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PARLIAMENTARY DEBATES
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HOUSE OF LORDS

OFFICIAL REPORT

ORDER OF BUSINESS

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In Hybrid sittings, [V] after a Member's name indicates that they contributed by video call.

The first time a Member speaks to a new piece of parliamentary business, the following abbreviations are used to show their party affiliation:

Abbreviation	**Party/Group**
CB	Cross Bench
Con	Conservative
DUP	Democratic Unionist Party
GP	Green Party
Ind Lab	Independent Labour
Ind LD	Independent Liberal Democrat
Ind SD	Independent Social Democrat
Ind UU	Independent Ulster Unionist
Lab	Labour
Lab Co-op	Labour and Co-operative Party
LD	Liberal Democrat
LD Ind	Liberal Democrat Independent
Non-afl	Non-affiliated
PC	Plaid Cymru
UKIP	UK Independence Party
UUP	Ulster Unionist Party

No party affiliation is given for Members serving the House in a formal capacity, the Lords spiritual, Members on leave of absence or Members who are otherwise disqualified from sitting in the House.

House of Lords

Friday 17 July 2020

The House met in a Hybrid Sitting.

11 am

Prayers—read by the Lord Bishop of Birmingham.

Arrangement of Business
Announcement

11.05 am

The Deputy Speaker (Lord McNicol of West Kilbride) (Lab): My Lords, the Hybrid Sitting of the House will now begin. Some Members are here in the Chamber, respecting social distancing; others are participating remotely, but all Members will be treated equally. If the capacity of the Chamber is exceeded, I will immediately adjourn the House.

Supply and Appropriation (Main Estimates) Bill
Second Reading (and remaining stages)

11.05 am

Bill read a second time. Committee negatived. Standing Order 46 having been dispensed with, the Bill was read a third time and passed.

Finance Bill
Second Reading (and remaining stages)

11.07 am

Moved by ***Lord Agnew of Oulton***

That the Bill be now read a second time.

The Minister of State, Cabinet Office and the Treasury (Lord Agnew of Oulton) (Con): My Lords, with the leave of the House I will also speak to the remaining Motion standing in my name on the Order Paper.

The Deputy Speaker (Lord McNicol of West Kilbride) (Lab): The question is that the Bill be now read a second time. I call the next speaker: the noble Lord, Lord Livermore.

11.07 am

Lord Livermore (Lab) [V]: My Lords, this Finance Bill gives effect to the tax measures announced in the Chancellor's Spring Budget. Although just four months ago, that already feels like a Budget from a different age. The subsequent Covid-19 pandemic created an unprecedented shock to the economy and the Government's policy response was unparalleled. At 20% of GDP, it was the largest peacetime fiscal expansion in British history. Now, in his summer economic update, the Chancellor has continued to accept that he needs to intervene to support the economy by announcing an additional £30 billion of measures that bring the total cost of economic support, according to the Office for Budget Responsibility, to £192 billion, with a further £122 billion spent on loans and deferred taxes since the start of this crisis. Government borrowing is now on course to reach more than £350 billion this year. At an estimated 18% of GDP, the deficit will be twice the size reached during the 2008 global financial crisis.

The UK economy was already exceptionally weak before this pandemic, recording its worst ever average annual growth forecast in the Spring Budget. Going forward, the impact of coronavirus will be vast. This is the deepest recession in history; the economy could contract more this year than in any year since 1706. This week's monthly GDP data show a steeper decline in March and a slower pickup in May than had been expected, leaving the economy still 25% smaller than before this crisis began. Now, as well as the UK recording the highest excess death rate in the world, Britain is also forecast to suffer the worst recession of any country in the G7.

Against this backdrop of a pandemic-induced recession, the Government have decided that the end of this year is the right time to end the transition period, imposing a red-tape bill on British business of between £7 billion and £13 billion a year. The Government's paucity of ambition in seeking only a free trade deal, and focusing solely on tariff reduction for goods trade—when modern trade is dominated by supply chains and Britain's strength lies in services—means that even if they achieve the deal they seek we will still see a reduction in GDP of some 6.7%, compared to staying in the single market. This puts further pressure on business, the economy and the public finances at a time of already unprecedented economic disruption.

This week's *Fiscal Sustainability Report* from the Office for Budget Responsibility highlights the risk of huge job losses from this pandemic unless we see further government action. It estimates that 15% of furloughed workers will lose their jobs, meaning that unemployment would peak at 12%—some 4 million people—by the end of this year. The Labour Party has consistently argued that the furlough scheme must now evolve to deliver sectoral-specific support, targeting help where it is needed most, supporting employment in industries that are viable in the long term and protecting our country's economic capacity for the future. Instead, the Chancellor announced in his economic update that the furlough scheme will be wound down in October, replacing it with a much less generous and very poorly targeted jobs retention bonus. The risk now is that billions of pounds will be spent on a policy that does very little to protect jobs.

The Institute for Fiscal Studies has warned that a majority of this money will go to jobs that would

"have been returned from furlough anyway"

while the Resolution Foundation argues that

"the deadweight in the scheme will be large"

while

"the scale and temporary nature of the bonus means"

[Lord Livermore]

that it will have no "major impact on employment". The Resolution Foundation went on to conclude that this lack of further action on jobs leaves the Chancellor risking higher unemployment this autumn.

The temporary cut in stamp duty, also announced by the Chancellor, raises further questions about the Government's willingness to target support on the areas that need it most. He announced about the first £500,000 of residential property purchases would be stamp duty-exempt for the next nine months—a measure we are also debating today. All measures which help to get the economy moving are of course welcome and, at a cost of £3.8 billion, it is a very significant revenue giveaway. But the main beneficiaries will be buyers of costlier properties in London and the south-east. The average buyer in London will be more than £14,000 better off, while the average buyer in the north-east will gain nothing.

The threshold increase also temporarily removes one of the few advantages that young people had in the housing market, while doing almost nothing to help first-time buyers. By including second-home buyers and buy-to-let investors, this measure will cost an additional £1.3 billion. It is surely right that we examine whether this delivers value for money, or whether these funds could be better spent supporting much-needed genuinely affordable and social housing.

The Chancellor's announcement of targeted VAT cuts on hospitality, leisure and tourism are of course welcome, when local businesses are desperately in need of that support, as is the kick-start scheme to create jobs for young people, particularly since young workers have been among those hardest hit by this crisis so far. This policy is almost an exact replica of the Future Jobs Fund, introduced during the global financial crisis and previously cancelled by this Government. The scale of job creation required will be a major delivery challenge, requiring many jobs to be created by local authorities decimated by a decade of cuts. In a signal of a potential return to such austerity, the Chancellor warned in his statement last week:

> "Over the medium term, we must, and we will, put our public finances back on a sustainable footing."—[*Official Report,* Commons, 8/7/20; col. 974.]

Before this crisis, public finances were already rapidly deteriorating, with debt having doubled to £2 trillion and being set to reach nearly 80% of GDP. If the Chancellor now decides to increase taxes before the recovery, or to cut public services, he risks damaging demand and inhibiting the growth that our economy and public finances desperately need. The Chancellor must also ensure that the distribution of any such measures is borne more fairly than in the previous decade, when money was found to reduce the top rate of income tax while the incomes of the poorest in society were cut by some 15%.

Ultimately, very few of the measures announced by the Chancellor so far will make a significant difference if people are unwilling, or unable, to leave their homes in the months ahead. The British economy is being held back, not because families are waiting for £10 off their restaurant bill but because they are still worried for their health.

The Government were too slow into lockdown, too slow on track and trace and are now too slow on saving jobs. They have damaged public confidence and, in turn, harmed consumer demand. Only when the Government have in place an exit strategy that generates confidence will they be able to genuinely address the huge challenges that our country and economy must now confront.

The Deputy Speaker: With the leave of your Lordships' House, I now call the Minister to make his opening remarks.

11.15 am

Lord Agnew of Oulton: My Lords, we are here to debate the annual Finance Bill, introduced in the other place following the Budget on 11 March, over four months ago. During that time, the circumstances in which we find ourselves have changed beyond recognition. The passage of this year's Finance Bill has taken place in the shadow of a pandemic unprecedented in living memory, to which the Government have responded with one of the largest and most comprehensive economic responses in the world, aiming to protect people's jobs, incomes and businesses.

The Government have already supported more than 11 million people and jobs through the Coronavirus Job Retention Scheme and the Self-employment Income Support Scheme, and have helped over 1 million businesses to protect jobs through tax caps, tax deferrals, direct cash grants and over 1 million government-backed loans.

In his summer economic update last week, the Chancellor set out plans for phase two of the Government's economic response. An ambitious plan for jobs will give a job retention bonus to firms that keep on furloughed workers. The new kick-start scheme will directly pay employers to create new jobs for 16 to 24 year-olds at risk of long-term unemployment. To support the high-employing hospitality and tourism industries, the Government will cut VAT on food, accommodation and attractions from 20% to 5% for six months, and fund an "eat out to help out" 50% discount at participating businesses for the month of August.

Additionally, the Covid-19 pandemic and subsequent lockdown have resulted in uncertainty in the housing market. Property transactions fell by as much 50% and house prices have fallen for the first time in eight years. What is more, any housing market freeze is bad for jobs and businesses whose custom relies on a confident housing market, such as retailers, tradespeople and the construction industry.

