number of incoming passengers, it is well known and documented through air passenger data—that does not include ports, which are separate—that the number of passengers travelling to and arriving in the United Kingdom has been at an all-time low and completely fallen off. We obviously cannot predict those figures for the next three weeks, but working with the Department for Transport we will collate that information and make it public.

**Dr Ben Spencer** (Runnymede and Weybridge) (Con): The introduction of a 14-day quarantine is a blunt tool that has many downsides and consequences, and effectively it grounds the aviation industry. Does my right hon. Friend agree that rather than using that blunt tool, we should move as quickly as possible to a precise and targeted approach that is based on science and international safety standards that will protect passengers and the public, as well as the staff who work for the airlines, the airports and on public transport; and that by doing so, we will enable our planes to fly again, saving livelihoods and businesses while keeping the public safe?

**Priti Patel:** My hon. Friend makes important points. I pay tribute to the aviation industry, which is dynamic and innovative. When we look at the work it has done over decades when it comes to keeping the public safe in aviation travel, it has been world leading, and that is exactly what we want to do in the work that we undertake with the sector. This is of course an international crisis, and no one person or organisation has a bespoke way of working through this crisis for the aviation sector. My final

point is that planes are of course still flying and goods are coming into the United Kingdom. I have made the point about export goods, which are still very important for the aviation sector and for the freight sector in particular, and that is of course important not only for the health of our economy but the way in which we can continue to innovate.

**Christine Jardine** (Edinburgh West) (LD): The Home Secretary has made much of the scientific advice earlier in the pandemic that it was

“clear that such measures would have made little difference”.

Will she acknowledge that, as we have an acknowledged death toll approaching 50,000 people, perhaps that little difference might have been significant to a lot of people in this country at that time? Does she now regret not making that little difference? Will she please answer the question from the hon. Member for Torfaen (Nick Thomas-Symonds) about whether that advice and the advice to which she refers today both came from SAGE?

**Priti Patel:** The hon. Lady will be well aware that we are working not just with SAGE but with representatives of SAGE in Departments across Government, and that is the scientific advice that we as Ministers are guided by. It is important to consider this in terms of the entire period from January to March and the enhanced measures that were taken at the border. It is important to recall and be very mindful of the enhanced public health protection measures that were undertaken. Had those measures not been put in place, the severity of what could have followed could have been even more damaging than we have seen over the recent months.

**Fay Jones** (Brecon and Radnorshire) (Con): I welcome the introduction of a self-isolation period for those arriving in the UK. Like the Government, I want to do all that I can to protect rural mid-Wales from a second spike in the virus. What discussions has my right hon. Friend had with the Welsh Government and with rural police forces to ensure that these measures can be enforced in a four-nation approach?

**Priti Patel:** My hon. Friend is absolutely right, and I pay tribute to the devolved Administrations. The shadow Home Secretary, hon. Member for Torfaen (Nick Thomas-Symonds), asked me about the time period in respect of when this was announced and these measures now coming into place. Much of this has been complicated because of the different approach in terms of the powers that are devolved, particularly in relation to enforcement. The devolved Administrations will of course be introducing their own regulations on enforcement, but we have had constant contact and discussion across the four nations with the devolved Administrations from the get-go—from the outset—and that will of course continue.

**Daniel Zeichner** (Cambridge) (Lab): This is not just about tourism and business, important though they are; it is also about people. My constituent Professor Matthew Gaunt's eight-year-old son Dylan lives in Germany. Professor Gaunt and his ex-wife have joint custody, and in former times he used to visit fortnightly to stay with Dylan for four days. The pandemic has torn apart families throughout the nation, but it is an international problem, too. Will the Home Secretary ensure that such difficult cases are prioritised?

**Priti Patel:** This is such a difficult time for everybody around the world. Of course, we have all been split apart from family, friends and loved ones. Of course, we do want to ensure that we can prioritise key cases and, as we move forward with changes to regulations and keep this under review, look at how we can do our utmost to reunite friends, family and loved ones.

**Theresa Villiers** (Chipping Barnet) (Con): I welcome the huge amount of work that the Home Secretary is doing on air bridges, and urge her to suspend the implementation of this blanket quarantine requirement to give just a few more weeks to get in place those safe air corridors so that we can save jobs in aviation and let families go on their summer breaks in the sun.

**Priti Patel:** I thank my right hon. Friend for her question. There are some important points in respect of how we can work collectively with the travel sector—not just aviation, but across every single carrier; whether it is coaches, trains or ferries, they are all part of the health and wellbeing of the travel sector and the travel economy. We will of course work with everybody on this. The fact of the matter is that these are complicated matters. My right hon. Friend will have heard me say in my statement that we would require bilateral agreements with countries, which is exactly what the FCO is working on. That is why there is a cross-Government effort to ensure that we can not only get our country moving again but do the right thing in terms of keeping the public safe.

**Lloyd Russell-Moyle** (Brighton, Kemptown) (Lab/Co-op): At the start of this crisis, I had border staff writing to me to say that they had no personal protective equipment and constituents writing to me to say that they had come back from northern Italy and Spain without being stopped at the border at all. It was a completely bungled response at the beginning. Now the horse has bolted, our recovery is one of the worst in Europe and our death rates are the second worst in the world, the Government are embarrassed and trying to close the stable, but I am afraid it is too late. To build any sort of trust, will the Secretary of State publish the advice she has on this matter before she destroys our hospitality sector?

**Priti Patel:** It is not my intention to destroy any sectors of our country or economy. That is a gross distortion of my comments and remarks. I refer the hon. Gentleman to the comments I have already made on the scientific advice.

**Dr Liam Fox** (North Somerset) (Con): I am afraid I simply cannot get my head around the public health mental gymnastics of this policy. If such a barrier is required, why was it not introduced earlier in the outbreak and if it is a contingency measure against a so-called second wave, why apply it to countries with a lower infection rate than we already have? Surely, the answer lies in the Government's test and trace system, rather than unnecessary economic isolation. I know that my right hon. Friend is not answerable for the public health elements, but can she please tell us, from a Home Office perspective, in the event of air bridges being established: how will it be possible to identify transit and, more importantly, stopover passengers, who may be able to come to the UK through the bridge from higher-risk areas?

**Priti Patel:** I thank my right hon. Friend for his point about transit passengers and future travel corridors—I am sure we will all agree on a term to use in the future. The fact of the matter is, from a Home Office perspective, that we have created the contact locator form. It is that data that will be instrumental in giving people that safe passage and the clearance to transit on to other locations. That piece of work has been done. We should look at how we can adapt that, again working with the aviation sector, so that in due course the form can contain so much more information, including covid test data or even electronic travel authorisation, which can help to bolster the industry and the sector, get people moving, planes flying and people travelling internationally again, and give the public confidence about the health protections they are looking for.

**Liz Saville Roberts** (Dwyfor Meirionnydd) (PC): At a time when most European countries are in a much improved condition compared with the UK, the concern of communities in constituencies such as mine is transition by travellers within and between the nations of the UK. I have spoken to the police, representatives of the tourism industry in north Wales and local community leaders, and we all want our attractions and accommodation to open as soon as possible, so we need to be able to provide every assurance to vulnerable residents and their families anxious about the risks implicit in thousands—I emphasise, thousands—of people arriving in their communities the day after internal holiday travel restrictions are lifted in the UK. Will the Home Secretary come back to the House to explain what steps she is taking to ensure that holidays at home are safe for everyone?

**Madam Deputy Speaker (Dame Rosie Winterton):** Order. If we are to get everybody in, we need very short questions and short answers. Just the question please. That is the best way to get through this.

**Priti Patel:** First, let me pay tribute to the police across the country for their approach to enforcement and encouraging people on socially distancing. I am well aware, across the four nations but particularly in Wales, of the great work that has taken place. On the point about domestic tourism, vulnerability and people who are shielding, I would be more than happy, working with colleagues across Government, to come back to give the assurances on the public health measures and protections required.

**Peter Gibson** (Darlington) (Con): More than 90% of countries have deployed a form of quarantine so far. Does my right hon. Friend believe that the measures she has outlined today are being taken by the rest of the world and are consistent and vital to keeping our citizens safe?

**Priti Patel:** I thank my hon. Friend for the point and his question. There is a reflection here, in that other countries have introduced measures at the border, whether self-isolation—much of this is self-isolation—or other measures, on the basis of protecting their domestic population from the imported spreading of the virus. It is right that we are doing this now. The science has been consistent on this and that is in the interests of protecting public health.

**Jim Shannon** (Strangford) (DUP): Northern Ireland is the only part of the United Kingdom with a land border and is therefore literally on the frontline. Can the Home Secretary tell us more about the discussions and talks with the Northern Ireland Assembly that she referred to? How does she believe she can marry the health measures at our ports and airports with those in neighbouring Republic of Ireland to ensure the viability of our ports and airports for trade and tourism as well as safety and wisdom?

**Priti Patel:** I thank my hon. Friend for his question. He is absolutely right. When it comes to trade and keeping passenger flows going, we have been working with my right hon. Friend the Secretary of State for Northern Ireland. The hon. Gentleman will be aware of some of the discussions that have been taking place. As ever, we undertake these measures for the right reasons: to collectively stop the spread of the virus and to protect public health. I would be happy to talk to him over future days, in the run-up to 8 June, about the work we are doing in Northern Ireland.

**Sir Graham Brady** (Altrincham and Sale West) (Con): Hundreds of thousands of jobs will be lost if the airlines are unable to fly their crucial peak summer schedules, but the airlines are making those decisions now. Will my right hon. Friend undertake to make sure that we have clear criteria for air corridors and the first list of safe countries well before the three-week review on 29 June?

**Priti Patel:** I am very familiar with my hon. Friend's regional airport and the operators there, and I can assure him that my right hon. Friend the Transport Secretary will be leading on this issue. Of course, I will work with him and all colleagues across Government to ensure that we really pursue those plans and proposals and get aviation up and running again and safeguard jobs and the economy, but at the same time, as I said, look at the methods by which we can protect public health.

**Chris Bryant** (Rhondda) (Lab): The horse has bolted. I do not understand why the Secretary of State does not get this. She will not be able to screen people at ports, she cannot track them when they leave the airports, she cannot enforce quarantine when people get to their homes and she cannot even ensure that those who might be covid positive are not using public transport to get from the ports to their homes, so she will not be protecting anybody. Can she name a single country in Europe that has a higher infection rate than the UK?

**Priti Patel:** I refer the hon. Gentleman to my statement and the reason why these measures are coming in. I recognise from the tone of his question that he fundamentally disagrees with the Government's position and the approach we have taken collectively. We will work bilaterally with other countries on travel corridors and how to move the sector forward to bring in the right kinds of public health measures that safeguard countries, travellers and passengers. That is the right thing to do. As I have explained to the House, the science has been consistent on this. These measures are here to protect public health.

**Henry Smith** (Crawley) (Con): What advice did the Home Secretary receive from the Scientific Advisory Group for Emergencies about introducing these quarantine measures? Will she also look to review them more regularly—weekly, I would suggest, rather than three-weekly?

**Priti Patel:** As I explained in my statement, the advice has been provided consistently both to the Home Office and other Departments. As I have outlined, there will be a three-week review period, but the review will be aligned with the other health reviews that are taking place, based on protecting the public. These are public health measures, and it is right that we look at all public health measures and regulations in the round to protect the British public.

**Mr Gagan Mohindra** (South West Hertfordshire) (Con): Before I ask my question, I put on record that my wife works as a contractor for an international travel company. Will my right hon. Friend confirm that these health measures will be time-limited, will remain proportional to the threat facing our country and will be altered when we can be sure that that will not jeopardise the health of UK citizens?

**Priti Patel:** My hon. Friend is absolutely right. As I have said, these measures will be reviewed and aligned with the other health measures being brought in. I emphasise again that it is important to look at this in its totality and in the round, alongside the desire of our country and Government to get the R value down, so that we can unlock and reopen society in many other ways.

**John Spellar** (Warley) (Lab): Just now we had a junior Transport Minister, subbing for the Chancellor, wringing her hands about the aviation industry, but the Home Secretary has just thrown her, the industry and its workers under the bus, and at the same time put up a massive “Britain is closed” sign. At the very least, will she demand from the Chancellor of the Exchequer that he extends the furlough scheme to try to avert hundreds of thousands of workers being thrown on the dole in the next few weeks?

**Priti Patel:** First of all, I find the right hon. Gentleman’s tone somewhat objectionable. I have been incredibly supportive of the aviation industry. [*Interruption.*] I can hear sarcastic cries of “tough”. It is important to reflect the way in which the aviation industry is dynamic, innovative and huge to our economy.

**John Spellar:** You are shutting it down.

**Priti Patel:** I am not shutting it down—on the contrary. I am working with my right hon. Friend the Transport Secretary, the Business Secretary and all colleagues across Government. I will restate to all Members of this House that these are cross-Government measures to protect the public health of our nation. I hear the right hon. Gentleman’s comment with regard to the furlough scheme and protecting jobs. Of course, we all want to protect jobs. This has been a tremendously difficult period economically. We will have major economic issues to confront as we come out of this dreadful situation. We are not on our own. The international economy is in

exactly the same space. It is right that we work collectively, rather than in an aggressive and hostile way, to find the right solutions for the people of this country, to protect not only their health but their long-term jobs and livelihoods.

**Harriett Baldwin** (West Worcestershire) (Con): After 9/11, the aviation industry found a way almost instantly to find box cutters and get them off aeroplanes. After the shoe bomber, the aviation industry found a way almost right away to detect the smallest quantity of liquid in people’s luggage. If, tomorrow, the aviation industry and the inventive people around the world are able to find a way to swab, take temperatures and get an almost instant result back before and after every flight, will the Home Secretary drop these regulations?

**Priti Patel:** First, it is not for me personally to drop these regulations. These regulations are being laid in the House in conjunction with other Departments. I want to emphasise what I said on 22 May: this is just one component. We are speaking about track, trace and isolate and potential fast testing for passengers. There are many other aspects to how we can make aviation travel safe, to protect passengers’ health. That is exactly what we need to do, working with the aviation sector, the travel sector and carriers. It is for them to innovate, and we will support them and work with them to ensure that we look at all measures we can bring forward for the sector to keep passengers safe while protecting the British public.

**Lilian Greenwood** (Nottingham South) (Lab): Scientific research into this virus is, thankfully, an international effort. Can the Home Secretary explain the evidence she has seen that underpins her decision to introduce a blanket 14-day quarantine now, at precisely the time that other countries are beginning to ease restrictions that they introduced months ago? Why is the UK Government’s approach so at odds with our neighbours?

**Priti Patel:** First, I refer the hon. Lady to my statement in terms of why these measures are coming in now. My second point is that these are cross-Government measures; they have not been taken in isolation by just one Department. We are working across Government, led by the Department of Health and Social Care, with my right hon. Friend the Transport Secretary, the Business Secretary and the Chancellor of the Exchequer. These measures have been put in place collectively, and they will stay in place until the public health situation in this country changes. This Government are absolutely committed to protecting the public health of our nation. That is the right priority.

**Lilian Greenwood** *indicated dissent.*

**Priti Patel:** The hon. Lady clearly disagrees with that. At the same time, we will continue to work with the industry to look at new measures.

**Sally-Ann Hart** (Hastings and Rye) (Con): In terms of our soft borders, which are our beaches, can my right hon. Friend reassure the residents of Hastings and Rye that the migrants illegally crossing the channel in small boats who are not returned to France are being given health checks for their own safety and wellbeing and for the safety and wellbeing of my constituents?

**Priti Patel:** My hon. Friend is aware of the work we are doing on that, which includes returns to France directly, so she can have that assurance. The self-isolation measures equally apply to people who come to our country illegally.

**James Sunderland (Bracknell) (Con):** Many of my constituents depend on the aviation sector for their livelihoods. Bracknell also has the offices of more than 150 global companies. Can the Home Secretary assure me that support for my constituency and beyond will be given through a pragmatic application of the policy and that the policy will not just be reviewed but lifted at the first opportunity?

**Priti Patel:** I thank my hon. Friend for his question. He is right, and he makes a powerful case on behalf of his constituents and their livelihoods for the sector they are employed in. It is right that the Government continue to work to give that support. I am committed to doing that, as are all Secretaries of State across Government.

**Mrs Natalie Elphicke (Dover) (Con):** When reviewing safe journeys in the coming weeks, will my right hon. Friend consider that ferries have a covid-secure option that aeroplanes simply do not have? May I ask her to keep front of mind our beautiful white cliffs country and the Dover-Calais ferry for not just a safe and enjoyable holiday break but to save our local jobs and livelihoods?

**Priti Patel:** My hon. Friend is absolutely right to represent her constituency, her constituents and the local economy, and what she says applies across the country where we have ports. She is absolutely right to highlight the need to have safe travel. Applying that consistently across travel carriers is something that my right hon. Friend the Transport Secretary and I will be putting forward, raising and discussing in our roundtable tomorrow.

**David Linden (Glasgow East) (SNP):** What discussions has the Home Secretary had with the Chancellor of the Exchequer about how to mitigate the impact of these measures on the aviation industry? How will they affect efforts to support the industry if it is to play a sustainable role in rebuilding the economy at a local, national and regional level?

**Priti Patel:** Discussions have taken place through the usual channels across Government. In fact, up until recently, there was a series of committees including the Treasury and every involved Government Department to discuss the economic and health impacts of the public health measures and how they would be brought together, enforced and applied across the four nations.

**Tom Hunt (Ipswich) (Con):** A couple of months ago, my constituents were overwhelmingly of the view that an international quarantine should have been introduced then. I believe that, right now, they are finely balanced but still just of a view that one is necessary, so I will be supporting the Government on this. However, at the same time I am getting more and more emails from constituents who have loved ones in other countries. Will the Home Secretary please commit to a flexible approach, and at the nearest opportunity will she please relax it?

**Priti Patel:** I hear everybody's comments, and I am very conscious of this, as are my right hon. Friend the Transport Secretary and the whole of the Government. The fact of the matter is that we all want to be reunited with friends and loved ones as soon as possible, but we have to do this in a safe and responsible way, and that is what this Government are committed to achieving.

**Wendy Chamberlain (North East Fife) (LD):** Reports suggest that SAGE was not asked for updated advice before this announcement was made. May I ask the Secretary of State what the estimate is of the likely numbers in the outlined exemption categories to her policy? What is the scientific assessment of potential transmission from these groups?

**Priti Patel:** I refer the hon. Lady to my statement earlier. We have based this on scientific advice not just within the Home Office but across other Government Departments. As I said in my statement, that information in due course will be provided in the normal way, but it is important to reflect on and recognise why these measures are coming into place, which is to protect the health and wellbeing of the British public.

**Sir Geoffrey Clifton-Brown (The Cotswolds) (Con):** On behalf of a significant number of constituents whose jobs are affected in the travel, tourism and leisure business, may I ask my right hon. Friend if she would seriously consider and review as urgently as possible establishing air bridges, particularly with countries where the rate of infection is lower than our own?

**Priti Patel:** I think I have answered this question previously, but that is absolutely right. It is our determination to ensure that we work with the travel industry and with all carriers to find a safe way in which people can travel, which is of course our priority.

**Mrs Emma Lewell-Buck (South Shields) (Lab):** By mid-March, over 80 countries had imposed quarantine measures and travel restrictions. By May, it was reported that over 95,000 people had flown into the UK through the lockdown. Does the Home Secretary feel that her delayed action has contributed more or less to the UK having the second highest coronavirus death rate in the world?

**Priti Patel:** I could not have been clearer in my statement, and when I outlined the enhanced monitoring process that took place at the border between 22 January and 12 March. It is right that those measures were undertaken, and I have said in my statement why these measures are being brought in now.

**Andrew Griffith (Arundel and South Downs) (Con):** I welcome my right hon. Friend's commitment to show that Britain is open for business. We have a designated testing Minister. May I tell my constituents in Arundel and South Downs who are devastated, who will be the accountable Minister for putting in place agreements with safe countries?

**Priti Patel:** My hon. Friend is absolutely right to ask this question because these are cross-Government measures. Bilateral agreements will of course be with the Foreign Office, and on the test, trace and isolate approach, it is

the Department of Health and Social Care. When it comes to sector-specific issues, they will be Department by Department, but when it comes to travel and aviation, it will obviously be the Secretary of State for Transport and me. I will continue to work collaboratively with all Government Departments.

**Drew Hendry** (Inverness, Nairn, Badenoch and Strathspey) (SNP): Regardless of the merits or otherwise of this measure, it will disproportionately hit tourist economies, especially in rural areas such as the one I represent. The Secretary of State said earlier that she understood the impact. What specific conversations has she had with the Chancellor about extending the furlough and issuing grants to help the sector to survive?

**Priti Patel:** I have discussions with the Chancellor on a regular basis, and, of course, that applies to all aspects of the economy, not just the furlough scheme. I would be very happy, having heard the hon. Gentleman, to take away specific points that he has and I will raise them with the Chancellor.

**Sir Desmond Swayne** (New Forest West) (Con): To limit a second wave of economic damage, will my right hon. Friend bring forward the review of this policy by 10 days?

**Priti Patel:** The review of this policy has been outlined in the statement, and that is the approach that we are taking.

**Munira Wilson** (Twickenham) (LD): The Home Secretary acknowledged in her statement that introducing public health measures at our borders once we were at the peak was too late, so will she finally concede that we should have introduced this well before community transmission was widespread? And will she answer many hon. Members' questions with a direct yes or no—was SAGE consulted on and did it recommend the measures that she is announcing today?

**Priti Patel:** I have outlined my position in the statement earlier on. It is important to say that when it comes to measures at the borders, I have outlined the dates on which enhanced measures were taken, but also, I have not referred to the millions of British nationals who were stranded abroad, and had we closed our borders in the way in which the hon. Lady is referring to, they would not have been able to come back to the UK—[*Interruption.*]

**Madam Deputy Speaker (Dame Rosie Winterton):** Order. Barracking is not a good look. We need to get through this quickly.

**Dehenna Davison** (Bishop Auckland) (Con): Everyone in this House, including my right hon. Friend, will know the very stark dangers that a second wave could present to not only our economy, but our society. Does she agree that by introducing these new health measures at the border, we will be limiting the possibility of a second wave and keeping our citizens safe?

**Priti Patel:** My hon. Friend is absolutely right. She has just emphasised the need to protect the British public from a second wave, and that is the purpose of all

the measures—the public health measures—that the Government have been bringing forward, because at the end of the day, we do not want to lose the gains that we have made in recent weeks. We are past the peak of this virus and that is something that we still need to continue to double down on and make great progress on.

**Chris Elmore** (Ogmore) (Lab): Constituents who are due to be travelling in the next two to three weeks have emailed me asking specifically about using public transport or whether family can collect all of them from Heathrow airport. The Home Secretary does not seem to have answered the question despite being asked, “What will the guidance be?” My constituents need to know now, not in several days' or weeks' time.

**Priti Patel:** All guidance will be published in advance of 8 June. Of course, the guidance will come from other Government Departments specific to airports, transport and, obviously, public health measures. The guidance will be made available.

**Mark Pawsey** (Rugby) (Con): Many businesses, especially those engaged in manufacturing, have a need to get a key worker on site quickly. That could be a UK employee returning from holiday not able to work from home, or an overseas specialist, such as a plant maintenance engineer, to keep a plant going. Will there be an exemption to support British business in circumstances such as these?

**Priti Patel:** My hon. Friend is absolutely right to ask that question. We will be publishing the list of exemptions and, within that, there will be critical infrastructure workers and specific categories, led by the key Departments that are sponsoring those exemptions. Of course, there will be key sectors that are also included in that exemption list.

**Afzal Khan** (Manchester, Gorton) (Lab): The Government's quarantine policy is not universal and there is a relatively long list of occupations exempted from the self-isolation requirement. Can the Home Secretary confirm that those exempted from quarantine will still be tested for coronavirus upon arrival at the UK border, and if they test positive for the virus, what will they be required to do?

**Priti Patel:** In answer to the hon. Gentleman's question, many of those are deemed to be key workers. They have access to testing and are being encouraged to test. Anyone who is symptomatic or who tests positive must follow the guidance that has been put in place, which is, obviously, to self-isolate if they are sick, and to self-isolate if they are symptomatic. They must also get medical advice and treatment.

**Greg Smith** (Buckingham) (Con): With small businesses in particular being asked to step up and reboot our economy, they need certainty. I have been contacted by a business in my constituency, which is concerned that, notwithstanding the general advice for non-essential travel, some employees are still determined to have their holidays. Can my right hon. Friend give clarity over the status of returning holidaymakers in terms of whether the business should swallow that cost or whether the holidaymaker should be forced to take it out of annual leave?

**Priti Patel:** I cannot give specific advice to businesses and employees, but it is important to follow the Foreign Office travel advice and guidance right now. The FCO has been very clear about not travelling because of the coronavirus and that all non-essential travel should not take place.

**Christian Matheson** (City of Chester) (Lab): This will affect the aviation sector and also hospitality, travel and tourism, but, upstream, it will also affect our aerospace manufacturing sector. Can the Home Secretary tell the House what specific economic impact assessment was made on the effect of this policy on the aerospace sector?

**Priti Patel:** The hon. Gentleman is right to raise the matter of economics. This issue has been discussed in various economic Committees at government level. I have also been speaking about it with the Chancellor and working across Government with my colleagues. It is important to reflect on the fact that we have had those discussions and that impact assessments have been undertaken by Government Departments in the right kind of way.

**Mr Robert Goodwill** (Scarborough and Whitby) (Con): Three hundred people are working safely today, constructing the £4 billion Anglo-American Sirius mine in North Yorkshire. The driving of the one-mile deep shaft and the 23-mile-long tunnel to Teesport does require a small number of specialist engineers from places such as Germany and Austria living in specialist accommodation away from their families. Can my right hon. Friend give me an assurance that workers such as these will be part of the exemption from the quarantine?

**Priti Patel:** I understand the case that my hon. Friend makes. We do, of course, have an extensive exemption list for specialist skills and individuals that are required for key projects and key work. I will take away the full details of the case and raise them with the Department for Business, Energy and Industrial Strategy.

**Wera Hobhouse** (Bath) (LD): The exclusion of medical and care professionals from the travel restrictions highlights how essential they are to the UK. It also highlights how problematic the Government's new immigration rules will be. Will the Secretary of State commit to a much fairer and safer immigration policy than the one that is currently on the table?

**Priti Patel:** I am sorry, Madam Deputy Speaker, but I did not quite hear the hon. Lady's last sentence. I think that it was in relation to the immigration system—the points-based system—and I will happily follow it up with her.

**Paul Maynard** (Blackpool North and Cleveleys) (Con): My right hon. Friend just made reference to the professions that will be covered by this measure. Given that the credibility of it is hanging by a very slim thread right now, can she reassure me that Members of Parliament will not be on that list of exempt professions?

**Priti Patel:** This issue has been discussed extensively. When my hon. Friend see the exemption list, he will be very clear as to who qualifies and who does not.

**Stephen Doughty** (Cardiff South and Penarth) (Lab/Co-op): As with care homes, I fear that the failure to act when it could have made a difference will be one of the great tragedies of this crisis when the inevitable inquiries follow. The Home Secretary keeps saying that she was following the science and that the science was consistent, but the chief scientific adviser to the Government said to the Health and Social Care Committee on 5 May that the UK got

“many, many different imports of virus”

that seeded right the way across the country as early as March. If that is the case, why did the Government let in 23.7 million passengers, many of whom were British returning from hotspots abroad between 1 January and 31 March? Why were measures not put in place earlier, and will she now not only publish the advice, but tell us whether it is true that SAGE first discussed this matter on 3 February? Was she involved in that discussion? Was the Transport Secretary involved? And who overruled whom about taking action?

**Priti Patel:** SAGE papers are being published and they are in the public domain, so the hon. Gentleman can look out for them and see what information has been put in place. I do come back to the point that I made earlier about the enhanced monitoring process that was taken at the border, all of which I highlighted in my opening remarks.

**Christian Wakeford** (Bury South) (Con): Will my right hon. Friend advise me on whether she believes that we got the science right earlier on, and, if we did, are we getting the science right now in terms of quarantine and putting restrictions on travellers?

**Priti Patel:** What I would say to my hon. Friend is that the Government have been guided by the science from the outset. This is not just for one Department, but across Government. Collectively, we have been guided by that scientific advice. That has been consistent when it comes to public health measures at the border, which is why these measures are being introduced now.

## Points of Order

2.55 pm

**Karen Bradley** (Staffordshire Moorlands) (Con): On a point of order, Madam Deputy Speaker. May I welcome the Prime Minister's announcement earlier that he intends to extend the proxy voting scheme to those who are shielded and unable to attend the Chamber to vote in person? However, I must say that I have some concerns about the way the announcement has taken place and how it will be implemented. May I therefore ask you whether you can obtain this information from Mr Speaker? First, what advance notice did he have of the Prime Minister's intention to make this announcement today? Can he confirm that the current pilot scheme for proxy voting—let us be clear that the proxy voting scheme we are currently using for maternity and paternity leave is a pilot—will expire in July 2020, that it has a number of structural issues that the Committee I chair is examining, and that it is not suitable to be extended to several dozen Members on the present basis?

Would you ask Mr Speaker whether he will agree to convene a meeting between the Leader of the House, me and the Clerk of the House so that we can discuss these matters urgently? Can Mr Speaker give the House an assurance that he will not allow any scheme to be implemented that obliges Members, from any part of this House, to disclose personal information about their health? Would you also ask Mr Speaker whether he would confirm that the Government have not, to date, provided any response to the three detailed reports on these issues produced by my Committee, one of which was to satisfy the impossibly tight timescale demanded by the Government for the introduction of remote voting, which they then ended up using for a mere eight days?

**Madam Deputy Speaker (Dame Rosie Winterton):** I thank the right hon. Lady for her point of order; there were a lot of questions in there and I will do my best to respond. Obviously, I cannot answer on what discussions the Speaker has or has not had with members of the Government. I should also say that the Chair is not responsible for Government responses to the reports produced by her Committee, although, obviously, I hope that those responses will be forthcoming—I am sure those on the Treasury Bench will have heard that. I can confirm that the current scheme for proxy voting expires in July 2020 and that, as I am sure she will appreciate, the whole House will be interested in hearing the Procedure Committee's expert views on the scheme. I know that her Committee has made a great many contributions to the debate so far, which have been extremely helpful. I am sure she knows that the Speaker has taken a very close interest in ensuring that voting in this House is carried out effectively, but that key to his response has been that it has due regard to the safety of hon. Members and of staff—I can assure her that he will continue to do this. As for a meeting between herself, the Leader of the House and the Speaker, I am sure the Speaker will respond positively to the requests she makes, as I know he has fairly regular meetings with her in any case.

**Chris Bryant** (Rhondda) (Lab): On a point of order, Madam Deputy Speaker. This is sort of tangential but allied to the former point of order. You will know that

yesterday the Leader of the House committed to the Chair of the Procedure Committee that he would be introducing a motion today to deal with allowing some Members to participate in questions, statements and urgent questions remotely. That was tabled late last night, since which time amendments have been tabled. As I understand it, Mr Speaker is minded to select three of those amendments—four are being tabled but three have been selected. That means, in practice, that if we were to suggest that we were going to push those to a vote, this would be opposed business and so if we reached 7 pm—you will tell me if I have got this wrong, Madam Deputy Speaker—without having started the debate, it could not then be taken as it is opposed business.

I also note, further to what the right hon. Member for Staffordshire Moorlands (Karen Bradley) just said, that since the Prime Minister has now made a further commitment today, it might be more sensible if we were to have a new motion tomorrow that covered all these matters in the round. We could then debate it properly, rather than having it shoved through at the end of the day by surreptitious means without the Government allowing any time for debate.

**Madam Deputy Speaker:** I thank the hon. Gentleman for his point of order. He has painted a scene of something that might happen at the end of the day, which I obviously cannot predict at this point because we do not know whether the business will run until 7 pm. However, not for the first time, he is correct—in saying that the motion cannot proceed after 7 pm if it is objected to. In the current circumstances, an amendment standing on the Order Paper that has been provisionally selected and not withdrawn, and is likely to be contested, would constitute an objection, and he is right that it cannot be taken after 7 pm.

**Chris Bryant:** Further to that point of order, Madam Deputy Speaker. I will have another go, very briefly—just to say that I will be contesting this at 7 o'clock, in case there was any doubt.

**Madam Deputy Speaker:** I am very grateful to the hon. Gentleman for clarifying that point. I thought that that might be the case, but it is best to have it on the record.

**Liz Saville Roberts** (Dwyfor Meirionnydd) (PC): On a point of order, Madam Deputy Speaker. The Leader of the House announced yesterday that witnesses to tomorrow's Domestic Abuse Bill Committee would be able to present evidence remotely if they so wished. He said that he wanted to allay concerns that some people had assumed that this would not be possible.

Nazir Afzal is the national adviser for Wales's violence against women strategy, and is highly respected as an expert in measures proposed by the Bill. He was invited, at my request, to the Bill Committee, but had to decline as he had been told previously that giving evidence remotely was not possible. Following some discussion yesterday, Mr Afzal was under the impression that he would be able to contribute, so he contacted House staff again, after the announcement made by the Leader of the House that led him to believe that he would be able to commit such evidence. He was told again, however,

[Liz Saville Roberts]

that it was not possible to give evidence remotely. I must emphasise that this reflects in no way on the staff of the House, who are doing excellent work in challenging circumstances.

I seek advice from you, Madam Deputy Speaker. If it proves impossible for Mr Afzal to give evidence directly to the Bill Committee tomorrow, what should the Leader of the House do to correct the record?

**Madam Deputy Speaker:** I am grateful to the right hon. Lady for giving me notice of her point of order, and she raises an extremely important matter. I understand that the House authorities have urgently been putting measures in place to enable as much virtual witness participation in Committees as possible while at the same time enabling Members to participate in person, and that work is ongoing. I understand that the programming sub-committee for the Bill agreed a witness programme yesterday that includes a representative of Welsh Women's Aid. It is, of course, regrettable that, on that agreed programme, Mr Afzal will not be able to give oral evidence tomorrow. However, I have no doubt that the Committee would be interested to receive his views in writing. If there are any further points that the right hon. Lady wishes to raise, I am sure that she will find the Committee staff extremely helpful.

In order to allow the safe exit of hon. Members participating in this item of business and the safe arrival of those participating in the next—even though some have already arrived—I will suspend the House for five minutes.

3.3 pm

*Sitting suspended.*

3.8 pm

*On resuming—*

## BILL PRESENTED

ABORTION (CLEFT LIP, CLEFT PALATE AND CLUBFOOT)

*Presentation and First Reading (Standing Order No. 57)*

Fiona Bruce, supported by Sir David Amess, Scott Benton, Bob Blackman, Dr Lisa Cameron, Rosie Cooper, Chris Green, Sir John Hayes, Tom Hunt, Sir Edward Leigh, Sir Desmond Swayne and Martin Vickers, presented a Bill to amend the Abortion Act 1967 to exclude cleft lip, cleft palate and clubfoot as qualifying physical abnormalities for the purposes of medical termination of pregnancy under section 1(1)(d).