As lockdown eased, there were signs that the property market was waking up. It is important to encourage this and to drive momentum. The Government are therefore cutting stamp duty land tax by temporarily increasing the nil rate band for residential property from £125,000 to £500,000, with effect until 31 March next year in England and Northern Ireland. It will cut bills for every person who buys a property for more than £125,000 and will support and create jobs. The average buyer, getting on or moving up the housing ladder, will save £4,500, with a maximum saving of

£15,000. These measures have all been carefully designed to protect and sustain our economy, the public finances and the health and well-being of the British public while we weather the impact of coronavirus.

Of course, there is still some way to go to overcome this pandemic. As we do so, the Bill will make its own valuable contribution to the efforts of our health and emergency services across the country. The Bill exempts from vehicle excise duty those vehicles purpose-built to transport NHS products. It introduces legislation to ensure that workers who have returned to public sector jobs to help fight the effects of this pandemic will face no adverse pensions consequences from doing so. It legislates reforms to the pensions tapered annual allowance, so that doctors can spend more time treating patients without facing exceedingly high tax bills.

However, our collective efforts in the here and now cannot come at the expense of planning for tomorrow. In the words of the Prime Minister,

"our long national hibernation is beginning to come to an end".—[*Official Report,* Commons, 23/6/20; col. 1170.]

Alongside the measures we have already taken in our plan for jobs to support employment across the country, now is the time to set about reinvigorating the economy and safeguarding our public finances.

Our police, teachers, armed services and many other public sector workers have all played their part in this pandemic, alongside the tremendous efforts of front-line NHS staff. These public sector workers cannot be provided for if the public finances are not protected with a fair and sustainable tax system. Maintaining the corporation tax rate at 19% instead of pursuing further cuts is the right approach—this is still the lowest headline rate in the G20, which demonstrates the UK's strength as a location for inward investment.

This Government have always been clear that everybody must pay their fair share of tax. We have therefore introduced the digital services tax, legislated for in the Bill. This tax, set at a rate of 2% on revenues from digital services of larger companies, will ensure that digital businesses pay a fair share of UK tax and more accurately reflect the significant value that these businesses derive from their UK users.

As we look ahead to recovery, we must ensure that businesses receive the support that they need. That is why, in addition to all the measures the Chancellor set out last week in his plan for jobs, we have also delayed the extension of off-payroll working reforms to the private sector to April 2021. Businesses need time to prepare for these reforms and requiring them to do so during the pandemic would have been burdensome.

This Bill goes even further to support enterprise in this country, which will be desperately needed in the coming months. This Government remain committed, as ever, to levelling up all nations and regions of the United Kingdom. Britain has a long and proud history of innovation. Increasing the research and development expenditure rate to 13% will allow this to continue for businesses across the country. The structures and buildings allowance rate increase will aid investment in new shops, factories and agricultural buildings, helping to stimulate capital investment across the UK.

We must also acknowledge that Covid-19 is not the only challenge that we face. This Government have committed to reducing the United Kingdom's carbon emissions to net zero by 2050. The Bill will take us further towards that target. Not only does it pave the way for the upcoming plastic packaging tax but it removes the vehicle excise duty expensive car supplement for zero-emissions vehicles and legislates for a carbon pricing regime now that the UK has left the European Union. Together, these measures will help ensure that the UK's post-Covid-19 economy is greener than before.

During this Bill's passage, our daily lives and our economic outlook have changed dramatically. However, alongside the Chancellor's ambitious package of measures, including most recently the plan for jobs, this Bill represents a strong foundation on which to rebuild our economy and protect the public finances as we weather the impact of the virus. The Bill supports businesses, it supports the vulnerable and it supports our fantastic key workers. For these reasons, I commend it to the House.

11.22 am

Lord Bruce of Bennachie (LD) [V]: Inevitably, my Lords, the March Budget has been overtaken by events and subsequent measures. I think we all recognise that, with the escalating crisis of Covid-19 and lockdown, the Government were faced with an unprecedented challenge which required drastic and radical action.

The measures taken have the benefit of providing cash quickly to individuals and businesses across the United Kingdom. I am sorry to record that the Scottish Government, unable to acknowledge the benefits of being part of the United Kingdom, have responded with churlish denial.

The massive increase in spending has been described as an end to austerity and, in terms of the scale of intervention and the escalation of the budget deficit, that is certainly how it looks. However, I contest that, had the coalition Government not tackled the hangover they inherited from the financial crash, the public finances would have been considerably more fragile than they are. Let us bear in mind that, before Covid-19, the economy was already slowing down and the OBR forecasts were pretty modest.

Now we know that the economy shrunk by 20% in April, and recovery is slow. Billions are being poured into helping people survive the lockdown and measures are trying to stimulate recovery. It is impossible to predict how the economy will recover and what the impact on public finances will be, but a day of reckoning will surely come.

Let me address some of the measures in the Bill. The Minister referred to the reversal of a proposed cut in corporation tax from 19% to 17%. This is projected to yield around £5 billion, but surely that now looks wide of the mark. Some companies may see a profit increase as a result of Covid-19, but surely most will struggle to make a profit or, as recent announcements have shown, even survive. Can the Minister indicate what adjustments have been made to the yield projections?

A couple of measures in the Budget are designed to claw back revenue to the HMRC, but the timing could not be worse. The loan charge proposals have hit many people hard. Some have been able to negotiate a deal with their employers, who effectively pick up the tax

[Lord Bruce of Bennachie]

liability, but those who have not face real difficulty if they are forced to pay back earnings which they thought were legitimate and have probably spent. The issue of IR35 is one that we have been wrestling with for years. It convulsed the UK offshore oil and gas industry, as my constituency casework proved. Surely the case for further delaying implementation of these two measures is well made, and I hope that the Government will consider it.

The furlough scheme has been widely welcomed, but will all those furloughed have jobs to return to? Or will the Government have to fund increased unemployment, and will individuals be struggling because of the loss of their jobs?

Bounce-back loans totalling £30 billion have been rolled out, but normal due diligence has been suspended by government guarantees. What default estimate does the Government expect from those? Some people have already had access to finance in the form of grants and cheap loans, but many self-employed people have been given nothing. Such people are the backbone of the economy and provide essential, skilled services and they deserve better. Will the Government consider supporting them as they struggle to return to work and to cope with a total lack of income during lockdown?

For the hospitality industry, the VAT cut is of course welcome. However, not every hotel or restaurant can open cost-effectively this late in the season. There are considerable costs in social distancing in hotels and restaurants. For many, it can be justified only for a full season. Will the Government consider extending the VAT cut to boost bookings for what we hope will be a full season next year?

The digital services tax is a small start to what will need to be an international move to ensure that digital companies pay a fair share of tax on profits derived from their operations in individual countries. It is expected to deliver £275 million in the current tax year, rising to £440 million in 2023-24. The objective must be to ensure that digital companies are taxed fairly and equitably in the same way as other companies and pay proportionately.

The stamp duty Bill is projected to cost £3.8 billion, which is offered as a scattergun approach. Would it not have been better to target it towards first-time buyers rather than giving a kickback to many transactions that would have gone ahead anyway? Can the Minister comment on the different approaches taken by Scotland and Wales, which concentrate the benefit on the lower end of the market? Have the Government considered the effect on the lettings market? Will not landlords take advantage of this holiday to put currently let flats on the market? This would cause distress and expense to tenants forced to look for alternative accommodation, which was surely not the intention of the measure.

Finally—I declare an interest in that my wife is a local councillor—can I put in a demand that the Government recognise the crucial role played by local authorities in helping to cope with this crisis? This surely underlines the case for a fundamental review of local government finance so that it is not left at the mercy of short-term whims of the Government, happy to burden councils with responsibilities but not to provide the funding.

I hope that the mantra for moving out of this unprecedented shock is to build a fairer, more sustainable and more caring society. That is certainly what the Liberal Democrats are committed to.

11.28 am

Lord Macpherson of Earl's Court (CB) [V]: My Lords, I want belatedly to congratulate the Minister on his appointment to the Treasury. I had the good fortune of supporting from the official Box one of his distinguished predecessors, the noble Earl, Lord Caithness, in a Finance Bill debate back in the 1980s. I wish the Minister well in responding to so many speakers today.

The Chancellor set out a sensible Budget in March, and this is a sensible Bill. He has announced further measures since, all of which should support demand through a very difficult time, but we should be in no doubt that the best way to support the economy is to get on top of the virus and enable people to return to work.

When it comes to a temporary stamp duty cut, timing is everything. In the early 1990s, the re-imposition of the duty after a temporary cut may have added to the housing market slump which had then taken root, but I am happy to defer to the noble Lord, Lord Lamont, on that. In current circumstances, the cut could lift animal spirits and hence demand. In any event, I hope that the Chancellor will take the opportunity to look again at the stamp duty regime. Rates of duty are too high; they discourage people from moving. In a rational world, we would follow Ireland's example, cut stamp duty rates and introduce a self-assessed property tax, but I am a realist and I do not expect this to happen any time soon.

Of course, dispensing largesse, whether through tax cuts or higher spending, is the easy part of the Treasury's job. The *Fiscal sustainability report*, published by the independent OBR earlier this week is a reminder of the difficult part. On its central projection, the country will still be a running a deficit of over £100 billion in four years' time, which is some 4.5% of national income. That suggests to me that we will need tax rises or public spending cuts of at least £50 billion to restore the public finances to a sustainable footing.

Public spending cuts can play a part—in my view, the abolition of the so-called triple lock for uprating the state pension is long overdue—but given the Government's promise of no return to austerity, tax increases will have to deliver the bulk of the consolidation. For my part, I would recommend a social solidarity charge, payable on all income and with no reliefs. As the economy comes off life support, I encourage Treasury Ministers to lead a national debate about how the country will live within its means in the medium term.

11.31 am

Lord Lamont of Lerwick (Con) [V]: My Lords, I thank the Minister for his observations and applaud the bold measures taken by the Chancellor and the announcement last week. Taking the measures as a whole, the UK is, proportionately, giving a larger amount of fiscal support than Germany or Japan and about the same as America. The latest measures, including the furlough bonus scheme, may partially postpone the cliff edge back to January, but it is difficult to believe that we will avoid a tsunami of job losses.

The hard truth is this: no Finance Bill, no fiscal stimulus, no monetary stimulus can entirely compensate for the effects of restrictions such as lockdown and social distancing. Last week, for example, the Government announced a £1.75 billion package of assistance for the arts. It was well received—as well it might be, because it was extremely generous—but I doubt if it will result in theatres or concert venues putting on a single extra performance. Most of the money will go on mothballing facilities, because theatres would need to sell some three out of four seats. In the meantime, in South Korea, "Phantom of the Opera" is selling to packed houses because social distancing does not exist in theatres.

What is true for culture is true for the commercial sector in spades. Financial support is fine; lifting the restrictions is better and should be the goal, when health considerations of course allow. It would be good if Ministers could emphasise this more. Instead, some Ministers talk about social distancing being here to stay, or face masks being here for the foreseeable future. For an economy like ours, largely service-based, in which services depend partly on human proximity, social distancing is not easily compatible with them.

Sir Patrick Vallance has said that there is no reason why people should not work at home, but we have to consider the economic effects on our offices, on the City of London and on the hospitality sector. There is much debate about the cost of the Chancellor's measures, which he has promised to address in the autumn. He does not need to act then, but he does need to set out a timetable to which he will consider acting in order to show that, long term, the finances will be sustainable.

There is, however, another cloud approaching: private and corporate indebtedness. The longer restrictions go on, the greater this becomes. Already in the US, some banks have made huge provisions. The new head of the OBR has warned of the possible need for a massive write-off of toxic Covid debt in order to stop the economy stagnating. The Chancellor has already rejected this, but I fear he may find, as politicians so often do, that words are for eating. He has been bold and I applaud it, but the difficult part is yet to come.

11.34 pm

Lord Empey (UUP): My Lords, we need to recall that, in attempting to increase revenue, by increasing tax we have in fact reduced revenue in stamp duty terms. This a lesson we need to learn for the future. I ask the Minister to look very closely at how this tax is reintroduced—not only its thresholds but the rationale for it. Simply imposing a large amount of tax does not in fact produce enough revenue for the Treasury.

There is an overwhelming fear in the hearts of many people in this country about the enormous amount of money we are borrowing. There is no alternative, but having been taught in recent years to believe in the age of austerity and the dangers of spending too much money on the public sector, many people fear that we are embarking on a journey whose destination and the time it will take we do not know.

There is an underlying issue when we talk about trying to regenerate the economy. Walking into this building this morning—and indeed last week, for the first time since March—one could see the problem with one's own eyes: the people are simply not there. They are not there because they are afraid, or they can see that there are alternative ways of working—Sir Patrick Vallance tells them one thing, the Prime Minister tells them another. The fact is, the streets are largely empty in this part of London, which is symptomatic of the rest of the country. We need to get our act together, bearing in mind that, if there were to be a second spike, our economy would be in colossal difficulty.

In the 1970s, this country made a huge mistake in turning its back on manufacturing. We are not making things, and our service sector is vulnerable to very short-term issues. As has already been mentioned, the furlough was a bold announcement. But, speaking as someone who takes a keen interest in the APPG on aerospace, I know that if we do not find a sectoral resolution for aerospace, we will have great difficulties. We are number two in the world in aerospace, but that could very quickly slip away from us.

We need to refocus our economy and take this opportunity, but we need to remember that making things is how we generate the most revenue, and we are simply not doing it.

11.37 am

Lord Wood of Anfield (Lab) [V]: My Lords, I want to make a few remarks about the emergency stamp duty provisions announced in the Summer Statement. Cutting stamp duty to stimulate the economy is a classic response to a recession. It stimulates not just the housing market but economic activity around house purchases. At least, that is the theory. The evidence on just how much genuinely new activity it stimulates is patchy, to say the least. If you are one of the hundreds of thousands of workers who has lost their job or expects to, this will not make you move house. Most likely, it will bring forward some planned purchases, but I doubt it will stimulate many new ones.

So, what will it do? First, it will reward people for living in the south-east. The Resolution Foundation has called the measure

"a tax cut for Londoners".

As my noble friend Lord Livermore reminded us, the average gain if you buy a house in the capital will be £14,200. The average gain in the north-east will be zero.

Secondly, this is a cash boost for buy-to-let-landlords. Experts suggest that the move will certainly lead to greater transfer of buy-to-let properties into limited company structures to take advantage of mortgage tax relief, so that is one activity that will definitely be stimulated.

Thirdly, sellers will win, as they will now be able to renegotiate asking prices to take advantage of the extra cash available to buyers. So, another activity this will stimulate is arbitrage between buyers and sellers.

[Lord Wood of Anfield]

Fourthly, sellers may also win when March comes around, as price spikes occur when the cliff edge of the end of this tax break looms. What happens to the property market after that is anyone's guess.

Lastly, relatively speaking, first-time buyers will lose, unless they are wealthy ones in London, because the stamp duty proposal spells the end of the period of using the tax to give preferential help to those who have never owned property before. So the stamp duty measures will generate lots of activity and may well pull forward some transactions, but at the price of greater regional inequality, loss of policy focus on promoting home-ownership and first-time buyers through stamp duty tax, and uncertainty and volatility when March of next year comes into view. Is this really where the Government's fiscal focus should be at a time of unprecedented shocks to jobs, growth and confidence in our economy?

The unintended consequence of this, of course, arises from a more fundamental problem: the stamp duty itself. It is a bad tax. It applies only when a house is sold, so discouraging mobility and first-time buyers, and its cliff edges mean that there are perverse incentives to distort the price and save on tax. The sensible strategy on stamp duty, in my view, would be to abolish it and tax the huge windfalls that come from owning housing property, particularly for the top quarter of our population, in other ways: a housing services tax, for example, as recommended by the Mirrlees commission many years ago. I also see from the newspapers that the Chancellor is passing an interested eye on revisiting a capital gains tax. But I live in hope that perhaps he and the Treasury will be persuaded to use this moment to think about a more sensible general approach to taxing assets, especially housing, in ways that the curious side-effects of this stamp duty proposal suggest are urgently needed.

11.41 am

Lord Oates (LD): My Lords, when we debated the March Budget in this House a week after it had been delivered, coronavirus had already completely transformed the outlook since the Chancellor's Statement. Today, the Budget seems a lifetime ago. GDP figures for May, which were well under expectations, underline the scale of the challenge we face. Alongside that disappointing news came alarming data from Siberia, which provided what scientists involved in the study, including our own Met Office, describe as unequivocal evidence of the impact of climate change on our planet. So, as we rebuild from coronavirus, it is vital that a net-zero economy is at the heart of our approach.

Coronavirus has already shown us what happens when something we cannot control gains unstoppable momentum. We need to heed that lesson with regard to climate change, and that means understanding the urgency of the moment and acting upon it. The one thing we do not have is the luxury of time. Given the three-minute time limit, sadly, nor do I, so in that very limited time available I shall focus on two areas. The first is dramatically improving the energy efficiency of our housing stock. The second is seizing the opportunities of the hydrogen economy. Liberal Democrats welcome the injection of significant funds into home energy-efficiency measures which were announced by the Chancellor last week and which we have long called for. The scheme aims to retrofit 650,000 homes, which is ambitious over the short term envisaged, but 20 million homes need attention if we are to have a hope of meeting our net-zero target. We need a commitment to year-on-year funding of this sort of magnitude over a 10-year period, as a minimum. Without that sort of long-term investment and a stable policy environment, the industry will not be able to invest in the skills required, and this will be chalked up as just another well-intentioned but ill-designed green homes scheme.

Secondly, I turn to the opportunities and imperatives of developing the UK's hydrogen economy. The All-Party Parliamentary Group on Hydrogen, of which I am a member, recently published a report on the prospects of the hydrogen economy. It notes that the UK is well positioned to become a global leader in the technology. ITM Power, a British company based in the great city of Sheffield, is just one example of that opportunity. It is shortly opening what will be the world's largest electrolyser factory, positioning it to supply the burgeoning demand for green hydrogen around the world. But the APPG report also warns that, despite the opportunities, we risk squandering our comparative advantage and throwing away our chance to become the global hub of this new industry. It is essential, therefore, that the Government do not delay any further in announcing a hydrogen strategy and putting a massive investment boost behind a UK-led hydrogen economy. I hope the Minister will be able to give us some hope that the Chancellor recognises the imperative of urgent action on this issue.