*Bill read the First time; to be read a Second time on Friday 12 June, and to be printed (Bill 131).*

## CORPORATE INSOLVENCY AND GOVERNANCE BILL: BUSINESS OF THE HOUSE

*Ordered,*

That the following provisions shall apply to the proceedings on the Corporate Insolvency and Governance Bill:

### *Timetable*

(1) (a) Proceedings on Second Reading and in Committee of the whole House, any proceedings on Consideration, and proceedings on Third Reading shall be taken at today's sitting in accordance with this Order.

(b) Proceedings on Second Reading shall be brought to a conclusion (so far as not previously concluded) four hours after the commencement of proceedings on the Motion for this Order.

(c) Proceedings in Committee of the whole House, any proceedings on Consideration, and proceedings on Third Reading shall be brought to a conclusion (so far as not previously concluded) six hours after the commencement of proceedings on the Motion for this Order.

### *Timing of proceedings and Questions to be put*

(2) When the Bill has been read a second time:

(a) it shall, despite Standing Order No. 63 (Committal of bills not subject to a programme order), stand committed to a Committee of the whole House without any Question being put;

(b) the Speaker shall leave the Chair whether or not notice of an Instruction has been given.

(3) (a) On the conclusion of proceedings in Committee of the whole House, the Chairman shall report the Bill to the House without putting any Question.

(b) If the Bill is reported with amendments, the House shall proceed to consider the Bill as amended without any Question being put.

(4) For the purpose of bringing any proceedings to a conclusion in accordance with paragraph (1), the Chairman or Speaker shall forthwith put the following Questions in the same order as they would fall to be put if this Order did not apply:

(a) any Question already proposed from the Chair;

(b) any Question necessary to bring to a decision a Question so proposed;

(c) the Question on any amendment, new Clause or new Schedule selected by the Chairman or Speaker for separate decision;

(d) the Question on any amendment moved or Motion made by a Minister of the Crown;

(e) any other Question necessary for the disposal of the business to be concluded; and shall not put any other questions, other than the question on any motion described in paragraph (16)(a) of this Order.

(5) On a Motion so made for a new Clause or a new Schedule, the Chairman or Speaker shall put only the Question that the Clause or Schedule be added to the Bill.

(6) If two or more Questions would fall to be put under paragraph (4)(d) on successive amendments moved or Motions made by a Minister of the Crown, the Chairman or Speaker shall instead put a single Question in relation to those amendments or Motions.

(7) If two or more Questions would fall to be put under paragraph (4)(e) in relation to successive provisions of the Bill, the Chairman shall instead put a single Question in relation to those provisions, except that the Question shall be put separately on any Clause of or Schedule to the Bill which a Minister of the Crown has signified an intention to leave out.

### *Consideration of Lords Amendments*

(8) (a) Any Lords Amendments to the Bill may be considered forthwith without any Question being put; and any proceedings interrupted for that purpose shall be suspended accordingly.

(b) Proceedings on consideration of Lords Amendments shall (so far as not previously concluded) be brought to a conclusion one hour after their commencement; and any proceedings suspended under sub-paragraph (a) shall thereupon be resumed.

(9) Paragraphs (2) to (7) of Standing Order No. 83F (Programme orders: conclusion of proceedings on consideration of Lords amendments) apply for the purposes of bringing any proceedings to a conclusion in accordance with paragraph (8) of this Order.

### *Subsequent stages*

(10) (a) Any further Message from the Lords on the Bill may be considered forthwith without any Question being put; and any proceedings interrupted for that purpose shall be suspended accordingly

(b) Proceedings on any further Message from the Lords shall (so far as not previously concluded) be brought to a conclusion one hour after their commencement; and any proceedings suspended under sub-paragraph (a) shall thereupon be resumed.

(11) Paragraphs (2) to (5) of Standing Order No. 83G (Programme orders: conclusion of proceedings on further messages from the Lords) apply for the purposes of bringing any proceedings to a conclusion in accordance with paragraph (10) of this Order.

#### *Reasons Committee*

(12) Paragraphs (2) to (6) of Standing Order No. 83H (Programme orders: reasons committee) apply in relation to any committee to be appointed to draw up reasons after proceedings have been brought to a conclusion in accordance with this Order.

#### *Miscellaneous*

(13) Standing Order No. 15(1) (Exempted business) shall apply to proceedings on the Bill.

(14) Standing Order No. 82 (Business Committee) shall not apply in relation to any proceedings to which this Order applies.

(15) Standing Orders Nos. 83J to 83O (Certification of bills, clauses, schedules etc) shall not apply to the Bill.

(16) (a) No Motion shall be made, except by a Minister of the Crown, to alter the order in which any proceedings on the Bill are taken or to vary or supplement the provisions of this Order.

(b) No notice shall be required of such a Motion.

(c) Such a Motion may be considered forthwith without any Question being put; and any proceedings interrupted for that purpose shall be suspended accordingly.

(d) The Question on such a Motion shall be put forthwith; and any proceedings suspended under sub-paragraph (c) shall thereupon be resumed.

(e) Standing Order No. 15(1) (Exempted business) shall apply to proceedings on such a Motion.

(17) (a) No dilatory Motion shall be made in relation to proceedings to which this Order applies except by a Minister of the Crown.

(b) The Question on any such Motion shall be put forthwith.

(18) No debate shall be held in accordance with Standing Order No. 24 (Emergency debates) at today's sitting after this Order has been agreed.

(19) Proceedings to which this Order applies shall not be interrupted under any Standing Order relating to the sittings of the House.

(20) No private business may be considered at today's sitting after this Order has been agreed.—(*Maria Caulfield.*)

## **Corporate Insolvency and Governance Bill**

### *Second Reading*

3.9 pm

**The Secretary of State for Business, Energy and Industrial Strategy (Alok Sharma):** I beg to move, That the Bill be now read a Second time.

On 23 March, the Government requested many businesses to close their doors to safeguard the nation's health. We absolutely recognise the huge sacrifices that this entailed. My right hon. Friend the Chancellor, who has been at the Dispatch Box on a number of occasions, has outlined the unprecedented economic support for businesses and workers across the country.

Like the shadow Secretary of State, the right hon. Member for Doncaster North (Edward Miliband), I have regular conversations with businesses, business representative organisations and trade unions, and I know that the scale of what the Government have done has been appreciated across the board. We have supported millions of businesses and individuals through a range of support schemes. These have included grants to small businesses—over £10 billion out of the door now—loans, through the coronavirus business interruption loan scheme and coronavirus large business interruption loan scheme, and bounce-back loans, with more than £14 billion now paid out, as well as business rate holidays, tax deferrals, the job retention scheme and, of course, the self-employed scheme. By any international comparison, the effort that has been put into supporting businesses and individuals to safeguard lives and livelihoods is incredibly favourable.

Alongside those fiscal measures to support businesses and individuals and protect livelihoods, in this Bill we want to provide further support: non-fiscal measures to ensure that we can help businesses at a time of difficulty.

**Ian Paisley (North Antrim) (DUP):** Is the Minister satisfied that the measures being proposed today could expire within 27 days? Is that sufficient time to address the problems that might be coming down the track?

**Alok Sharma:** As ever, the hon. Gentleman raises an incredibly important point. I will talk further about this, but that is precisely why we have ensured an opportunity to extend the temporary measures in the Bill, but by regulation, so statutory instruments will have to be laid before the House. However, I am sure that the sentiments he expresses are felt across the House. If we need to, I am sure that we will collectively look to extend some of the temporary measures to continue to help businesses.

The Bill will allow business owners time and space to explore rescue options. It will allow directors of companies that are technically insolvent, but simply because of a temporary drop in demand caused by the covid-19 crisis, to proceed with the business without the threat of personal liability. That has been incredibly warmly welcomed by businesses and business representative organisations.

**Jacob Young (Redcar) (Con):** Does my right hon. Friend agree that this Bill will give businesses in Redcar and Cleveland and across the country the much needed breathing space to get through this crisis?

**Alok Sharma:** My hon. Friend is already making a huge impact in supporting businesses in his constituency, and he is absolutely right. The whole point of these measures, both permanent and temporary, is precisely

[Alok Sharma]

as he says: to give businesses the breathing space to allow them to see whether they can recover and ultimately bounce back. That is what we all want to see.

**Gary Sambrook** (Birmingham, Northfield) (Con): Unfortunately, some businesses fail. In my constituency, MG Rover collapsed 15 years ago, ripping a huge hole in the community in Northfield and Longbridge. Fifteen years on, over 6,000 people are owed money from the liquidation of MG Rover. Will my right hon. Friend look into ways in which we can speed up the process—15 years is too long and causes a lot of problems and anxiety for people—so that they can get closure and the money that they are owed.

**Alok Sharma:** Again, the manner in which the debate has begun demonstrates the consensus on supporting businesses, not just in our individual constituencies but across the country. I can give my hon. Friend a commitment that I am happy to meet him to discuss the case and see what more can be done. He is absolutely right—where we are able to, we must seek to speed up and provide that support to individuals who need it.

The Bill will provide extra flexibilities to hold AGMs online during the covid-19 pandemic and will also provide more time to file accounts and other filings with Companies House.

**Paul Holmes** (Eastleigh) (Con): May I ask the Secretary of State whether companies have to apply for those extensions on filing, or will there be an automated aspect whereby Companies House will approach the companies affected?

**Alok Sharma:** Once the filing requirements are enacted, as my hon. Friend says, companies can make filings up to the extension dates. As was mentioned earlier, if there is a need to extend temporary provisions, we will look to see if that is required. While we recognise that these and other support measures will not, sadly, be able to save every business and every job, the Bill delivers commitments that will give businesses in difficulty due to the pandemic a fighting chance of eventually bouncing back.

**Stephen Doughty** (Cardiff South and Penarth) (Lab/Co-op): There are indeed some important measures in the Bill, and we will undoubtedly scrutinise them in more detail in due course. I thank the Secretary of State for the work of the officials in his Department to support a number of businesses in my constituency, and I thank the Welsh Government for the support that they have provided through the economic resilience fund.

We have not had enough support from the banks, some of which have not only struggled to make themselves available to businesses seeking support through the loan schemes that the Government have set up but seem to be trying to push off their books businesses that could make it through the crisis. What does the Secretary of State have to say to the banks?

**Alok Sharma:** When we first launched CBILS there were a lot of concerns about how quickly the process was moving. I have been talking to banks individually and to senior managers in the banks, and I think that we are beginning to see movement. CBILS has had over

40,000 loans out of the door, and over 450,000 bounce-back loans have been made. If there are specific banks about which the hon. Gentleman has concerns—he, like all colleagues, is concerned about retaining employment in his constituency—I would be happy to take up those issues with him individually.

**Kevin Hollinrake** (Thirsk and Malton) (Con): Because of the success of bounce-back loans—it is a much easier process to get a bounce-back loan than a CBILS loan—lots of businesses that need more than £50,000 have gone for a bounce-back loan as an interim step, but are restricted from taking a CBILS loan, as they can only have one or the other. Would my right hon. Friend consider allowing businesses to apply for a CBILS loan for a larger amount, subject to necessary lending criteria, then paying off the bounce-back loan so that they can get access to the finance that they need?

**Alok Sharma:** My hon. Friend makes an incredibly important point. I am sure that the Under-Secretary of State for Business, Energy and Industrial Strategy, my hon. Friend the Member for Sutton and Cheam (Paul Scully), will correct me if I am wrong, but my understanding is that it is possible to transfer loans between the bounce-back scheme and CBILS. I am happy to discuss that with my hon. Friend the Member for Thirsk and Malton (Kevin Hollinrake), who is absolutely right—people cannot have one of each, so to speak, but I think that it is possible to make a transfer.

The measures set out in the Bill have been welcomed across the board by business representatives' organisations such as the Federation of Small Businesses, the Institute of Directors, the CBI, the British Chambers of Commerce, R3—the insolvency and restructuring professionals trade association—and the Trades Union Congress. Some of the measures will take retrospective effect to provide as much relief to businesses as possible. To ensure that is the case, we have announced the dates from which the measures will begin.

Let me turn to corporate restructurings, and the package of permanent corporate restructuring measures, which have previously been consulted on. As colleagues know, they were consulted on in 2016, and then formed part of a wider consultation on corporate governance and insolvency published in 2018, so they have been consulted on in some detail. They will have immediate effect in helping companies get through the covid-19 emergency.

A number of time-limited provisions are there to cater for the immediate economic impact of the covid-19 pandemic. They have been added to the package and will be in place for a month after Royal Assent.

**Richard Fuller** (North East Bedfordshire) (Con): Playing a fundamental part in the Bill, we have a number of measures that have been consulted on for a long period; people have thought about them and, as my right hon. Friend said, there has been a large degree of consensus around them. Then we have some other measures that have been brought forward in response to the immediate crisis; the Department has worked incredibly quickly to come up with them. Is the Department satisfied that it has got the balance right between the two? Is there anything that we should look out for in the next few months about the permanence of some of those measures?

**Alok Sharma:** My hon. Friend is of course right. By the way, I am delighted that he is back in the House, after a short absence. He brings a huge amount of experience in this area, as a result of his work in the private sector. The permanent measures have already been consulted upon, and they enjoy broad support. The temporary measures are of course temporary, and if we were to look to extend any of them, we would have to do so by way of regulation—we would have to come to the House with statutory instruments, and there would be an opportunity, if colleagues in the House felt it was not right to extend them, for them to voice their concerns. So I do think we have managed to get the balance right in this case. We want to ensure that the measures are put in place as quickly as possible, so that we are able to provide support to businesses in difficulty right now. In all the discussions that we have had with the right hon. Member for Doncaster North and his colleagues, we have always had a really constructive approach; I hope that is exactly what we will have today as well.

**Kevin Hollinrake:** I speak as a co-chair of the all-party group on fair business banking, has dealt with a lot of problems in how banks treat SMEs, facilitated by insolvency practitioners. To eliminate those conflicts of interest, the Secretary of State's Department has committed to bringing forward measures to provide that the conduct of insolvency practitioners is overseen by a single regulator, rather than by recognised professional bodies. Can he commit to bringing forward those measures in the not-too-distant future, so that we can try to eliminate those conflicts of interest?

**Alok Sharma:** My hon. Friend the Under-Secretary of State will elaborate on some of the points that my hon. Friend raised. I would simply say that in July 2019, the Government issued a call for evidence on the insolvency regulatory framework, to determine whether any changes needed to be made. That included questions on whether there should be a single regulator. We expect to publish the Government response to the call for evidence later this year. Perhaps my hon. Friend the Under-Secretary will elaborate later.

Returning to the Bill, the package of measures has three elements. The first is a moratorium. That will give a company that is threatened with insolvency temporary respite from its creditors and a chance to arrange refinancing or a rescue. The moratorium will be for an initial period of 20 days, which can then be extended. There will be a time-limited easing of the eligibility criteria for a company to enter into a moratorium, to make it more accessible during the covid-19 response period.

**Mike Wood (Dudley South) (Con):** The temporary measures that my right hon. Friend has included in the Bill will provide great respite for many businesses, particularly in the hospitality sector, where businesses have been unable to trade throughout this outbreak but rents have remained very high; the measures will protect them from aggressive landlords. Those pressures will continue well past the end of June, so will he consider extending the protection for tenants from winding-up petitions?

**Alok Sharma:** Of course, that is part of the measures that we will bring in. I recognise why my hon. Friend wants to ensure that tenants have protection, and that is

why we will introduce the temporary measures around this issue, but of course we also need to think about landlords. I will address that point as I go through my speech.

Returning to the moratorium, the time-limited easing of the eligibility criteria for a company to enter a moratorium, to make that more accessible during the covid-19 response period, will be in place for a month after Royal Assent. Of course, that can be extended if it is deemed necessary.

The second part of the new permanent restructuring measures will allow companies in financial difficulty to propose a rescue plan to restructure complex debt arrangements, and to bind creditors to it, as long as certain thresholds are met. That means that viable companies struggling with debt obligations will be able to restructure under the new procedure.

There are, however, significant safeguards and protections for creditors, which is right and proper. The plan must be sanctioned by the court and, indeed, any dissenting creditor class bound to a plan must not be made worse off than it would have been in the next most likely outcome. I know that a number of colleagues, both in the House and outside, have raised this issue. That is why we have ensured that this measure is in place.

The third part of the restructuring package will prohibit termination clauses. That will prevent suppliers from terminating contracts or raising prices just because a company has entered an insolvency procedure or a moratorium. Of course, we recognise that requiring companies to supply under those circumstances may cause them financial difficulties, so we have built in a number of protections for suppliers too.

If continuing supply would cause a supplier hardship, it can apply to the court for permission to terminate the contract. In addition, if goods or services supplied after the insolvency begins are not paid for, the supplier can terminate the contract. Further, the Government will temporarily exempt small suppliers from this requirement altogether during the covid-19 crisis, recognising the particular challenges that those firms face.

**Mark Pawsey (Rugby) (Con):** Small businesses often find themselves dictated to by larger organisations, and the last thing we want is for small businesses to be put at a disadvantage by being compelled to supply when they are not capable or it is not in their interest to do so. Will the Secretary of State reassure us that small businesses in particular will be protected by these provisions?

**Alok Sharma:** My hon. Friend raises a really important point about protecting small suppliers. They will of course have this exemption. According to the definition in the Companies Act 2006, a small supplier is one that meets two of the following three criteria: having up to 50 employees, a turnover of up to £10.2 million, and gross assets of up to £5.1 million. I think that will cover a very large number of businesses in our country.

**Richard Fuller:** May I thank you, Madam Deputy Speaker, for permitting so many interventions? As we are rushing through the Bill relatively quickly, it is important that Members on both sides of the House have the opportunity to raise points directly with the Secretary of State, so thank you for permitting some latitude for interventions.

[Richard Fuller]

The small business commissioner appeared before the Business, Energy and Industrial Strategy Committee a few weeks ago, and I posed some questions about whether he had the powers he needed. As my right hon. Friend looks at this period, with the particular pressure caused by covid-19, is he assured that the small business commissioner's powers are as will be needed, or does he envisage wanting to look again at this in the future?

**Alok Sharma:** My hon. Friend raises an incredibly important point. I championed this issue—support for small businesses—when I was on the Back Benches. As he will know, the Government's payment terms are favourable in setting a very time-limited period within which payments must be made to Government suppliers, and of course the Government also require that if a large organisation is being paid by the Government under a contract, they need to pass on that speed of payment to smaller subcontractors. He will also know that in the manifesto on which he and I stood we committed to looking further at the role of the small business commissioner and how it might be strengthened. We will bring forward a consultation on that in due course.

I move now to the temporary measures in the Bill. The first set provides for a suspension of the serving of statutory demands and a restriction on winding-up petitions. These measures will be retrospective from 1 March and 27 April respectively and will last until one month after Royal Assent, although they can be extended if that is deemed necessary. The Coronavirus Act 2020 temporarily suspended the right of commercial landlords to forfeit the tenancies of retail businesses in order to protect tenants unable to trade because of covid-19. While this temporary suspension has been in place, the majority of landlords and tenants have been working well together to reach agreements on debt obligations, but a small number of landlords have been using aggressive debt recovery tactics to put pressure on tenants, including through the use of statutory demands and threats of winding up. For this reason, the measures in the Bill to limit the use of statutory demands and winding-up petitions have been welcomed by many, especially in the hospitality sector.

**Mr Jonathan Djanogly (Huntingdon) (Con):** The Government have repeatedly spoken about this clause in the context of landlords, but can the Secretary of State confirm that it actually applies to all creditors?

**Alok Sharma:** It is intended to apply to all suppliers—I am sure I will be corrected if I am wrong on that. As my hon. Friend has also been keen to point out, although this measure is not restricted to commercial landlords, some landlords will have particular concerns, and I can reassure him that the Government will monitor the impact of the measure and are asking lenders and investors to consider how debt obligations can be met in a way that does not put unnecessary pressure on landlords.

**Kevin Hollinrake:** In respect of commercial loans, currently the banks, when showing forbearance, are providing capital repayment holidays but only on the capital element of the repayment. In respect of residential mortgages and loans, they are giving complete repayment holidays. The monthly capital repayment is a small

element of the overall payment. The banks could be much more helpful to landlords by giving a complete holiday across the whole repayment for a period of time while showing forbearance to their tenants.

**Alok Sharma:** Colleagues in the banking sector will I am sure be watching this debate and listening in, and they will have heard what my hon. Friend has said. I would be happy to have a discussion with him after this debate if there are particular points that he wants to raise or if he wants to talk about particular organisations.

The second temporary measure is the suspension of the wrongful trading provisions. This will be retrospective to 1 March and will be in place until one month after Royal Assent, and again it can be extended if that is deemed necessary. Hon. Members will know that wrongful trading is an important deterrent against company directors continuing to trade when the company is insolvent and when doing so increases the losses to creditors. Directors can be made personally liable as a result. However, during this difficult period, many otherwise viable companies may become technically insolvent, particularly if they have been severely affected by a drop in demand caused by covid-19. This measure gives company directors the confidence to use their best efforts to continue trading without the threat of personal liability, should the company ultimately go into insolvency. Since the measure was announced in March, we have received much support for it from stakeholders. The Institute of Directors has welcomed it, saying that it

“will help to avert entirely preventable corporate collapses.”

The Bill also contains the necessary time-limited powers to extend these temporary provisions, should that prove necessary.

The Bill will also allow the Government to make other temporary amendments to insolvency law or the new restructuring plan to deal with the effects of covid-19, where needed. The power to amend corporate insolvency or governance legislation will allow the insolvency and business rescue regime to react quickly to the challenges we face as a result of the impact of covid-19, and that power will expire on 30 April 2021. However, due to the potential unforeseen circumstances relating to covid-19, the expiry date of this power can be extended if it is deemed necessary. If an extension is sought, the House will of course have an opportunity to scrutinise it.

The next group of temporary measures deals with meetings and company filings. These measures enable companies and other bodies, including mutual societies and charitable incorporated organisations, to hold AGMs and other meetings in a safe way, while respecting social distancing rules.

**Sarah Olney (Richmond Park) (LD):** On the point about AGMs, it is obviously good that the legislation makes provision for AGMs to be held digitally, but is it necessary for the legislation to restrict the participation of shareholders quite as much as it does? Surely, if a digital method enables shareholders to question directors, that should be encouraged if it can be facilitated.

**Alok Sharma:** There are, of course, other methods for shareholders to question directors of a company. There will be shareholders' days, for example. The reality is that businesses will be reacting and doing their best to try to get information to their shareholders. I am sure that the hon. Lady's point will be noted, but the intention

of this Bill—and, I think, of the business community—is not in any way to use these measures to restrict shareholders' access to information. This is actually about making sure that we can get past the pandemic and be in a position to bounce back.

The flexibility in terms of these meetings and filings will apply from 26 March—retrospectively, obviously—until 30 September. The measures also enable AGMs to be postponed until 30 September this year, where necessary.

**Sara Britcliffe** (Hyndburn) (Con): I am encouraged that the measures for AGMs and other meetings are temporary. Does my right hon. Friend share my belief that in-person AGMs provide the best opportunities for shareholders to hold their directors to account?

**Alok Sharma**: My hon. Friend makes an important point. We would all like to get back to those face-to-face discussions, just as we are doing in the House today. These are temporary measures, and I hope that when we get through to the other side there will again be that opportunity for shareholders to meet and ask questions face to face, because that is right and appropriate.

**Gareth Davies** (Grantham and Stamford) (Con): Can my right hon. Friend confirm that the Government are not mandating how companies and organisations are to hold an AGM, but rather giving them flexibility at this incredibly difficult time as to how best to engage with shareholders?

**Alok Sharma**: My hon. Friend makes an incredibly important point. This is not about mandating; this is about giving choice. I expect that many companies will take up the temporary support that is being made available through these measures.

Expanding on the announcement I made on 25 March that companies would have an extended period for filing accounts, the Bill will also give businesses more time to meet a range of filing requirements. The extensions to the various filing requirements will be set out in regulations to be laid once the Bill receives Royal Assent. We will be giving businesses the maximum period allowable under the powers in the Bill for filing their accounts, confirmation statements and event-driven updates. We will also extend the period within which charges should be registered with Companies House to 31 days, which I believe strikes the right balance between providing businesses with breathing space and ensuring that lenders are protected.

In conclusion, the package of measures that the Bill introduces will give businesses the best opportunity to survive the effects of the covid-19 crisis and lay the foundations for a bounce-back in the UK economy. This Government are committed to supporting businesses. We are listening, and we are putting in place meaningful and common-sense measures to provide that support. Let me end by again paying tribute to the millions of business owners up and down our country who are doing their bit to keep Britain moving. In bringing these measures forward, we demonstrate again that we stand with them. I commend the Bill to the House.

3.41 pm

**Edward Miliband** (Doncaster North) (Lab): I begin by thanking the Business Secretary and the Under-Secretary of State for Business, Energy and Industrial Strategy,

the hon. Member for Sutton and Cheam (Paul Scully), for the constructive conversations that we have had about the Bill, including with the shadow Business Minister, my hon. Friend the Member for Manchester Central (Lucy Powell). We are very much approaching this in a constructive way, and we welcome the discussions.

I want to focus on the provisions in the Bill and the wider policy context around insolvencies, which will determine what happens to millions of businesses in our country. As the Secretary of State implied, we face potentially the most dramatic recession in 300 years. What is more, we know that it is a recession necessitated by the essential public health measures that have been taken to contain coronavirus. Just as we are mutually dependent on each other when it comes to controlling the pandemic, I believe there is agreement across the House that that sense of mutual dependence should extend to the businesses of our country, because it is the right thing to do and because it is in all our interests. Every viable business we save will make the recession less deep and the recovery easier. Every business lost is disastrous not only for that business and its workers, but for our economy and all of us.

We know the great distress that many businesses are facing, and I join the Secretary of State in paying tribute to businesses up and down this country that are keeping going in these circumstances, with one fifth temporarily pausing or ceasing trading during lockdown and another quarter saying that their turnover was down by at least 50%. That is the context in which we should test our approach as a country. I acknowledge that this challenge is bound to test the imagination, speed and responsiveness of any Government, and that is why we want to work constructively with them.

In that context, we welcome the measures in the Bill to help reduce insolvencies and will support their passage. As I will explain, we do not think the Bill does enough to address the dangers for what we might call the less powerful interests—particularly employees—when it comes to insolvency and the new restructuring provision, and I will explain what I mean by that.

Let me say something about the headline provisions, many of which we agree with. As regards the permanent measures, we support the moratorium to give breathing space to firms. We welcome the measures to prevent suppliers from sending businesses into liquidation, suspending so-called ipso facto provisions, and I will say something in a minute about our views on the new restructuring plan provision.

**Ian Paisley**: I thank the right hon. Gentleman for giving way and for welcoming this Bill, which I do as well. Does he accept that what is so important about the Bill is that it includes and incorporates Northern Ireland absolutely? Northern Ireland is not cut adrift and the Bill does not have some special arrangement that the Assembly will manage; Northern Ireland is part and parcel of it. The measures have given collective support to businesses across all the United Kingdom and especially in Northern Ireland. Without British money, we would have been ruined. That is the bottom line.

**Edward Miliband**: I certainly agree with the hon. Gentleman that it is very important that the approach is UK-wide, and I welcome that.

[Edward Miliband]

Let me say something about the temporary measures in the Bill. We think it makes sense to remove the threat around winding-up orders, for example, to deal with the issue around landlords. We welcome the measures that the Secretary of State put in place, but there is another way around, as it were, which is a landlord issuing a statutory demand followed by a winding-up order. We think that the suspension of personal liability for wrongful trading while insolvent makes sense as a measure, but for a strictly time-limited period. It is important, as I think is clear, that other duties continue to apply to directors.

In addition, easing the requirements on company filing deadlines and AGMs makes sense. Indeed, given proceedings yesterday in this House, the facility in the Bill for virtual proceedings at AGMs carries a certain irony. If only the Business Secretary had told the Leader of the House, perhaps we would have been spared a lot of trouble and a lot of queuing yesterday.

As the hon. Members for Dudley South (Mike Wood) and for North Antrim (Ian Paisley) have both said, there is clearly a case for a longer period than to 30 June. This is no disrespect to the people writing the Bill, but I think we can agree across the House that the temporary measures will need to be in place for longer. We would be happy to see an amendment that puts the end of September in the Bill, and one of our amendments would do that. I accept the Secretary of State's point that the change can be made by statutory instrument.

Having given the Bill a broad welcome, I want to raise some issues.

**Stephen Doughty:** I agree with all that my right hon. Friend has said. Does he agree that some extension will be needed for some of the sectors that may be hit for longer, such as the creative industries? Many in my own patch will be affected for longer because they will be closed down for longer, and they need special assistance.

**Edward Miliband:** My hon. Friend is a brilliant champion of those industries and other industries in his constituency, and I agree with him. I will come on to the particular sectoral challenges that the Secretary of State and the Government are facing.

Let me mention the areas where we would like to see improvements made to the Bill. First and most importantly, the Government's case on the restructuring plan provision is that it could have benefits in enabling companies to restructure and not go into liquidation and in stopping large creditors from forcing companies to do so. I accept the case. I think I am right in saying that the cross-class cram-down provisions—it is not a very beautiful phrase—apply across the EU under EU law and apply in the United States as well. What is important about the provisions is that they mean that even if a class or classes of creditors object to a rescue plan, it can still go ahead providing they are better off than in the other most likely scenario, which is often going to be liquidation. That is why protecting those without power—creditors and others—is so important.

What cannot be allowed to happen—I know the Secretary of State agrees with this—is for the RP provision, which has wide scope and is not just for companies that are insolvent, but for those who fear they might become so, to be used to ride roughshod over the rights of

employees, including their pensions. Given the nature of the crisis we are in, it is essential that there are proper safeguards.

To give an example, the Secretary of State will have heard earlier the deep concerns across the House about the actions of British Airways, including sacking its employees and apparently offering worse terms and conditions. The RP provision cannot become a charter for more of that sort of action, and it is our mutual responsibility to make sure it does not become so. I know the Secretary of State shares that view.

**Richard Fuller:** I am extraordinarily grateful to the right hon. Gentleman for raising this point, because he will be aware that when a company is in a crisis situation and has so many wolves at the door, it has to make rapid decisions to salvage the assets and the business and continue, hopefully, to trade profitably. He is putting his finger precisely on the issue of what the rights of employees in that circumstance are and what protection there is for their pension benefits in the long term—that is a fundamental part of this issue. I am interested in his new clause on employee representation, which refers specifically to trade union representation; would he be prepared to broaden that out to include some broader sense of employee representation?

**Edward Miliband:** I welcome what the hon. Gentleman says, and the answer is yes, because lots of businesses do not have trade unions, and the question is what rights employees will have in those circumstances. The US experience is quite informative: I mentioned the US hazard provision, and at American Airlines and General Motors we saw employees lose out very significantly. The hon. Gentleman's point about pension provision is absolutely part of this. I very much hope—this is the spirit in which we are approaching the Bill—that the Government will seek to improve the protections that are in place. Our new clause 5, to which the hon. Gentleman referred, seeks to ensure mandatory discussions with the trade unions once a company enters a restructuring process. That will ensure that employees are provided with all the information made available to the court and fully consulted on any restructuring plan, and the court could then take that into account. There may be better and more comprehensive ways to build in such protection, but it is essential that we do so. Perhaps the Minister can come back on that in his winding-up speech and, indeed, in Committee.

Secondly, we are concerned about similar issues when it comes to insolvency. Unsecured creditors are left to bear most of the risk of insolvency, so they are often at the back of the queue when it comes to being protected. The protection of unsecured creditors, or the greater protection of them, could be provided through strengthening the ring-fencing of the proceeds of sale of assets when a company becomes insolvent, increasing the proportion of the proceeds reserved for them to 30%, and removing the financial limit, which is what we propose in one of our amendments. We also believe that pension schemes—this goes to the point that the hon. Member for North East Bedfordshire (Richard Fuller) made—should be made a priority creditor in the event of insolvency so that they get to have a role as a class, because currently I do not believe that they necessarily will.

**Jim Shannon** (Strangford) (DUP): I welcome the right hon. Gentleman to his position and wish him well. I have a bit of concern about what I refer to as predatory companies, which look for companies that are probably heading towards insolvency and see them as an opportunity to gain something. I wonder whether it is possible to ensure in the Bill that such predatory companies that would prey on those in trouble, of which there are many, are prevented from taking over an asset that is probably solvent in the long term but is not in the short term.

**Edward Miliband:** I agree with the hon. Gentleman's intervention. I once used the word predatory in relation to companies and it was rather controversial, but I think the consensus may have changed. *[Interruption.]* Government Members are saying it has not; it was worth a try. The hon. Gentleman makes a really important substantive point on which I think Members from all parties can agree, and it goes to the width and breadth of this provision: we have to make sure that companies cannot use it as a way to take their employees for a ride. I know from my conversations with the Secretary of State and the Minister that the intention to make sure that that does not happen is shared throughout the House, but we have to give expression to it in the Bill, and I hope the Government will indeed do so.

Let me turn to some things that are not in the Bill—

**Kevin Hollinrake:** The right hon. Gentleman touched on his amendment that would ring-fence 30% of assets for unsecured creditors; is he not concerned that if we did that, people who are willing to extend finance to businesses on a secured basis may be less willing to lend?

**Edward Miliband:** I believe I am right in saying that the hon. Gentleman knows a lot about this, and I congratulate him for his work on the all-party group dealing with the whole range of these issues, but I am talking about the situation after secured creditors and others have been dealt with. There is currently a provision for 20%, but up to a limit of £800,000. Our amendment seeks to make that 30%, and to raise the proportion, but remove the limit. We must ensure that we do all we can for employees and small businesses—my hon. Friend the Member for Manchester Central will correct me if I have got those figures wrong, but I think I am broadly right.

Two sets of issues are not in the Bill, although we would have liked them to have been included, as I believe they are missed opportunities. First, in 2018 the Government consulted on a set of corporate governance safeguards in the wake of the scandal at Carillion, and indeed at Thomas Cook, which came after that. I understand that the Bill relates to the immediacy of the coronavirus crisis, but it would have been better if the Government had acted on those vital corporate governance issues in the Bill, and we would have supported them in doing so. Given that this crisis makes corporate distress more likely, it is strange that the Government have not chosen to introduce such measures. The risk is that we will get more Carillions and Thomas Cooks, with all the consequences of that for employees.

In 2018 the Government were committed to greater accountability of directors in group companies, legislation to enhance powers for insolvency practitioners, and further raising standards by ensuring an explanation

about the affordability of dividend payments. Labour supports all those measures—indeed, we have tabled amendments to insert them into the Bill—and we do not think they cut across the need to protect businesses through the coronavirus crisis. Will the Government explain what plans there are for those improvements to corporate governance? I understand that the Bill must go through at speed, but it would have been better if it contained those measures.