11.45 am

Lord Blencathra (Con): My Lords, I begin by saying how much I agree with the remarks of my noble friend Lord Empey. This is my first day back in the Chamber, and in London, since 18 March. I came down yesterday from Penrith on an 11-coach train. There were two people in my carriage, 30 on the whole train, and I am appalled at the empty streets and inactivity in London: that has to change.

I wish to comment on part 2 of the digital services tax. I approve of this tax, but not because these companies are indulging in so-called tax evasion—they are not, they are simply operating under all the existing rules agreed with the OECD. The trouble is that these rules are now way out of date, because we need the revenue from these companies to repair the damage they are doing to society.

I detest Twitter, Facebook and all other forms of anti-social media. Every week, feeble Governments around the world beg them to take down vile paedophile stuff, terrorist-supporting websites or fake news, and every week, these new masters of the universe tell us to clear off. How many millions of children around the world are now traumatised because of online Twitter abuse? If we cannot get them to stop their activities, which are damaging millions of people, then we have to tax them so that we have the resources to deal with the problems they have created, just as we tax tobacco to get more money for the NHS. In the last 20 years, Chancellors have taxed petrol or diesel more highly to deal with climate change—leaving aside the disastrous policy of Gordon Brown and the then chief scientist, David King, to replace petrol with diesel, which was going to be better for us. These digital companies should pay a digital tax so that we have the money to spend on children's mental health, anti-terrorist activity and taking down paedophiles.

Then I come to Amazon. I use it a lot and I hate doing so. I desperately try to use physical, local shops, just to keep them going, but it is a losing battle, because Amazon, with its giant warehouses, pays hardly any rates and can undercut everyone else. We all know that our high-street shops are being destroyed, and Amazon is a major destroyer, aided by a rating system that is no longer fit for purpose. These giant Amazon distribution centres are treated like a big farmer's shed, at ridiculously low rateable values, whereas shops on the high street have excessive rateable values. The Amazon distribution centres are, in effect, giant retail shops and should be treated as such.

Last year, Amazon, which made £8 billion from its total sales in the UK, paid a derisory £63 million in rates. The Debenhams rates bill is £80 million per annum; House of Fraser's is £18 million per annum. Is it any wonder that these shops are being pushed to the verge of extinction when up against Amazon? John Lewis has a rates bill of £170 million and a net revenue of £172 million, and it did employ 80,000 people: a great British company which looks after all its workers is now just one of many being crucified by Amazon. The owner of Amazon makes $9 million per hour; he could pay the annual UK business rates for Amazon in just nine hours' trading. Therefore, while I support a digital services tax—but at a much higher rate than 2%—it is only part of the solution. We must have urgent business rates reform to save our high-street shops.

11.48 am

Baroness Falkner of Margravine (Non-Afl) [V]: My Lords, I broadly welcome most of the measures the Government have taken since the onset of this fiscal emergency. I think Her Majesty's Treasury needs to be congratulated on the dexterity and speed with which it has risen to these unprecedented challenges. In a sense, our heroes are the operators of Whitehall: the Civil Service has stepped up to the mark and done an extraordinary job in the last several months.

I want to start with the reference that has been made to the health emergency being equivalent to fighting a war. If that analogy holds, surely a solidarity tax, already mentioned by the noble Lord, Lord Macpherson, would be the appropriate response, because that is what is normally used in a war. I accept that one of the unique features of this fiscal emergency is that there is both a demand and supply-side shock, and that the measures taken need to be very carefully calibrated, but I wonder whether the Minister is completely au fait with the German example after reunification in 1991, when a solidarity tax surcharge was introduced across the board: on individuals, SMEs and larger corporations. It was set at a flat rate of 7.5% for one year—it was reintroduced several years later, for a different reason—but it gave an injection to the East German economy for the vast amounts of money that had to be spent in bringing that up to the level of the West German economy.

Given where we find ourselves on the need to ultimately deal with the debt burden, will the Government consider a progressive version of that kind of programme, perhaps to last for two years at 1% for basic rate taxpayers, 2% for higher rate taxpayers and 3% for additional rate taxpayers? It would not breach the Government's manifesto commitment not to bring in higher taxes in the sense that the public now want—I think 66% is the figure in recent polls—to pay higher taxes to support vital public services such as the NHS and social care.

My second point, very briefly, is about the stamp duty land tax. I wish it had been longer-term relief for first-time buyers and not a rather blunt tax which will benefit second homeowners, buy-to-let landlords and all those who are the last people to need assistance at this point.

11.51 am

Lord Hain (Lab) [V]: My Lords, the OECD estimates that the fall in economic activity in 2020 in the UK will be the worst in any developed country. So we have both one of the worst Covid-19 death rates and the worst economic consequences.

In the United States, after the 1929 Wall Street crash, the economy sank into the great depression, with 25% unemployment. Recovery began only four years later, after President Roosevelt took office in March 1933 and launched his New Deal. In 2008, only bold Labour government action saved the UK financial system from complete collapse and stemmed the slide into slump. The British economy was growing again by the final quarter of 2009 and well on the way to recovery in 2010 when savage Tory austerity reversed it.

In both cases, it was the state, not the private sector, that got the economy moving again. Capitalism has no innate tendency to return to a full employment equilibrium state, as Keynes made clear. We must look to Government to stimulate recovery when a severe shock hits the economy hard. Waiting on the private sector to do the job would be like waiting for Godot.

The UK economy now faces its worst peacetime predicament for 300 years. British business is on life support. Industrial towns that used to brag about their bustling business centres now fear seeing them turned into shuttered trading estates or gone-out-of-business parks. Without massive state intervention, many of Britain's businesses would already have gone bust, taking millions of families with them.

But 10 years of Tory austerity cast a long and bitter shadow. It took £150 billion of spending power out of the economy by 2020, 80% of it in public spending cuts. The Chancellor's plan for jobs brings forward nearly £9 billion of public investment into 2020 and 2021. Alistair Darling—my noble friend Lord Darling—brought forward £29 billion of public investment into 2009 and 2010.

No one has accused the present Government of excessive spending. No one says that their budget deficit is too big or their debt dangerously high. No one has mentioned the Cameron-Osborne mantra of

[LORD HAIN]

"maxing out the national credit card". Today there is widespread acceptance that a national emergency warrants an extraordinary response, and that public finances must stand the strain. Even the Prime Minister concedes that, at a time of national crisis, big budget deficits and rising national debt are a sign of an effective corrective policy, not a mark of irresponsibility. In other words, all their attacks on the last Labour Government were false, and a decade of Tory austerity put Britain through years of pointless pain.

11.54 am

The Earl of Shrewsbury (Con): My Lords, I agree entirely with my noble friends Lord Blencathra and Lord Empey. They could not have hit the nail more clearly on the head. On the way to the station this morning to come down on an 11-carriage train from Stoke-on-Trent, with two people in my carriage, I listened to Ken Clarke, the former Chancellor, on Radio 4—as I am sure many of your Lordships did—deliberating on doom and gloom. When I got to the station, I realised what he was talking about.

The Government have done very well with their measures—furlough, bounce-back and this sort of thing. In my carriage on the way down here, there was one other person. He was a businessman who had an engineering company dealing with energy in Buxton in north Derbyshire, fairly close to where I live. He told me that he had not taken a penny in furlough money but was finding it incredibly difficult. Much of his business was done in London, and he was finding it difficult to travel here to meet the people whom he uses as financiers. A message came to me very clearly indeed: we have to get back to work and we have to do it soon.

Following on from what my noble friend Lord Empey said, I will mention two things which are key to recovering from this terrible situation. The first is training, retraining and the teaching of skills. I come originally from near Shrewsbury. Very close by is Ironbridge, the birthplace of the Industrial Revolution. In Bridgnorth, a town not that far away from there, there is an excellent firm called SD Technology, which runs training, retraining and skills courses. It is about to go under because of lack of funding, and we need it badly. Can I ask my noble friend on the Front Bench whether I can put his officials and SD Technology together so that they can discuss the way forward for the very necessary teaching and training of skills?

My second point is that I firmly believe that large infrastructure projects are a serious key to recovery. I have never been a fan of HS2—it is a dreadful scheme—but in these extraordinary times in which we find ourselves, I am sure that it is a key to the future. It will employ a lot of people. It will produce a lot of employment elsewhere in secondary places. With all these large infrastructure projects, so many things trickle down to fund other things. We really need to do that. It is much better than furlough. It is the way forward.

11.57 am

Lord Razzall (LD) [V]: My Lords, this is clearly our opportunity to comment on the Chancellor's economic policy. He has an unenviable task. The unemployment forecast is grim, particularly for the under-25s, and a recent forecast for the manufacturing industry shows the cost of the pandemic at £37.5 billion and recovery postponed to 2022 at the earliest. Obviously I welcome the overall thrust of his actions. Keynes is back, and hopefully austerity is dead. But the job of an opposition party is to provide constructive criticism and to suggest alternatives.

First, the criticism. Will £1,000 per employee brought back from furlough really provide an incentive to employers? For example, if a company employs 20 people at £15,000 per annum and brings them back at a cost of £300,000 per annum, will a £20,000 payment provide a real incentive to bring them back?

There is admirable aspiration in the Chancellor's proposals for young people, but the proposal that 16 to 24 year-olds should receive a minimum wage for six-month work placements requires 350,000 work placements. In reality, as I am sure the noble Lord, Lord Hain, would agree, there is no chance of business offering 350,000 work placements. A similar scheme, the Future Jobs Fund referred to by the noble Lord, Lord Livermore, introduced after the 2008 crisis, produced only 100,000 placements. If the Government are modelling themselves on Roosevelt's 1930s New Deal, as Will Hutton has suggested, do we not need an organisation such as a national youth corps as an umbrella organisation to marshal placements? Otherwise, I fear these proposals will be more aspiration than reality.

I have three suggestions as additions to the Chancellor's policy. First, why not raise the national insurance threshold to the level of the income tax threshold? That would provide an incentive for employers to take on staff and, obviously, would help the working poor. Secondly, we should establish an entity to take on the billions of pounds of toxic loans that will remain after the virus, as was done after the previous crisis and as is recommended by the leaders of all our major banks. Thirdly, there is Brexit. The government policy is clearly to crash out and blame Covid, but that will not work. In the current climate, will we really replace the European Union with China as a major trading partner and import chlorine-washed chicken from the United States as a price for a US trade deal? The only rational policy is to conduct negotiations to keep us as close as possible to the European Union, our largest trading partner. If we do not do that, I echo the comments made by a number of commentators on our Brexit policy, who have gone back to Enoch Powell's infamous "rivers of blood" speech in a different context:

> "Those whom the gods wish to destroy, they first make mad."

Sadly, all of us will be the victims of this lunacy.

Noon

Baroness Jones of Moulsecoomb (GP) [V]: My Lords, I cannot say much about the budget except that it is inadequate for the scale of the problems ahead. We know that coronavirus has hit us hard and shaken all our systems, but the scale of the climate change crisis will knock all that out of the park.

I will set out some of the budget figures that I think are necessary, which are from the Green Party's fully costed 2019 manifesto and which will show the Government what a truly ambitious green new deal budget would look like. It would include: £12 billion invested in renewable energy generation; £24.6 billion for insulation and deep retrofitting of homes; £10.2 billion for 100,000 new social homes built every year by local authorities; £6 billion a year for green research and development, and another £3 billion a year for green industrial processes; £12.2 billion a year for upgrading and electrifying railways—no HS2—and £2 billion a year for upgrading cycleways and footpaths; £10 billion a year to fill the black hole in local authority funding created by a decade of Conservative austerity; a £3 billion a year climate adaptation fund, to be administered by local authorities; and £6.5 billion a year extra international aid, to help all countries meet the climate and environmental emergencies.

The corresponding tax measures would include: a £76 billion carbon tax; a £12 billion increase in corporation tax; £3.5 billion saved from scrapping HS2—hooray; and £2.2 billion saved from scrapping Trident nuclear weapons.

We can do all this, and it is actually a good time to do it; when we have had such a huge crisis, people are ready for a different normal. These are the scale of figures that we need to face up to the reality of the climate emergency. The Green Party set these figures out in last year's general election manifesto, but the need for a huge fiscal stimulus has become only more obvious. Our country can move rapidly to a high well-being, high-employment, net-zero carbon society, but we need the Government to make the investments to achieve that. With such low borrowing costs, it is time to borrow and invest in the green future. The question is simple: if not now, when?

12.03 pm

Lord Loomba (CB) [V]: My Lords, I will concentrate my remarks on the stamp duty land tax Bill. This is a welcome move by the Chancellor to reduce the amount of stamp duty payable on property sales in the UK. It will help the economy as the country gets back on its feet and will help people as they assess their situation and make decisions about moving or buying a home.

However, the Bill is lacking in specific help for first-time buyers. Previously, there was an incentive for first-time buyers to gain a foothold on the property market, as compared with the people who bought properties as their second home or properties to let, thereby depriving young first-time buyers, who primarily start out in life on lower salaries than their older contemporaries. Many young people will now be hit with a double whammy of finding it harder to get or move jobs as the ongoing certainty in the jobs market continues, and then having to compete for housing without any help or incentives. Can the Minister say whether the Government will look more closely at what can be done for first-time buyers so that they are not priced out of the market and deprived of buying their first house? They need incentives, as this Bill could well encourage second home ownership, to the detriment of young people.

12.06 pm

Lord Naseby (Con) [V]: I sincerely congratulate the Chancellor. The Bill before us is sensible, with sensible policies. However, the key point which I remember from my economics lectures is the multiplier effect. The more people spend, it affects other levels of society, and that is the whole basis of the key to recovery.

Our economy in May was forecast to hit 5.5% but it hit 1.8%. However, there was an interesting test market there, which was the recommendation on 13 May that employees in manufacturing and construction should return to work, which they did. Sadly, however, someone in government decided that they should not take public transport and should drive to work. That was an error. Will it be better in June? Certainly, lockdown is being reduced, particularly for the services category. However, households remain very fearful, and the social distancing rules are likely to limit consumption of services until the population is vaccinated. Yes, some pent-up demand was unleashed in retail in June, but the footfall numbers are still way down on last year.

In my judgment, all employees should now return to work, in both the public and private sectors, and should not stay at home. All civil servants should stop working from home, and all Parliament personnel should stop working from home and come in to Parliament. The same applies to the private sector. We must, for their sake, reassure people that they will be safe, and they need to use public transport. Indeed, we need also to recognise that some of the services that are supposed to have reopened have not reopened. Around 50% of pubs and restaurants that in theory were going to be open are not yet open, and do not show much sign of doing so.

Frankly, social distancing going from two metres to one metre-plus is not progress. You either go from two metres to one metre or do not bother at all. That is the only way we will get back to normal life.

I say to my right honourable friend the Chancellor that the twin challenges are that, as unemployment rises just as government support fades, he will need to watch it very carefully, and he may yet need billions more. If that happens, I say to him: for heaven's sake, make sure that you do it.

12.09 pm

Baroness Andrews (Lab) [V]: First, on the stamp duty issue and the problems facing young people, welcome though they are, the stamp duty proposals may have very perverse consequences for the most vulnerable people in the rented sector. Yesterday, I received the following message:

> "Three days ago our landlord contacted us to say that he intends to put our flat on the market as a direct result of the proposed tax relief. The effect of this is increased anxiety, uncertainty and instability in a time when Covid-19 has heightened these feelings. While I understand the intention of the Bill is to stimulate the market and economy, the effect for those who rent is to precipitate an unplanned and unwanted search for a new home, affecting mental health, and at a time of financial uncertainty for many."

This is one personal instance to illustrate what my noble friend Lord Livermore said so eloquently. This is the voice of Generation Rent, for whom the prospects of owning their own home have disappeared over the horizon, who face a lifetime in rented accommodation and who could now well lose their jobs in the next six months.

[Baroness Andrews]

The Government are totally silent on the private rented sector, so my first question to the Minister is: how does he think people such as my correspondent should be protected? How would he answer that email?

Secondly, will he ask his right honourable friend the Chancellor to take a good look at the 12 recommendations in yesterday's report from the Affordable Housing Commission, which argues strongly that the way to lift society, as well as parts of the economy, is by investing in a massive building programme for social and affordable housing? Housebuilding is already badly hit by Covid, especially small firms. We need a bold and real new deal for housing which is not about deconstructing the planning system or turning offices into the slum dwellings of tomorrow.

Thirdly, will the Minister ask the Chancellor to focus more resources on a long-term fund for young people and their future? The kick-starter fund is a good place to start, but there is no indication that it will meet the scale of need of those young people, who now face such a different future. They have already been landed with Brexit: 400,000 young people were out of work before the crisis; a further 800,000 are set to enter the labour market. They will be first in line if we have 12% unemployment or more by Christmas. Moreover, the Treasury's independent forecaster has said that as much as a fifth of the 9 million people whose jobs were furloughed on the scheme will be made redundant.

I very much look forward to hearing how the Minister will answer the questions raised by my noble friend Lord Livermore. My questions to the Minister are, finally: will the money promised in kick-start create new jobs incentives, where new and green jobs can also be created—careers in tourism and environmental technologies, for example? Will it support people to remain in employment once their apprenticeship finishes? Who will get priority, and how will it improve on such a poor track record of apprenticeships so far?

The Prime Minister, in typically inflated language, says that this is all about a new deal. How I wish it were. How I wish it had the scope, salience and success of FDRs original New Deal.

12.13 pm

Baroness Northover (LD) [V]: My Lords, we are in unprecedented times. We had a weak economy and have now been hit badly by coronavirus, which itself is having a massive effect globally, which will affect our future trading figures. Pandemics have long been on the UK's risk register. The Government were distracted at the beginning of the year, wanting to project the union jack onto Big Ben on 31 January, rather than looking at what was happening in China, South Korea and, by then, on our doorsteps in Italy. The Government have also decided that we are leaving the single market and the customs union, decisions which cannot be laid at the door of the referendum, when those promoting leave promised that that would not happen.