Secondly, like the hon. Member for North East Bedfordshire, I wish to mention late payments to small businesses, and the important role of the Small Business Commissioner. If larger companies do not make good on their payments to small businesses, that could be the thing that pushes them over the edge. We believe that the Bill could be used to strengthen the powers of the Small Business Commissioner to help businesses that are struggling with cashflow and liquidity, and such a measure would have improved the Bill.

As I have said, we want to facilitate the passage of the Bill as it is important to protect businesses up and down the country, and we hope it can be improved in the ways I have set out. Having dealt with its specific provisions, however, let me deal with the wider context. The measures in the Bill can play a part in preventing insolvencies, but as the House knows, the number of businesses that go out of business depends on the external environment and on what the Government do in response to that. I welcome the action taken by the Government so far. There are lots of measures that we support, but we also believe there are gaps and other areas where the Government need to act.

I wish briefly to outline four sets of issues that go directly to the question of insolvency. First, I fear that the support system introduced by the Government is still not working sufficiently for our SMEs, and it risks worsening the insolvency problem. We called for the 100% underwriting of loans six weeks ago for smaller firms, and we welcomed the bounce back loan. Clearly, however—the hon. Member for Thirsk and Malton (Kevin Hollinrake) made this point—those loans do not do enough for SMEs that need more than £50,000 of liquidity.

The bounce back loan was intended to improve the working of the CBIL scheme, but I am afraid that has not happened. I have the figures for what happened to the CBIL scheme in the past few weeks—I am sure the Secretary of State is as in touch with them as I am—and the number of facilities approved each week is going down, and the gap between the total numbers of applications and approvals is widening. Somebody contacted me the other day who will not be counted in those figures. He waited two months to be told by his high street bank that he was not eligible and that there was no point in him applying for a loan under the CBIL scheme. He will not be counted in those statistics, and hon. Members across the House will have heard of similar experiences.

I know that the Secretary of State is dealing with a range of issues to do with companies in distress. As I understand it, the idea was to get rid of the forward credit check for the CBIL scheme, but that does not seem to be doing the business and we need to understand why. I personally would be open to having 100% underwriting slightly higher up the scale, but we need a solution.

[Edward Miliband]

Secondly, beyond SMEs, I am deeply concerned about particular sectors, with manufacturing top of the list. We have seen thousands of redundancies at Rolls-Royce, real problems in the aerospace sector, issues in the car industry and massive issues facing steel. In France, steel received support within a fortnight of lockdown, whereas here our companies are still waiting. We read stories in the *Financial Times* about public equity stakes being considered—the so-called “Project Birch. It sounds like an interesting idea, but I say to the Secretary of State that this is taking too long, both for larger companies and for the SMEs in the supply chain.

**Stephen Doughty:** My right hon. Friend is right to mention steel and aerospace in particular, as they are crucial providers of jobs in south Wales, and we have the situations with BA and with the steel industry. Does he agree that we need to get support to them as soon as possible?

**Edward Miliband:** My hon. Friend has been powerfully advocating for the steel industry, along with other hon. Members in all parts of the House, and there is real urgency in this respect.

Let me just say something about the CLBIL—Coronavirus Large Business Interruption Loan—scheme, which is for larger loans. We are talking about more than £45 million. I fear that this is Treasury orthodoxy, so I will not expect the Secretary of State to comment. We all know Treasury orthodoxy—I do, as I used to work there. The good news is that the Chancellor raised the limit to £200 million for the amount that companies can get, but the bad news for companies is that the CLBIL loan has to become their most senior loan—it has to be top of their list. The problem is that that means companies then have to renegotiate their other most senior loan, so they are caught in a Catch-22 situation. I suspect the Secretary of State agrees with me, but he cannot say; perhaps the Chancellor is watching. I say to the Secretary of State that companies such as McLaren have said, “We have tried to get this loan but we cannot get it because of this Catch-22 situation.” This is urgent and I urge him to get it sorted. We have had only £1 billion paid out under this scheme; 191 firms have got loans, but that is out of 579 that have applied. This is about manufacturing largely; it is about lots of large manufacturers across our country who are really in distress. There is more to be done in advancing some of the money that is already in the budget for low carbon. That is true in relation to aerospace, where I believe there is a fund—I am hoping that can be advanced—and to steel.

Let me refer to some other sectors, as one of my hon. Friends did earlier. With the public health measures that are necessary, it is obvious that sectors such as hospitality, tourism and the arts will face much greater pressures for longer; they are going to take longer to reopen and recover. To give the House a sense of the scale, I should point out that the British Beer and Pub Association has warned that up to 40% of Britain’s pubs cannot survive beyond September with the current level of financial support; that one third of jobs in tourism-related areas are estimated to be at risk; and that the Society of London Theatre and UK Theatre estimate that 70% of the 290,000 jobs in that sector are at risk. Those are dire warnings we are being given.

That brings me on briefly to the furlough scheme. It has been a really good innovation, but I do not understand why the Chancellor is pursuing a one-size-fits-all policy on that scheme, because the public health measures mean that some sectors will take longer to reopen and recover. Whether through the furlough scheme or a second wave of support, these sectors are going to need extra help. I know the Secretary of State is working on this, but I underline its importance: we are talking about thousands of pubs across our country, hundreds of theatres and arts venues, and jobs in tourism. These things are the lifeblood of our constituencies.

Thirdly, I want to raise with the Secretary of State the issue of the “month 13 problem” of insolvency. This is a bit further off, but it is still an issue. Even if the Government fix their loan schemes and provide the sectoral support required, the more debt there is weighing down companies, the greater the danger of insolvency down the line—this debt overhang is also bad for our economy when it comes to recovery. [Interruption.] I hear the hon. Member for North East Bedfordshire muttering about borrowing from a sedentary position, but I am talking about private debt. The Federation of Small Businesses has been suggesting for some time that loans need to become income contingent. It has suggested a student loan-type approach. In other words, when businesses get to a certain level of financial health, they can start repaying the loans. There may be other ways forward, such as converting the loans into equity, but we are going to need solutions for these firms.

**Bim Afolami** (Hitchin and Harpenden) (Con): Would the right hon. Gentleman support the ideas that I have been doing some work on—as have lots of people—outside this place in relation to recapitalising the British corporate sector, not just in terms of debt to equity, but in finding ways to get much more equity into our businesses so that they are not weighed down by debt? That approach could be how we recover from this situation.

**Edward Miliband:** I agree with the hon. Gentleman. We need innovative thinking in this area. We are going to have to do things—I think that the Chancellor has said this—that we would not have done in normal times, but we cannot send businesses back out into an economy that is recovering, with this massive debt overhang. [Interruption.] I will not give way again because I need to get on with it so that other Members can speak; I can see the beady eye of Madam Deputy Speaker.

Fourthly, crucial to helping businesses through this crisis is an economic stimulus that matches the moment. In particular, I hope that plans for a green recovery, which the Government have been talking about, will be at the centre of what they do. This is the way to get our economy moving, help to save businesses and meet our climate goals.

The Bill is a step forward. We continue to have worries about the protection of workers in the event of restructuring and insolvency, and hope it can be addressed as the Bill passes through both Houses. I wish that the reforms to corporate governance had been included.

I will end by mentioning the wider economic context. We are only at the end of the beginning of the economic crisis that we are facing, and there is a need for urgency, boldness and action in the coming weeks and months. The Chancellor has said that he will do whatever it takes. In my view, that means support for specific sectors,

reform of the loans scheme, imaginative solutions to the debt problems facing the small and medium-sized enterprise sector, a commitment to building back better and a green recovery. It is in the interests of everyone across the country for the Government to act; if they do, they will have our support.

4.7 pm

**Stephen Hammond** (Wimbledon) (Con): It is a great pleasure to follow the shadow Secretary of State. During this crisis, many of us have experienced groundhog day, and we have certainly just experienced it now; looking at the right hon. Gentleman at the Dispatch Box took me back to a period before 2015.

I warmly welcome the Bill. As the shadow Secretary of State said, the Secretary of State is right to set this legislation in the context of an extraordinarily impressive set of business measures—regardless of any tinkering around the edges that is needed—that the Government have put in place to tackle the covid crisis. We are right to recognise that in normal circumstances the Bill probably would have been split into two phases. Some of the changes that it contains are permanent, and have been debated and consulted on certainly since 2016, but maybe earlier. Other changes are rightly temporary, as they are urgent measures to address the challenges faced by many in the corporate sector who would not necessarily normally be experiencing such problems with insolvency. The flexibility is therefore clearly right.

As I have said, the Bill sets out a number of permanent and temporary concepts and provisions. I will spend a little bit of time reflecting on one or two of the permanent ones, before finishing with a particular temporary issue that affects my constituency. The Bill outlines the concept of moratorium, and it is quite clear what that is. It gives the challenged business a 20-day opportunity to consider a rescue plan. That can be extended for a further 20 days if the directors ask for it, and can, as I understand it, be extended for a whole year should the creditor or the court consent. The purpose of that is clearly obvious, and all that makes a huge amount of sense. During that period the directors retain control of the company and no legal action can be taken against it without a court decision.

However, the process is overseen by a monitor, a point on which I want to raise a few issues that I hope my Front-Bench colleagues will consider or at least address later. First, my hon. Friend the Member for Thirsk and Malton (Kevin Hollinrake) has already raised with the Secretary of State the potential conflict of interest to do with whether the monitor is sanctioned by an independent regulatory body or is just a normal insolvency practitioner that could be taking work from one group of companies with one hand and, with the other, working against that in looking at insolvency. I hope my right hon. Friends on the Front Bench will carefully consider the point about regulation and bring something back quickly.

The second point concerns the criteria that the monitor has to use for the moratorium, the time it could take to assess whether the definition is met, and whether the criteria are too tightly drawn or could be met more quickly if they were more easily drawn. I recognise the need for the monitor to make a suitable statement about the moratorium. The current threshold is whether

“in the...monitor’s view, it is likely that a moratorium...would result in the rescue of the company”.

However, the monitor has a relatively short period in which to make that assessment. In normal circumstances there would be a huge amount of due diligence done on trading, future trading, inspection of management accounts, general financial arrangements and debt arrangements. Not only does that normally take longer than 20 days; it is potentially a costly process to undertake. Particularly given the spirit of what we are trying to do in the Bill, will Ministers consider whether it might be more effective to look at the definition of the criteria and approve a slightly lower threshold for what constitutes a company that could be rescued? That might be as simple as saying that “it is likely” that the moratorium could result in the rescue of the company, as opposed to saying that “it must”. That would be of considerable help in rescuing companies.

**Kevin Hollinrake:** I agree with my hon. Friend and support his point. I think the provision to which he is referring is proposed new section A6(1)(e) in the Insolvency Act 1986, which contains the wording:

“in the...monitor’s view, it is likely that a moratorium for the company would result in the rescue of the company as a going concern.”

Simply changing “would” to “could” would resolve the issues.

**Stephen Hammond:** My hon. Friend drafts the amendment for me. I absolutely agree, and I hope those on the Front Bench will too. That would seriously help with what we are trying to do at this stage.

The permanent measures are designed to allow as many companies as possible to be rescued and to continue trading, but these companies will be creditors of others. In that regard, we must also look at the Bill’s potentially perverse impacts. I have a constituency case, Ms Ravindran, a constituent who runs a design business. It is a small company that is owed £36,000 by an individual, and at least 10 other creditors are owed up to £200,000 in total by that particular individual and company. She is rightly concerned that the Bill will give undue protection to one rather than the other. The issue is that it will be clear to those intending to use the provisions of the Bill to protect themselves, and to enable themselves to trade through and be rescued or restructured, that they should not be undertaking activities. I would like the Minister’s reassurance that the companies seeking to be rescued will not be able to take early advantage of things such as directors loans to take money out of a business that is then likely to apply for a moratorium and thereby impact others who are debtors of that company.

There is also a potential problem that I hope the Minister will be able to reassure me about later. Under the current drafting, ongoing trading costs and scheduled debt repayments that occur during the moratorium do get paid. Those that do not get paid become a super-priority, but nothing prior to that gets paid. The concern is that the potential suppliers to a company in the moratorium period may try to game that period. They may well see a company in difficulty and decide that it is easier to put the payments due to them in the moratorium period, so that they get super priority, not in the normal supply. I suggest to the Minister that the way around that is to have a look again at whether there could be some tweaking of the definition and to consider that the Bill be amended so that only the interest and charges incurred

[Stephen Hammond]

during the moratorium, rather than the scheduled debt repayment, becomes the super priority. That would take away the incentive to game the system.

There is clearly an understanding about why changes are proposed in the Bill to the termination of supply contracts. We all know that currently a supplier could use contractual terms to cease supply. Therefore, ensuring that a company that has entered into a moratorium or a restructuring procedure, as defined by the Bill, is not forced to rely on the usual contractual terms is clearly right, but there are some other circumstances. Again, have we thought clearly enough about the protection to the supplier? My right hon. Friend the Secretary of State rightly talked about some of the protections that are there, but it is clear that the non-payment of those debts to the supplier could put that supplier into insolvency as well, because it may not be able to get the protection from the court fast enough.

I think that the definition of what constitutes hardship to the small or medium-sized supplier or the company in the rescue package might clearly present some—I was going to use the phrase “wriggle room”—legal possibilities that should not be contemplated. Beyond the definition of hardship, should there not at least be a legal obligation in the restructuring plan that requires a supplier’s status to be given legal protection? I think that is quite important, and it inevitably means some reconsideration of the named cross-class clampdown proposals as well.

A lot has been said about the supplier and making sure that it continues to supply, and, hopefully, the company getting those supplies is then rescued. Again, however, in some circumstances not every company entering the restructuring procedures will actually be rescued. It simply will not happen. What happens then? As I understand it, the supplier is given the super priority status, but—and this leads into another point I want to make in a moment—will Her Majesty’s Revenue and Customs, or indeed other financial providers, want to be given super super priority status over and above that of the supplier? The provisions to ensure the continuity of supply are welcome, but I ask my hon. Friend on the Front Bench to reflect on whether he can reassure us about the protections to the suppliers.

That leads directly to my next point, which is that the Bill reintroduces the concept of making HMRC a preferential creditor. I am very concerned that all the good work that my right hon. Friend the Secretary of State is doing in this Bill could be unwound by doing that. It could have a really negative impact on business rescuing and lending across the UK.

Do not take my word for it: R3, the industry insolvency practitioner, directly makes that point. It goes against a policy, which has encouraged lending to small businesses, that has been in place for some 18 years.

**Kevin Hollinrake:** That is a very important point. I think the legislation is covered under clause 95 of the Finance Bill, which makes HMRC a preferred creditor once again. The real concern is not just that lenders will be less willing to lend on that basis—that is a concern because you go above lenders with a floating charge—but that HMRC may be less willing to show forbearance to businesses that are seeking protection and time to get through these problems.

**Stephen Hammond:** I thank my hon. Friend. The House will be pleased to know that it will not need to listen to the next couple of minutes of my speech on the basis that he has just made exactly the point I wanted to make about the floating charge in particular. They are the normal financiers to those sorts of businesses. If they find themselves displaced in the ranking of credit priority, they are less likely to lend and that will have an impact. It was introduced in 2002 and has seen an extraordinary expansion of lending via those floating charge providers. It would seem odd that we are, in one place, trying to do one thing in one piece of Government legislation, and potentially undermining the impact of this very welcome Bill in another. I hope the Minister will, with his formidable powers of persuasion, speak to the Treasury about this matter.

**Edward Miliband:** I have a long list.

**Stephen Hammond:** The shadow Secretary of State says that he has long list. I am sure we all have, but I have only one point today, which is this particular issue. I ask the Minister to have a conversation with the Treasury about whether that measure, which it may or may not want to do, needs to be brought in now, because I think it will impact this Bill.

Finally, I want to talk about one of the temporary changes that directly affects my constituency. I welcome the flexibility that is being allowed to charities and bodies to move their annual general meetings or to hold them digitally. That is extremely sensible, but it does not cover all bodies. It does not cover charities set up under an Act of Parliament, or charities that are not CIOs—charitable incorporated organisations.

The wonderful Wimbledon and Putney Commons is such a body. It was set up in 1871 by an Act of this place and it has, in its constitution, a requirement that it meets in person, that all levy payers are instructed of the date of the annual meeting and that it must happen by the end of June. The measures in the Bill would undoubtedly help the conservators who run the common. The trouble is that it does not apply to them. May I therefore make a particular plea to the Minister to say in his winding-up speech either that the Bill will include all charities rather than just those set up under CIOs, or that all bodies set up by an Act of Parliament are included, such as the Wimbledon and Putney conservators—Wimbledon and Putney Commons. [Interruption.] I said conservators. For those who want a history lesson, I made that slip in my maiden speech, but I am not making it now. If that is not possible, I ask that there be a definitive statement that the Charity Commission specifically allows some temporary flexibility to those bodies. With that entreaty on behalf of Wimbledon Common, I thank you Mr Deputy Speaker.

4.23 pm

**Drew Hendry** (Inverness, Nairn, Badenoch and Strathspey) (SNP): I thank the Secretary of State for his customary and welcome thorough exposition of the Bill. I pass on my thanks, too, to the Under-Secretary of State for Business, Energy and Industrial Strategy, the hon. Member for Sutton and Cheam (Paul Scully) for his engagement. We have been working constructively to try to ensure that we are, as the Secretary of State said, supporting businesses with the measures we are

taking. It is very important to remember that people and businesses should be the laser focus of the work we are doing throughout this crisis.

It is important to consider the Bill and support it through today in a constructive manner. That is what the SNP intends to do. The Bill, although in itself a welcome step in the current crisis, should not be seen in isolation. Some very good points were made by the right hon. Member for Doncaster North (Edward Miliband) and the hon. Member for Wimbledon (Stephen Hammond). Some interventions were also very telling.

As I have said, this Bill should not be seen in isolation. I want to touch on the impact of the Finance Bill, current business conditions and, of course, business and public confidence in the steps that need to be taken. This Bill helps with some provisions and should allow firms to apply their best endeavours to continue to trade during this pandemic emergency. As I have said, we support the Bill and the amendments to make that as easy as possible for people. None the less, as I have alluded to, the problems for the Bill lie in three other areas. Another piece of legislation—the Finance Bill—actually undermines, not just risks, these provisions and sets the conditions that could push companies to the brink. Then there are the plans to grant HMRC preferential status in the insolvency procedures, and the measures to make directors personally liable for companies' tax liabilities. Together, these represent a significant challenge to businesses across the nations of the UK in trying to access working capital finance. While noting that it is difficult to accurately model the policy's impact on business lending, UK Finance estimates that the policy could hit lending by well over £1 billion per annum, and possibly—because the modelling is difficult—much more than that.

As well as having a detrimental impact on business and economic growth, restricted lending will make it harder to rescue businesses, increasing the knock-on effect of insolvency on other businesses and people. Business investment returns to creditors and confidence in the UK corporate framework all stand to be damaged as a result. Although the tax abuse using the company insolvencies measure can be mitigated through accurate legislative drafting and detailed guidance from HMRC, the policy to grant HMRC preferential creditor status should be withdrawn entirely, as its introduction may prove a hammer blow to businesses at exactly the time that the Government profess to be seeking to level up and support them as they adapt to the impact of covid-19.

The second area of difficulty involves the economic inequities left by the gaps for businesses and Government support schemes during the covid-19 crisis. If the changes for this Bill can be pushed through sensibly in record time, there is no reason why the same urgency cannot be applied to filling the gaps that people and businesses are experiencing. We have heard today that there are substantial problems that not only exist now, with people struggling and unable to access support, but that are looming larger because of the decisions that have been made—over quarantine, for example. As I said during the statement earlier, this is not about whether quarantine is a good or bad device; it is about the fact that it will impact disproportionately on businesses involved in tourism and hospitality. That has to be addressed as we go forward.

The issues are very clear. Firms are already finding it difficult to access cash, not least because of the UK Government's flawed coronavirus business interruption loan scheme. I say this with the understanding that the schemes had the best of intentions—to support businesses—but, as we have already heard, they are just not working for everyone. I will not repeat the details because we have heard about that in the Chamber today. There are also big holes in the job retention scheme and the support programme for the self-employed. All of those things are critical to supporting businesses, and all of those things undermine what we are trying to do with this Bill by working collectively to ensure that these measures are taken forward as effectively as possible.

I agree entirely that the Treasury should extend its 100% bounce-back scheme. That guarantee should cover the entire CBIL scheme. The fact that only a tiny fraction of businesses have received support underlines the need for the UK Government to introduce grants, not just loans. The UK Government should review and relax the lending criteria and speed up the process so that businesses can get vital access to cash.

**Kevin Hollinrake:** I think it is a bit harsh to say that the schemes are not working at all. About £30 billion has been lent under both those schemes—about £9 billion under the CBILS and £21 billion under bounce-back loans. The CBILS issue seems to be that, although the forward-looking viability test has been removed, banks are still assessing whether businesses can afford to make the loan repayments over that period. If we remove the requirement for banks to do that, a lot more money would go out the door under the CBILS.

**Drew Hendry:** I agree and I am willing to concede that some people have indeed been helped. I said that the scheme was introduced with the best of intentions, but the fact is that there are far too many people running businesses who have tried to access this scheme but could not do so. We have heard examples, and I could give dozens more from people who have contacted me. I guarantee that just about everybody—if not everybody—in the Chamber has had similar contact from people who have been unable to access the scheme. The fact is that it is not working as it was intended to. It is not getting through to the people who really need it, notwithstanding those who have been able to access it.

My party, the Scottish National party, also backs calls by the Institute of Directors for the Government to use the scheme to provide firms with overdrafts during this crisis. For firms still unable to access finance, it is high time—indeed, it is overdue—for direct grants and/or equity investments to be offered instead.

The final problem is public and business confidence. We are at stage four in the covid crisis at the moment. There has been a relaxation of measures for people to get out and about and do things and for businesses to start up, but that confidence evaporates if we have to go back to the restrictions and businesses are not able to do that. That will pile on the pressure for the businesses that we are trying to assist today.

I was struck by what was said by the hon. Member for Wimbledon—I hope I get this right—about one of the problems being the protection of one thing at the expense of another. That is a really good comment, because overall confidence and compliance for people

[Drew Hendry]

and businesses will face further threat. All measures that are introduced by a Government who are, unfortunately, defined by double standards are likely to run into difficulties. This UK Government, these measures and those on public health are all being undermined by the failure to deal with the Dominic Cummings saga. No matter how much the Prime Minister bloviates, this matter has not gone away. My inbox and, I am sure, those of many others, were still full this weekend of messages from people looking for that to be addressed. I know that it is not a party thing, because I have seen the tweets and messages from people representing constituencies and parties around the House—they have all had the same messages. This matter—the principle of different rules applying—has not gone away or failed to register. We might take the comment of the hon. Member for Wimbledon and say that the protection of one at the expense of all others applies here. Observance of the rules is critical to the success—[*Interruption.*]

**Stephen Hammond:** The hon. Gentleman has taken a bit of latitude with what I said. I was pointing out that this was beneficial, but that we needed to consider the interests of the other and therefore their protection. He is corrupting, or misusing, my words, shall I say.

**Mr Deputy Speaker (Mr Nigel Evans):** Order. I think we might be straying a bit further afield from what we are supposed to be debating this afternoon.

**Drew Hendry:** Thank you, Mr Deputy Speaker, but I did say that this was about the ability of businesses to continue to trade and this has a material impact on the Bill, because along with the Finance Bill, which it was entirely relevant to mention today, and the support for business, this can undermine the work that we are doing on this Bill. I will rein myself in now, but I think that that is a valid point. I hope—as you know, I greatly respect you, Mr Deputy Speaker—that you will understand and accept that point.

I have a lot more to say about that. This issue has not gone away, nor has it been dealt with—but it should be if the public are to have any confidence going forward.

Finally, returning to the Bill, getting this through today to protect people and allow them to trade out of difficulties is vital. We should accept that changes need to be made. I have set out a few, and we have seen the amendments. We should work collectively to make sure that the Bill is as good as possible to protect businesses.

4.35 pm

**Mr Jonathan Djanogly (Huntingdon) (Con):** I declare any interest I may have arising from my entry in the Register of Members' Financial Interests. The Bill initiates the most significant changes in insolvency rules for at least the past 20 years, and it has two broad directions. The first introduces new requirements for moratoriums and company reconstructions, which have been consulted on in outline over the past two years. They were expected and are generally welcomed by practitioners and by business. However, when one looks at practitioners' commentary, nearly all of them note that the devil is in the detail and they look forward to debates on the Bill. Of course, that is not going to happen to any extent, given that 170 pages of the Bill are allocated to two complicated

proposals that were published a day before recess only two weeks ago. To allocate one day for all stages of the Bill is inadequate.

The foundation of our insolvency system is the Companies Act 1985 and the Insolvency Act 1986, both significant measures forged by a Conservative Government that have stood the test of time through the rebuilding of our economy after deindustrialisation, the dotcom crash and then the banking crash. Yes, we face another crisis, but rushing these changes through will not, in my view, produce the best law. For instance, if we take the moratorium, the key change is to introduce the concept of a monitor to review companies' affairs. What will that involve? How will the role work, and will the monitor be able to charge for staff placed on site and so on? The purpose of the Bill is to present oven-ready processes that can be used to help businesses in the crisis, but I am not sure how that will work if practitioners, civil servants and possibly courts have to spend a long time working out what the law means.

The remaining provisions of the Bill have not even been consulted on despite their raising many serious issues of principle—above all prioritising the survival of businesses over the interests of creditors and consumers. We need to appreciate that the Government support schemes for businesses and employees, which have been popular and which I absolutely support, are often a blunt instrument. For instance, some businesses have taken state support, then gone on to renegotiate their leases, effectively leveraging their crisis support to undermine the market. The proposal to prevent winding-up petitions could accentuate that. Usually if companies are becoming insolvent, deals will be done and rents will fall, but banning winding-up petitions could undermine the market.

Why concentrate on big landlords? What about small companies sub-letting to cover part of their rent? They, too, will lose protection. As I asked the Minister, why are the Government talking just about rents when that applies to all debt and all sectors? Has the Minister considered that preventing winding-up petitions and the new wrongful trading termination provisions could reduce the willingness of banks and private lenders to issue credit? It could increase lenders' risk aversion. It could increase demands for cash on delivery, prepayments and deposit increases. It could require more bonds and personal guarantees. That state meddling in the marketplace could have serious negative implications for credit and business, and I am interested to hear the Minister address those issues.

Some of the provisions are retrospective which, again, will undermine confidence in our economy. Why are the provisions being effected only for one month, as the hon. Member for North Antrim (Ian Paisley) and others have mentioned, which is simply unrealistic and points to extensions effected by ministerial order rather than by Commons debate?

Let us be quite clear: the provisions that will temporarily prevent winding-up petitions are being made on the basis of statutory demands not just from now but including those demands made between 1 March and 30 June. This suspension applies to all statutory demands, irrespective of whether the financial difficulties being experienced by the debtor have anything to do with covid, and of course they apply to all creditors. So a blanket ban is being introduced on a retrospective basis, with no reference to covid or the circumstances of the company. If I were to believe, as I do, that these provisions

might merit the justification of proper scrutiny, a practitioners' review and then feedback, I do not think that I would be asking for anything out of the ordinary.

On winding-up petitions being suspended, this is based on cash flow insolvency in circumstances where covid has had a financial effect on the relevant debtor, which has given rise to the proceedings in the first place. In such a situation, the creditor requesting the winding up must show the court that the company's inability to pay its debts was not caused by the covid crisis. One wonders how, in the current health climate, the creditor will be able to show that this test has been met. Could the Minister enlighten us? Will there be a series of tests to be met, or will this all have to be fleshed out by the judiciary and the courts, which is presumably not the intention? Again, this provision is to be retrospective, so we could have a number of void petitions out there at the moment. Can the Minister advise us how many we are likely to be talking about?

The Bill goes even further, because it says that the court can make orders to restore a company where a petition was brought under the existing law but the requirement was not met. I believe that this would all be at the cost of the petitioner. Could the Minister confirm that? It looks like if creditor A has a petition in against company X, who owes A money, not only will creditor A be forced to withdraw his petition for winding up and be unable to collect his debt, but he might have to pay more money to company X to put X in the same position as if A had not tried to get his money back. We do live in strange times. Moreover, what about creditor A? How many mouths might creditor A have to feed from the money that should have come from X? What if X had been taking every loan and support going, but A had taken nothing from the state? I have met a lot of small businessmen who have not wanted to take anything during this crisis. There will clearly be knock-ons from this, and I am frankly unsure whether the legislation will help or hinder in certain respects.

Could the Minister explain why the winding-up provisions should be needed if the Government have confidence in their own new moratorium proposals, which will allow courts, following assessment, to stop winding ups? Will directors get any benefit from the wrongful trading proposals, knowing that they could be in breach of other directors' duties and that these proposals are only temporary, so they could well need to justify their decision to trade on at a later date in any event?

The wrongful trading provisions have served us very well, and let us remember that they were brought in to reassure creditors and consumers who were disgusted at companies being used to trade in situations where they were clearly going to the wall. The reform of termination clauses in supply contracts had been suggested some time ago; I appreciate that. The problem is that if we stop people freely negotiating contracts in one direction, businesses will look for other ways of limiting their exposure. Ultimately, we can all understand that if I, as a supplier, am not paid for the previous consignment, I might not want to supply any more until I have been paid, because I might not get paid if the customer were to go insolvent. So we will head to cash on delivery, reduced credit, shorter payment terms and possibly contract terms. This will not help our economy.

**Mark Pawsey:** Does my hon. Friend agree that part of the problem is the 30-day, 60-day, 90-day culture that has arisen in trading between companies? It is much easier now for companies to get an earlier payment, because so many payments are by electronic transfer, and the notion that the cheque has to be there when the guy delivers the goods no longer applies. If this measure moves trading in that direction, does he agree that that would not necessarily be a bad thing?

**Mr Djanogly:** Not necessarily. These are the sorts of things that I would like to have heard debated, frankly.

The provisions have a limited time exclusion of, I think, one month for small companies. I am not sure of the worth of that. If a large company entered into a very large contract and failed to be paid yet was still forced to supply, that could be just as devastating as a scenario in which a small company had to do likewise on a smaller order. In my experience, not only are these clauses often negotiated, but there are standard gives and takes to be had. For instance, a hard termination clause for any type of insolvency event may be narrowed down to exclude deals with creditors or waived if the debt is repaid, say after a month, despite an insolvency event having occurred.

Removing the ability for negotiation in the way the Bill does may have a minimal impact at the cost of damaging our reputation as a place for free contracting. I can see that there are safeguards for suppliers to go to court on the grounds of hardship to the supplier, but going to the court in that way will not be a cheap process, and it will run the risk of throwing good money, which the supplier may not have, after the existing debt.

I agree with the proposals to enable AGMs to be held flexibly, but why mess about with the filing deadlines? If companies have filing problems, the current system allows for that to be quietly considered by the Department. Why publicly undermine our corporate governance and national economic credibility, especially on the filing of accounts?

My concern is that the Bill, although well meant, may not properly work for lack of scrutiny, or may provide dubious short-term benefit at the cost of longer-term distrust in our economic system. In market economies, weaker businesses will sometimes fail, particularly in a downturn. I suggest that the Government's role is to ensure confidence in the marketplace rather than in companies themselves.

One thing that has been missing from the debate so far is the question of corporate governance in the wider sense. I notice—the shadow Minister, the hon. Member for Manchester Central (Lucy Powell), nods—that the Opposition have tabled new clause 3, which addresses that. As it happens, I do not agree with all the things in that new clause. However, I do recognise, and it is important to say, that a lot of companies have been conducting excellent corporate governance. A lot of directors have forgone salaries. A lot of companies have not paid dividends and are doing the right thing. A lot of good work has been going on, and I would like to see more recognition of that; let us recognise the good.

Although corporate governance is mentioned on the front of the Bill, it is about how we will suspend corporate governance. That may be for good reasons, but we should use the opportunity of the Bill, and particularly

[Mr Djanogly]

its Second Reading, to discuss how we are going to move corporate governance forward too. I would like to hear a little about that from the Minister when he winds up the debate.

4.47 pm

**Darren Jones** (Bristol North West) (Lab): I welcome the measures in the Bill, which will support struggling businesses during this difficult economic period, but, as other Members have said, this short-term relief needs to be followed quickly by a comprehensive recovery plan for the British economy.

For British businesses, this is a moment of genuine crisis. More than one in five companies across the economy, and an overwhelming majority of those in the worst affected sectors, have already been forced temporarily to cease trading. Survey after survey and the cases we have all encountered in our constituencies shed light on the depth of the anxiety that businesses and their employees are carrying about the coming months. I think there is an understanding across the House, therefore, that failure to act would have meant hundreds of thousands of fundamentally healthy businesses going under altogether, and that that would have been unacceptable.

In that context, the Bill's time-limited provisions are a matter of necessity. The measures on wrongful trading, statutory demands, winding-up petitions and greater flexibility on governance constitute meaningful, if in some respects temporary, respite for struggling businesses. However, the urgency of responding to this crisis must not blind us to the deeper challenges that we face.

The measures we are debating will postpone the threat of insolvency, but giving workers and businesses real security about the future will require a more ambitious and better-targeted package of support. A significant majority of businesses that have continued to trade are currently reliant on some form of Government help. The success of that model has been its ability to deliver a one-size-fits-all remedy at pace, but the slowdown so far has been marked not just by its severity but by its unevenness.

The Business, Energy and Industrial Strategy Committee heard last month from the retail sector, for which the challenge is especially stark, with as many as a fifth of independent non-food retailers expecting to close for good and often in no position to take on additional debt. Tomorrow we will hear from the manufacturing and energy sectors, including aerospace, automotive and steel, whose needs are self-evidently of a different order, with a small number of major companies providing a significant percentage of British exports, but often reliant on a vast supply chain of small and medium enterprises, themselves in distress and in need of bespoke support. So as the economy reopens, the key measure of success for preventing insolvencies will be the Government's ability to get help where it is required, on a sectoral basis, with a whole-supply-chain view.

**Richard Fuller:** It is a pleasure to serve on the Committee of which the hon. Member is Chair. I am interested to hear him talk about the differential impact on different sectors. He mentioned retail. Does he think that the Government's policy to close retail was wrong?

**Darren Jones:** I do not. The public health emergency had to be dealt with, and understandably, it had consequences for the economic emergency we find ourselves in. Retail was one example that we heard from. However, I declare my constituency interests in the aerospace sector and in the transport sector, where evidently there will be a longer tail of damage to their business prospects than to other sectors of the economy that might be able to open sooner rather than later.

That is why we need a comprehensive recovery and growth plan, which, I understand from the Prime Minister at the Liaison Committee hearing last week, will be with us before the summer recess. That plan will need to take a strategic view on what the British economy should look like in the future, and what capacity, skills and production we therefore need to protect now—with, of course, the net zero transition baked in.

On corporate governance, which the Secretary of State noted today has been part of the longer-term thinking of this Government, I worry that the Government's determination to act quickly in the Bill has come at the cost of bringing forward long-awaited reforms, as was so eloquently posited by the hon. Member for Huntingdon (Mr Djanogly). The failings that led to the collapses of Carillion and Thomas Cook, for example, and the impact of those failings on their employees, suppliers and customers, as well as the taxpayer, were the subject of extensive work by the BEIS Committee under the leadership of my hon. Friend the Member for Leeds West (Rachel Reeves), and that work underpinned serious reform-minded proposals to protect employees and the smaller suppliers, which too often suffer most.

In response to the Government's 2018 consultation, Ministers also made repeated commitments to strengthen governance before the point of insolvency, for instance by better incentivising shareholders to take responsibility for performance.

I do not wish to set a panacea standard for the Bill, which I of course recognise needed to come forward quickly, but there was a welcome opportunity for the Government to have a bit more to show to bear out its claims of seriousness on this issue. With that in mind, I am curious to hear what commitments Ministers can make today to ensuring that the anticipated legislation on "Good Work", following the Taylor report, and parallel legislation to reform the Financial Reporting Council into the Audit, Reporting and Governance Authority, are introduced to the House as soon as possible.

Relatedly, the BEIS Committee's work in the last Parliament on curbing runaway executive pay and requiring proper reporting of the gender pay gap, alongside the question of how investment decisions on behalf of British savers and pensioners should be made in such a way as to bring society-wide benefits, in line with the stewardship code, constitute a challenge which I hope Ministers will rise to, if not in the Bill, then in the short future.

I understand the Government's hesitation to reinvent the wheel with this specific piece of legislation, but I would welcome a clear statement of intent from Ministers today on the importance of rigorous corporate reporting—including on executive pay and the gender pay gap—and the centrality of building environmental, social and governance principles into investment decisions. I agree with other hon. Members that there have been many

businesses acting in the best possible good faith in very difficult circumstances, but all of us recognise, as has been debated in the House today, that some businesses might be pushing that good faith too far, and where businesses are acting in bad faith, especially when in receipt of British taxpayers' money, there ought to be at least consequences for the worst examples.

I appreciate the Government's determination to act quickly, but moments of crisis should broaden, not constrain, our ambition to create a better future. The Bill will come as a genuine relief to businesses in the most difficult shape, and I of course support it. But its caution should be a matter of regret, and any such continued caution could yet be the undoing of the Government's recovery efforts in the long term. In that spirit, I gently urge Ministers to be bold as well as decisive—so that the Bill forms the start, not the end. I look forward to further discussions on this topic before our Committee.

**Mr Deputy Speaker (Mr Nigel Evans):** I call Chris Clarkson to make his maiden speech.

4.54 pm

**Chris Clarkson (Heywood and Middleton) (Con):** Thank you, Mr Deputy Speaker. It is a great privilege to be called to give my maiden speech as the first ever Conservative Member for Heywood and Middleton. May I add what a pleasure it is to see you, Mr Deputy Speaker, in the Chair when I do it?

Before going any further, I would just like to say what a pleasure it is to follow the hon. Member for Bristol North West (Darren Jones). I served very briefly with him on the Science and Technology Committee, and I would like to personally congratulate him on his election as Chair of the Business, Energy and Industrial Strategy Committee. I am sure he will bring his thorough, fair and forensic approach to scrutiny on that Committee, and I wish him well.

It has also come to my attention that I am one of the last of my intake to make my maiden speech. I would like to salute all my colleagues who have, through a varied and personal collection of speeches, shown that ours is a party that now truly represents the entire country. I would like to say in particular a great thank you to my hon. Friends the Members for Eastleigh (Paul Holmes), for Hyndburn (Sara Britcliffe) and for Bury South (Christian Wakeford), who have joined me to give a bit of moral support.

At this most challenging time for our country, I would like to dedicate my first speech to the people who are rising to that challenge, both in my constituency and across the four nations of our Union: our NHS staff, careworkers, armed forces, police, posties, bin men and the hundreds of thousands of other people working tirelessly to keep us safe. They truly embody the best of what it is to be British. I know that for my part, when I have been clapping on Thursday night, it has been not just with a sense of thanks, but with immense pride that this is a country that pulls together.

I am grateful to have been drawn to speak today. I can only imagine that, when Members saw the Corporate Insolvency and Governance Bill on the agenda, Mr Speaker's office was inundated by people desperate to speak on this most glamorous of topics. Mr Speaker may have been inundated by anxious Members, but this

particular subject—sexy or not—is of great importance. The Bill will do a great deal of good for a great deal of people, and really that is what we are here to do.

What must strike Members, as it does me, is the widespread support for the Bill, not just in my constituency but across the whole country. It has the support of businesses, professional bodies, the Institute of Directors, the TUC and the British Chambers of Commerce, which welcomed the Government's sensible and flexible steps to protect businesses from the threats they face at this difficult time.

It is vital that urgent action is taken to help those struggling and worried for their businesses. By continuing to trade in these difficult times, they will be the turbo boost our economy needs as the new normal becomes the old normal. When we have asked so much of the British people, and they have given so much more than we asked of them, it is only right that we look to give those businesses and the people who run them the breathing room they need in the closest of economic climates.

The measures will ensure that essential supplies are maintained to support trade and that companies can maximise their chances of survival, saving livelihoods as well as lives. Quite simply, the Bill will help companies to increase their chances of going on when we need them most. It will protect jobs and underpin our country's economic recovery. It consists of measures that will support businesses through this period and, where they need them, provide new lifelines to companies in desperate need of rescue.

The corporate governance measures give directors more flexibility during this emergency to focus on the things that really matter to them and their employees. According to a study by KPMG, the north and the midlands will bear the economic brunt of coronavirus, with a slump of up to 10% in the economy of my region, the north-west. Only with the injection of the common sense that the Bill affords can business owners have confidence that their contribution to our national recovery will be recognised with the appropriate safeguards. However, another study by Deloitte says that the north-west is the most optimistic region when it comes to recovery, and that is what we always bring with us. Whether it is Lancashire, Manchester, Merseyside, Cheshire or Cumbria, the north-west will be at the heart of this country's economic recovery.

The Government's commitment to levelling up has always relied on opportunity and aspiration. By safeguarding that through the measures in the Bill, we are keeping our promise to the people who put us on these Benches. I know that the Herculean efforts of the Secretary of State, the Chancellor and the BEIS and Treasury teams have been felt far and wide as livelihoods and businesses from Heywood to Hertfordshire and from Middleton to Middlesbrough have been saved by the decisive action of this Conservative Government.

Today's Bill will reinforce that commitment to a one-nation, compassionate Conservative ideal. But in these exceptional times what truly define us are the acts of kindness all too easily forgotten, such as shopkeeper Damian Edwards of Alkington, who has worked 22-hour days to ensure that the most vulnerable in his community will have the essentials that they need; the staff and students of Middleton Technology School and Hopwood Hall College, who are producing thousands of pieces of

[Chris Clarkson]

PPE for local key workers; my constituent Win Page, who celebrated her 100th birthday by raising over £15,000 for the North West Ambulance Service; and Mike Goldrick of Heywood, whose local blind manufacturing company is now producing scrubs for the local NHS trust. Those are just a few examples of the countless reasons why I am proud to represent Heywood and Middleton—some of the finest, most patriotic and enterprising people not just in the north, but in the whole country.

The events of December's election may seem like a distant memory now, but it is important to remember what they signify. For years, the forgotten towns of the north and midlands have waited their turn, promised so much by the people they elected only to see themselves passed over time and again. In 2010, the then Chancellor of the Exchequer, George Osborne, took the first steps on the long journey to levelling up the north of England long before it was fashionable to do so. What we now call the northern powerhouse began as a labour of love, and now forms part of our central promise to this country. It is a promise that I and so many of my new colleagues intend to fulfil.

As well as paying tribute to the wonderful people in my constituency, it is only right that I pay tribute to those who have represented it before me. For five years Liz McInnes served the people of Heywood and Middleton, and holds the distinction of being the first and only woman to have represented the seat. Before her, Jim Dobbin served for 17 distinguished years and is still fondly remembered on both sides of the House as an active MP and a true gentleman.

On a personal note, I would like to reach a bit further back to my noble friend Lord Haselhurst, who now sits in the other place, and was the last Conservative MP for the Middleton and Prestwich constituency. He is the most recent Member of my party to represent any part of my seat. His kindness, mentorship and support have been greatly appreciated during my first months as a Member of this place, and, as my hon. Friend the Member for Saffron Walden (Kemi Badenoch) would no doubt agree, set a very high bar for those who come after.

I would also like to thank the people who helped me get here. Like so many across the Chamber, I was supported, encouraged and helped every step of the way by a dedicated group of friends, colleagues from my local party, the local community, councillors, activists and concerned local residents. This was as much their victory as it was mine, and that I stand here today is a testament to their selflessness.

At this unprecedented moment in our national history, when so many are giving so much, I must also recognise two more of my predecessors, who made the ultimate sacrifice for their country. Heywood has the unique distinction of being the only town to have lost its MP on active service during both world wars. Howard Cawley of the Liberal party died at Gallipoli, and Richard Porritt, a fellow Conservative whose coat of arms is on the wall of this Chamber, was killed during the evacuation of Dunkirk; he was the first Member of this House to lay down his life in the second world war.

I am a proud supporter of our armed forces. Their dedication to our nation and its people is humbling under normal circumstances. At this time of great stress,

nothing demonstrates this dedication more than their extraordinary work transforming Manchester Central in under 10 days into one of several state-of-the-art Nightingale hospitals.

Heywood and Middleton is actually a relatively young constituency by parliamentary standards, having first been contested in 1983, but the towns within it have a long and rich history. Heywood is celebrating its 750th year as a town. Once famed for some of the finest textiles in the world, it also has an important part to play in the history of this place, as the home of Lord Heywood, who foiled the gunpowder plot. I will simply say to hon. Members on behalf of my constituents: you're welcome.

Middleton—a town conspicuously missing from the Domesday Book, bar a passing reference to being “of great antiquity”—is home not only to Manchester's oldest church, St Leonard's, but also to England's oldest pub, The Olde Boar's Head, a beautiful timber-framed building originally built in 1632. I am pleased to say that I have frequented both, although, I will admit, one more than the other.

Lastly, in a remark that will no doubt prohibit me from any future position in the Treasury, although maybe not in the Department for Business, Energy and Industrial Strategy, mine is a seat of three halves; beyond the eponymous Heywood and Middleton, it also includes the western reaches of the town of Rochdale. The communities of Bamford, Castleton and Norden—all villages in their own right—have much to boast about, with beautiful green spaces, thriving local businesses, excellent schools and, of course, yet more superb pubs, all of which we dearly hope to see reopen shortly. These communities also require protection, as their precious green belt is under threat, and I will stand with fellow Members across the House and community groups in opposing the disastrous Greater Manchester spatial framework.

It is all too easy endlessly to wax lyrical about what an immense privilege it is to be stood here, but in all honesty I doubt that words could ever truly convey the reality of what it is to be entrusted with this responsibility. In ancient Rome, our predecessors in the Senate would invoke the maxim “Acta non verba”. As ancient as that concept is, it is not one lost to time. One of Manchester's greatest daughters, Emmeline Pankhurst, was still calling people to action with the cry of “Deeds not words” hundreds of years later, and it holds as true today as it did then. When we get through this crisis—and we will get through it—it will ultimately be our deeds, not our words alone, that will do it.

5.4 pm

**Stephen Kinnock** (Aberavon) (Lab): May I say what a pleasure it is to follow the hon. Member for Heywood and Middleton (Chris Clarkson), who has paid a passionate and upbeat tribute to his constituency? It is the tradition in this House that when one gives a maiden speech, one is usually surrounded by one's colleagues in a so-called doughnut. I congratulate the hon. Gentleman on giving the first ever maiden speech with a socially distanced doughnut.

Let me begin by saying that I support wholeheartedly the aims of the Corporate Insolvency and Governance Bill. This is a welcome response and a much-needed one in the crisis times in which we find ourselves. However, the changes are and must be just a small part of the rescue and recovery package that will be required in the

long term. This Bill will provide short-term relief from overbearing creditors and give necessary protections, but to avoid a wave of insolvencies as we come off the back of this crisis and those protections begin to recede—a situation that would profoundly damage livelihoods and might have just as many damaging public health consequences as the immediate effects of the crisis—we need to have a plan for the long term that will enable our economy to bounce back in a sustainable manner. This means that the Government must go further and they must go faster.

These needs for ambition and urgency are particularly relevant to the steel industry. It is the largest employer in my Aberavon constituency, with 4,000 well-paid jobs directly employed in the Tata steelworks in Port Talbot, but with many thousands more in the supply chain. Nationwide, the UK steel industry employs 32,000 people and contributes £3.2 billion to mitigating our balance of trade deficit through the exports that are produced. It contributes £5.5 billion to the economy directly and through supply chains, and each job pays on average 28% higher than the average UK job. Indeed, steel is the very backbone of our whole manufacturing sector—from defence to transport to infrastructure—and there can and will be no post-pandemic economic recovery for our country without a strong and healthy steel industry.

As my right hon. Friend the Member for Doncaster North (Edward Miliband), the shadow Business Secretary, has rightly said, the support to the steel industry has been far too slow, and it finds itself now teetering on the edge of the abyss. I do not understand why the French and German steel industries received the liquidity injections they required, backed by their respective Governments, within 10 days of their respective lockdowns starting, yet not a single penny of Government liquidity has been made available to the British steel industry to date. I think we do need an explanation of why it has been so slow.

My worry was that the reason might be that some on the Government Benches have given up on the steel industry. I do not believe that to be the case. I do truly believe and hope that the silver lining from this dark coronavirus cloud may be that the UK Government finally recognise the need to support industries of vital strategic, foundational importance, such as the steel industry, and also that they will begin to acknowledge the value of more localised and shorter supply chains.

What we need, coming off the back of this crisis, is nothing short of a manufacturing renaissance in our country. If we are to grow the economy to meet the challenges presented by climate change, by the social care crisis and by the need to rebuild our economy post-pandemic in a serious, sustainable and balanced manner, we must significantly boost our manufacturing sector. It is currently languishing at 9% of GDP. I would strongly recommend that the Government set an ambitious target of boosting manufacturing to 15% of GDP by the end of this Parliament. We know that the Government like to chase targets. Let us have a target that can actually pull our economy together and rebuild it on the basis of a manufacturing renaissance.

Boosting manufacturing is a win-win-win in so many areas. Our economy is currently dangerously skewed towards consumption and debt. Manufacturing is about production, and that is the kind of shift that we need to make. It would boost productivity, and it is far easier to

make productivity wins in manufacturing than in the services sector. It would rebalance the economy and correct the massive geographical gap that exists between the wealthiest region in our country—London and the south-east—and the poorest regions. It would reduce our reliance on China. Just look at the issues around PPE: 40% of the world's PPE is manufactured in China. We surely cannot go back to having strategic dependence on a country such as China, which so patently does not share our democratic values and ideals.

The steel industry must underpin this manufacturing renaissance. Successive Conservative Governments have unfortunately failed to support the steel industry sufficiently over the past 10 years. For instance, UK steelmakers pay 80% more for their electricity than their French counterparts, and 62% more than their counterparts in Germany. Now, during the pandemic, the Government have failed to come up with the size of loan and liquidity for the cash-flow crisis that Tata Steel, the owner of the Port Talbot steelworks in my constituency, is facing. It is the UK's biggest steelmaker. It asked the Government for a loan—I stress that it would be a loan, which the company would of course be contractually obliged to repay—to cover the £500 million cash flow black hole that has been caused by coronavirus for the company. The Government recently increased their large business interruption loan scheme to a £200 million cap, but that still falls well short of what the company requires to plug that temporary gap in its cash flow. What a contrast, as I say, with the French and German Governments' actions. Within 10 days, their steel industries had the liquidity injection that they required.

The Government have now introduced Project Birch, which aims to support those larger companies that did not fall within the parameters of the business loan interruption scheme. However, we know very little about how Project Birch is going to work. Yet again, I am concerned that coming forward with a new initiative could set back the work that has been done under the framework of the previous initiative. It almost feels like we are back to square one. With every day that goes by, the British steel industry teeters closer to the abyss, so I urge the Government to make this their top priority. We need to see the action that is required happening with the greatest possible urgency. My right hon. Friend the Member for Doncaster North and my hon. Friend the Member for Manchester Central (Lucy Powell) have recently written to the Government demanding more action on UK steel, and I thank them for their efforts.

The Government must also urgently recognise that the cost of doing nothing is so much greater to the UK taxpayer than the cost of intervening. Previous research from the IPPR think-tank suggests that the loss of 4,000 well-paid steel jobs could cost the Exchequer almost £1 billion over 10 years, and that is before we count the astronomical capital expenditure cost of decommissioning the blast furnaces and steelworks. The structural cost of putting thousands of well-paid workers on to benefits, combined with the capital expenditure costs of decommissioning, would be absolutely astronomical for the British taxpayer. It would be the definition of a false economy.

The British steel industry is a 21st century industry. It builds the offices we work in, the cars we drive and the homes we live in. It is a cutting-edge industry that is doing so much to promote green growth. There is a project

[Stephen Kinnock]

involving Tata Steel and Swansea University just next to my constituency called SPECIFIC, which is creating photovoltaic cells on the basis of a steel-based film, which could turn every home and office in our country into a power station. That is a steel-based product. We are not talking about metal bashing; we are talking about cutting-edge technology and manufacturing. We need to support the backbone of our manufacturing sector that is the British steel industry. We cannot afford to let that backbone break at this crucial time.

The legislation has also missed other opportunities. The Government should be bringing forward long-awaited reforms of corporate governance. I fully support my hon. Friend the Member for Bristol North West (Darren Jones), the Chair of the BEIS Committee, who I congratulate on his recent election to that position. We should ensure that directors do not focus only on profit. They must also focus on people and planet. There needs to be a triple bottom line reporting structure, and the first step is to amend section 172 of the Companies Act 2006. We need companies to adopt a much broader responsibility, not only to narrow shareholder needs and aims, but to a much broader-based stakeholder approach in setting their corporate objectives and mission.

On that note, I commend the work of my right hon. Friend the Member for Doncaster North (Edward Miliband) in his role as shadow BEIS Secretary. He has made it clear that we need a green, sustainable recovery by creating, in his words, an army of zero-carbon workers by retraining and redeploying those who cannot work into different industries. That churn will be essential as we enter the new paradigm of the post-pandemic economy and could apply in areas from home insulation to wind turbine manufacture. These are the opportunities that we see.

My right hon. Friend has also rightly pointed out that those companies that receive state support through this crisis owe obligations to the taxpayer. Those registered in tax havens who want support should come onshore before they get it. Multinationals that plan to pay dividends to shareholders while claiming the Government resources do not need to be doing that. We could also be more creative. In the long term, the Government should consider turning Project Birch into a sovereign wealth fund of the type that has boosted the prosperity of countries such as Singapore and Norway.

Let us ensure that we use this recovery to form a new partnership between Government and business—a partnership that will benefit the whole economy. Let us use this crisis as an opportunity to rethink, redesign and rebuild the British economy. However, the urgent, No. 1 priority now must be to protect the backbone of our economy, our UK steel industry; because without a strong and healthy steel industry, there can be no post-pandemic economic recovery.

**Mr Deputy Speaker (Mr Nigel Evans):** It is always good to hear Swansea University get a good mention—yes, I went there.

5.18 pm

**Mark Pawsey (Rugby) (Con):** It is a pleasure to follow the hon. Member for Aberavon (Stephen Kinnock) and his passionate response to the issues facing the steel

industry, and also to hear the maiden speech of my hon. Friend the Member for Heywood and Middleton (Chris Clarkson), who seemed rather bothered that he was among the last of his intake to deliver his maiden speech. I would say to him there is nothing wrong in leaving the best till last.

I draw the House's attention to my entry in the Register of Members' Interests. I support the Bill and the measures it provides for business. I ran a business for many years before becoming to this place and recognise the many challenges that business owners and managers face at this difficult time. We were reminded of that by the Chairman of the Select Committee, who talked about the survey showing that 80% of manufacturing companies have seen orders fall, while 20% have seen their order books halved. These are substantial reductions in demand, and there are some sectors of the economy, in retail and hospitality, where trade is non-existent. However, those businesses continue to incur costs. Many of those costs have been defrayed by Government support, but that will never match the expense needed to keep a business going.

At the same time, many businesses face delayed payment by their suppliers, many of which would legitimately say that they are not able to pay their bills because they are not trading and do not have money coming in. The Select Committee recently spoke to the Small Business Commissioner, who is going to need to be very busy and active.

In the face of all this, the Government have been incredibly quick to respond with a broad range of measures. I thought it was rather churlish of the shadow Secretary of State not to acknowledge the great support that the Federation of Small Businesses, the chambers of commerce and the Institute of Directors have given to the many measures that businesses brought out at great pace. Everything was done very quickly. We need to see the Bill in the light of those measures: it is part of a package of measures available to support businesses in a very difficult time. Of course, the measures in the Bill have been introduced quickly. There has been some criticism of the amount of time it took to get the Bill ready and that we have to scrutinise it, but these are important measures that will support businesses and keep them alive. We need to get them on the statute book to enable businesses to survive these exceptional times.

It is important to look at the permanent measures and the temporary measures. On the permanent measures, the protection from creditors, which provides a breathing space in which businesses can adjust to a new reality to get provisions in place, is incredibly important. Such protections will be taken up by businesses that, but for this pandemic, would have been trading completely profitably over recent months. It is not the fault of the company or directors that they are faced with these challenges. It is of course in our interests—it is in the public interest—for us to enable company rescue and to prevent the failure of businesses that are experiencing short-term problems.

Many of the measures in the Bill have been described as heading in the direction of chapter 11 as exists in the United States. They do not go quite that far, but they are important steps in the right direction. It is important to remember that in many cases the companies that will be supported by the process we are discussing will be

ones that have received Government support in recent months, with staff furloughed or the businesses having received grants—companies to which public funds have already been committed. It is important to consider the fact that the Bill will ensure that that earlier funding—that public money that has been made available—does not go to waste. It will be a huge shame if we do not protect those businesses that have had Government support over the past few months.

The Bill will introduce a moratorium during which no legal action can be taken. I discussed with a recovery specialist the appropriateness of the amount of time that the Bill gives for that, which is 20 working days—in essence, a month, for most of us—extendable to two months. He said to me that in the context of a company restructuring that is actually not a lot of time. It can of course be extended, but for a creditor of the company who is waiting to find out what the future is going to hold and how much of the debt they are due is going to be repaid, a month or two can be a pretty long time. We need to respect the position of all the people involved. During that time there will be a payment holiday during which suppliers will not be paid.

There is then, of course, the restriction on enforcement action that a creditor can bring, which I shall talk about in a moment. That provision covers landlords, who are often being painted as the villain of the piece, taking aggressive action against companies in many cases; it seems to me that in some instances landlords need to have a view about their own better interests, and it may be better for a landlord to retain a tenant in a building, continuing to trade with Government support, and to keep the tenant in there while deferring rent, rather than the landlord ending up with an empty property for which, after a period of time, they will pick up a liability for the business rates.

Under the provisions of the Bill, companies will be able to use their breathing space to re-forecast their business. One of the challenges with the loans that we have already discussed this afternoon is how someone prepares a cash-flow forecast for a business for which the previous three months have been completely out of kilter with the historic trading pattern of the business. For directors and business owners who are in that position that would be incredibly difficult. I used to run my business on an annual basis, and would prepare my business forecast in October or November ready for January trading. I knew exactly the pattern of trade for my business, which remained remarkably stable year after year. I am incredibly sorry for businesses that have to go through that right now, as it must be extremely difficult.

I wish to raise with the Minister concerns about the termination clauses and the ipso facto change, which is permanent. If a supplier ceases to supply because of impending insolvency, that action, in critical cases, could lead to failure. Having run a business, I know that if a large debt builds up with a customer and payments are weeks and months overdue, the only action that a supplier can take is to cease supply. Businesses are often reluctant to do that, but they should have more courage and confidence in what they supply to the customer and the terms and conditions of their deal.

**Richard Fuller:** My hon. Friend is making an important point. Does he share my concern that there is a certain vagueness about what continuing supply might mean

for a business in crisis? Does it mean that the historic pattern of supply should be continued? Does it mean that a company that is potentially insolvent has the right to demand a much greater increase in supply? It is very unclear.

**Mark Pawsey:** That is a good point, and I hope that the Minister will consider that, because in many cases a contract has been entered into on the basis of a certain volume of business. Many businesses have contracted, so a purchasing company may not be buying the same volume. Does that provide the ability to keep the price at the original position? Price and volume go hand in hand, and there may be additional economies of scale. There are concerns, and I know that the Minister will respond.

My hon. Friend the Member for Huntingdon (Mr Djanogly) raised the issue of debts accruing because of extended payment terms. Buyers are often more interested in payment terms than the price of the product. A buyer does a great job if he manages to screw 60 or 90-day payment terms out of a supplier, rather than a particularly good deal on the product. If we can move our culture away from extended credit many of the provisions in the Bill would be rather less necessary than they are. The Minister will deal with those issues, and it is entirely right that in the Bill he guarantees that supplies that are made during the moratorium are exempt—the supplier is guaranteed to be paid once the monitor has agreed that they will continue to trade. That goes some way towards providing substantial confidence to the supplier. I am also happy with the exemption from the provisions for small companies. As the Secretary of State has said at the Dispatch Box, the usual criteria on size apply.

I want to conclude with the temporary suspension of the rules on wrongful trading, which I entirely support. Right now, business directors around the country are pretty worried about the financial viability of their businesses and their liabilities if they continue to trade, particularly if the trade position continues to worsen. The current rules are that they could be liable personally if they do not bring their business to a conclusion, even though the challenges facing those businesses are not of their making. Relaxation of those wrongful trading provisions will enable many directors across the country to sleep rather more soundly at night.

**Jerome Mayhew (Broadland) (Con):** Could I just come back on that interesting point about the risk of personal liability hanging over directors? I declare an interest, as I am a director of a trading business. It fits very well, does my hon. Friend not agree, with the development of the CBIL scheme? Originally, that scheme was not very popular, because many banks insisted on personal liability for businesses and for the directors of businesses to stand behind the loans that they were giving. The current scheme removes the risk of personal liability for directors via the scheme.

**Mark Pawsey:** My hon. Friend makes a good point, and we must provide every support to business owners and directors at this challenging time, to allow them to make decisions that will enable their businesses to continue to survive.

5.30 pm

**Ian Paisley** (North Antrim) (DUP): I declare an interest as I am a director on the board of a couple of charities. Extraordinary and unprecedented times call for very special measures. Without doubt, the Government have produced ultra-special measures to deal with the times in which we find ourselves because of the economic crisis, which has been stimulated by the covid-19 crisis that is upon our nation. I welcome the measures that the Government have taken. As I said in an earlier intervention on the Secretary of State, if Northern Ireland had not received support from the Government and those special measures, quite frankly the place would have gone bust. Those special measures indicated the strength of this Union—they kept it together and demonstrated that, to use a worn-out phrase, we are all in this together, and that, as a nation, we are able to help each other through in difficult times. That is to be commended.

There are businesses across my constituency, and up and down Northern Ireland—indeed, across the entire United Kingdom—that have survived only as a result of the extraordinary and special measures that have been put in place. I believe that we should put on record our thanks and gratitude for the fleet-of-foot way that those measures were put in place for us all.

At times, there has also been a reluctance by other sectors to step up to the mark, and I think the banks could have acted quicker. Most of the complaints that I have had to deal with came from companies that were trading, but that ran into the brick wall of the current crisis. When they approached the banks, which the Government were supporting and encouraging people to support, suddenly the banks put up road blocks and hurdles for people to cross. Of course banks must ensure that they are guaranteed to get their money back and be able to lend fairly, but to put up extraordinary road blocks in front of some companies was incredibly naive at this time, and it left a sour taste in many people's mouths. I have spoken to some traders in my constituency who say that one of the first things they will look into as soon as this crisis is over is changing their bank because of the way they have been treated. That is a bad mark; that should not have happened or been part of this process.

Other Members have said that what is now required is an economic stimulus, and two or three important steps could be taken almost immediately to help to stimulate the economy. First, we must think differently and think big. Our country deserves a Government who demonstrate that they will provide leadership. Indeed, it has been said that without a vision the people perish, and it is imperative that the Government provide a vision, think big, and demonstrate that they are going to invest in infrastructure and stimulate the economy. They need to invest in bridges, roads, and other things to drive the economy forward. They must encourage Heathrow to get back to developing its hub plan for all regions of the United Kingdom, and stimulate that in a way that provides a vote of confidence that the economy will turn the corner, and do very well once it has.

The Government could also consider other special measures. Members have mentioned some of them, such as coupons or bonds that could be backed by Government money to help stimulate certain sectors, such as the arts or sport. Sovereign wealth funds were

also mentioned, and the Government could invest in those. I think that is a good idea. It could even be pushed on to local devolved institutions, which should be looking at regional wealth funds to help stimulate the economy directly.

The huge issue that I really want the Government to look at is new technology. This is an opportunity to stimulate the economy with new technology through, for example, measures to support the development of a hydrogen hub and hydrogen power. We are a potential world leader in that new technology, which will generate employment in the manufacturing sector, use the steel made in this country to produce goods and ensure that we are able to provide something that is zero-carbon and will help the environment. We should be looking at such measures.

I am delighted that the Bill's provisions are extended to Northern Ireland. I raised with the Secretary of State at the beginning of the debate the fact that these are temporary measures—indeed, they will expire in about 27 days if approved today. I think that they will need to be extended well beyond that. I agree with Members who have said that the earliest these measures should elapse is September, or even the end of the year, so that people have time to use the provisions that the Government have given them.

There are a number of core measures in this legislation, which I support, to provide companies with the best chance of surviving the financial difficulties of the covid-19 crisis. Providing insolvency breathing space is essential. The protection from threat of personal liability and aggressive creditor action during this crisis has been mentioned by many Members, and I agree with those provisions. Providing a temporary relaxation of rules surrounding meetings and filings during this time is also very important. The Bill introduces a free-standing moratorium for UK companies, overseen by an insolvency practitioner, to allow time for the rescue conditions to apply, with the moratorium ending if it is unlikely that the company will ultimately be rescued.

Northern Ireland is affected by this legislation in the following way. Clause 4, which inserts new part 1A into the Insolvency (Northern Ireland) Order 1989, and schedules 5 and 6 mean that the moratorium provisions are practically the same in Northern Ireland and GB. Clause 5 and schedule 7 are similar to schedule 3 for GB. Clause 6 and schedule 8 outline the timescale for these provisions and powers for the Department for the Economy. I encourage the Minister to keep in close contact with the Minister in Northern Ireland and the Executive, to ensure that the good flow of conversation and in-step approach remain, so that we can utilise the best provisions being made here at Westminster.

Clause 11 temporarily suspends liability for wrongful trading under the Insolvency (Northern Ireland) Order 1989. Clauses 14 to 17, on termination clauses, amend article 197 of the 1989 Order to cover new categories of electricity provider, suppliers of IT goods and services, which is very relevant today, and cases where utility supplies are made by a landlord, and grant a temporary exclusion for small suppliers similar to GB. Those measures are very important for small businesses in particular. Clauses 26 to 33 outline the powers available to amend corporate insolvency or governance legislation in Northern Ireland.

The inclusion of Northern Ireland in this legislation is most welcome. The measures bringing corporate insolvency more into line with that of Great Britain, at least during this time of crisis, are a vote of confidence, in that we are all going to have to emerge from this together—we will have to pool our strengths, share our responsibilities and make sure that the entire kingdom enjoys the opportunity of emerging from this crisis united, stronger and better.

This important legislation supports our companies through the financial difficulties of covid-19. What other measures has the Minister considered to continue to help companies after the initial threat of covid-19 has passed? It is important that we look beyond this. This has to be temporary. We do not want to see this as the main way forward. I hope the Minister will provide the sort of vision we talked about earlier and to which other Members have referred in their speeches. The importance of collaboration across the United Kingdom to help and strengthen our economy is the cornerstone of this proposed legislation. I hope it gets a fair wind. It will certainly have the support of Members of my party in the House today.

5.40 pm

**Damian Collins** (Folkestone and Hythe) (Con): I start by congratulating my hon. Friend the Member for Heywood and Middleton (Chris Clarkson) on an excellent maiden speech. It made me feel slightly nostalgic, because I made my maiden speech—I was trying to work it out—10 years and one week ago. In addition to that, I made my maiden speech immediately following the hon. Member for North Antrim (Ian Paisley), who has just spoken. The right hon. Member for Doncaster North (Edward Miliband) opened for the Opposition on that occasion as well, so there are a lot of similarities even though we are talking about a different topic today.

I rise to speak in support of the Bill. It has a lot of practical and important measures to support businesses, particularly in my coastal constituency which has many businesses in the hospitality sector. They are particularly badly affected because trade cannot resume as normal. As many Members will know, businesses in the hospitality sector do not necessarily make all their money at an even pace every month throughout the year. They are effectively losing much of the summer season when they would usually seek to raise the revenue that sees them through the rest of the year. Extra financial support at this time is therefore particularly important for businesses in that sector and I welcome it strongly for that reason.

I would like to speak about one sector that is not covered by the provisions in the Bill. I do not believe it is covered by any of the measures that have been put in place so far. It does have rather unique circumstances, but I believe it is a very important sector because of the unique role it plays in our national life—professional football. Professional football clubs are unusual businesses. They have very high turnovers but operate at very small margins. Many people would say that the big clubs in the premier league have a huge amount of money that they spend on players, but most of the income they receive is tied up in the contracts of the players who play for them. They do not necessarily have very much cash.

Clubs in league one and league two are particularly vulnerable because their revenues do not come from broadcasting. Most of the income for big clubs such as

Manchester United, Manchester City or Liverpool comes from people around the world watching them play on television. For them to play behind closed doors and receive that broadcasting money gives them the money to succeed. However, for clubs that play in tier 3 and tier 4 in league one and league two, the vast majority of their income comes from playing live in front of spectators. Without that income, they have no revenue. What they have is a series of fixed costs.

The reason professional football clubs have fixed costs is that, unlike almost all other businesses in this country, they cannot restructure their debts and finances by going into administration. They are bound by the laws of their leagues to pay all their football debts in full, including player salaries and transfer fees. Unless they can meet all those costs, they will be expelled from the league. This is an application of a rule that has been the subject of court cases by HMRC and of much debate on matters to do with football club insolvency in this House in my 10 years here. That is a rule called the football creditors rule. It is a rule created by the football leagues for competition reasons to ensure that clubs cannot over-extend themselves, buy better players that they cannot really afford, go into administration to clear their debts and then resume. They have to be consistent in what they can afford through the season, but it does mean that they do not have the option of restructuring their debts. Their obligations and major outgoings are largely going to be the fixed costs of paying players.

There have already been a number of warnings that we will see this summer, because of the financial distress of lots of clubs, the mass release of a large number of players. It has been estimated that up to 1,400 players may be released without being re-signed. We had a small foretaste of that in Scotland last week when Dunfermline Athletic released 17 players.