The Government have now decided that we will leave the transition period with the EU at the end of the year. Have the Government made an assessment of leaving the EU in December or extending the transition period? If not, why not, and if so, will they publish it? One would hope that the Chancellor would apply his agile brain to this challenge. He should be commended for a number of his measures in the pandemic. As he looks to the future, it is the most vulnerable in society and building a green economy that must be key. There must be worry about older people, who may not get back into the jobs market again. There is, rightly, huge concern about unemployment levels among young people.

We compete globally as countries such as China and India are rising, with a great emphasis on training their young people, but we are undermining our higher education sector by leaving the EU, reducing our ability to join mutual research programmes and attract staff and students. What level of unemployment do the Government anticipate and what analysis have they made of it on an age and regional basis?

We have also become extremely grateful to those from overseas who have been helping in our hospitals, care homes and other essential services. The measures here set in place help for some of those in this crisis. The Government have suddenly seen how important they are. What are we doing to make sure this is sustained? Are we really now going to turn our backs on them?

As it looks like we are not heading for a V-shaped recovery, I look forward to the Minister's response.

12.15 pm

Baroness Wheatcroft (Non-Afl) [V]: My Lords, the Chancellor has responded to the Covid crisis with unprecedented cash handouts. Some are clearly well judged, the furlough scheme most obviously. Others, however, look off target. When the head of HMRC, Jim Harra, questions the wisdom of measures, it would surely be wise to pay attention, yet the Government took the rare step of issuing a statement to HMRC, insisting that it should go ahead with implementing two measures of highly dubious worth.

The first is a bonus scheme to reward employers for doing what they were probably going to do all along: taking back some staff who have been on furlough. The second is a £10 bribe to eat out. Do people really seem likely to respond by going out to eat because of a £10 bribe when they were frightened to go into restaurants beforehand? I doubt it.

I also question the wisdom of the changes to stamp duty, as have others: £3.8 billion is a large amount to spend to encourage people to move house when our major problem is the shortage of housing. It seems slightly weird to bribe people to buy second homes or to swap their second homes when too many people in this country do not have a home of their own. I thought we were going to use this opportunity to build infrastructure and invest in our capital, but that is not happening with the changes to stamp duty.

Others have remarked on the mixed messages coming from government on distancing and whether people should be going to the office, and I echo that. It is not helpful when the Prime Minister and the Chief Medical Officer are giving completely opposite advice to the public.

How much more confused will the public be when, in just a few months, Britain finally severs its relationship with the EU, and business has to cope with an onslaught of new form-filling and costs? Even the Trade Secretary has raised doubts about the preparedness of the UK's ports to cope with the new regime that will dawn at the beginning of next year. We may need a job creation scheme, but 500 new members of the Border Force is a very unhelpful way of creating new jobs. Who is going to pay for these new jobs when the economy takes yet another hit? Brexit is an unnecessary onslaught on top of Covid. Can the Minister tell me that he really believes that it is the right time for such a drastic move?

12.19 pm

Lord Lilley (Con): My Lords, it is unfortunate that because, during the worst recession in two centuries, we have not had a full debate on the economy, we have to use this debate on the Finance Bill, but so be it.

Most recessions are the result of a shortfall of demand. This, uniquely, is caused by suppression of supply. There is considerable pent-up demand. I agree with my noble friend Lord Lamont, who said we must end the lockdown and encourage people to return to work, and Parliament itself and this House should set an example in that.

If we do so, and if the economy is enabled to, many businesses will spring back—more rapidly, I suspect, than some suppose—to full activity, but some sectors will have permanently shrunk. Many viable businesses have spent the last few months devising ways to produce previous levels of output with fewer employees, so we face a vast potential increase in unemployment, and unemployed buildings and other resources. We need to make it easier and quicker for new businesses to set up and expand, and for existing firms to expand, grow and diversify.

During the crisis, we have learned that public regulatory bodies can, in an emergency and under public pressure, take in days and weeks decisions that previously took months or years. We need to ensure that they do so henceforth to enable businesses to increase their activities rapidly. In most areas, we cannot scrap regulations, so we should accelerate decision-making in planning, building controls, environmental measures, health and safety and so on by, for example, setting time limits. If those time limits are not met, consent will be deemed to have been given. Every department should be required to publish at six-monthly intervals the times that it takes to give approvals or refusals or to make decisions when requested by business. Every Select Committee should hold those departments to account. Past experience has shown that the British labour market is more dynamic than any other in Europe; if we do this, we will be able rapidly to bring people back into work in viable and productive employment.

12.21 pm

Lord Adonis (Lab): My Lords, I completely agree with the noble Lord, Lord Lilley, that we need a more efficient state. We need to pay attention to that in this crisis.

In his speech this morning, the Prime Minister predicted that there will be a return to normality by Christmas. I tend to be with George Eliot on these matters: of all mistakes in life, prophesy is the most unnecessary. I do not think it at all likely that we will be back to normal by Christmas, but who knows? Anyone who tries to prophesise is almost certainly making a mistake. However, we must have public policy in the midst of a crisis where, as the Japanese famously say of politics, "An inch ahead is darkness." The question is: what should that policy be?

Among those who are more reputable economists than me, there are three different models: the post-crisis situation could be L-shaped, V-shaped or U-shaped. The truth is that no one knows whether it will be L-shaped, V-shaped or U-shaped. The right stance for the Government, who hold our destinies in their hands, is to observe the precautionary principle. Since there is a distinct possibility of mass unemployment after this crisis on a scale that we have not seen in recent history—my noble friend Lord Livermore said that the economy has contracted more this year than in any year since, I think, 1706—surely the right precautionary principle for the Government is to work on the assumption that the post-crisis situation will be L-shaped; that is, with a big shock in demand and supply, which will continue. Significant efforts by the Government to boost both supply and demand will therefore be required.

That broadly seems to be the Government's policy, except that they make announcements then put time limits on them. At the moment, they have to do that because they can only see a certain period ahead, but I look to the Minister to assure us that, if we are in an L-shaped post-crisis situation with a massive contraction of both supply and demand, the Government will continue to provide the economic support that they have done.

On the actual measures, let me be frank: I agree with some and I disagree with others. I agree strongly with the measures taken in respect of youth employment, such as the kick-start scheme. I am sceptical about the stamp duty cut. I am not a great fan of giving people £10 to eat out when many cannot even afford to eat in. We need ceaseless activity on the Rooseveltian principle in this crisis. I will not criticise the Chancellor or the Minister for taking initiatives that involve action to try to tackle the roots of a supply and demand crisis just because I may happen to disagree with particular measures. Inaction is the great crisis that we potentially face, not too much action, particularly in respect of youth unemployment, where the kick-start scheme is vital.

I do not have time to continue. Will the Minister give a commitment that the Government will do all that they can to maintain the kick-start scheme and, if necessary, give a direct and explicit commitment to employing young people who face unemployment after this crisis? If I can break my own rule and engage in some prophesy, the big thing I fear is mass youth unemployment after this crisis, which would be unconscionable.

12.25 pm

Baroness Burt of Solihull (LD) [V]: My Lords, I will address my remarks from the perspective of small business. As other noble Lords have said, there is much to be welcomed in this Bill, especially the £3.7 billion to support jobs and the help for our struggling hospitality sector.

However, an eye-watering £9 billion has been allocated to the supporting jobs programme. This will be largely dead money and not well spent. Either a job is economically viable enough to be retained or it is not. I do not think that a £1,000 pat on the back for keeping on someone whom you already need will change the decision if the job is not viable.

Some categories of people have been left out, such as newly self-employed people and company directors who rely mainly on dividends for their remuneration. I know that the Chancellor has steadfastly resisted the pleas from representatives of these two categories, but many entrepreneurs—those arguably at the most precarious stage of their journey and who receive awards only when they have been earned—will be lost to the economy at a time when their willingness to take risks is most needed. Rather than showering £9 billion on companies for workers who would have been retained anyway, a small fraction of this money could have saved tens of thousands of wealth generators for the future.

Finally, I make a plea on behalf of those companies whose ability to borrow will be blighted to the tune of over £1 billion—possibly far more—by proposed changes to the Government's Crown preference policy. Floating charge creditors and unsecured creditors, such as pension schemes, would be leapfrogged by HMRC in any subsequent insolvency proceedings. Who is going to lend when they could lose everything if the company to which they are lending goes bust? This will seriously hamper the recovery, especially for small businesses. The insolvency and restructuring profession has been clear that the policy will make it harder to rescue businesses from administration and will reduce the likelihood of successful CVAs. This measure should be paused, at least until the full economic impact of Covid-19 is known. I urge the Government not to help with one hand and take away with the other.

12.28 pm

Lord Truscott (Ind Lab) [V]: My Lords, I will refer to the Stamp Duty Land Tax (Temporary Relief) Bill. I declare my relevant interests as recorded in the register.

It is obvious that whoever designed this policy does not understand the housing market. The timing is wrong and the wrong groups are targeted. First-time buyers will not primarily be the ones to benefit from the stamp duty reduction, as many noble Lords have said; it will be investors and those with buy-to-let portfolios. Foreign investors will also see this as a window of opportunity to invest in the UK property market, both to benefit from the current stamp duty reduction and to invest ahead of the 2% rise in SDLT coming into effect in April 2021. First-time buyers will find themselves squeezed out of the market yet again.