More troubling over the next few weeks will be the fact that many smaller clubs supplement their income during the summer months when they are not playing through advance sales for the following season. Advance sales of season tickets normally come through in June, which is also when advertisers will make bookings, as will people taking out matchday hospitality packages. That money comes in in June and July and keeps the clubs going while they are not playing, but it is not going to come through now because these would be advance sales for a season that has no start date and no one knows how long it will be before things go back to anything like normal. That affects the whole hospitality sector. As I said, it is less of a problem for those in the premier league, because as long as they are playing on television, although there will be some loss of income because the package is not quite the same as it would normally be, they will still be getting their money in that way, whereas other clubs will not. There is a severe danger that some clubs will simply run out of cash in the next weeks.

**Kevin Hollinrake:** My hon. Friend is making an important point. Is he aware that some banks have a blanket restriction on lending money to football clubs and are applying that restriction to CBILS as well, so even though the Government support is not supposed to have a sector-based restriction, this is being applied to football clubs?

**Damian Collins:** My hon. Friend makes an incredibly important point, which has pre-empted what I was going to come on to say, although I would not make the point in quite that way. There is no doubt that football clubs would count as businesses in difficulty for a lot of lenders. The clubs that will be the most severely affected will be those that are probably trading at a loss, that have a history of debt and that rely on owners' loans to make ends meet. They are going to be in a position soon where the cash that normally comes into the business has dried up, and even if the owner has the capability they are probably left trying to put money back into the club so that it can carry on paying the players, even though the players are not playing. The furlough scheme is great for ground staff, but it covers only a small percentage of a player's wages, even for some of those playing in league one. So these businesses, such as they are, are going to be drained of cash, with no ability to supplement it, and they will be being asked to compete in sporting competitions and leagues where unless they pay these bills they will be kicked out.

Administrators and company voluntary arrangements for football clubs have always faced that problem, whereby even if they try to honour all the creditors at the same amount and they do not pay all the football debts in full, the club loses its golden share to play and therefore the business is almost worthless. So the administrator will honour the rules of the league, which also has the dire consequence of meaning that other local businesses that supply the club get almost nothing when a club goes bust. What we saw with Bury last year is that if no one will come and put the money in, nothing can be done and the club is expelled from the league. That is the position we are going to be in. How attractive is it going to be for an owner or a new owner to put money into a club that is running at a loss, and that has no income and no prospect of any income any time soon—perhaps for another year?

Even the idea of simply mothballing these organisations until competitive football can restart is not going to be viable, because they are bound by their contracts to their playing staff and other people, which are high. I was told by someone from the Premier League that it will probably lose £300 million in broadcasting from this season, which it will have to repay. There are liabilities in transfer payments to other clubs, in this country and around the world, of more than £1 billion, which will nevertheless have to be fulfilled. So there are real problems ahead and no ready solutions on the table for these clubs. We do need a credible plan on this. The Government could initiate a conversation with the football authorities to say that the suspension of the football creditors rule, to help clubs restructure their finances, alongside some support, would be the moment for genuine reform.

What I do not believe we should do with these businesses is chuck good money after bad. Some clubs have been poorly run and in financial distress for many years, and supporting them in that way would simply be throwing good money after bad. This is an opportunity to give many clubs the support they will need to get them through the next few months, recognising that football clubs in leagues one and two are community businesses and organisations. They are valued by and at the heart of their community, and they mean a lot to their community. These clubs should be sustained because they are very important to those communities.

What I suggest—this was referred to early in the debate when Project Birch was mentioned—is that we could look at acquiring, with public money, minority stakes in football clubs, which will give them the cash injection they need to keep going. I suggest creating an independently run fund with some public money and some money from the football bodies, in a similar way to how the Football Foundation operates to fund grassroots football. With those equity stakes to keep clubs going, there should be an opportunity for a supporters trust or a community organisation to then acquire those stakes. That would give the public resources the money back and would give the communities an opportunity to acquire a stake in the club and have much greater oversight of how it is run.

With a mechanism such as that, independent directors could be appointed to the boards of clubs, to have proper oversight and real-time financial information about how these clubs are being run. One reason why clubs are constantly in debt and difficulty is that they manage to get around the rules set for Football League clubs. Clubs in leagues one and two are supposed to spend only about 60% of their income on player salaries, but last year's report by Deloitte showed the real figure is more like 80% or 90%. With much closer scrutiny of how they are spending their money, and with oversight by independent directors, we could start to put some of those issues right.

Football probably needs an independent body—an independent financial authority—to oversee these issues. One perennial problem in football, particularly in the Football League, is that it is really run by the chairmen of the 72 clubs in it and they are not that interested in having close oversight and scrutiny of what they do. The executive of the Football League has no real power, as these people report back to the chairmen. Therefore, an independent body to oversee all that could be important. We need to think of a creative solution that will not only provide financial stability, but create reform in the finances of football to put these clubs on a more even keel and create an opportunity for community investment and ownership in the longer term as well.

Whatever model we choose, coming fast down the track will be the problem that multiple clubs will start running out of money very soon. The problems that we saw last summer with Bury and Bolton and other communities in Portsmouth, Hereford and Darlington that have been through this before could be repeated by one club after another in the next few weeks. We need to know what the plan is, because the plan is not in this Bill—great though this Bill is. It is not in the measures that have been introduced elsewhere by Government. This is a big loophole that has to be closed.

5.50 pm

**Richard Fuller** (North East Bedfordshire) (Con): I draw the attention of hon. Members to my entry in the Register of Members' Financial Interests.

Mr Deputy Speaker, you know, as you have been listening to this debate, that many speakers have put this Bill in the context of the current economic situation and so perhaps I shall start by providing some of my own views. I am taken back not to when I gave my maiden speech, but to about 72 days ago when this House voted through the measures that have had the economic

consequences that we are now debating how to mitigate. Seventy-two days ago, every single Member of this House—me included—supported or acquiesced in the measures that have destroyed parts of our economy and put many others on life support. So how should we come into this debate? We should follow the line that the Secretary of State took: he came here with a sense of humility that these were measures that the Government had to take. He came here not with hubris, but with humility, because I think he understood that the hands of politicians—of all of us—are all over the fact that so many hundreds of thousands of businesses in our country are facing such terrible times and that so many millions of people who are in employment, or who think they are in employment because they have been furloughed, are facing some severe economic consequences as a result.

It was our decision—the decision of every single Member of Parliament—to close the economy down, and we seek to excise from our collective memory the fact that there was any other choice. We say that we had to do it, there was no other option, but of course there were other options. Other countries have followed other paths. This was the path that every single Member of this Parliament chose, and we did it because we were frightened. We did it because we were uncertain. There is nothing particularly wrong with fear and uncertainty, but, my goodness, what a cost it will bring to our economy.

The Secretary of State was absolutely right to bring this Bill forward and to do it in such a humble way. What a shame it is, as I have sat here listening to the contributions of other MPs, that that humility has not been reflected in those contributions. No, having wrought this destruction on our economy, Members of Parliament now want to rush forward with their own ideas about how they can make the economy better, how they can make it greener, how they can level it up, and how they can give employees more rights. It is as if the parsecs of collective experience in this House of running businesses make us suitable champions for the economy of the future.

We should learn some humility. If there is one message that I have for the Government and for all politicians here it is to get your sticky fingers off British business. We should let the business leaders of this country find their way back. We should say that we are sorry for destroying lifetimes of work in a rushed decision to close down the economy. People who have been forced to see all their efforts come to nothing have spent every hour of those 72 days worrying about whether they can continue to employ their workers, and worrying about whether they can sustain themselves and their families. That angst and that anxiety stems from the decisions that we made in this House. Let us have some humility, let us follow the guidance of those on the Front Bench in this debate and let us not seek an opportunity for more political meddling in our economy as a result of what we have done. I am glad to have got that off my chest.

The corporate insolvency measures in the Bill seek to address this most extreme consequence of the actions we have taken, and therefore it is quite right that this is one of the first Bills the Government are bringing forward to deal with what the economy faces. I support the measures that the Government are putting in place.

It is right to bring forward greater flexibility in the insolvency regime and, as many Members have mentioned, this has been welcomed across much of industry and the professional services, and has had plenty of time for discourse and debate.

It is also right that there should be a temporary suspension of insolvency laws to enable companies to trade through this emergency. I know from my own experience as a director that the issue of personal liability, particularly in relation to going concern, is one of absolute centrality to directors. As my hon. Friend the Member for Rugby (Mark Pawsey) mentioned, it is extremely difficult for many businesses to produce a forecast in such difficult times that will provide the certainty that the directors are actually producing a forecast that is real and achievable. Indeed, as many Members have mentioned, when it comes to banks and CBILS, banks themselves have found it very difficult to interpret the forecasts that companies are putting forward. As for the temporary easing of requirements, that seems to me to be a housekeeping exercise that the Government have judged adroitly and correctly.

I have some questions for my hon. Friend the Minister. The first is about the reputation of the UK as a safe haven for capital. We have had tremendous experience of attracting foreign investment, both in equity and debt. Is he assured that that reputation is going to continue? The efficient allocation of capital is a hallmark of an effective economy. Have the measures in this Bill been checked to ensure that all providers of debt financing to our businesses understand, accept and support the changes that he is bringing forward?

On the housekeeping measure of filing annual accounts, as the Minister will be aware, the availability of updated information is quite crucial for investors and others to make judicious decisions. Of course, there is always access to the private accounts of businesses, but in the public domain those evaluations are quite important. In his judgment about whether to extend that, he will certainly want to bear in mind the consequences for extensions of that particular aspect.

In his opening speech, the Leader of the Opposition—I do apologise; the right hon. Member for Doncaster North (Edward Miliband) used to be the Leader of the Opposition, but is now the Opposition spokesman on business—talked about some very important issues relating to the balance of rights, particularly with regard to employees and the protection of pension assets. This is something that I think the Government should consider. In fact, the shadow Secretary of State was kind enough to say that this is something the Government are considering, and I think it is right for all of us to consider what the impact of the pressure on employees will be. We saw during the urgent question earlier about the bare-knuckle behaviour of the management of British Airways that desperate situations sometimes bring forward desperate attitudes, and the long-standing rights that employees felt they had no longer seem to have any currency, so that seems very pertinent to this part of the Bill.

On the cross-class clampdown, the Government are bringing forward the ability for a court to decide whether a particular class of creditors who have not themselves agreed to a settlement should be forced to accept a settlement. We have no experience in this country—perhaps we do, and the Minister could tell me if so, but I am not

[Richard Fuller]

aware of it—of courts being able to decide between the equitable rights of one class of creditors and those of another class of creditors in coming to a conclusion that is right for all in the round. What are the Government's thoughts about what would be required from the courts in coming to those judgments? What is required in terms of disclosure from the courts that might be useful for the Government and the public to know? What is the Government's view about whether there will be emerging patterns of response from the courts as they come to those intra-class decisions?

**Bim Afolami:** I have done several schemes of arrangement in my previous life, and know that the courts are very used to them. We are talking about an instance where a minority of creditors would effectively be outvoted by a majority agreeing to the scheme beforehand—something that currently requires unanimity. The difference between what we have now and where we are going is therefore not actually that significant, as long as an objective judgment can be made—judges can do that; they do it all the time in the High Court—as to the financial benefit, or lack thereof, of a particular scheme to a particular creditor.

**Richard Fuller:** I am grateful for my hon. Friend's clarification, but my concern—I may well have read the Bill incorrectly—is that we are talking not just about majority or minority, but about where the majority or minority lies. At the moment, the majority has to be within every class of creditors, and there might be a disabusing minority within those instances. Under this legislation, an entire class of creditors could become a minority, and even though they all agree that they do not like the arrangement, for example, they will be forced to accept it. I think that that is a difference of approach. If we are giving that power to the courts, it is important for us and for the Government to be clear about the pattern that is likely to emerge, because in that respect the provision is different and new.

I think that the Secretary of State has answered my next question, but I will ask it again if I may. Will the clauses that are designed to be temporary measures sunset automatically without a subsequent affirmative statutory instrument proceeding in the House? Will they be subject to the negative procedure, or continue without an SI to cancel them? I would be grateful if the Minister could clarify that at some point, perhaps in his closing remarks if he has the time.

It is relevant to raise the issue of companies and sectors that may take time to recover, beyond the relevant period. I think that is addressed in Opposition amendments 3 to 6. What if the directors themselves cannot reach a clear judgment that fully escapes the risks of wrongful trading? What is the position of someone on a directorship in this situation who reaches a dissenting opinion to the majority of directors on the important issue of whether the organisation is able to continue trading? That is another issue of detail that the Minister may wish to address in Committee.

The impact assessment for the Bill does not appear to address the cost of debt from these changes, essentially assuming that changing what has historically been a situation that favoured senior debt to one that is a little

bit looser between different classes of debt would have no impact on how much that debt might be priced at in the future. But it is my understanding that increasing risk on an instrument might cause an increase in the price on it. That may have been considered in the impact assessment and have been negligible, but it would be interesting to see what the Government have to say.

I am interested in what happens in the circumstances that arise under the chapter 11 equivalent proceedings when the Government are a debtor or a shareholder in a business. Do the Government have a voice that is different from any other creditor? The contribution of my hon. Friend the Member for Wimbledon (Stephen Hammond) was interesting in this regard, as he highlighted the part of the Bill where HMRC becomes a preferred creditor. Well, those of us who have had to deal with HMRC as a creditor in the past would not mark it down as one of the most amenable of creditors when it comes to its own interests, and that is putting it lightly. In fact, as we are seeing in this Parliament already, HMRC is acting, both in the Treasury and in general, somewhat as a bover boy in British industry. It does not seem to like people who are self-employed and it certainly does not like people who have a loan charge. Now it seems to want to have priority in the debt structures of our companies. Where will its ambitions end? Where will this Government's facilitation of the taxman's ambitions end? As a Conservative, I would have hoped that they would have ended some time ago. Perhaps I can tempt my hon. Friend the Minister to comment on that.

**Damian Collins:** I am following my hon. Friend's remarks closely. Given his opening remarks, might it not be better, if we believe in backing British business, for us to have some skin in the game? We might not get our money back every time, but overall we probably would.

**Richard Fuller:** After my hon. Friend's comments about association football, of which I have absolutely no understanding at all, I will bow to his better judgment on this topic too, but generally I am not really in favour of the Government having skin in the commercial game. When they get active in the economy, they tend to blunder around and probably, with the best of intentions, make things worse. I am not saying that they should not have their role; certainly, right now, many people will want the Government to have a role. Many Members have rightly looked at the measures the Government have put in place to support business and praised them.

Of course, people need not just take our word for that. Ask people around the world which country's Government have responded best to the economic consequences of the virus and they will say that the United Kingdom Government are No. 1, with Japan, America and Germany in the United Kingdom's wake. That is a tremendous credit to Ministers, but I would not like to encourage them to make that participation any longer than it needs to be.

On the guidance for going concern judgments, the Department will have spoken with auditors about how they are approaching their going concern judgments this audit season. Does the Bill have any impact on those judgments? Does the Department already think that it might need to bring forward any other measures based on the independent judgments of those auditors?

I raise that because in the 2007 crisis, there was a feeling that the rating agencies had been captured by their corporate clients and were giving ratings that perhaps did not reflect the true underlying status of businesses. We are fortunate in this country already to have embarked on reforms of accounting and on the separation of accounting and other activities to limit that risk, but I just caution that we ought to be aware of that in a year's time when we look at those going concern judgments. We would not like those to come back on our accounting firms, which are doing the best they can.

In Committee, the Minister would be wise to give a few more details about the role of the monitor—my hon. Friend the Member for Huntingdon (Mr Djanogly) raised that issue—and what role the Department will have in monitoring the monitors. Is any change expected to that?

One other concern I have is that facilitating businesses to continue trading at a time when the economy as a whole may be recovering and uncertain has a hint about it of creating some form of zombie businesses, where people are compelled to provide supply, as is required under the Bill, but there is the increasing sense that those businesses are not going to make it. I may be expressing a concern based on widespread use of the insolvency practice, which may not come to fruition—let us hope that for many people it does not—but I wonder what the Government's thoughts are about the risk of businesses existing in name but not actually being able to create a long-term future for themselves or their employees.

I mentioned the Opposition's amendment 1, on the voice of employees on obtaining a moratorium. If that were tweaked, it would be an interesting issue for the Government to consider. I also mentioned in an intervention the powers of the small business commissioner. The Secretary of State was right to say, "Hold on a minute; that's something that we will come back to," particularly as we are going through this in one day. It is probably not something that we would want to put through so fast. Similarly the calls by the Leader of the Opposition—*[Interruption.]* I did it again. I am so sorry. It is so hard to forget that time.

**Lucy Powell** (Manchester Central) (Lab/Co-op): The best one.

**Richard Fuller:** Perhaps the current Leader of the Opposition would take offence at what the shadow Minister has said. I am not sure, although if we are ranking Leaders of the Opposition, I would say that as long as they are Labour, that is fine by me.

Notwithstanding the shadow Secretary of State's position, he raised the issue of reform of corporate governance. It is an interesting topic, and the RSA Group did an interesting review of it last year, but again I would say to the Opposition that this is probably not the time for bringing that forward.

The protection of pension schemes is an issue that the Government ought to consider quite seriously. I have had personal experience of that, and I would not like those dependent on a pension fund to find themselves somehow further at risk as a result of these issues.

I started by mentioning the position 72 days ago and some of the consequences for businesses in the interim. I wanted to be absolutely clear that every single politician

has been part of causing that, and, to the extent to which the Opposition continue to be supportive of the Government, as they have been in this debate, and the Government continue to be open with the Opposition, that is the spirit that the country would expect. For those businesses that have fallen because of the crisis or are likely to fail, I would like to say that, as a Member of Parliament, I am sorry. I am sorry for all that has happened to your businesses. I am sorry for the consequences. In the case of one particular constituent—who I will not name in full, but her first name is Peta—let me say that I have worked tirelessly to find ways in which Government programmes can support what you have done and will continue to do so. However, the best thing that we can do is to restore the British economy, get the Bill passed to ensure protection for the businesses that will fall on hard times and get the economy moving again.

6.12 pm

**Jim Shannon** (Strangford) (DUP): I thank right hon. and hon. Members for their speeches and contributions. I particularly thank the hon. Member for Heywood and Middleton (Chris Clarkson) for his maiden speech, which we all thoroughly enjoyed. We were unable to provide him with what people refer to as a doughnut, but we were here to support him. I wish him well and look forward to his future contributions.

I was pleased to hear the comments of the hon. Member for Folkestone and Hythe (Damian Collins) about where football teams will be in future, and I thank him for his knowledge of football and sport. It is critical for football teams to have the revenue that comes from crowds attending matches. I am a Leicester City supporter and have been for almost 50 years—nearly all my life, or the best part of it. A number of MPs in the last Parliament were Leicester City supporters. Some of them are no longer here, but others have taken their place, and we hope that the Leicester City supporters club in this House might grow again—it was six before—to perhaps four or thereabouts. I was pleased to hear the hon. Gentleman's contribution and his thoughts are helpful, because the smaller clubs probably depend entirely on the revenue generated by the supporters on a Saturday afternoon or Friday night, or whenever it may be, so this is very important.

At this time of economic crisis, it is essential that we get the Bill right. I put on record my thanks to the Government for all they have done in their response. It is all very well to criticise, and easy to do so, but we should give accolades whenever they are due. It is the right to thank Government for their response and particularly the Chancellor for what he has done, because he has been excellent and has tried hard at a very difficult time.

I represent many little towns with high street shops, as well as my main town of Newtownards, which recently won the champion high street award for Northern Ireland. I am well aware that, despite the grant funding that has been allocated, alongside the tax deferral option, many of those businesses will be unable to continue trading. I want to give a clear picture of the covid 19 position for those high streets and businesses—without mentioning any names, by the way—some of which have literally hundreds of thousands of pounds of stock in their shops, yet with no outlet at all and their summer stock

[*Jim Shannon*]

ready to go. They have been unable to do anything with it and their shops have been closed. It is a difficult pill to swallow. Six months ago they were running successful businesses, employing between five and 20 staff in their shops, so this has been calamitous.

My hon. Friend the Member for North Antrim (Ian Paisley) will know that I put forward a suggestion to our parliamentary group meeting that we could introduce some sort of revenue that could help those businesses. Lots of businesses are going online, and I can give the House an example of something that is happening in the Republic of Ireland. The Government there are giving up to €40,000 for each business to increase its online business or to start a new online business, and I am just wondering whether that is something we in this House should be doing as well. I know that we are talking about insolvency, and I understand that, but this is also about how we can help businesses to grow and ensuring that they can do that. The shops that I referred to are small and medium-sized businesses. There are successful family businesses but they are facing great uncertainty, so I again make the plea to be cautious, compassionate and understanding with them as they try to get through this difficult situation.

It was no surprise to read in the Library briefing that the coronavirus outbreak has led to a decline in business activity and revenue across many sectors, causing a large negative shock to the economy. The average forecast for quarterly GDP growth in the second quarter, April to June, was 16% based on Her Majesty's Treasury's survey of investment banks, economic research organisations and other institutions in May 2020. However, the estimates are highly uncertain, including on the extent to which the economy will bounce back. Companies and shopkeepers, and other Members, have referred to the rental issue, and I want to make the important point that every landlord needs to review their rental charges. Is it not better to have a small rent coming in than to have no rent at all, given the rateable obligations on the businesses? Is it not better to come to some sort of an agreement, rather than holding fast to what the rental figures would normally be?

The Office for National Statistics' survey on the business impact of coronavirus reported that, between 20 April and 3 May 2020, 78% of businesses that responded were continuing to trade and 20% had temporarily closed or paused trading. I have had something come up in my constituency—I am sure that others have as well—relating to businesses that have been able to trade without having to borrow from the banks, be they in construction or in fishing and fishing vessels, or other businesses on the high street. They have conducted their business over periods of six, eight and 10 years—to give three examples without naming who they are—and they have never had to borrow until now, when hard times have hit them. It was difficult for them to go to the bank and borrow money because they did not have a credit status that the bank could look at and say, “You have always made your payments on time.” They had never had to make any payments. One of the predicaments that I have contacted the banks about is that they need to understand that those who have been able to conduct their businesses over periods of six, eight and 10 years have shown that they can well manage money without

having to borrow it. I would have thought that those businesses' credit status was therefore suitable and that there should be no difficulty whatsoever. Again, I just make the point.

I reiterate the point made by the shadow Minister in relation to the pension scheme deficits. I support his concerns about where that will end up, and I hope that the Minister will give us some clarity on that matter and maybe some reassurance. I have no doubt that he will do that. Northern Ireland has the highest rate of temporarily paused business trading, at 25%. That is the highest in all of the United Kingdom of Great Britain and Northern Ireland. I know this to be true from personal experience in my constituency, and I am sure that my hon. Friend the Member for North Antrim will have seen that among the businesses in his constituency as well. We must get the help and support needed to enable those businesses to reopen. London and the south-east have the lowest level, with some 16%.

The industries with the largest proportion of businesses that have temporarily paused trading are the accommodation and food services, at 78%, and the arts, entertainment and recreation sectors at 80%. A small number, just less than 1%, responded to say that they had permanently ceased trading in that period. Of the businesses that continue to trade, 61% reported that their turnover had decreased and 25% reported that turnover had fallen by more than 50%, although I am aware of some whose turnover has fallen by as much as 80% to 90%. Almost all businesses—99%—reported coronavirus as being the reason for the turnover reduction outside of the normal range, so it is very clear what the issue is.

The Government responded to the circumstances they were presented with and did their best, given the fear we all had of coronavirus and all the uncertainty. They were trying to get us to a position where we were able to lessen the number of deaths. What would have happened if we had not done anything? What would have happened if the Government had just said, “Plough on ahead”? We would be in the most calamitous, destructive time ever, and I think we have to thank and congratulate the Government for what they have done.

The largest fall in turnover was in accommodation and food services. The pharmaceutical and agrifood sectors are incredibly important for me in my constituency. Tourism and hospitality rank up there at the highest because the economic focus of the local council, Ards and North Down Borough Council, is tourism and hospitality. That is where the growth is. That has been the growth for the past three to four years and it will be the growth for the next three or four years as well, but we need to ensure that help is there for tourism and hospitality to get out the other side. Some of the hotels need that. We have some clarification on hotels in Northern Ireland, and that is good news. It gives the hotels a chance to try to book for the end of July onwards. We have to try to ensure that things are going in the right direction.

The Government have helped those who are self-employed and those who have furloughed staff. Under no estimation can we doubt that that has helped greatly to ensure that things go forward. These are unprecedented times, and while I must thank the Government again for all the steps they have taken and for going the extra mile, I have real concern about many businesses that

need more. I am referencing not failing businesses, but businesses that were thriving, doing well, creating employment, creating opportunity and boosting the economy, and they can thrive again.

I was pleased on 20 March 2020 when the Business Secretary announced that the Government would introduce measures at the earliest opportunity, together with temporary covid-19-related measures intended to help companies avoid insolvency. Following that, I welcomed the Government's announcement on 23 April 2020 of other measures to protect companies from the aggressive use of statutory demands and winding petitions, particularly by commercial landlords. I welcome those measures to help business and to step in where possible. I further welcome the mixture of permanent changes to insolvency law and temporary changes to insolvency law and corporate governance to ensure that we help at this time but do not tie our hands for the future.

The proposal in the helpful document is that the help for businesses would be from 1 March 2020 to 30 June 2020 and one month after the provision comes into force. Will the Minister confirm that, in the event of the pandemic's impact on businesses continuing beyond the end of that period, the provision may be extended for up to six months using secondary legislation, and that the process may be repeated? It is important that we know that, because it is not just about the short-term measures; it is about the longer term to encourage businesses to be able to do more.

To conclude, on behalf of the people and businesses of Strangford, whom I am very privileged to represent, I thank the Government for their financial intervention, but I ask for more short-term support, more help with tax deferrals and greater help with staffing problems. We will get through this, but I believe that the business sector is the only way we can. We will reap the benefits from anything that we pour in at this time. Those entrepreneurs will end up repaying more than the help they receive with the income that will be allowed to be generated.

I support the Bill. I understand the reasoning behind it, and I support it fully. As my hon. Friend the Member for North Antrim said, we understand that the implications will be for Northern Ireland as well. It is good to have that in place, but I ask for further grants to be allocated for special circumstances. That, however, is a debate for another day. As others have said, tomorrow will be a better day, but we have to work towards that day.

6.24 pm

**Kevin Hollinrake** (Thirsk and Malton) (Con): It is a pleasure to speak after my hon. Friend the Member for Strangford (Jim Shannon); we have spoken in many debates on business issues before and he is a huge champion of business. It was also a pleasure to listen to the maiden speech of my new colleague, my hon. Friend the Member for Heywood and Middleton (Chris Clarkson). It is great to have another Conservative northern Member of Parliament to champion the cause of the northern powerhouse. He neglected to mention Yorkshire, and particularly north Yorkshire, in his list of areas in the north that will contribute to the recovery, but I will have a word later. It was a fantastic speech.

I draw the House's attention—of course, in all these types of debates—to my entry in the Register of Members' Financial Interests. I am still involved in business to

this day. I am also the chair of the all-party group on fair business banking, which has talked about many of these issues over the last months and years. In my view, the CBILS and BBLs are a huge success, but there are problems, particularly with the CBILS, in terms of making sure that banks do allow money to go out the door based upon the business being a viable business on 1 March. There are still issues about banks assessing the ability of the business to pay the loan back over a period of time. In particular, there are sector-based issues—football clubs being one and house builders being another. Banks seem to be translating from a standard lending policy into a CBILS lending policy, which cannot be right. That was never the intention of the Government scheme.

On the Bill, I am a strong supporter of the measures being brought forward by my right hon. Friend the Secretary of State, particularly on the moratorium and the opportunity to restructure. That has been planned for some time to give businesses breathing space. Irrespective of the covid crisis, at any point in time, many businesses can be salvaged through this process. It has happened in the US for many years—it is known as chapter 11—and it is absolutely the right thing to do.

I will not talk in detail about the Bill, because many others have, but I will talk about some of the things that I think we need, as well as this legislation, that would make a significant difference. There are some outstanding issues that the Minister and the Department are aware of and they have consulted on some of them, particularly about moving from a self-regulation basis for insolvency practitioners to a single, truly independent regulator. There are some very important issues that we have seen over recent years in terms of conflicts of interest that will carry on despite the Bill. The moratorium and the opportunity to restructure will help to some extent, but the conflicts of interest will carry on. This is particularly because most insolvency practitioners who are appointed to carry out work on an insolvent business are appointed by the major creditor, which tends to be the bank. It is a panel appointment by the bank and clearly, people rarely bite the hand that feeds. So if most of the work that the insolvency practitioner—who is supposed to work independently of any individual creditor and in the best interests of all creditors—is getting is from the banks, they are more likely, in our experience, to work in the interests of the bank.

It is even worse than simply the facts of what happens in the insolvency. On many occasions, we are talking about large accountancy practices, such as KPMG, Deloitte, Ernst and Young, who are appointed by the banks prior to insolvency, for example, to carry out a supposedly independent business review—paid for by the business but instructed by the bank. They have been brought in to do an independent business review, which is supposed to give a fair representation of the business, and that accountancy practice then becomes the insolvency practitioner and can earn hundreds of thousands of pounds of fees in the insolvency, which is a clear conflict of interest.

This issue has been brought up for decades in this House. I found two debates in 1999 when this conflict of interest was mentioned. It is something we need to deal with. This has featured in many of the issues we have seen over the last decade or so, particularly around the last crisis, where we had tens of thousands of businesses that were put into administration by the banks—this is

[Kevin Hollinrake]

a matter of public record—particularly by RBS and Lloyds Banking Group. Tens of thousands of businesses were put into insolvency inappropriately. A fair percentage—around 20%—of those businesses were viable, but there is not one instance of an insolvency practitioner deciding to sue the bank and saying, “Your business has gone into receivership as a result of creditor misconduct.” In other words, the bank is forcing the business into administration. Never has there been a case in which an insolvency practitioner who is supposedly independent and working for all the creditors has said, “There is something wrong. We need to take the bank to task.” There has not been one instance. We have pushed for information, and we have received emails from accountancy practices saying, “We would never sue a bank—we would never litigate—because of the conflict of interest.” There is a huge conflict of interest, and huge sums lie at the heart of this.

We are talking about thousands of businesses in this situation. This is systemic for every bank and almost every insolvency practitioner, but I should like to discuss a particular case, because it reveals the nature of the issue. We are talking about tens of thousands of businesses, and we have to understand that there are tens of thousands of people—individuals—whose life’s work has been taken from them, along with hundreds of thousands of jobs. These are very serious issues.

The case I wish to raise is that of Arthur Holgate and Son. This is not a sub judice issue, and I have obtained consent from the business to discuss it. It is a tangible example of the problems that arise. It was a family-owned business that ran caravan parks and turned over about £2 million. It was a significant business that, like a lot of other businesses, sold a swap that put it in danger, which increased the cost of loan servicing a great deal. That became the matter of a redress scheme, because of the inappropriate sale of complex financial instruments to businesses that were not sophisticated.

When that came to light, with a route for redress, the business approached the scheme and was offered £300,000 in compensation, despite the fact that its losses totalled £1.4 million. Ultimately the business failed and went into administration. It was taken off the owners—it had been in the family for generations—but it was one of the few businesses that we have come across that had the financial wherewithal and tenacity to get this thing through to court. On the courtroom steps, compensation was settled at about £10 million by Barclays bank.

We need to look at the actions of the insolvency practitioner as well as the actions of Barclays bank. Despite the fact that the insolvency practitioner is supposed to work independently, it did not do so. It colluded in bringing about the failure of the business and as a result the distribution of assets from the business effectively went to them and to the banks. Deloitte was the insolvency practitioner. This is not an isolated case: Deloitte was fined this year for its administration of Comet—many Members will remember that—and it was given a £1 million fine for failing to manage a conflict of interest in that case. We need to deal with this, as we are not dealing with it in the legislation.

Deloitte was brought in to undertake an independent business review for the bank to see whether the business was viable and able to get through its financial difficulties.

It charged the business £50,000 for that work, which was paid after the business was declared insolvent on a preferred creditor basis, which is against the law.

There are many concerns, but the most disgraceful part of this case was the correspondence between Barclays and Deloitte. Barclays effectively told Deloitte to ignore the directors, although they were running the business and knew it best. In fact, I can quote from one of the emails sent internally in Deloitte, which said: “Be careful of swallowing the Paul Holgate line”—Paul Holgate being one of the directors of the business—“that it’s somebody else’s fault”. He kept saying to them, “It’s not our fault that we are in this position. This is because the bank sold us a swap.” He was right, but Deloitte deliberately did not put that information in the business review and did not even mention the swap at that point in time or when the insolvency happened. Another email sent internally in Deloitte said, “We do not want to appear critical of the bank.” That is because of the conflict of interest, and it cannot be right.

We must put a Chinese wall between consultancy work that a bank requires an accountant to do and that very accountant then being able to do the insolvency work, because there is a clear conflict of interest. In this case, there were fees of £400,000 for Deloitte to carry out the insolvency work. Had it just done the £50,000 report and said, “This business is fine. It’s actually your fault because of the swap. If you settle that problem, the business will carry on trading fine,” Deloitte would have got £50,000, and that would have been it.

**Jerome Mayhew:** My hon. Friend talks very persuasively about this, and I have found myself nodding along to everything he has been saying for the last several minutes, but he keeps on referring to a conflict of interest, when surely what he is talking about is better named corruption.

**Madam Deputy Speaker (Dame Eleanor Laing):** Order. Before the hon. Gentleman answers the intervention, although he has not spoken for an inordinately long time—indeed, other Members have spoken for much longer—he has spoken for well over 10 minutes, and I have to ask him to conclude pretty quickly, because it is in the interests of everyone that the Minister is able to answer the debate. Members have asked questions, and we must have time for that.

**Kevin Hollinrake:** Thank you, Madam Deputy Speaker. I will try to move on quickly.

A lot of this information is supplied by the then business owners. Deloitte actually perjured itself in court on many of these issues. All this arises because of the conflict of interest. Deloitte should have sued the bank, but that simply does not happen. This stuff happens because of the unholy alliance of vested financial interest, which we must eliminate.

The moratorium will help tremendously, but we also need to do what the Department has said it is keen to do: move away from self-regulation, which is how the sector is currently regulated. We need to recognise professional bodies and move to a single regulator—an ombudsman. We must put a Chinese wall between the accountancy practices that do the consultancy work and the insolvency practitioner.

We must also give individuals more power. In my view, we should allow the business to challenge the appointment of an insolvency practitioner and the approach

of an insolvency practitioner, to effectively recognise creditor misconduct within the insolvency process, and let them take their complaint to a tribunal there and then. In Comet's case, it was eight years down the line before the situation was resolved. It must happen there and then. We must have an ombudsman supported by a tribunal that can support businesses who feel that the insolvency has been carried out incorrectly.

There is one final thing I would like to say. I completely support the removal of the right of forfeiture from landlords and the suspension of winding-up orders. Some businesses, particularly very big businesses, are abusing that privilege—I would name Boots and WHSmith—by effectively saying to landlords, “We're not even talking to you.” That is completely inappropriate. Ideally, those measures should come with the condition that a company cannot take dividends if it is benefiting from those measures. With that, I will happily conclude.

6.39 pm

**Bim Afolami** (Hitchin and Harpenden) (Con): I concur with what many Members have said about the maiden speech from my hon. Friend the Member for Heywood and Middleton (Chris Clarkson); it was an excellent maiden speech indeed, as I am sure everybody would agree. I also concur with what my hon. Friend the Member for Thirsk and Malton (Kevin Hollinrake) said about landlords at the end of his speech. I spoke a couple of weeks ago to the Hitchin Property Trust, which owns a big part of Hitchin town centre, and the trust talked about the behaviour of some of its tenants; I will not name them, but they are very big corporates and are behaving in a similar way to that which he described. We have to look at that.

I do not know about you, Madam Deputy Speaker, but I was struck by the speech by my hon. Friend the Member for North East Bedfordshire (Richard Fuller). It was one of the best speeches I have heard in this House for long time. It is very important that none of us forget that every lost business is not just a line on the balance sheet or a statistic in a newspaper—it is a drop in income for a family; it is a mortgage that might be lost and a home that has to be sold; it is somebody's life's work up in smoke because of something that happened that was completely not their fault. I speak as somebody who has worked in business and in the City of London. My wife is currently running a family business, and I have seen the worry that she has gone through. Many of our friends, constituents and various other people—hundreds of them—have gone through similar worries over the past 72 days. When we consider the Bill and any of the other actions we are taking, we all need to bear in mind those people and those businesses.

The moratorium process in the Bill is a very good measure indeed. It provides a formal breathing space for a business to gather itself, take a pause and work out a restructuring plan that means that the business—and that means assets, jobs and people—can survive in a sustainable way going into the future. We should all commend that process.

There has been some discussion about certain creditors who will in effect be bound in. I cannot remember the name of the provision—somebody needs to rename it—but I think it is cross-class cram-down. It is awful. I like to think of it as the debt equivalent of the sort of drag-along right for a company that equity shareholders have. It feels a bit more like that to me and I much

prefer that terminology. The point is that the scheme of arrangement that we can make under the moratorium process can be orderly and can lead to discussion, not just with the creditors and the company but with the court. Indeed, together we can work out a way forward. That is a very sensible provision.

I do have a couple of questions, though. First, bearing in mind how busy the court may be in the next 12, 18 or 24 months, have the Government thought of any provision for giving additional resources to the court and thought about how things are set up? Schemes of arrangement take a minimum of around three months to go through, so we do need to consider the practicalities of this happening en masse. If the process works as well as I hope it will, there will be a lot of moratoriums, so that is an important point for the Government to consider.

Connected with that, have the Government considered more of a mediation process contained within the moratorium? Does it always necessarily have to go to court? I may have missed that in the legislation. If it does not have to go to court, what is the process whereby we can have something similar to a scheme that does not go through a court, so as to help by not jamming up the High Court? As I say, there may be a lot of traffic going through.

There has been some discussion throughout this good and well-informed debate about the Government's economic actions to try to save the economy from the public health measures that we have had to take. I completely agree that the Government have been foremost in the world—not just in Europe but in the world—in the actions that they have taken. We have heard criticism of the CBIL scheme. It is important to note that it is hard, practically, to get so much money out of the door in a way that observes a basic understanding that each business is a real business, with a real balance sheet, that can pay its debt. Yes, there have been problems, but let us not allow them to get in the way of our saying, “This is a really, really good economic response.” I know that the Minister, the BEIS team and the Treasury have worked tirelessly over the past few weeks and months, to ensure that that scheme works as smoothly as possible—and indeed, generally, it is working better and better all the time.

People may criticise the banks on this, but every situation is different, and we should bear it in mind that there are difficulties in pricing anything in the economy right now. Therefore, a bank, has to think about whether it might have big losses come Q4 this year or Q1 next year and has to think about whether money can be paid back and if it would have to take 20% of the loss, as is the case under the CBIL scheme. If people think that the Government—the British taxpayer—should pay 100% of every single loan that goes to every company, they should say so; but if they accept that that would not necessarily be the right thing for the taxpayer to do, and that the banks must therefore be involved, we must understand the worry that the banks have about big losses in the next 12 to 18 months. We do not want a banking crisis on top of what we already have.

I want to reflect on where we go from here—with the proviso that we are at least getting towards the conclusion of the health crisis. Obviously, I shall not put a timeframe on that, because none of us know, but if we are approaching that point, we shall be left with a hugely indebted corporate sector. If there is a hugely indebted corporate sector, notwithstanding the measures in the Bill—and

[*Bim Afolami*]

indeed other measures—even the businesses that survive will find it very difficult to grow, carrying a huge amount of debt. We shall have to recapitalise large parts of the British corporate sector, and in this House in the weeks and months ahead we need to think about how we do that. The Bill could be one of the ways in which we start that process.

6.47 pm

**Lucy Powell** (Manchester Central) (Lab/Co-op): It is a pleasure to be on the Front Bench and at the Dispatch Box again as the shadow Business Minister, although I would have much preferred to make this speech safely and socially distanced in sunny Manchester—no offence.

I reiterate the thanks of my colleague, my right hon. Friend the Member for Doncaster North (Edward Miliband), to the Minister, the Secretary of State and their teams for all the engagement we have had on the Bill. Our objective, as the Opposition, is to be constructive, and to ensure that businesses get the support they need now and in the long term, to keep the number of insolvencies in the coming weeks and months as low as possible. As my right hon. Friend said, we support the overarching objectives of the Bill. However, we hope the Government can give us some reassurances in Committee. Many others today have voiced similar concerns.

I thank many colleagues from across the House for their speeches in this interesting debate. Obviously, the highlight was the maiden speech of the hon. Member for Heywood and Middleton (Chris Clarkson), who was a bit nervous about coming last out of his intake; but as a fellow Mancunian, I reiterate that the best was definitely saved till last.

Although we back the Bill today, we are clear that it should be the last resort for many businesses. There is much more for the Government to do now to support businesses so that, as my hon. Friend the Member for Bristol North West (Darren Jones) eloquently put it, the measures debated today are not necessary. Every previously viable business that needs to call on these insolvency changes because of our decision to shut down the economy for public health measures, is a business that has been failed. Ministers have recognised the huge scale of the situation, with the unprecedented support they have established to retain jobs and support businesses. That has been the right thing to do and we have supported it. However, as we enter the end of the lockdown phase, the challenges ahead are becoming clearer. More must now be done to rescue more businesses, and ensure that the recovery is as short and strong as possible. We must stop a second, and possibly a third or fourth wave of insolvencies arising from unmanageable debts and creditors. Any business that goes bust as a result of public health measures will lengthen and deepen the recession and leave long-lasting scars on unemployment levels and the wider economy.

Labour Members firmly believe that the cost of not doing all we can now to save businesses will be far higher than the cost of action today. Ultimately, the taxpayer will pay for the cost of failure, through lost tax revenues and higher unemployment over many years, not months. The Government need to renew their support package over the coming period, as it is now clear that the easing of lockdown will be longer and more complicated

than was predicted at the start of this crisis. That is why we suggest that the temporary measures in the Bill should be extended today, rather than waiting until later.

Preventing insolvencies today, in and of itself, will not stave off insolvencies tomorrow, if the Government do not take a long view and ensure that businesses do not face a cliff edge. A second wave of support and sector-specific action is also required. Critically, if the recovery is based on unmanageable debt, it will be no recovery at all. In the immediate rescue phase, businesses and business organisations are asking for more discretionary grant funding to support the hardest hit businesses that have so far missed out, more flexibility with the furlough scheme, simplification of the CBIL scheme, and many other measures that have been mentioned today. Those include more clarity and joined up working on business critical issues such as quarantine measures, safety in the workplace, childcare, and shielded employees. The Government must not fall into complacency and think that their actions so far have been sufficient, because a second wave of support is urgently needed.

We have heard from a number of colleagues, notably my hon. Friends the Members for Aberavon (Stephen Kinnock) and for Cardiff South and Penarth (Stephen Doughty), and the hon. Members for Folkestone and Hythe (Damian Collins), and for Strangeford (Jim Shannon)—

**Jim Shannon:** It's not Strangeford!

**Lucy Powell:** Sorry, Strangford. It's just that the Member of Parliament reminds me of that—no, I'm only joking.

The economic emergency we are in is affecting different sectors of the economy in different ways, some particularly and devastatingly harshly. This will be a sectoral recession, and the Government response must reflect that. We have raised with Ministers the serious issues facing our manufacturers, car manufacturing, steel makers, the aerospace and defence industry, aviation and tourism, the hospitality industry, and other areas such as football. The crisis is also affecting supply chains in those sectors, and we have already seen job losses at premier British companies such as Rolls-Royce and McLaren. There have been layoffs in the airline industry, despite the furlough scheme, and despite warnings from many industry bodies about the failure to provide adequate support and liquidity to business now. Will the Government step up with the more urgent response that is needed for those sectors, which so many Members have asked for today?

Project Birch has potential, but talking must quickly be followed by action. The promise of jam tomorrow will not pay the bills today. The feedback I get from businesses, especially some of our most important and largest employers, is about how slow the discussions with Government are, compared with the urgency of the cashflow problems. For example, our world-leading aerospace, aviation, tourism and travel sectors now face what could be a final blow from the confusion and mixed messaging about quarantine measures.

As the former Prime Minister Gordon Brown said, and as the hon. Member for Hitchin and Harpenden (Bim Afolami) has warned, the scale of the debt that companies are taking on to survive this crisis is huge. We will see a debt-laden recovery, with demand unlikely to return to normal quickly for many. Coupled with

that debt, the recovery is likely to be weak, deepening its economic impact, and with insolvency spread over the months ahead.

Once companies have to start paying back loans, further insolvencies are likely to follow, with recovery choked by high levels of unemployment, and low levels of confidence. Are the Government exploring with business organisations and the finance sector ways to mitigate the month-13 problem of Government backed loans with a more long-term solution, as was suggested earlier?

Finally, we need to do more to increase and generate demand through a green recovery plan, as the hon. Member for North Antrim (Ian Paisley) described, and to address the youth unemployment crisis. The Government must seize the opportunity to bring forward pipeline projects to put British businesses at the forefront of the green and digital revolution.

Turning to some of the specific measures in the Bill, we support both the permanent changes to insolvency law and the temporary changes to insolvency law and corporate governance, but with some caveats. A balance must be struck between allowing businesses to survive through the crisis and not removing essential protections for creditors, pension funds and employees. The trade unions and others here today have raised some serious concerns about this, with good reason, and I will say more on that in Committee.

We believe that there must be no revision of the directors' duty of care to their employees and suppliers. The Bill must ensure that SMEs and smaller suppliers are protected when larger companies go into administration. As the hon. Member for Dudley South (Mike Wood) and others have said, the temporary measures need to be extended today.

The Bill is a big missed opportunity to address corporate governance accountability, as the hon. Member for Huntingdon (Mr Djanogly) outlined. The collapse of Carillion was a national scandal. Yet again, corporate greed and very shaky indebted finances led to the taxpayer paying the price of directors' failures. While those directors and shareholders reaped all the gains during the good times, the collapse of Thomas Cook more recently exposed these failings further, with the taxpayer once again footing the bill for failure. We had a conversation earlier about equity stakes, but the taxpayer in effect does have an equity stake in many businesses—but only in paying for the costs of failure, not in reaping any of the rewards of success. Ministers consulted on changes to insolvency law after these collapses, and some of these changes are in the Bill, but, inexplicably, other important ones are missing.

Over the coming months, as the recession takes hold and complex financial arrangements are pushed further towards breaking point by the new loans that these companies have, we are no doubt going to see the collapse of more household names and large corporates. Why have the Government not taken this opportunity, which we stand ready to support, to bring forward the long-awaited reforms on tackling bad corporate governance and protecting creditors, employees and, ultimately, the taxpayer? We also think it is a missed opportunity to have given the small business commissioner more powers and teeth, as the hon. Member for North East Bedfordshire (Richard Fuller) seemed to agree.

This is a speedy process for this Bill. It is a very large Bill, and we are expediting its passage through both Houses very speedily, so we are relying on Ministers to

take on board some of the concerns raised today in the spirit of us working together. We will come back to some of these missed opportunities in Committee, but, to close, I urge the Minister to press his colleagues, including the Chancellor, to do more now to protect companies from insolvency. This Bill provides a small and important safety net and breathing space, but much more needs to be done and more quickly to prevent businesses from needing that breathing space in the first place. I hope that the Government will heed the warnings of business and provide further support so that the recession to come does not leave deep and lasting damage to our economy and employment.

6.58 pm

**The Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy (Paul Scully):** May I first welcome the hon. Member for Manchester Central (Lucy Powell) to her place? I thank her and the shadow Secretary of State, the right hon. Member for Doncaster North (Edward Miliband), for the engaging way in which they have spoken to officials. That has expedited the passage of this legislation, and our discussions—including with the SNP spokesman, the hon. Member for Inverness, Nairn, Badenoch and Strathspey (Drew Hendry)—have been particularly fruitful.

Unfortunately, I cannot respond to every question in the short time available to me now, but I hope that we will pick up some of these discussions during the next stages of the Bill. I thank all right hon. and hon. Members who have spoken for their contributions to the debate, not least, as has been mentioned, the excellent maiden speech of my hon. Friend the Member for Heywood and Middleton (Chris Clarkson). May I add my happy birthday regards to Win Page? My hon. Friend talked about the fact that the general election seemed a long time ago, and made the point about the Olde Boar's Head—and a haircut for me as well—so congratulations.

As was mentioned by my hon. Friend the Member for Rugby (Mark Pawsey), the Institute of Directors and the Federation of Small Businesses have been incredibly supportive of the measures in this Bill. We welcome that support. It will help businesses that are struggling with the effects of the covid-19 crisis and lay the foundations for economic recovery in the UK. The insolvency reforms in the Bill will provide vital and urgent support for businesses to help them through the period of instability and to help them recover from the impact of covid-19 as the economy fully emerges from this crisis.

**Chris Bryant (Rhondda) (Lab):** On a point of order, Madam Deputy Speaker.

**Madam Deputy Speaker (Dame Eleanor Laing):** I will take the hon. Gentleman's point of order after the Minister has finished, unless it is immediately urgent to his speech.

**Chris Bryant:** Well, it is timely.

**Madam Deputy Speaker:** I am guessing that it could well be timely, but the Minister has a very limited time in which to speak, and he should finish his speech first. Then I will take the hon. Gentleman's point of order.

**Paul Scully:** Thank you, Madam Deputy Speaker.

[Paul Scully]

The corporate restructuring package in particular will be of immediate help to companies in financial distress, which need further regulatory tools to help them recover. This Bill provides that. It will enable UK companies undergoing a rescue or restructuring process to continue trading, giving them breathing space that could help them avoid insolvency. I want to reassure right hon. and hon. Members that the temporary changes to insolvency law that are necessary to help businesses get through this unprecedented period will consider very carefully any case for further extensions to these powers, and they will be subject to the full scrutiny of the House.

The temporary prohibition on creditors filing statutory demands and winding-up petitions for covid-19-related debts will support the Government's programme to help companies survive the covid-19 emergency. It will temporarily remove the threat of statutory demands and winding-up petitions being issued against otherwise viable companies by creditors not following the Government's advice to show forbearance at this time.

Furthermore, temporarily removing the threat of personal liability for wrongful trading from directors who tried to keep their companies afloat throughout this emergency will encourage directors to continue to use their best efforts to trade during this uncertain time. The governance measures will provide temporary flexibilities on meetings and filings at a time when businesses are coping with reduced resources and restrictions due to social distancing measures.

Let me quickly address a couple of points made by the right hon. Member for Doncaster North. First, he is completely correct to say that, although there will be a temporary suspension of wrongful trading liability, directors will still have legal duties under wider company law. Those duties will remain in place, as will measures under insolvency law to penalise directors who abuse their position. I understand the suggestion of the right hon. Gentleman and the hon. Member for Inverness, Nairn, Badenoch and Strathspey that the temporary insolvency measures should be extended to 30 September 2020. At present, all the temporary insolvency measures will automatically sunset a month after Royal Assent. I can reassure them, though, that the Bill contains provisions enabling those temporary measures to be extended by statutory instrument where appropriate. The Government have every intention of making use of those provisions if the protections are needed beyond their present expiry date. It is a truly fluid situation and we do not want provisions to be in place for longer than is necessary.

The temporary measures all have significant impacts on the normal working of the business community, and the case for extending the measures will need to be considered against those impacts. Any extension should rightly be scrutinised by Parliament, but the Government will not hesitate to extend if that is required.

The right hon. Member for Doncaster North also raised a fair point on the need for employees to be protected in regard to restructuring plans. That point was also raised by my hon. Friend the Member for North East Bedfordshire (Richard Fuller). The aim of these measures is to restore the viability of struggling companies, thereby boosting the economy, saving jobs and protecting long-term investment. Yes, employees could find themselves as creditors in a restructuring plan, but in those circumstances,

they will benefit from the same protections that are in place for other creditors and members. This will include the provision that they must be no worse off through the plan than they would otherwise be in the next most likely plan, and it will, of course, take into account their entitlement under employment legislation.

Importantly, a court can refuse to sanction a plan if it is not fair and it is equitable to do so. When making this assessment, one would expect the court to be mindful of the interests of employees in any pension schemes affected by that plan. If a restructuring plan is not agreed, it is worth remembering that the company might enter an insolvency proceeding, which would almost certainly produce a worse outcome overall for all involved. The company might stop trading altogether, which would put all employees at risk of losing their jobs. The Government are in the business of protecting jobs.

The right hon. Member for Doncaster North also raised concerns about CBILS and CLBILS, as well as the bounce-back loans. The Government have listened to helpful feedback on the business interruption loan schemes in recent weeks. That feedback has also shown that the smallest SMEs, some of which have perhaps not used finance in the past, are struggling to get their finance applications approved as quickly as they need, as we heard earlier. That is why the bounce-back loan schemes, which are fast for lenders to process and for businesses to access, have been launched.

On 27 April, the Chancellor announced the new bounce-back loan scheme, which will ensure that the smallest businesses can access up to £50,000 of loans in a matter of days. The scheme went live on 4 May. Businesses can complete a short, simple online application in up to a few hours. Under the scheme, there is no need for lenders to ask for complicated cash-flow forecasts or ask difficult questions about the future, which means those applications can be submitted and processed rapidly. Almost 700,000 have been already approved.

I thank my hon. Friends the Members for Wimbledon (Stephen Hammond), for Rugby and for Huntingdon (Mr Djanogly) and the hon. Members for Inverness, Nairn, Badenoch and Strathspey, for Bristol North West (Darren Jones), for Aberavon (Stephen Kinnock) and for North Antrim (Ian Paisley) for their contributions. I should say to my hon. Friend the Member for Wimbledon that the Charity Commission has confirmed that it will look favourably on charities that have been unable to hold their AGMs in the normal way, but asks that they write down their decisions to prove that they have done due diligence in holding a virtual AGM or delaying their AGM.

I applaud the passion of my hon. Friend the Member for North East Bedfordshire in standing up for businesses being able to come out of the recovery, as we motor through, changing gears. We will not go back immediately to how things were in January; we have to work with business and listen to business. I am grateful to all other Members who have spoken today.

These new measures complement the Government's existing far-reaching economic support package for businesses and workers through this emergency. Today's debate on these measures reinforces the importance of responding to the concerns of UK businesses and providing them with much-needed support during this difficult time. We are in the midst of a global emergency, in which otherwise economically viable businesses are facing

the risk of insolvency because of covid-19. We must protect them as best we can. It is imperative that we act now to support our businesses and do what we can to ensure that they survive, preserve jobs and support future growth. Clearly, our first priority is to protect lives, but restoring livelihoods, protecting businesses and getting the economy motoring is also essential. That is why it is imperative that we act now. The measures in the Bill will provide businesses with the flexibility and breathing space they need to continue trading during this difficult time and support the nation's economic recovery.

*Question put and agreed to.*

*Bill accordingly read a Second time.*

**Chris Bryant:** On a point of order, Madam Deputy Speaker. I apologise to the Minister; it was not my intention to be rude to him by interrupting him earlier.

We have gone past seven o'clock, as you will have noticed, Madam Deputy Speaker, which means that the motion in the name of the Leader of the House that pertains to virtual participation in proceedings during the pandemic will—I think this is the Government's intention—be a “nod or nothing” measure. There can be no debate, and if it is opposed, it therefore falls. I have tabled an amendment and I have no intention of withdrawing it. I would want to contest the motion, and I understand that the amendment would be selected by the Speaker if it were to proceed. It is my understanding that it cannot now proceed. Nobody needs to object; it simply cannot now proceed because it is opposed business. Is that your understanding as well?

**Madam Deputy Speaker (Dame Eleanor Laing):** I am grateful to the hon. Gentleman for his point of order. He will understand that I did not want to hear it during the Minister's winding-up speech because it would have taken time away from the Minister, which would not have been fair, as many people had asked questions that required answers from the Minister.

The hon. Gentleman refers to motion No. 4, on virtual participation in proceedings during the pandemic. He has just publicly made me aware that he intends to press his amendment and will not withdraw it. That means that the motion is effectively contested. As it is a contested motion, I will not be able to put the main Question, so the simple answer to the hon. Gentleman's point is that he is correct in his analysis of the situation. In case other people are confused, I will make this point again when we come to motion No. 4.

**Karen Bradley (Staffordshire Moorlands) (Con):** On a point of order, Madam Deputy Speaker. I just want to be clear, for the avoidance of doubt, that although I tabled an amendment to the same motion that was also selected, I have withdrawn that amendment and will not be pressing it.

**Madam Deputy Speaker:** I am grateful to the right hon. Lady for informing the House of that matter. As Mr Speaker had selected three amendments, having one amendment that continues to be contested settles the matter.

**Valerie Vaz (Walsall South) (Lab):** On a point of order, Madam Deputy Speaker. The Opposition do not want to withdraw our amendment.

**Madam Deputy Speaker:** I am grateful to the right hon. Lady. Arithmetic is my strong point: I had three amendments. One has been withdrawn. That means that I have two amendments left. It does not change the constitutional position.

**Mr Peter Bone (Wellingborough) (Con):** On a point of order, Madam Deputy Speaker. I was here at 7 o'clock and it did not appear that the Government moved the business of the House motion that was due to be moved at 7 o'clock. It is probably a technical matter, but it now seems to me that if there were to be a Division on the current Bill, it would be a deferred Division. Is that correct?

**Madam Deputy Speaker:** No, it is not correct. There was no need for the 7 o'clock motion to be moved, because of the terms of the business of the House motion relating to today.

**Kevin Brennan (Cardiff West) (Lab):** On a point of order, Madam Deputy Speaker. Yesterday, I intervened on the Leader of the House to ask about the possibility of introducing proxy voting to enable people to vote remotely during the current way in which Parliament has been organised, and the Leader of the House said that that matter had been referred to the Procedure Committee, chaired by the right hon. Member for Staffordshire Moorlands (Karen Bradley), who is in her place. Today at Prime Minister's Question Time, the Prime Minister said that the Government were proposing to introduce proxy voting. Have you had any notification from the Government that they intend to table a motion tomorrow introducing proxy voting for Members other than those who are on maternity leave, and to provide time for that matter to be debated and voted on?

**Madam Deputy Speaker:** Now, I thought that we were doing very well, because all the other points of order that I have just taken were real points of order, and it is such a pleasure to have real points of order. I appreciate that the hon. Gentleman raises an interesting point, but it is not a point of order for the Chair. I have a feeling that the hon. Gentleman will be able to ask those questions tomorrow.

Before we move on to the next item of business, which is the Committee stage of the Bill, in order to allow the safe exit of Members participating in this item of business and the safe arrival of those participating in the next item of business, I am now suspending the House for five minutes. I would be grateful if hon. Members would leave the Chamber.

7.14 pm

*Sitting suspended.*

7.27 pm

*On resuming—*

**Valerie Vaz:** On a point of order, Madam Deputy Speaker. May I clarify my earlier point of order on motion 4? I understand that there have been further discussions with the Government and the Opposition. I rise to withdraw our amendment, because I understand that a new motion will be put down tomorrow on proxy voting.

**Madam Deputy Speaker (Dame Eleanor Laing):** I am grateful for the right hon. Lady's point of order and for her clarification. I will do my arithmetic again. Having started with three amendments, I now have two withdrawn, so there is one amendment left. I am grateful to the right hon. Lady.

## Corporate Insolvency and Governance Bill

*Considered in Committee (Order, this day)*

[DAME ELEANOR LAING *in the Chair*]

**The Chairman of Ways and Means (Dame Eleanor Laing):** Before I ask the Clerk to read the title of the Bill, I should explain that, in these exceptional circumstances, although the Chair of the Committee would normally sit in the Clerk's chair during Committee stage, in order to comply with social distancing requirements I will remain in the Speaker's Chair, although I will be carrying out the role not of Deputy Speaker but of Chairman of the Committee.

### Clause 1

#### MORATORIUMS IN GREAT BRITAIN

7.30 pm

**Lucy Powell (Manchester Central) (Lab/Co-op):** I beg to move, amendment 1, page 3, line 24, after "debts," insert—

"(da) a statement on behalf of any trade union made on behalf of employees affected by the proposed rescue of the company as a going concern,"

*This amendment would include trade union views among the relevant documents which must accompany an application by the directors of the company to the court for a moratorium.*

**The Chairman of Ways and Means (Dame Eleanor Laing):** With this it will be convenient to consider:

Amendment 2, page 4, line 38, at end insert—

"(2A) For small businesses, in this Chapter, the initial period, in relation to a moratorium, means the period of 30 business days beginning with the business day after the day on which the moratorium comes into force."

*This amendment would extend the moratorium for small business from 20 days to 30 days for businesses facing insolvency.*

Clause stand part.

Clauses 2 to 9 stand part.

Amendment 3, in clause 10, page 63, line 21, leave out "June" and insert "September"

*This amendment would extend to 30 September 2020 the period since 1 March 2020 during which a court in Great Britain is to assume that a person is not responsible for any worsening of the financial position of the company or its creditors that has occurred, following the onset of the coronavirus pandemic.*

Clause 10 stand part.

Amendment 4, in clause 11, page 64, line 46, leave out "June" and insert "September"

*This amendment would extend to 30 September 2020 the period since 1 March 2020 during which a court in Northern Ireland is to assume that a person is not responsible for any worsening of the financial position of the company or its creditors that has occurred, following the onset of the coronavirus pandemic.*

Clauses 11 to 12 stand part.

Amendment 5, in clause 13, page 69, line 12, leave out "June" and insert "September"

*This amendment would extend to 30 September 2020 the period since 1 March 2020 during which section 233B of the Insolvency Act 1986 (to be inserted by clause 12 of this Bill) does not apply in Great Britain in relation to a contract for the supply of goods or services to a company where the company becomes subject to a relevant insolvency procedure, and the supplier is a small entity at the time the company becomes subject to the procedure.*

Clauses 13 to 16 stand part.

Amendment 6, in clause 17, page 76, line 1, leave out "June" and insert "September"

*This amendment would extend to 30 September 2020 the period since 1 March 2020 during which Article 197B of the Insolvency (Northern Ireland) Order 1989 (to be inserted by clause 16 of this Bill) does not apply in Northern Ireland in relation to a contract for the supply of goods or services to a company where the company becomes subject to a relevant insolvency procedure, and the supplier is a small entity at the time the company becomes subject to the procedure.*

Clauses 17 to 22 stand part.

Amendment 13, in clause 23, page 79, line 20, leave out “section 18” and insert

“sections (*Moratoriums in Great Britain: time-limited effect and renewal*), (*Moratoriums in Northern Ireland: time-limited effect and renewal*), (*Arrangements and reconstructions for companies in financial difficulty: time-limited effect and renewal*), (*Protection of supplies of goods and services: time-limited effect and renewal*) and 18”

*This amendment allows the Secretary of State to make consequential, incidental or supplementary or transitional provision or savings (including modifying the effect of this Act or any other enactment, making different provision for different purposes and binding the Crown) in connection with NC6, NC7, NC8 and NC9.*

Clauses 23 to 47 stand part.

New clause 1—*Ring-fence for unsecured creditors*—

“(1) Section 176A of the Insolvency Act 1986 is amended as follows.

(2) After subsection (2), insert—

“(2A) The prescribed part of the company’s net property available for the satisfaction of unsecured debts shall not be less than 30 per cent.”

*This new clause inserts into section 176A of the Insolvency Act 1986 a requirement that at least 30 per-cent of the proceeds from the sale of assets of businesses (after the deduction of the amounts owed to preferential creditors and the fees/expenses of the insolvency practitioners) in administration and liquidation shall be ring-fenced for payment to unsecured creditors.*

New clause 3—*Corporate governance: reforms*—

“(1) Before 31 December 2020, the Secretary of State must—

(a) carry out a review of corporate governance;

(b) set out the conclusions of the review in a report;

(c) publish the report; and

(d) arrange for copies of the report to be laid before both Houses of Parliament.

(2) The report under subsection (1) must in particular set out the Government’s proposals for—

(a) ensuring greater accountability of directors in group companies which sell failing subsidiaries;

(b) legislating to enhance powers for insolvency practitioners in relation to value extraction schemes (removal of value from a firm at the expense of its creditors when in financial distress);

(c) further raising standards by ensuring that directors of a company publish regular explanations to their shareholders as to what extent the company can afford to pay dividends alongside its financial commitments such as capital investments, workers’ rewards and pension schemes.”

*This new clause paves the way for the introduction of measures proposed in the 2018 consultation on Insolvency and Corporate Governance.*

New clause 4—*Preference for pension scheme deficits in case of insolvency*—

“(1) The Secretary of State, after consulting the Pensions Regulator, may make regulations amending this Act to ensure that contributions owed to pension schemes by a company are treated in the categories of preferential debts under the Insolvency Act 1986 as a priority secured creditor.

(2) Regulations under this section may not be made unless a draft of the statutory instrument containing them has been laid before, and approved by a resolution of, each House of Parliament.”

*The intention of this new clause is to make pension scheme deficits a ‘priority creditor’ in the event of insolvency and therefore due to be paid before unsecured creditors.*

New clause 5—*Trade union representation in restructuring process*—

“(1) Before 31 December 2020, the Secretary of State must—

(a) carry out a review of the role of trade unions in company restructuring arrangements;

(b) set out the conclusions of the review in a report;

(c) publish the report; and

(d) arrange for copies of the report to be laid before both Houses of Parliament.

(2) The report under subsection (1) must in particular set out the Government’s proposals for ensuring that trade unions representing employees affected by any proposed restructuring are—

(a) provided with all the information made available to the court,

(b) fully consulted by the directors of a company before any application for restructuring is made, and

(c) given the opportunity to contribute to decisions made by the court affecting their members.”

*The intention of this new clause is to require mandatory discussion with trade union representatives once a company has entered the restructuring process.*

New clause 6—*Moratoriums in Great Britain: time-limited effect and renewal*—

“(1) Part A1 of the Insolvency Act 1986 (inserted by section 1 of this Act) ceases to have effect on 30 September 2020, subject to the condition in subsection (2).

(2) The condition in this subsection is that the Secretary of State has made regulations by statutory instrument providing that Part A1 of the Insolvency Act 1986 should continue to have effect for a specified further period of no more than one year.

(3) Regulations under this section may not be made unless a draft of the statutory instrument containing them has been laid before, and approved by a resolution of, each House of Parliament.

(4) The Secretary of State must keep under review the operation of Part 1A of the Insolvency Act 1986 during the period for which it has effect.

(5) The Secretary of State must arrange for a report of a review under subsection (4) to be laid before both Houses of Parliament no later than 15 September 2020.”

*This new clause would terminate the free-standing moratorium provision for Great Britain on 30 September 2020, subject to temporary renewal for up to one year.*

New clause 7—*Moratoriums in Northern Ireland: time-limited effect and renewal*—

“(1) Part 1A of the Insolvency (Northern Ireland) Order 1989 (S.I. 1989/2405 (N.I. 19)) (inserted by section 4 of this Act) ceases to have effect on 30 September 2020, subject to the condition in subsection (2).

(2) The condition in this subsection is that the Secretary of State has made regulations by statutory instrument providing that Part 1A of the Insolvency (Northern Ireland) Order 1989 should continue to have effect for a specified further period of no more than one year.

(3) Regulations under this section may not be made unless a draft of the statutory instrument containing them has been laid before, and approved by a resolution of, each House of Parliament.

(4) The Secretary of State must keep under review the operation of Part 1A of the Insolvency (Northern Ireland) Order 1989 during the period for which it has effect.

(5) The Secretary of State must arrange for a report of a review under subsection (4) to be laid before both Houses of Parliament and the Northern Ireland Assembly no later than 15 September 2020.”

*This new clause would terminate the free-standing moratorium provision in Northern Ireland on 30 September 2020, subject to temporary renewal for up to one year.*

**New clause 8—Arrangements and reconstructions for companies in financial difficulty: time-limited effect and renewal—**

“(1) Part 26A of the Companies Act 2006 (inserted by section 7 of this Act and Schedule 9 to this Act) ceases to have effect on 30 September 2020, subject to the condition in subsection (2).

(2) The condition in this subsection is that the Secretary of State has made regulations by statutory instrument providing that Part 26A of the Companies Act 2006 should continue to have effect for a specified further period of no more than one year.

(3) Regulations under this section may not be made unless a draft of the statutory instrument containing them has been laid before, and approved by a resolution of, each House of Parliament.

(4) The Secretary of State must keep under review the operation of Part 26A of the Companies Act 2006 during the period for which it has effect.

(5) The Secretary of State must arrange for a report of a review under subsection (4) to be laid before both Houses of Parliament no later than 15 September 2020.”

*This new clause would terminate the new restructuring plan provisions on 30 September 2020, subject to temporary renewal for up to one year.*

**New clause 9—Protection of supplies of goods and services: time-limited effect and renewal—**

“(1) Sections 233B and 233C of the Insolvency Act 1986 (inserted by section 12 of this Act) cease to have effect on 30 September 2020, subject to the condition in subsection (2).

(2) The condition in this subsection is that the Secretary of State has made regulations by statutory instrument providing that sections 233B and 233C of the Insolvency Act 1986 should continue to have effect for a specified further period of no more than one year.

(3) Regulations under this section may not be made unless a draft of the statutory instrument containing them has been laid before, and approved by a resolution of, each House of Parliament.

(4) The Secretary of State must keep under review the operation of sections 233B and 233C of the Insolvency Act 1986 during the period for which they have effect.

(5) The Secretary of State must arrange for a report of a review under subsection (4) to be laid before both Houses of Parliament no later than 15 September 2020.”

*This new clause would terminate the widening of Ipso facto (termination) clauses in supply contracts on 30 September 2020, subject to temporary renewal for up to one year.*

That schedule 1 be the First schedule to the Bill.