As I mentioned, the timing is all wrong. It is too early to stimulate the housing market. As the furlough scheme comes to an end in October and the end of the Brexit transition period looms, a massive wall of unemployment will hit the country at the end of the year and early next year—that is a fair prediction. Mass unemployment always impacts on the housing market. With the end of the stamp duty holiday and the impending 2% additional SDLT rise for foreign investors in spring 2021, the housing market will most likely come crashing down by April 2021. That is when a stimulus really will be required.

Instead of the current policy, Her Majesty's Government should exclude buy-to-let investors, second home owners and foreign buyers from the proposed stamp duty reduction. This would avoid temporarily overheating the housing market and primarily benefit those who really need help—first-time buyers—while giving a real boost to the housing market, which provides many jobs and so much revenue for the Government: £11.9 billion in 2018-19.

12.30 pm

Baroness Verma (Con) [V]: My Lords, I too start by thanking the Government and congratulating them on the measures that they have introduced so far. I largely agree with my noble friends Lord Shrewsbury and Blencathra, and the noble Lord, Lord Empey, that we now need to move fast and encourage people to go out and back to work. I want to focus my attention on small and medium-sized businesses. In my own city of Leicester, we are in a second lockdown that only yesterday was extended. Many businesses will now look for further support from the Government, and I hope my noble friend can confirm that I can tell them that help will be available. Grants of £10,000 and £25,000 were issued for businesses at the start of the lockdown, but if money is still available in local authority coffers, it should be reassigned to provide further help for struggling businesses in cities like my own, because we are going to have to work even harder to ensure that they do not close down.

I would like my noble friend to speak to colleagues about skills, an issue raised by my noble friend Lord Shrewsbury. It is critical that in cities like mine where manufacturing was the main driver of economic growth, a skills programme be provided so that manufacturing can return and help support economic growth in the country. I am thinking in particular of the fallout from PPE production, which cities like Leicester and others across the East Midlands could deliver. Can my noble friend assure me that every step will be taken to put in place a skills agenda for young people in these industries? The spotlight has been shone on Leicester in recent days because of poor working conditions and workers being paid less than the minimum wage. Let us eradicate these practices and put in place proper working conditions, training and skills, so that not just the people but their local economies and the national economy as a whole can benefit. I hope that my noble friend's response will be positive.

12.33 pm

Lord Haskel (Lab) [V]: The Minister has talked about the digital services tax. That is a small step on the long road to properly taxing the digital economy, as called for by the noble Lord, Lord Blencathra. The noble Lord, Lord Bruce, told us that in this financial year, the digital services tax will raise £279 million. That is a small but welcome step in the right direction. In directing this tax at large companies, the Government are rightly aiming it at those which have long practised so-called "tax optimisation", which, translated, means choosing where you pay tax. The IMF is constantly pointing out the revenues lost through these activities, so the Government are right to separate out these multinationals from domestic companies which have much less opportunity to optimise their tax.

The 2% tax will be paid by businesses that provide online marketplaces, search facilities or social media services in the UK to residents and other users. The definitions are fairly detailed, but some companies operate both online and offline. Are the Government satisfied that these can be properly identified? Part of tax optimisation can mean that digital and non-digital activities are separated, and the digital element located outside the UK. A study by Oxford University in 2019 showed that more than 50% of the subsidiaries of foreign multinational companies active here reported no taxable profits in the UK. Yet a third of the companies that received coronavirus loans under England's largest scheme are substantially owned in a tax haven. Some of these companies have also been in receipt of job retention funds, grants and emergency loans. This is perceived by the public as unfair and is yet another example of the unfairness brought to our attention by the pandemic. Surely the quid pro quo must be a commitment to better behaviour in matters regarding tax.

I do see a glimmer of hope. There has been quite a shift—companies are acknowledging that public opinion requires them to recognise that they also have a social purpose. Indeed, only last week, HSBC reported some evidence to show that companies which focus on these strategies are weathering the consequences of the pandemic better. I welcome the digital services tax, but it is only an early step. Do the Government have further steps in mind?

12.36 pm

Baroness Bowles of Berkhamsted (LD) [V]: My Lords, the expansion of IR35 has been postponed for a year. That is a small mercy, but a fair balance between the employed and the self-employed needs a more thorough reckoning. First, for the same reasons as now, the economy will not be in sufficient shape by next year to take the IR35 risk to workforce flexibility, nor for companies to take the burden.

Secondly, the fix is simply a tax fix that ignores the reality, recognised by both the Office of Tax Simplification and the Taylor review: that there is a set of flexible, dependent workers who are part way between being employed and self-employed. The Government are roping them in to tax and NI as if they were employed, on the basis of tax fairness, but leaving them out in the cold when it comes to employment rights and benefits, which is clearly unfair if they pay the same.

Thirdly, along with the aid given to the self-employed during lockdown, the Chancellor has indicated that a revision of national insurance and the coverage it provides for the self-employed might be necessary. This must apply vice versa, to the situation of the self-employed and the dependent worker: you must get the security that you pay for. Notably, many self-employed have been left out of grant-based help, ironically because they are not companies.

Fourthly, there is no fair solution, other than banning dependent workers, if this is not taken in the round alongside employment and social security rights.

Fifthly, contract workers have other expenses that can be imposed on them by their clients. How are these to be treated? They can include public liability insurance and giving indemnities to the client. They come as part of the package terms, which often include unreasonable contract terms that are not applied to employees. What protections will the Government bring in to defend taxpayers equally?

There are more points to make but time is short. As a veteran of proceedings on the Corporate Insolvency and Governance Bill, I share now, as I did then, the concerns expressed by my noble friend Lady Burt about the new preferential status for HMRC in insolvency, making it even wider in scope than before the Enterprise Act 2002. The arguments about it relating to tax paid by employees and held by the company do not wash, given that the company does not apply that logic to pension schemes in the hierarchy.

12.39 pm

Lord Mann (Non-Afl) [V]: My Lords, this morning the Prime Minister announced that he hopes to see spectators at sports such as football by October; I trust that there is a plan on top of the hope. I suggest that the best approach to look at is the creation of spectator bubbles—in other words, the same group of 10 or 20 supporters sitting together but socially distanced from the next spectator bubble, attending each match and with no variation among them. This would allow an effective test and trace system to operate, should any of them go down with Covid, and allow the opportunity for income and spectators and the joy from that to flow back into sports such as football. An effective plan is very much needed.

I urge the Government to ensure that other policy decisions do not impinge on sport. I refer specifically to the growing demands for restrictions on gambling advertising; it is an important debate. Take one of the clubs about to be relegated from the Premier League, Norwich City, whose last accounts showed a £30 million annual loss: some 9% of its turnover comes from revenue from shirt advertising. Aston Villa, precariously positioned in the Premier League, had a £112 million annual loss in its last accounts and 12% of its turnover comes from shirt revenue. Across the Premier League, half the clubs have their shirt revenue from the gambling industry. In the Championship, it is 16 out of 24 clubs. This will be devastating at this time.

I also urge the Government to look further at the high street, not least in the red wall. The companies going bust in recent times include Peter Jones in Wakefield, Cardinal shopfitters of Yorkshire, Harveys, Boots Opticians, Poundstretcher, Monsoon, Bonmarché, Ena Shaw of St Helens and Beales of Keighley, Mansfield and Peterborough, on top of those that went last year

[Lord Mann]
such as Jessops, Mothercare, Clintons, Thomas Cook and Yorkshire Linen. These are the high street stores in the red wall that we most recognise. The situation is precarious, and the situation with landlords we are seeing with Bonmarché properties is perhaps even more precarious. High streets in the north and Midlands are in danger of decimation. There will need to be additional intervention if they are to be saved over the next six months.

12.42 pm

Baroness Noakes (Con): My Lords, I welcome the tax reductions in the Stamp Duty Land Tax (Temporary Relief) Bill; they should help to get the property market moving again. Stamp duty may well be an efficient tax for collection, but it is a terrible drag on the property market. It particularly hits homes in the south-east, which account for more than two-thirds of the total yield. I hope the Government will not simply allow the system to return to its previous state when the temporary relief expires next year. They would do well to look again at the impact the tax has on the property market, in particular on the property-owning aspirations of younger people.

In previous years we have been assisted in debates on the Finance Bill by reports from the Finance Bill Sub-Committee of the Economic Affairs Committee of your Lordships' House. Its excellent report on the off-payroll working element of the Bill is hard-hitting; the Government's response is tone deaf. I understand that my noble friend Lord Forsyth will seek a separate debate on this report later this year, and I certainly look forward to that. As other noble Lords have said, IR35 is an area that has never really worked well. It has led to tax rules with more unfairness than fairness in them—never a good look for a tax system.

I wish the Treasury were more joined-up. On the one hand, the Chancellor has provided massive support to businesses to help them through the pandemic and to enable economic recovery, and this has been terrific; on the other, the Treasury is legislating to make business rescue and business lending much more difficult. As the noble Baroness, Lady Burt of Solihull, noted, this Finance Bill reinstates Crown preference in insolvency for tax debts. As she said, R3, the representative body for insolvency and turnaround professionals, has called it a potential £1 billion blow. That may well be an understatement. The Crown preference proposals were heavily criticised before the Covid-19 pandemic hit us, and in the current context Clause 98 could well prove disastrous if business rescues are hampered or indebted businesses cannot access further debt.