That schedule 2 be the Second schedule to the Bill.

That schedule 3 be the Third schedule to the Bill.

Amendment 7, in schedule 4, page 122, line 38, leave out “June” and insert “September”

*This amendment would extend to 30 September 2020 the period after this Act comes into force during which the Secretary of State may by regulations made by statutory instrument provide for any temporary modifications to primary legislation in relation to moratoriums in Great Britain made by Part 2 of Schedule 4 to cease to have effect.*

Government amendment 15.

That schedule 4 be the Fourth schedule to the Bill.

That schedule 5 be the Fifth schedule to the Bill.

That schedule 6 be the Sixth schedule to the Bill.

Government amendment 16.

That schedule 7 be the Seventh schedule to the Bill.

Amendment 8, in schedule 8, page 165, line 28, leave out “June” and insert “September”

*This amendment would extend to 30 September 2020 the period after this Act comes into force during which the Department for the Economy in Northern Ireland may by regulations provide for any temporary modifications to primary legislation, or temporary Rules under Article 359 of the Insolvency (Northern Ireland) Order 1989, in relation to moratoriums in Northern Ireland in made by provision made by Part 2 of Schedule 8 to cease to have effect before the end of the relevant period.*

Government amendment 17.

That schedule 8 be the Eighth schedule to the Bill.

Government amendments 18 to 25.

That schedule 9 be the Ninth schedule to the Bill.

Amendment 9, in schedule 10, page 203, line 15, leave out “June” and insert “September”

*This amendment would extend to 30 September 2020 the period in relation to which petitions for the winding up of a registered company may not be presented on or after 27 April 2020 on the statutory grounds specified in section 123(1)(a) or section 124 of the Insolvency Act 1986 (that a written demand has not been paid within 3 weeks) where the demand was served during that period.*

Amendment 10, page 209, line 36, leave out “June” and insert “September”

*This amendment would extend to 30 September 2020 the period in relation to which petitions for the winding up of a registered company may not be presented on the grounds specified in Part 2 of Schedule 10 to this Bill (except where coronavirus had not had an effect on the company).*

That schedule 10 be the Tenth schedule to the Bill.

Amendment 11, in schedule 11, page 211, line 2, leave out “June” and insert “September”

*This amendment would extend to 30 September 2020 the period in relation to which petitions for the winding up of a registered company may not be presented on or after 27 April 2020 on the grounds specified in sub-paragraph (a) of Article 103(1)(a) or Article 104 of the Insolvency (Northern Ireland) Order 1989 Order (that a written demand has not been paid within 3 weeks) where the demand was served during that period.*

Amendment 12, page 216, line 25, leave out “June” and insert “September”

*This amendment would extend to 30 September 2020 the period in relation to which petitions for the winding up of a registered company in Northern Ireland may not be presented on the grounds specified in Part 2 of Schedule 11 to this Bill (except where coronavirus had not had an effect on the company).*

That schedule 11 be the Eleventh schedule to the Bill.

That schedule 12 be the Twelfth schedule to the Bill.

That schedule 13 be the Thirteenth schedule to the Bill.

That schedule 14 be the Fourteenth schedule to the Bill.

Amendment 14, Title, line 3, after “make” insert “temporary”

*This consequential amendment clarifies the temporary nature of the Bill’s provisions.*

**Lucy Powell:** As my right hon. Friend the Member for Doncaster North (Edward Miliband) and I have said, we support the principle of the Bill and urge the Government to do more to support businesses, so that they can remain solvent and do not need to use these provisions. I hope the Minister will take the amendments in the constructive way they are meant. I will speak to each of them in turn and set out why we are seeking reassurances or think that the Government should consider changes to the Bill as it progresses. This has been a very truncated process, so we are relying on Ministers’ good will to take on board not just the comments I am about to make but those made on Second Reading, some of which were excellent suggestions.

I will take the self-explanatory amendments first. Amendments 3 to 12 inclusive would extend the time limits of the covid-19-specific provisions in the Bill. We welcome the retrospective nature of the provisions, but as we have discussed with the Minister, we suggest that the Government amend the Bill to extend the time limits for a number of the provisions, as they are insufficient given the prolonged nature of the crisis. Specifically, the suspension of the wrongful trading liability and statutory demands and winding-up petition measures should be extended to the same date as when the AGM and company account filing measures are valid, which is until 30 September.

Clearly, there was a sense from Government when the Bill was being drafted that on 30 June, most things would be back to business as usual. It is now clear that many sectors will not even be partially open for business again by that deadline—I am thinking particularly of hospitality, travel, tourism and the arts and their associated supply chains. They will not even have begun trading by the end of this month, let alone be getting back to any kind of solvency.

**Jim Shannon** (Strangford) (DUP): I agree wholeheartedly with what the hon. Lady is saying. In Northern Ireland the start date for the hospitality sector, including hotels, is 20 July, so nothing will even be in place until that time. I am a wee bit disappointed that the Minister has not acknowledged that we should have a six-month extension, maybe even to the end of the year.

**Lucy Powell:** The hon. Member makes a good point. Businesses that are struggling to keep their heads above water need certainty, and they need to know that the lifeline measures in the Bill will not be pulled from under their feet before they even reach needing them.

The point of the suspension of the wrongful trading provisions is that lots of businesses are effectively trading technically insolvent already through no fault of their own. Just as we have seen Ministers rightly extend the furlough scheme, support for the self-employed and other measures, they should get ahead of this now. Rather than having to spend time on a statutory instrument in only two or three weeks' time, Ministers could and should take the opportunity to get this done today by agreeing to our amendment.

Amendment 2 would extend the moratorium for small businesses from 20 days to 30 days for businesses facing insolvency. The Federation of Small Businesses has called on Government to extend the moratorium period for small businesses because it does not believe that the 20-day period in the Bill is sufficient. We support that call and ask Ministers to agree to that change.

New clause 2 has not been selected, and we will have a proper look at this in the other place, but we think that the powers of the Small Business Commissioner should be strengthened, as we discussed on Second Reading.

We have long argued for some of the permanent measures in the Bill, particularly in the wake of the Carillion collapse. However, we have some concerns about what has been left out, as I said on Second Reading. There could be unintended consequences in the restructuring proposals that are being put in place that could disadvantage small businesses, employees or other unsecured creditors, such as pension funds. The Minister and I have discussed the issue in private, and it was also raised by a number of Government Members earlier. Given the crisis and

the numbers of businesses already struggling, we appreciate the haste in bringing forward the changes, but we are concerned that Members and outside bodies have not had a lot of time to scrutinise the Bill and its implications, so we think the Government could consider having a period for reflection and review.

We have included as amendments a number of omissions from the 2018 consultation. The collapse of Carillion and the consequences for workers, supply-chain businesses and the public were a national scandal and an abject failure of British corporate governance policies. There have been huge repercussions for taxpayers, with unfulfilled contracts, unfinished buildings and thousands of apprentices laid off—the taxpayer had to foot the bill for those failures of corporate governance. There is, rightfully, public anger at the failure to hold people to account for such things. As ever, it seems that in such instances the profits are taken by the private sector, but the public sector foots the bill when the risks have been taken by directors over whom they have no control. Given the economic crisis that we face and the likely recession, it is clear that in the next few months and years we will see more big corporate collapses and failures, so it really is remiss of the Government not to strengthen the corporate governance measures, as they said they would do in 2018. I wish to make it clear, especially because Members raised this earlier, that the measures in our amendment are lifted entirely from the Government's own recommendations.

Alongside key omissions from the Bill, we have heard from academics, trade unions and other organisations about some of the sweeping powers in the legislation and the fact that there could be considerable scope for the misuse of some measures to disadvantage particular groups. The next set of amendments would seek to safeguard funds for unsecured creditors, protect pension schemes, and protect employees by giving trade unions a voice in any restructuring plans. I urge the Minister to have conversations with the trade unions and to look to add our provision—or a provision like it, as Members from both sides were calling for earlier—to the Bill as it progresses to the other place.

We have concerns about how the restructuring plan will hit employees: many more could be pushed to or around the national minimum wage and lose their rights and their wages, as we are currently seeing with what British Airways is doing. Pension scheme deficits will be left unaddressed and more workers could end up losing out from their pension schemes. If this was not an emergency Bill, we would have had a lot more time to probe Ministers on these issues in a full Committee and to discuss what could be done to strengthen the protections in the Bill.

New clause 1 would insert into section 176A of the Insolvency Act 1986 a requirement that at least 30% of the proceeds from the sale of assets of businesses in administration or liquidation should be ring-fenced for payments to unsecured creditors, who often end up losing out to larger creditors, such as banks. The new clause explores a way for unsecured creditors to be guaranteed some assets so that they do not miss out. The legislation assumes that all creditors are identical and take a hit, but we know that that is not borne out in reality. There is a case for protecting the debts of SMEs and other unsecured creditors up to a specified amount, and that should not be reduced. What assurances can the Minister give that unsecured creditors will not lose

[Lucy Powell]

out as a result of the Bill—although I know that that is what it is designed to try to achieve—and what mitigation is in place to protect unsecured creditors, who are often in the SME sector?

The intention of new clause 4 is to make pension scheme deficits a priority creditor in the event of insolvency and therefore due to be paid before unsecured creditors. The new clause would require the Government to make pension scheme deficits a priority, meaning that they would be the first in the queue in the event of insolvency and paid before other creditors. That could make employees' votes count and offer them some protection. It is worth remembering that pension schemes are unsecured creditors in normal circumstances. If the deficit is not addressed by companies, employees face an erosion of their pension rights and their pension value goes down. Our amendment would help them to become a separate class in their own right and not to be subsumed into the amorphous mass of unsecured creditors. Members would be able to vote on any restructuring plan. That way, there would be a clear message to past and present employees. Given the nature of this debate and the number of colleagues from both sides of the House who have raised this issue, I hope that Ministers will look at the matter.

The intention of new clause 5 is to require mandatory discussion with trade union representatives once a company has entered the restructuring process. I understand that US evidence shows that restructuring plans often hit employees hardest, and many of the provisions in the Bill are based on US-European models. Wages can be reduced and employment terms changed. Many employees end up on zero-hours contracts or, as we have seen recently with BA, are sacked and then offered worse terms and conditions when they are re-employed. Pension rights are also reduced, and that could happen in the UK. I am sure that Ministers do not wish that to be an unintended consequence of the legislation, so we hope that the Minister will look at our idea, or a similar idea, and see if it can be introduced in the other place. I hope he can provide reassurance on that, not least because my boss, the shadow Secretary of State, is particularly agitated—and rightly so—about this issue.

I hope that the Minister will consider the amendments in the constructive way in which they are tabled. A number of Government amendments have been tabled, and they seem reasonable. We have not had a lot of time to study them, but I am grateful to the Minister for arranging a briefing with his officials. I look forward to his providing us with a bit more detail and assurance as the Bill proceeds.

**The Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy (Paul Scully):** This Bill has been produced with ministerial colleagues, the Bill team, which has worked through weekends, representatives of businesses, consumers, workers, shareholders, investors, insolvency experts and, indeed, after really constructive conversations with Opposition Members from all parts of the House. For all those people, I want to put on the record thanks for the constructive way in which the measure has been introduced.

We have had a good debate and there are a number of issues that we need to explore. I am more than happy to cover as much ground as I can. An amendment on

prompt payment was cited on Second Reading, but it was not selected. However, as the Secretary of State has said, we made a manifesto commitment to consult on extending a range of powers to the small business commissioner and to clamp down on late payment. We still plan to consult on doing so to allow the small business commissioner to advocate for and support small businesses. We are keen to capture as many views as possible to ensure that the policy response is the right one. In the light of businesses furloughing staff and of other priorities, we do not believe that consulting now is the right thing to do, but the Government remain committed to the prompt payment code.

Amendment 1 seeks to add a statement from a trade union on behalf of employees to the document that must be filed at court at the commencement of the moratorium. It is important to note that a successful rescue would be of direct benefit to employees, as it would result in jobs being saved. Requiring a statement from the trade union on their behalf alongside statements from the insolvency practitioner and directors would add little to the process. In fact, it might risk publicising the company's financial problems before the protection from creditor action that a moratorium would bring, making rescue less likely.

Employees benefit from considerable protection in the moratorium, which will not be a bomb shelter for bad employers. As I have set out previously, wages and any redundancy payments relating to a period before as well as during the moratorium should be paid by the company. If it does not pay such amounts the monitor must bring the moratorium to an end. While legal process cannot be begun or continued against the company while it is in a moratorium without the leave of the court, an exception is made for employment tribunal claims and other proceedings between an employer and the worker. For those reasons I have set out, I am unable to accept this amendment and I hope it will not be pressed, but I do value the regular meetings I have with TUC members, a number of whom I will be speaking to tomorrow as part of my regular engagement. I value their input at every stage on employment rights and other issues that fall within my brief.

7.45 pm

Amendment 2 seeks to amend the initial period. As drafted, the Bill already provides a moratorium that initially lasts for 20 business days. A company might not have finalised its plans for a rescue within that time but it may still be rescuable at that point, so if towards the end of those initial 20 business days a moratorium is still required, and the company has paid certain ongoing debts that have fallen due in the moratorium period, the directors of that company can file a notice at court to extend the moratorium for a further 20 business days, taking the possible time for a moratorium to 40 business days in total. Those 40 business days should be sufficient for most companies, including small businesses, to have prepared their plans for rescue or for it to become apparent that a rescue is not likely, at which point the moratorium should, in any case, come to an end.

We do, however recognise that 40 business days may not be enough, and for that reason it is also possible for extensions beyond those 40 days to be granted, but such an extension can be granted only with either the permission of the court or with the agreement of a majority,

in value, of pre-moratorium creditors, because it would mean a lot of forbearance for any suppliers whose debts have remained unpaid since before the moratorium commenced. I understand Members' concern that the moratorium period of 20 business days may not long enough for directors to put in place a plan to deal with the affairs of the company that will also benefit its creditors and employees, but the Government consider that initial period of 20 business days, with the ability to extend to 40 days, and even further with creditor or court permission, strikes the right balance in respect of allowing the company reasonable time to explore rescue options and temporarily suspending creditors' rights to take enforcement action against the company. In that regard, there is no special case for treating small businesses differently from other businesses, so, again, I ask Members not to press their amendment.

Amendment 3 to 12 seek to extend the period during which the range of temporary measures contained in this Bill will continue to operate. The amendments have been grouped, as they would each operate to extend one of those temporary measures within the Bill. We have heard about the suspension of directors' liability for wrongful trading, with a small trader carve-out from the scope of the termination clause provisions and temporary modifications to the moratorium process, together with temporary rules for implementing the moratorium and protection for companies from winding-up petitions and statutory demands. At present, these temporary measures will all end a month after Royal Assent, but these amendments seek to extend that date until 30 September. These measures are all necessary to ensure that otherwise viable companies are given the space to recover. I understand and sympathise with the desire of Members to ensure that these measures continue for as long as they are needed, but I can reassure them that the Bill already contains provision enabling these temporary measures to be extended by statutory instrument, wherever possible; that is contained in clause 39 for Great Britain and clause 40 for Northern Ireland. The Government have every intention of making use of clause 39 if the protections are needed before their present expiry date. It is not yet clear that that will be the case or, if it is, what additional period they will be needed for. Matters have continued to progress rapidly and it is not possible to be certain that what is appropriate now will still be desirable up until the end of September.

**Kevin Hollinrake:** Matters are progressing quickly and it is important to bring forward these measures now, but they do not directly tackle the issues relating to conflict of interest. The Department's proposal to look for a single regulator could well do that. Will the Minister be prepared to meet me to discuss those measures to see when they might be brought forward in future legislation?

**Paul Scully:** I welcome my hon. Friend's intervention. He has spoken at length on this and he has been a champion for that change, and I would be happy to meet him to discuss that further.

Amendments 18, 19, 21, 22, 23 and 25 deal with the Cape Town convention, which is an international treaty that seeks to lower the cost of finance for various high-value, mobile assets, including, importantly, aircraft. I know the sector has been particularly impacted by the

unique situation posed by the coronavirus pandemic. The insolvency provisions in the Cape Town convention and the aircraft protocol, which we ratified in 2015, are some of the key provisions that give rise to low financing costs in the airline industry. They provide aircraft creditors with greater certainty that they will be able to take steps to enforce their security if an airline debtor defaults on payments or enters into insolvency. The effect of the provisions in the Bill that the Government are amending would have been to enhance the existing protections afforded to Cape Town creditors by extending those protections beyond what the convention and the aircraft protocol require. That was done to create even greater certainty for creditors and further reduce lending costs within the industry. However, in doing so, the new provisions would also have constrained the ability of a financially distressed airline to restructure without creditor consent, either using existing tools under the Companies Act 2006 or the new restructuring plan procedure that is being introduced by the Bill.

Since the publication of the Bill, we have listened closely to the views of many, including interested stakeholders in the airline sector and the restructuring profession. Both have expressed that these provisions could create a significant hurdle to successfully restructuring a struggling airline. The Government are absolutely aware of the very significant impact that this emergency is having on the airline sector. I am also clear that the overriding aim of the Bill is to make it as easy as possible for affected companies to get the breathing space that they need to weather the impact of covid-19, which clearly applies to the airline sector. Given the extraordinary challenge of the circumstances faced by the sector, the Government have decided to remove the relevant provisions from the Bill, which will retain the ability for an airline to use a scheme of arrangement and a restructuring plan to affect Cape Town creditors' registered interests without the consent of every individual creditor, provided that the other safeguards of those procedures are satisfied. It is complex and we know that we need to work with the airlines on this and give struggling airlines the ability to successfully restructure.

I turn to amendment 15, which deals with the temporary changes to the moratorium that we are introducing in the Bill specifically for England, Wales and Scotland. I will shortly speak to a corresponding amendment for Northern Ireland. Members of this esteemed House will be aware that one of the things that the Bill is for is to create the moratorium, which is vital to give troubled companies the breathing space, but they face significant risks when seeking to restructure, and creditors can derail rescue plans and cause otherwise viable companies to fail unnecessarily. This adversely affects the interests of the company, its creditors and its employees, as well as the wider economy. Recognising the pressing need for companies to be able to access a moratorium in the face of the immediate impact of this emergency, in addition to the permanent measures, we have also introduced temporary measures to ensure that it is as easy as possible for businesses to access a moratorium in the short term. This is done in schedule 4 to the Bill.

While the schedule 4 temporary measures are in place, it is important that these can be applied consistently to each type of entity that can obtain a moratorium. If eligibility for the temporary measures changed depending on what sort of entity was seeking the moratorium, that

[Paul Scully]

would patently not be the case. As drafted, there are two entities for which schedule 4 would not otherwise apply: limited liability partnerships and co-operative and community benefit societies. This amendment would add a small fifth section to schedule 4, consisting of two paragraphs to make limited liability partnerships and co-operative and community benefit societies eligible for the temporary moratorium measures. That ensures that these entities can also be brought within the scope of the schedule and make best use of the breathing space that the measures offer. It ensures that both co-operative and community benefit societies and limited liability partnerships in England, Scotland and Wales will benefit from the temporary measures that we have set out in the schedule, as well as from the wider provisions on moratoriums. There is a corresponding amendment for Northern Ireland. These time-limited and temporary changes will make sure that we best address specific issues for companies during the covid-19 emergency and ensure that the relevant entities are all equally eligible for our temporary measures on moratoriums.

Amendment 17 is related and ensures that the temporary modifications that have been made to the moratorium process can be applied to limited liability partnerships and certain types of registered societies in Northern Ireland. It inserts two paragraphs to the temporary measures in Schedule 8, so it largely mirrors what we see in the previous amendment.

Amendments 20 and 24 are minor and technical amendments, intended merely to make a clarificatory point to ensure that it is crystal clear that at the point when a company proposes a restructuring plan coming out of a moratorium, the company should contact all creditors with an explanatory note of a proposed restructuring.

Similarly, amendment 16 deals with an erroneous repeal of the Northern Ireland provisions. The provision being repealed is still needed, so the amendment rectifies that and I therefore commend it to the House. I turn briefly to one amendment raised by the hon. Member for Manchester Central (Lucy Powell). It seeks to make any pension scheme deficits a priority creditor in the event of an insolvency. I have to say that I can understand where her intentions are coming from in this proposed amendment. I am sure that, in recent years, we can all remember one or two high-profile insolvency cases—we have heard of some today—which feature large deficits owing to the pension scheme, and we can appreciate the uncertainty that that brings.

However, as always, when insolvency occurs, there is a balance to be struck when considering the order in which those owed money are paid out of the available assets. There are seldom enough funds to pay all creditors in full in insolvency cases. To ensure fairness, the law requires that available funds be distributed in a certain order. Secured creditors are paid out first for the sale of any property to which their charges attach. Without that, securities, banks and others who funded business activity would be less likely to do so, or would charge more to cover the increased risks they bear. It is essential that the insolvency system helps to give investors, lenders and creditors confidence to take the commercial risks necessary to support economic growth. Unsecured creditors are paid once the secured creditors and preferential debts,

which include employees' remuneration, have been dealt with, and they share the funds that are left. For limited amounts of unpaid pension contributions, which are preferential, any deficit to a pension scheme ranks alongside all other unsecured creditors, which will inevitably include trade suppliers, some of which will be small and micro companies. Therefore, the level of debt owed to a pension company can be very large—we know that. To raise the priority of these creditors and pay them ahead of not only unsecured creditors, but also, as the new clause would seem to suggest, preferential creditors such as employees for unpaid wages and floating charge holders would really upset the balance that has existed for a long time.

New clause 5 seeks a future review of trade union involvement in company restructuring and to commit the Government to specific proposals in spite of what that review might show. It does not seek to amend or improve the debt finance restructuring provisions in the Bill being taken forward as those most needed at this moment in time. The permanent restructuring provisions introduced by the Bill have been the subject of a considerable period of consultation and engagement dating back to 2015. The process included the then Government's review of the corporate insolvency framework public consultation in 2016 and extensive public engagements since then, with a wide range of stakeholders. There were no strong or widely made calls at that time for trade unions to be given a formal role in the new processes proposed. The design of the new restructuring provisions already includes strong protections for employees. For example, a company in a moratorium will be required to continue paying wages and salaries during the moratorium. If they are not paid, the moratorium will have to come to an end.

In addition, the measures allow employment tribunal proceedings to continue during the moratorium, despite the fact that other types of legal processes are to be prevented during the moratorium. In cases where employees are creditors of the company that they are employed by, and so a party to a new restructuring plan in that capacity, they will benefit from the comprehensive set of general creditor protections built into the new measure.

On corporate governance reform more widely, the Government are implementing a number of reforms already enacted that strengthen the voice and interests of employees in company decision making, be they members of a trade union or not.

The Government also intend to put forward a further consultation on audit and corporate governance reform, taking into account the recommendations of three independent reviews of audit, the views of the Business, Energy and Industrial Strategy Committee and a recent industry development, so we do not believe that a separate review is necessary.

At this point, Madam Deputy Speaker, I am not able to accept any of the amendments, apart from the Government amendments that are in my name. I hope therefore that hon. Members will therefore withdraw their amendments.

**Imran Ahmad Khan (Wakefield) (Con):** On a point of order, Madam Deputy Speaker. It has come to my notice that certain Members of this House, including well-known Members such as the hon. Member for Brent North (Barry Gardiner), have flagrantly flouted the law and joined the protests outside, boasting that they have broken social distancing measures. I am not

going to talk about the legality of this, because that, I presume—I may be mistaken about this—is a matter for the police. What I am discussing here, and what I wish to bring as a point of order, is my concern for the community that makes up this parliamentary estate: the hardworking and dedicated staff, and, indeed, as a subsequent thought, even my fellow Members. I feel that we are going to be placed at risk when there has been such advertised and self-publicised breaking of the law. Vectors of the disease we are fighting, and which the Government are fighting, will be, if he returns to this House, allowed access to spread among the hardworking staff here. Are there measures to prevent such Members, who have flouted the law and are now possibly more likely to be contagious or infected by the disease, re-joining this House until they have undergone a period of self-isolation to ensure that we do not suffer a threat because of their aberrant behaviour?

8 pm

**The Chairman of Ways and Means (Dame Eleanor Laing):**

I thank the hon. Gentleman for his point of order. I can well understand his consternation. The behaviour of hon. Members when they are outside this building is, of course, not a matter for the Chair, but what is a matter for the Chair and for Mr Speaker is the safety of Members of this House, of people who work here, and of the many, many people who have continued to work here, through a sense of duty, during these last difficult weeks. It will be obvious to the Committee and to anyone watching our proceedings that Mr Speaker has gone to a great deal of effort to make sure that Members and staff working here are protected. Social distancing rules, as one can see by looking at the Benches and the way in which this entire building is now set out, have been very rigorously developed to make sure that everyone who works in this building, who is here to do their duty, is protected and will not put other people, including their constituents and their families, at any risk.

If any Member of this House is openly flouting the rules that we have asked every citizen of the United Kingdom to observe to keep the virus under control, and to protect the vulnerable and to protect the NHS, then that Member is putting not only himself or herself at risk, but everyone else at risk as well. I hope that the hon. Gentleman's observations will prove not to have been accurate. I am not suggesting that he would say that they were, but I cannot make any comment until I know the facts for certain. I hope that the facts are not as he has stated them, but if it transpires that the facts are as he has stated them, then it should be incumbent upon anyone coming into this building, if they know that they have put themselves at risk of contracting or passing on the virus, to act responsibly. I thank the hon. Gentleman for his point of order.

We will resume the Committee stage. I was hoping I would have some sort of indication that someone might wish to speak. I call Sarah Olney.

**Sarah Olney (Richmond Park) (LD):** Thank you, Dame Eleanor. I was not expecting to be next, but I willingly take my place. I state my intention not to press my amendments, but I would just like to say a few words on why I tabled them.

We are in an emergency situation. The response to coronavirus has been first and foremost a public health response, but the necessary measures taken to contain

the spread of this appalling virus, supported by all the hon. Members of my party, have now resulted in an economic crisis. While we look forward to a point where the public health emergency has passed at least sufficiently to allow some semblance of a normal life, the economic crisis is likely to have longer and more far-reaching effects. In my constituency, as in those of every parliamentary colleague I am sure, the most immediate impacts are being felt by our small businesses and the self-employed. If we are to plot the most effective path out of this crisis, it is to our small and growing businesses that we should allocate the most care and attention. Apart from the important role that they play in supporting our communities and providing jobs, the new businesses that will emerge from the current shutdown will be offering the innovative goods and services necessary for a new way of life that we may have to get used to. Our recovery—both physical and economic—depends on the next generation of entrepreneurs, and it should be the first priority of the Secretary of State to identify and support them.

The Liberal Democrats support the temporary measures in the Bill. They are sensible measures that should carry successful businesses through the current crisis until such time as they can thrive again on their own terms. We support them, however, only as temporary measures designed to respond to the specific challenges posed by the current crisis. We oppose the bundling into the legislation of permanent changes to our insolvency and corporate governance processes. Permanent changes should be subject to a greater level of scrutiny and debate. My amendment 14 sought to put all the proposed changes on a temporary footing, able to be renewed, but also allowing the proposed permanent measures to be reintroduced to the House at such time as we may be able to consider and debate them properly.

Introducing the proposals as temporary measures would also allow their effect to be properly analysed. Our particular concern is for the ipso facto clause, which can be triggered if an insolvency effectively ends a contract to supply. This will require key suppliers to continue to supply struggling companies, despite the risk that they may not get paid. This transfers the risk from the struggling company to the supplier, which, whether in an economic crisis or not, is unacceptable. In times when cash flow is limited, it is not sufficient protection for a supplier to get in the queue with other creditors in the event of one of its customers falling into administration. Suppliers should retain the right to choose to withdraw their services if they perceive that their resources will face a lower risk return elsewhere. To compel them to continue their supply would be unethical.

I am particularly concerned that such a change would have a disproportionate impact on smaller businesses, especially those that only have the capacity to service a handful of clients, and would be unduly disadvantaged by being required to supply goods and services without the certainty of being paid. I accept that there is a balance to be struck between the needs of customers and suppliers, and that during these difficult times supply chains are critical and need to be supported, but we need to take time to consider the long-term risks of introducing such a change to our insolvency procedures, and the introduction of emergency legislation is not that time.

[Sarah Olney]

The acid test of any new legislation at this time should be whether its provisions stimulate and support economic activity. There will be, regrettably, some businesses that will not survive the shutdown. For the sake of those who lose their jobs and livelihoods, it is imperative that capital and investment can be quickly diverted towards those endeavours that can thrive and provide new employment and economic activity. The increase in the scope of exclusions to the ipso facto clause will have precisely the reverse effect, injecting precious working capital into companies that cannot create economic value from it. Now more than ever is not the time to restrict our small business activity in such a way. I urge the Government to adopt the Liberal Democrat proposal that all the provisions of this Bill be time-limited and that we consider the permanent provisions more fully at a later date, when we would have greater insight into the impact of their introduction on our business environment.

**Lucy Powell:** We are happy to withdraw our amendment on the basis that the Minister undertakes to address the concerns of the trade unions leadership—concerns which they have raised with us about the loss of rights that may result from the Bill—in his meeting with them tomorrow. I beg to ask leave to withdraw the amendment.

*Amendment, by leave, withdrawn.*

*Clauses 1 to 47 agreed to.*

*Schedules 1 to 3 agreed to.*

#### Schedule 4

##### MORATORIUMS IN GREAT BRITAIN: TEMPORARY PROVISION

*Amendment made:* 15, page 144, line 14, at end insert—  
“PART 5

##### ENTITIES OTHER THAN COMPANIES

91 Regulations under section 14(1) of the Limited Liability Partnership Act 2000 may make provision applying or incorporating provision made by or under this Schedule, with such modifications as appear appropriate, in relation to a limited liability partnership registered in Great Britain.

92 An order or regulations under section 118(1)(a), (3B) or (3C) of the Cooperative and Community Benefit Societies Act 2014 may provide for provision made by or under this Schedule to apply (with or without modifications) in relation to registered societies (or to registered societies of the kind mentioned there).—(Paul Scully.)

*This amendment ensures that powers to apply Part A1 of the Insolvency Act 1986 to certain entities can also be used to apply Schedule 4 to the Bill.*

*Schedule 4, as amended, agreed to.*

*Schedules 5 and 6 agreed to.*

#### Schedule 7

##### MORATORIUMS IN NORTHERN IRELAND: FURTHER AMENDMENTS

*Amendment made:* 16, page 165, line 4, leave out “2 to 8” and insert

“2 to 5, 7 and 8”.—(Paul Scully.)

*This amendment removes the repeal of paragraph 6 of Schedule 1 to the Insolvency (NI) Order 2002, as the amendment made by that paragraph remains relevant for certain limited purposes.*

*Schedule 7, as amended, agreed to.*

#### Schedule 8

##### MORATORIUMS IN NORTHERN IRELAND: TEMPORARY PROVISION

*Amendment made:* 17, page 178, line 14, at end insert—  
“PART 5

##### ENTITIES OTHER THAN COMPANIES

55 Regulations under section 14(1) of the Limited Liability Partnership Act 2000 may make provision applying or incorporating provision made by or under this Schedule, with such modifications as appear appropriate, in relation to a limited liability partnership registered in Northern Ireland.

56 An order under Article 10(2) of the Insolvency (Northern Ireland) Order 2005 may provide for provision made by or under this Schedule to apply (with or without modification) in relation to—

- (a) a registered society within the meaning of the Co-operative and Community Benefit Societies Act (Northern Ireland) 1969, or
- (b) a credit union within the meaning of the Credit Unions (Northern Ireland) Order 1985.”—(Paul Scully.)

*This amendment ensures that powers to apply Part 1A of the Insolvency (Northern Ireland) Order 1989 to certain entities can also be used to apply Schedule 8 to the Bill.*

*Schedule 8, as amended, agreed to.*

#### Schedule 9

##### ARRANGEMENTS AND RECONSTRUCTIONS FOR COMPANIES IN FINANCIAL DIFFICULTY

*Amendments made:* 18, page 180, line 17, leave out “and 901I (special cases)” and insert “(moratorium debts, etc)”.

*This amendment is consequential on amendment 21.*

*Amendment 19, page 181, line 44, leave out from “etc)” to end of line 1 on page 182.*

*This amendment is consequential on amendment 21.*

*Amendment 20, page 183, line 34, after “as” insert “including”.*

*This amendment makes a minor drafting correction.*

*Amendment 21, page 184, leave out lines 7 to 30.*

*This amendment removes enhanced protection for creditors with interests in aircraft equipment, which will make it easier for airline companies to make use of the new restructuring process provided for by Part 26A of the Companies Act 2006.*

*Amendment 22, page 194, line 40, leave out “and 899B (special cases)” and insert “(moratorium debts, etc)”.*

*This amendment is consequential on amendment 25.*

*Amendment 23, page 194, line 44, leave out from “etc)” to end of line 45.*

*This amendment is consequential on amendment 25.*

*Amendment 24, page 195, line 24, after “as” insert “including”.*

*This amendment makes a minor drafting correction.*

*Amendment 25, page 195, leave out from end of line 42 to beginning of line 21 on page 196.—(Paul Scully.)*

*This amendment removes enhanced protection for creditors with interests in aircraft equipment, which will make it easier for airline companies to make use of the existing restructuring process provided for by Part 26 of the Companies Act 2006.*

*Schedule 9, as amended, agreed to.*

*Schedules 10 to 14 agreed to.*

*The Deputy Speaker resumed the Chair.*

*Bill, as amended, reported.*

*Bill, as amended in the Committee, considered.*

*Bill read the Third time and passed.*

## Business without Debate

### BUSINESS OF THE HOUSE (PRIVATE MEMBERS' BILLS)

*Motion made,*

That:

(1) the Resolution of the House of 16 January 2020 (Business of the House (Private Members' Bills)), as amended by the Orders of the House of 25 March, 22 April and 12 May 2020 (Business of the House (Private Members' Bills)), is further amended as follows:

(a) leave out "12 June 2020, 26 June 2020, 10 July 2020,"; and

(b) leave out "and 12 March 2021" and insert "12 March 2021, 19 March 2021, 16 April 2021 and 23 April 2021".

(2) the Orders for Second Reading of Bills on each of the days listed under Day 1 in the table below are read and discharged;

(3) each such Bill is ordered to be read a second time on the corresponding day listed under Day 2 in the table; and

(4) those Bills are set down to be read a second time on the appropriate Day 2 in the order in which they were set down to be read a second time on the corresponding Day 1.

Day 1	Day 2
12 June 2020	11 September 2020
26 June 2020	16 October 2020
10 July 2020	30 October 2020
11 September 2020	27 November 2020
16 October 2020	15 January 2021
30 October 2020	29 January 2021
27 November 2020	5 February 2021
15 January 2021	5 March 2021
29 January 2021	12 March 2021
5 February 2021	19 March 2021
5 March 2021	16 April 2021
12 March 2021	23 April 2021

—(*Maggie Throup.*)

**Hon. Members:** Object.

**Madam Deputy Speaker (Dame Eleanor Laing):** I have to explain to the House the position on motion 4, on virtual participation in proceedings during the pandemic (temporary orders), which is not necessarily straightforward. As mentioned to the House earlier during points of order, and as the House is therefore aware, Mr Speaker has selected amendment (c) in the name of Karen Bradley, amendment (d) in the name of Chris Bryant, and amendment (a) in the name of Valerie Vaz, and amendments (a) and (c) have subsequently been withdrawn.

The House has, however, been made aware during points of order that the hon. Member for Rhondda (Chris Bryant) wishes to move his amendment and, as I understand that this will be contested, I am not able to put the main Question. It transpires that the contested amendment in the name of the hon. Member for Rhondda constitutes an objection and I therefore declare that the objection is taken.

### PETITIONS

#### Extension of the Brexit transition period

8.14 pm

**David Linden** (Glasgow East) (SNP): I rise tonight to present a petition on behalf of my east end constituents, who rightly wish to see an extension of the Brexit transition period. It is clear as day that our time as

legislators is understandably being consumed by the coronavirus pandemic, but we risk the very grave danger of sleepwalking into the territory of no deal with Brussels, which I certainly cannot stand by and condone. Her Majesty's Government therefore must extend the Brexit transition period without delay and avoid the country being plunged into further chaos.

*Following is the full text of the petition:*

*[The petition of residents of Glasgow East constituency,*

*Declares that current Coronavirus pandemic should be the primary focus of Her Majesty's Government at this time; believes it is deeply unhelpful that the prospect of a No Deal cliff edge on 30th June remains on the negotiating table with Brussels and considers that local businesses could get through the inevitable Coronavirus recession without having extra uncertainty or new rules and red tape to get used to at the end of the year.*

*The petitioners therefore request that the House of Commons urges Her Majesty's Government to seek an immediate extension to the Brexit transition period without delay.*

*And the petitioners remain, etc.]*

[P002567]

#### Future of the aviation and aerospace industry

**Gavin Newlands** (Paisley and Renfrewshire North) (SNP): I am proud of the fact that I represent a constituency with the UK's best airport and, until recent events, a thriving aerospace sector, but those recent events have been catastrophic for the sector. It needs further Government help and it needs it now.

Of course, certain companies' actions do not help. Willie Walsh's actions in making almost the entire workforce redundant and rehiring just over two thirds on massively reduced terms and conditions, including pay cuts of up to 60%, is immoral, obscene and thoroughly dishonest. It should be illegal.

It was confirmed today that Rolls-Royce intends to make 700 people in Inchinnan—more than half of the highly skilled workforce—redundant. I have spoken to and corresponded with many devastated and angry workers, but even at this late stage, I urge this Government to intercede and discuss what options are open to support Rolls-Royce jobs. I urge the company to engage meaningfully with the Scottish Government, who are keen to get around the table. I plead with the Department for Transport, the Department for Business, Energy and Industrial Strategy and the Treasury to get their collective finger out and support the sector.

*Following is the full text of the petition:*

*[The petition of the residents of the constituency of Paisley and Renfrewshire North,*

*Declares that job losses at British Airways, Rolls-Royce and across the aviation and aerospace industry will be a devastating blow to employees of these firms and will cause major economic damage to the whole of the UK; further that this will particularly affect constituencies like Paisley and Renfrewshire North, which have large aviation sectors; supports the early intervention by the Scottish Government in removing the business rates liability for one year and urges the UK Government to follow suit; and welcomes the 1,167 signatories to the related petition from Gavin Newlands on the aviation industry.*

[Gavin Newlands]

*The petitioners therefore request that the House of Commons urges the Government to secure a sustainable future for the aviation industry, to ensure that urgent discussions take place between relevant ministers and these firms to protect the maximum number of jobs, and to ensure that workers play a full role in the decisions being taken about this industry.*

*And the petitioners remain, etc.]*

[P002568]

## Flood Defences: Tenbury Wells

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

8.18 pm

**Harriett Baldwin** (West Worcestershire) (Con): Thank you very much, Madam Deputy Speaker, and thank you for allowing this twice-postponed debate to be held on flood defences for Tenbury Wells. We have just gone through the driest May on record and the pandemic is taking so much of the country's bandwidth, so it is hard to believe that less than four months ago, we suffered some of the worst flooding in recent years in the Severn valley and elsewhere. We were very badly affected by Storm Ciara and Storm Dennis, and many people, homes and businesses were and indeed still are affected.

In West Worcestershire, we have the confluence of the River Severn, the River Teme and the River Avon, so we are used to regular winter flooding. After particularly bad floods in the summer of 2007, I started campaigns to build more flood defences in our area. Since 2010, we have had seven new flood defence schemes built with the help of the excellent team at the Environment Agency. Those schemes are in Uckinghall, Pershore, Powick and Kempsey, with two schemes in Upton-upon-Severn. The seventh, a community-based scheme, is in Callow End. Throughout the regular winter floods that have continued to affect the area, these flood defences have proved their worth time and again, and protected many homes on many occasions. The Upton-upon-Severn permanent flood defences alone have been called into service over 30 times and have allowed the town's shops and pubs to remain open for residents at almost all normal times. The cumulative amount spent on these schemes has been over £9 million. They have largely been funded by the local flood levy budgets, with the flood wall in Upton-upon-Severn calling on about £4 million of the billions in capital spend on flood defences in this country in the last decade.

I am pleased that, since the February floods, the Environment Agency has committed to reviewing the Powick flood defences, as they were overtopped then. It would be good to see whether they can be raised without having a detrimental effect elsewhere. However, I will not stop campaigning until two further schemes are built in West Worcestershire. One is a bund in Severn Stoke, which is progressing well and has reached the planning permission stage. The cost is significantly lower than at Tenbury Wells and has been further reduced through the local supply of the material needed to build the bund. That leaves the final scheme—the big challenge—at Tenbury Wells. I am delighted to see my hon. Friend the Member for North Herefordshire (Bill Wiggin), who was the Member for Tenbury Wells at the time of the 2007 floods, here to support my request today.

Tenbury Wells is a wonderful market town on the River Teme. A market has been held there since 1249. The town has always been prone to flooding. The current bridge was built in 1795 by Thomas Telford, after the older one was washed away. The town is built on a flood plain and water can rush down incredibly quickly from the hills in Wales and Shropshire. The Kyre brook also flows right through the town and can fill up very quickly.

After the 1947 floods, which are still the worst on record, plans were drawn up to protect the town with flood defences, which would have cost less than £200,000, albeit in 1947 money, which I believe would be worth about £2.4 million today. Sadly, that scheme never went ahead.

During the three summer floods in 2007, the town's toilets were washed away. They have since been replaced by an award-winning scheme, and a lot of further work has been done, with individual property-level protection, new culverts and some work on the drainage. The Environment Agency is making sure that the Kyre brook vegetation is regularly cut back and has recently drawn up a feasible and deliverable scheme for a full flood defence around the town. I know that exhibits are not allowed in the Chamber, Madam Deputy Speaker, but I have with me a copy of what the Environment Agency has drawn up.

**Bill Wiggin** (North Herefordshire) (Con): I would like briefly to share with the House the misery caused by the flooding in 2007, when the residents of Tenbury Wells were hit three times by something that was evil in its outcome. I thank my hon. Friend for her excellent campaigning and wish her every success and more power to her elbow in a wonderful place that has suffered so badly.

**Harriett Baldwin:** I very much appreciate my hon. Friend and neighbour's support for the campaign.

The Tenbury Wells scheme is feasible and deliverable, incorporating some wall around the church and a bund around the burgage and in other key places. Under the existing cost-benefit rules, the scheme would attract only about £1 million of flood defence grant in aid. Sadly, it was not built in time for the floods that struck this February, which were the worst for 13 years. The community did a remarkable job. They helped everyone affected, as did the local councils—the town, district and county councils—the local emergency services and the highways and waste collection teams. They were all outstanding, but the fact remains that 190 homes and businesses were again damaged and many closed, including the newly opened post office. As there was no time to repair the flood damage before the lockdown started, some people have had to spend the lockdown in flood-damaged homes. Central parts of the community's fabric were also badly damaged, including the famous Chinese gothic pump rooms where the town council meets, the town's swimming pool and the beautiful Tenbury Regal Theatre. In fact, the only thing that was not damaged was the amazing, resilient spirit of the town.

So we need to act. This wonderful market town serves a rural area for miles in every direction. It cannot help the fact that hundreds of years ago it grew up on a floodplain. If we want Tenbury Wells to thrive for hundreds of years to come—and we do—it needs a permanent flood defence. The temporary barriers that are deployed in Bewdley will not suit Tenbury Wells because the flood waters rise too suddenly and unpredictably. The Environment Agency says in its own report that the variable terrain, combined with the flood depth and the length of barrier required, mean that temporary barriers would not provide an effective or robust solution. Of course, the cost has risen to nearer £5 million, although I am sure that, just as in Severn Stoke and Callow End,

local farmers and builders would be happy to help to bring down the cost of the booms. Because Tenbury Wells is a small town of fewer than 4,000 inhabitants, it will never meet the national formula, which puts so much weight on houses protected. It is a formula that cannot capture the key role that this market town plays in the much wider area around it.

So Minister, let us agree a plan of action tonight. The Environment Agency should start a consultation on its already drawn-up plans. They have been widely welcomed, but there are those whose objections and suggestions must be heard. And let us do it in a socially distant way—remotely, even: by post and internet if need be. I also welcome the interest shown in the scheme by the Woodland Trust, which has some good ideas about building leaky dams at the source of the Teme and planting trees along the catchment—the kind of natural upstream solutions that will be the kind of public goods that the Agriculture Bill will enable farmers to be paid for. The evidence is that, while these measures will not stop the flooding, they can reduce the peak of flood events by about 20%, although they would clearly only complement a permanent flood defence.

Let us bring together all the sources of funding: the county council capital budget, the local flood resilience levy fund and the £120 million in capital announced for schemes that do not meet the formula. I would welcome some clarification from the Minister this evening on how to bid for that fund. This is something that the town itself would be prepared to contribute to, and the Heritage Lottery Fund is going to be approached to help to protect the town's heritage. There will be section 106 money from the new housing in the town and, of course, that help in kind from local farmers and builders. The Environment Agency does a wonderful job of supporting this process, and then we can put the scheme in for planning permission—this year, I hope. Once that process is complete, I believe that it is ambitious but feasible for the scheme to be shovel-ready next year. So Minister, I urge you to ask your officials—

**Madam Deputy Speaker (Dame Eleanor Laing):** Order. I cannot let the hon. Lady do that twice. I have let her do it once. We have a lot of new Members who, during this unusual time, seem to think that the normal procedures, courtesies and rules should be flouted, but the hon. Lady knows how to behave in the Chamber. She cannot address the Minister directly. She knows she cannot do that, and I implore her please to get it right so that I can use her as an example for Members who do not behave so well.

**Harriett Baldwin:** Thank you so much for that guidance, Madam Deputy Speaker. As you will recall, it has been some time since I held an Adjournment debate and I am grateful for the refresher course on etiquette. Through you, Madam Deputy Speaker, I urge the Minister to ask her officials to back this plan, and to back a solution that has eluded all her ministerial predecessors so that she can make her illustrious mark on the hundreds of years of history of this wonderful market town. Then, whether it is at a future mistletoe festival, Applefest celebration or Tenbury agricultural show, you, Madam Deputy Speaker, and through you the Minister will be given a garlanded welcome for the rest of your lives, whenever you choose to visit the beautiful town of Tenbury Wells.

8.29 pm

**The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Rebecca Pow):** I do not know whether I should say I am delighted to be back, but this is the first time, apart from voting, that I have set foot in the Chamber. It is very good to see you in the Chair, Madam Deputy Speaker.

I congratulate my hon. Friend the Member for West Worcestershire (Harriett Baldwin) on securing this important debate, and indeed on her persistence, because she is right that this has been postponed twice because of the situation we have found ourselves in. I know that Tenbury Wells has suffered extensive flooding on a number of occasions, most recently in November 2019 and February 2020, when the levels were just below those that occurred in the devastating year of 2007, as we have heard. I do appreciate how difficult that must have been for both the residents and the businesses. My hon. Friend has also written to the Secretary of State recently on this matter. She is absolutely assiduous in this respect on behalf of her constituency, and rightly so.

Flood and coastal risk management is a high priority for this Government, and it has continued to be a priority despite the challenges brought by the pandemic. I know very well the impacts that flooding can have on lives and on communities, as I experienced in Somerset in the floods of 2013-14. As my hon. Friend mentioned, a few months ago we saw the same devastating impacts once again. I would like to take this opportunity, as my hon. Friend did, to pay tribute to all the emergency services that helped, as well as the Environment Agency, the local authorities, the Army, government officials, and particularly those volunteers—my hon. Friend referred to them—who stepped in to help during that time of the floods.

I am pleased to hear that my hon. Friend acknowledges that upwards of £9 million has so far been devoted to flood schemes in her area, and that the scheme for Severn Stoke is now fully funded and progressing through the planning stage. This is heartening, as I hope she will agree. I am sure that everyone will welcome the construction of the earth embankment to reduce flood risk, which could begin later this year.

As my hon. Friend has explained, however, there is still the challenge of delivering the scheme for Tenbury Wells, which is complex, as the community is susceptible to flooding from both the River Teme and the Kyre brook, with direct impacts on homes and businesses. The local economy also suffers indirectly with several transport links and commuter routes through the town being adversely affected when flooding occurs. I understand that a technically viable scheme exists, as we have heard, for this ancient market town of Tenbury Wells to better protect 82 residential properties and some 80 businesses, and that work is currently under way to review and update that proposal.

As I have said, this is a complex problem in the area of Tenbury Wells—there is not just one simple solution—and it needs wide-ranging interventions, which include floodwalls, gates and bunds that can be worked into the fabric of the town. I am pleased to hear that the Environment Agency is continuing to work hard with partners and the local flood action group in Tenbury to further progress this work. I have obviously been in touch with them ahead of this debate to hear what is going on.

I must also recognise the work that has been done so far to reduce flood risk in Tenbury Wells, which includes the property-level flood resilience measures that were installed between 2010 and 2012. This has provided some protection to properties from floods of lesser depths, but I appreciate that this does not offer protection against the larger floods we have seen in recent times. I know that the Environment Agency has considered the provision of temporary flood defences to reduce flood risk in Tenbury Wells. However, as my hon. Friend mentioned in her speech, the variable terrain combined with the flood depths and the length of the barrier required means that temporary barriers would not provide an effective or robust solution for Tenbury Wells.

An economic appraisal of the feasibility of this complex scheme is now complete, and is progressing towards the outline business case stage. This has provided greater certainty on the costs, with current estimates that its delivery would be in the region of £6 million. Early indications suggest that the scheme would be eligible for approximately £1.2 million of Department for Environment, Food and Rural Affairs flood defence grant in aid under the new rules—I will say a bit more about them in a minute—leaving the remainder of the total cost to come from partnership funding contributions. I can assure my hon. Friend that I do appreciate the challenges that this can bring. The Government are currently investing £2.6 billion in flood defences to better protect 300,000 homes, and that programme of work will run until 2021. However, the twin pressures of climate change and population growth mean that further action is needed. The recent Budget announcement confirmed that the Government will double the amount that they invest in flood and coastal defence programmes in England to £5.2 billion over the six years from 2021, better protecting a further 336,000 properties, which includes 290,000 homes. We understand that the proposed scheme for Tenbury Wells is in the future flood defence programme for after 2021. Although the scheme is eligible for a contribution from Government, I do appreciate that it still leaves a funding gap of £5 million.

In April this year, DEFRA and the EA published an update to the partnership funding policy, which I referred to just now, which included updating the payment rates in line with inflation, changes to better take account of properties that will become a risk due to climate change, the impact on mental health, an additional risk band in what we call the lower return periods—periods when there are smaller floods, not huge ones—and a new approach to encouraging environmental benefits into flood schemes, all of which, I hope my hon. Friend will agree, are helpful additions to how the money is calculated. Those changes will come into effect from April 2021, and early indications from the Environment Agency suggest that that has increased that Government contribution for the scheme from £1 million, which I think my hon. Friend mentioned, to £1.2 million.

At the time of announcing these changes to the partnership funding policy, we also announced our intention to launch a public consultation on floods funding policy, to gather insights from across the country. The Government are committed to ensuring that our approach to funding is fit for purpose, and the recent floods highlight the challenges with the current policy, which we want to endeavour to address. I will be happy to share further details of that consultation with my hon. Friend.

The £5.2 billion capital programme will continue to be allocated in accordance with DEFRA's partnership funding policy. That policy clarifies the level of investment that communities can expect from DEFRA, so that it is clear at what level a partnership funding project would need to go ahead. Our programme of investment aims to maximise the economic benefits and the number of homes protected, in terms of potential damages avoided as a result of flooding or coastal erosion. Investment also takes account of local choices and priorities, and funding decisions will continue to be made based on a rigorous assessment of local needs and the value for money of proposed schemes. I do have to point out, though, that it would be contrary to the aims of the partnership funding policy for DEFRA to fill funding gaps for individual projects, and we have made no provision to do so.

That said, both the Secretary of State and I are closely monitoring the operation of the partnership funding policy. I can assure my hon. Friend that we are aware of both the advantages and the limitations of the current formulation. Indeed, given the recent dramatic, devastating flooding incidents across the country, it was not long ago that I was in my wellies, with my Barbour and my hat on, out in all those floods, because I wanted to have a close look. I did go, and I did learn a great deal from it, which is now informing some of the things we hope will happen in future.

The Government and the EA remain committed to helping reduce the risk and impact of flooding in Tenbury and increase the town's resilience, whilst also enhancing the environment and the economic prosperity of the community. I know that the EA has recently met with partners at the National Flood Forum, as well as the wider community, to examine all the options, including those that have gained interest from the Heritage Lottery Fund, in line with the Government's partnership funding approach. I welcome that aspect, although I must say, sadly—I am sure my hon. Friend knows—that due to the impacts of the ongoing pandemic, heritage lottery funding involvement has been put on hold. The EA is working to demonstrate, though, how the scheme would benefit the economic growth of the town and the surrounding area, and as such, provide an investment opportunity for partners such as the Worcestershire local enterprise partnership.

The EA has also identified businesses that are affected when the road network in Tenbury is flooded. I know that they have plans to work in partnership with local economic growth teams in Malvern Hills District Council and Shropshire Council to engage with those local businesses and build intelligence on the impact of flooding. I fully support my hon. Friend's suggestions for bringing

in all available funding partners. She is clearly doing a great deal of work to try to secure those partnership contributions. I appreciate the clear challenge that that will bring, and I welcome the opportunities that she has identified—for example, the Woodland Trust and its work on a catchment-based approach—and the potential to involve farmers through the forthcoming environmental land management schemes.

There could be much wider opportunities opening up with funding streams for land management and other options. The Government are committed to getting the most for people and the environment from our investment, including securing wider environmental benefits from flood defence spending. We are determined that natural flood management solutions are fairly assessed and supported where they offer a viable way of reducing the damaging impacts of flooding.

My hon. Friend, alongside other local elected representatives, is a keen advocate of the proposed scheme. My hon. Friend the Member for North Herefordshire (Bill Wiggin) is constantly contacting me about flooding issues, and rightly so. They are all supporting one another. We do this in Somerset—we have to do these things. Both the Environmental Agency and I welcome and encourage all support for these endeavours, and I urge my hon. Friend the Member for West Worcestershire to continue to engage with all interested parties. The Government and the Environment Agency understand the challenges in Tenbury Wells and will continue to support my hon. Friend and local partners in working towards a viable flood scheme. I am sensitive to the challenges that the partnership funding policy can bring, as I have mentioned, but I hope that the changes we have already made, and the opportunity for engagement through the public consultation later this year, will give some reassurance on the importance of the issues that are being considered.

Finally, my Department is working closely with the Environment Agency and Her Majesty's Treasury on investment needs and the Government's role in supporting community resilience, particularly in rural areas such as the one where my hon. Friend lives and the area she represents. I take on board what she has said and thank her enormously for her input. Would it not be great, Madam Deputy Speaker, if perhaps together we could go to the mistletoe festival one day, or to Tenbury agricultural show, when everything opens up again, and visit this ancient market town?

*Question put and agreed to.*

8.43 pm

*House adjourned.*



# Written Statements

Wednesday 3 June 2020

## TREASURY

### Contingencies Fund Advance

**The Financial Secretary to the Treasury (Jesse Norman):** HM Revenue and Customs will incur new expenditure in connection with the Government's response to the coronavirus covid-19 pandemic in 2020-21.

Parliamentary approval for additional resources of £10,000,000,000 for this new expenditure will be sought in the main estimate 2020-21 for HM Revenue and Customs. Pending that approval, urgent expenditure estimated at £10,000,000,000 will be met by repayable cash advances from the Contingencies Fund.

[HCWS265]

### Stamp Duty Land Tax: Refund Window

**The Financial Secretary to the Treasury (Jesse Norman):** The past weeks have been an uncertain time for those buying and selling property. Since lockdown restrictions were implemented in March, more than 450,000 people have been unable to make progress with their plans to move house.

Following the publication of updated regulations on 13 May 2020, some of the restrictions initially placed on the housing market have now been lifted. The Government's step-by-step plan is based on the latest guidance and is designed to ensure the safety and protection of everyone involved in the process of buying or selling a home.

The Government recognise, however, that as a result of the restrictions placed on the housing market, some people have been unable to sell a previous main residence within the three-year window allowed in order to qualify for a refund of the 3% higher rates of SDLT.

In the vast majority of cases, the existing three-year window provides sufficient time for people in a wide variety of personal circumstances to sell a previous residence, and the three-year window for most taxpayers will not be changing.

But, in certain specific cases, an extension to the three-year window can now be granted by Her Majesty's Revenue and Customs once a property is sold if an affected taxpayer was not able to make a sale within the three-year window due to exceptional circumstances outside their control.

Affected taxpayers must make a sale as soon as practicable once the exceptional impediment to sale ceases to apply, and this amendment applies to those whose refund window ended on or after 1 January 2020.

HMRC will set out operational guidance on the cases which will qualify for an extended refund window in due course. Taxpayers can write to HMRC setting out their individual circumstances and HMRC will make decisions to grant an extension on a case-by-case basis. HMRC will also closely monitor the number and type of applications for an extension, as a protection against cases of fraud and abuse.

[HCWS266]

## Coronavirus Job Retention and Self-Employment Income Support Schemes

**The Chancellor of the Exchequer (Rishi Sunak):** Following my announcement last week, I am pleased to share more detail on the next steps for the coronavirus job retention scheme (CJRS) and self-employment income support scheme (SEISS).

CJRS was launched to protect jobs and help employers through this unprecedented crisis. By midnight on 31 May more than 8 million jobs had been protected which would otherwise have been at risk. More than 1 million firms have benefited from this support.

I announced on 12 May that the CJRS would be extended until the end of October. This means the scheme will now be in place for a full eight months, giving businesses the vital support that they need during this unprecedented time. As we now begin to reopen the economy, it is right that state support is slowly reduced and the focus shifts to getting furloughed employees back to work.

From 1 July, employers will have the flexibility to bring back their furloughed employees for any amount of time and any shift pattern, giving businesses more flexibility to respond to demand as the economy reopens. Employers will be able to claim the furlough grant for the proportion of the employees' normal hours they are not working. Employers must pay their employees for the hours they are working, subject to their employment contract, and will be required to report data on hours worked by an employee and the usual hours an employee would be expected to work in a claim period under the scheme for furloughed employees.

As a result, from 1 July, there will be no minimum furlough period; that is, no minimum amount of time that an employee can be on temporary leave. However, any furlough arrangement agreed between employer and employee and reported in a claim to HMRC must still cover a period of at least one week.

To enable this change on 1 July, the CJRS will be closed to new entrants on 30 June. This means employees furloughed for the first time must be placed on furlough on or before 10 June in order to access flexible furlough, in order for the three week minimum period to have been completed by 30 June. All employers planning to claim a grant from 1 July must have completed their first claim (for the period ending 30 June) by 31 July.

In June and July, nothing will change for employers and the Government will continue to pay 80% of people's salaries. From August, the level of the grant will be slowly reduced and employers will be required to top up the Government payment to ensure employees receive 80% of their normal pay, up to a monthly cap of £2,500, throughout. In August, employers will be asked to pay employer NICs and pension contributions; in September employers will also pay 10% of wages to make up the 80% total, up to a cap of £2,500; in October, employers' contribution will increase to employer NICs and pension contributions and 20% of wages, up to a cap of £2,500.

An early assessment of CJRS claims suggest that around 40% of employers have not made a claim for employer NICs costs or employer pension contributions and so will be unaffected by the change in August if their employment patterns do not change.

Detailed guidance on these changes will be published on 12 June.

The SEISS opened on 13 May—days ahead of schedule—and eligible individuals will still be able to apply for the first grant until 13 July. By midnight on 31 May, 2.5 million self-employed individuals had already applied for grants, worth £7.2 billion in total.

The SEISS will be extended and eligible individuals could now qualify for a second and final grant.

The extension of the SEISS now means eligible individuals whose businesses are adversely affected by coronavirus will be able to claim a second and final taxable grant when the scheme reopens for applications in August. Individuals will be able to claim a taxable grant worth 70% of their average monthly trading profits, paid out in another single instalment covering three months' worth of profits, and capped at £6,570 in total. This is in line with changes to the CJRS as the economy reopens and the eligibility criteria remain the same for this final grant.

An individual does not need to have claimed the first grant to receive the second grant: for example, they may only have been adversely affected by coronavirus in this later phase.

Further guidance will be published on 12 June.

[HCWS267]

## FOREIGN AND COMMONWEALTH OFFICE

### Voting Rights Treaty with Poland

**The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Wendy Morton):** I can confirm that the Government reached a bilateral agreement with Poland on 29 May that will secure the right to stand in local elections for UK Nationals living in Poland, and Polish citizens living in the UK. This agreement builds on our close ties and reinforces our commitment to the future relationship between our two nations.

Citizens continue to be our priority following our departure from the EU. The UK pushed hard in negotiations to protect the right to stand and vote in local elections for UK Nationals living in the EU, and EU citizens in the UK, but these rights were not included in the withdrawal agreement. Instead, we have secured bilateral arrangements with several individual member states. In addition to Poland, we signed voting rights treaties in 2019 with Spain, Portugal, and Luxembourg.

UK Nationals will be able to continue to vote, and in some cases stand, in local elections in member states where domestic legislation allows this, and where individuals meet the relevant requirements, for example on length of residency. These member states include: Belgium, Denmark, Estonia, Finland, Ireland, Lithuania, Netherlands, Slovakia, Slovenia and Sweden.

I will be laying a copy of the latest agreement in both Houses.

[HCWS260]

## HEALTH AND SOCIAL CARE

### Covid-19: Human Fertilisation and Embryology

**The Minister for Care (Helen Whately):** My hon. Friend the Parliamentary Under Secretary of State (Minister for Innovation) (Lord Bethell) has made the following written statement:

We are today laying a negative solution statutory instrument, which will extend the statutory storage period for embryos and gametes from 10 years to 12 years in certain circumstances.

To support wider changes to the health service in responding to the pandemic, fertility treatment in the UK across the NHS and private sector was temporarily suspended on 23 March. While this suspension was lifted from 11 May, there may still be delays for some patients in accessing their fertility treatment, as clinics need to meet robust safety criteria in order to restart treatment.

In recognition of the potential impact this may have on those wishing to start a family, the Government committed to extending the current 10-year storage limit for embryos and gametes by two years, in certain circumstances, to enable sufficient time for all fertility treatment to resume and patients to make new arrangements without having to rush their decision-making.

The new statutory instrument allows anyone who currently has frozen their eggs, sperm and embryos to extend their storage for an additional two years, provided there is appropriate consent. Currently the storage period for embryos and gametes is limited to a maximum of 10 years, after which people must choose whether to undergo fertility treatment, or have their frozen eggs, sperm and embryos destroyed. People with medical conditions that have caused fertility problems can extend for longer, but this SI allows them two additional years before they need to provide supporting medical evidence.

The Government have recognised that the suspension of fertility services has been extremely worrying for patients, the announcement of this SI provides them with some much-needed reassurance and most importantly gives more time to try for their much longed for family and was welcomed by patient stakeholder groups.

Earlier in the year the Government launched a consultation for views on whether the current primary legislation to store their frozen eggs, sperm and embryos for 10 years should change. The consultation closed on 5 May. The Government will be making a separate set of decisions about the law in the light of the analysing the consultation responses and announcing those later in the year.

[HCWS264]

## HOUSING, COMMUNITIES AND LOCAL GOVERNMENT

### Rough Sleeping: COVID-19 Response

**The Parliamentary Under-Secretary of State for Housing, Communities and Local Government (Luke Hall):** Since the beginning of the pandemic, the Government have worked closely with local authorities, charities and health providers to offer accommodation to as many rough sleepers as possible in order to help them stay safe during the pandemic.

We have asked all local authorities to provide information on the number of individuals they have accommodated. The information provided is management information, not official statistics, and local authorities continue to hold the most recent information.

This information submitted shows that since the start of the pandemic, local authorities have accommodated 14,610 people. This includes people coming in directly from the streets, people previously housed in shared night shelters and people who have become vulnerable to rough sleeping during the pandemic.

This is a truly remarkable achievement and has been possible because of an incredible effort by the Government, local authorities and charities.

In order to be transparent, we have today published the management information received from local authorities which provides a breakdown of this figure both inside and outside of London.

This number should not be compared to the official autumn annual snapshot of rough sleeping numbers because the data sets are not comparable. A significant proportion of the 15,000 people accommodated were not rough sleepers but have been housed in order to prevent any risk of them sleeping rough during the pandemic. The work local authorities have undertaken during the pandemic has assisted many who were sleeping rough or living in accommodation where they share sleeping spaces, for example in hostels or night shelters, where they would not be able to fully self-isolate. Local authorities have also housed those at risk of rough sleeping, or who have presented to local authorities as at risk of sleeping rough throughout this pandemic.

The Government have supported this vital work with £3.2 million emergency funding as an initial first step, followed by funding totalling £3.2 billion to local authorities to allow them to meet local need during the pandemic, including protecting the most vulnerable and rough sleepers.

We have also announced a further £433 million to provide 6,000 long-term, safe homes to support thousands of rough sleepers currently housed in emergency accommodation move on to more sustainable accommodation.

The Government are now supporting local authorities on their next steps plans to ensure accommodation arrangements can continue to be managed safely to protect the most vulnerable, assessing individuals' needs in order to ensure as few people as possible return to the streets. We have asked Dame Louise Casey to spearhead this work through a new covid-19 Rough Sleeping Taskforce.

[HCWS263]

### **Troubled Families Annual Report**

**The Parliamentary Under-Secretary of State for Housing, Communities and Local Government (Luke Hall):** As required by the Welfare Reform and Work Act 2016, section 3(1), today my Department has published the fourth annual report, setting out how the Troubled Families Programme (2015-20) has been supporting our most disadvantaged families who face multiple and complex problems. We are laying this report today and will place a copy in the House of Commons Library. There has been a slight delay to the publication of the report, due on 31 March, as my Department focused on the emergency response to the covid-19 pandemic.

The Troubled Families Programme has been at the heart of our ambition to strengthen families and improve their futures since 2015. This year's annual report details the programme's performance for the period up to the end of March 2020, outlines the changes introduced for the 20-21 financial year to allow more families to be eligible for support, and clarifies how their progress towards outcomes will be measured. The report was drafted before the covid-19 pandemic so does not reflect the ongoing response from local government to support families during this unprecedented time.

Improving families' lives: fourth annual report of the Troubled Families Programme 2019-20 details how the programme is driving a profound shift in the way that local services respond to entrenched problems and support our most disadvantaged families. Assigning a single key worker to each family, backed by multi-agency partners and co-ordinated data, this joined up "wrap-around" support works with whole families to tackle the range of issues they face.

Over the lifetime of the programme, local authorities have supported 350,105 families to achieve successful outcomes, including 30,000 adults who were helped into sustained employment, although the programme has worked with many more families. These families faced multiple and complex problems including a combination of crime, truancy, neglect, antisocial behaviour, domestic abuse, poor mental health, worklessness and financial exclusion. Every successful family outcome represents a family's life changed for the better—a considerable achievement for the families and the local authorities supporting them.

Analysis to track family outcomes over time, and case study research, indicates that the programme delivered successful outcomes by intervening early to prevent escalation to children's social care. Analysis found that for every £1 spent on the programme it delivers £2.28 of economic benefits (includes economic, social and fiscal benefits) and £1.51 of fiscal benefits (only budgetary impacts on services).

Analysis also suggests that the programme is reducing the probability of future interaction with the criminal justice system, and the severity of offending, for adults and juveniles who had been convicted or given a custodial sentence before they joined the programme.

The Troubled Families Programme has received new investment to extend the programme for an additional year. The additional Government funding of £165 million will enable the current programme to continue until the end of 2020-21.

The refreshed financial framework for 2020-21 was published on 14 May 2020 and sets out the expanded eligibility criteria and an explanation of the way in which local authorities should identify and support families using a range of indicators.

"Improving families' lives: fourth annual report of the Troubled Families Programme 2019-2020" is accompanied by a range of publications that evaluate the programme's progress which can be accessed at: [www.gov.uk](http://www.gov.uk).

These are:

Analysis of national and local data sets: part five.

Staff Surveys—Troubled Families Co-ordinators: part four.

Staff Surveys—Troubled Families Keyworkers: part four.

Staff Surveys—Troubled Families Employment Advisors: part four.

Case Study Research: part four.

Family Survey additional analysis.

[HCWS261]

**PRIME MINISTER****Parliamentary Assembly of the Council of Europe**

**The Prime Minister (Boris Johnson):** The United Kingdom delegation to the Parliamentary Assembly of the Council of Europe is as follows:

Sir Roger Gale MP (Leader)

<i>Full Representatives</i>	<i>Substitute Members</i>
Hannah Bardell MP	Lord Adonis
Richard Bacon MP	Tonia Antoniazzi MP
Duncan Baker MP	Lord Balfe
Stella Creasy MP	Saqib Bhatti MP
Earl of Dundee	Lord Blencathra

*Full Representatives**Substitute Members*

Baroness Eccles of Moulton	Chris Bryant MP
Dame Cheryl Gillan MP	Felicity Buchan MP
Lord Foulkes of Cumnock	Sir Christopher Chope MP
John Howell MP	Theo Clarke MP
Ruth Jones MP	Geraint Davies MP
Sir Edward Leigh MP	Steve Double MP
Ian Liddell-Grainger MP	Mark Fletcher MP
Tony Lloyd MP	Lord Griffiths
Baroness Massey of Darwen	Joy Morrissey MP
Gagan Mohindra MP	Kate Osamor MP
Ian Paisley MP	Lord Russell of Liverpool
Virendra Sharma MP	Tommy Sheppard MP
	Martin Vickers MP

[HCWS262]







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**not later than  
Wednesday 10 June 2020**

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