My final point is about finance Bills and our tax system in general. We have long passed the point of having the longest tax code in the world. This Finance Bill is not particularly long—a mere 207 pages—but bears the hallmark of our tax system: complexity. We have a complex web of taxes to start with. They are then complicated by reliefs and exemptions, which are in turn further complicated by anti-avoidance provisions. This does not help business. In April the economy shrank by 20%, and the bounce-back in May has so far been modest. If we are to get to where we were before the pandemic hit us, we need everything to run at top speed. Complicating the tax environment for wealth creators will not do that. A good start for the Government next year would be a finance Bill of no more than 10 pages.

12.46 pm

Lord Holmes of Richmond (Non-Afl) [V]: My Lords, it is always a pleasure to follow my noble friend Lady Noakes, and I agree with all her comments. I also thank my noble friend the Minister for the clear way in which he introduced the Bills. I ask him to join me in paying tribute to all our front-line workers, many of them in the financial sector, who have done so much for so many over this crisis period. Does he agree with me that we owe them all an enduring debt of gratitude?

Basic economics will always remain the same: we can either increase income or take out costs. I believe we have some significant opportunities to do both these things without having economically illiterate taxation or cutting support to people who often need it the most. I agree with many of the comments of my noble friend Lord Blencathra, the noble Lord, Lord Empey, and particularly my noble friend Lord Lamont, who as an excellent Chancellor had his term cut well before it should have been.

I will ask my noble friend the Minister about three areas: payments, central bank digital currencies—CBDCs—and sovereign wealth funds. On payments, has he had a chance to look at the excellent paper from the Committee on Payments and Market Infrastructures on the need to transform cross-border payments? As in domestic settings, we pay too much and it takes too long. Does he agree that the Government, as one of the biggest payers, could save multiple billions if we had a true transformation of our payments infrastructure? For example, can he say how much the DWP pays in fees and to intermediaries in making the billions of payments it makes year on year?

Does my noble friend the Minister agree that the current consultation undertaken by the Bank of England in relation to CBDCs is an excellent piece of work and could have truly transformational benefits for the UK?

Similarly, will my noble friend comment on the work undertaken to look at the potential for a sovereign wealth fund in the UK? We have needed one for decades; I believe we need it now more than ever. Is he satisfied with the level of fintech involvement in all the current government programmes? Could the Government do more to introduce more small and medium-sized enterprises into assisting businesses and individuals who need it most? Does he agree that if we truly deploy all the elements of the fourth industrial revolution—robotics, AI, distributed ledger technology and quantum—we could truly transform the payments infrastructure, take cost out and get income in? That would benefit state and citizen alike.

12.49 pm

Viscount Chandos (Lab) [V]: My Lords, never can economic conditions have changed so much in the time between the publication of a Finance Bill and its consideration by your Lordships' House. As the Minister has outlined, the Chancellor has, quite rightly, announced a wide range of emergency measures in response to the Covid crisis—even if, in many cases, they fall short of what these Benches would wish to see.

In macroeconomic terms, it was indeed a Budget and hence a Finance Bill from a different era, as my noble friend Lord Livermore described it in his forensic remarks from the Front Bench. But the Chancellor, basking in the current personal popularity that must cause such anxiety to his neighbour—no wonder the Prime Minister's senior adviser is an advocate of Andy Grove's dictum "only the paranoid survive"—has shown himself reluctant to move on fully. Yesterday, the Institute for Fiscal Studies published an analysis of the Chancellor's recent £30 billion package, suggesting that a third of this supposed new spending is actually recycled or reallocated spending already announced in the Budget or otherwise. This

"makes scrutiny of plans more difficult and is corrosive to trust",

commented the IFS dryly. More importantly, it means that support for the economy and employment is falling even further short of what is needed.

"The Finance Bill is a series of tweaks and corrections",—[*Official Report*, Commons, 2/7/20; col. 625.]

said my honourable friend the shadow Chief Financial Secretary in another place, rather than implementing the vision necessary to address this devastating economic shock. Even these "tweaks and corrections" are underwhelming. Although the proposed delay to IR35 reform is welcome, the powerful report by the Economic Affairs Finance Bill Sub-Committee highlights the extent to which the Government are as much at sea in micro as in macro waters.

The Office of Tax Simplification reported on inheritance tax in two stages, between November 2018 and July 2019, with 11 recommendations. Could the Minister say how many of these have been adopted in the Bill? The Chancellor has just announced a further inquiry by the OTS, into capital gains tax. This prompted speculation that CGT changes would be used to fund some of the necessary public spending measures, which the Treasury quickly denied. O that in fact they might be! The Chancellor

"must change a tax system that was designed before returns to capital (and especially property) greatly outstripped returns to labour",

wrote not a Marxist economist but the *FT* columnist Janan Ganesh. Although he was writing in 2015 about George Osborne, of whom he was the biographer, his analysis is even more valid today than it was then.

12.53 pm

Lord Cormack (Con) [V]: My Lords, faced with the greatest depression since the reign of Queen Anne, the Chancellor has displayed imagination and ingenuity. But his task will not be made easier when we come to 31 December and his Government's insistence on the transition period being over by then, whatever happens. I worry about many aspects of the present situation, as do many colleagues. What will happen as furlough comes to an end? I welcome some of the measures announced last week—those on VAT in particular—but will the £1,000 bonus really help? Is the half-price meal voucher not a bit of a gimmick? We should be concentrating money on the self-employed, who include so many of the most talented and innovative people in our country.

My noble friend Lord Lamont, in a splendid speech, talked about the welcome package for arts and heritage, in which I take a particular interest. But there is a danger that it will be mothballed, in his words. We need some specific things to be done in that field. I warmly commend to the Chancellor a zero rating on all restoration and repair work on historic buildings. New build is zero-rated, and it would be a tremendous boost for craftsmanship. We will lose many of our craftsman in the next couple of years—and some much sooner than that—if we do not take a bold step here. I urge this on the Chancellor. I hope the Minister will refer to this in his wind-up and that tell the Chancellor himself that this would give an enormous boost to the heritage sector.

I completely agree with my noble friend Lord Blencathra in what he said about digital services. He juxtaposed Amazon and the high street, and made some telling points. I also agree noble Lords who said it was a pity that we were having to debate this subject in this manner. Parliament must lead by example. I was in the Chamber last week and, God willing, will be there next week, but I hope all noble Lords will be back in the autumn, because it is essential that the Government are held properly to account. This one-dimensional Parliament, with no opportunity for intervening or spontaneity, is not the sort of Parliament the country needs in the greatest crisis we have faced for three centuries.

12.56 pm

Lord Shipley (LD) [V]: My Lords, I will speak about stamp duty and the temporary change in policy being introduced. It is estimated that there could be 100,000 extra house sales in the next nine months. I accept the importance of that in reviving the housing market. When people move homes, they generate sales of fittings and materials for those new homes, which is an additional benefit. But I hope the scheme will not be extended in its current form after 31 March next year and that the opportunity is taken to learn from the experience of the next few months. There are two reasons for saying this.

First, it will not solve the housing crisis, which is primarily about a lack of supply, particularly of low-cost housing for those on lower incomes. There is a real risk that this change will just lead to more competitive bidding and sale prices higher than they would have been. I ask the Minister specifically why the Government have included second homes in this policy change. It seems a very strange subsidy, albeit a temporary one, even though the 3% additional homes levy still applies. Why have the Government included second homes, when buying a second home reduces opportunities for local first-time buyers?

This new policy will not help those who cannot afford to buy a house in the first place, nor will it help many first-time buyers get a mortgage, since banks and building societies want a 15% deposit. There is an additional danger that buy-to-let landlords will outbid first-time buyers and push up prices. There are 9 million

[LORD SHIPLEY]

people on furlough, who could find it hard to move anyway. What assessment have the Government made of the fact that many households will not be able to take advantage of the reduction in stamp duty anyway? The supply of low-cost homes for sale and rent to low-income earners really matters, and I see nothing in this proposal that will address that.

Might the Government look again at two related issues? The first is the question of who benefits from increasing land values, which can result from planning permission, and how that financial gain could be used differently for the support of more low-cost housing. Secondly, will they look again at why 70% of new housing supply lies with 10 developers, and what might be done to broaden the number of builders and thereby increase supply?

12.59 pm

Baroness Watkins of Tavistock (CB): My Lords, I draw attention to my interests as outlined in the register. I support the contents of the stamp duty land tax Bill that are designed to enable people to feel confident to buy, sell, move and improve housing stock. The changes should assist not only first-time buyers but older people who may choose to move and release equity in their homes.

The Finance Bill is designed to protect jobs, yet no mention is made of people's need to maintain the right to stay in the homes they currently live in. Many people expect to lose their jobs in the next few months, the prospect of which will create fear and anxiety—doubly so if they also lose their homes. We are seeing the toll coronavirus has put on the nation's mental health. Many people have benefited from mortgage holidays and the temporary cessation of evictions. As these constructive government interventions come to an end, what is to happen to people heavily in rent arrears and mortgage debt ? What of private renters whose landlords decide to sell their housing stock quickly because of the stamp duty holiday? Are they to be evicted?

The Government are committed to protecting children's rights and acknowledge that these need to be at the centre of any coronavirus recovery plan. The Chancellor has said that we need

"a patience to live with the uncertainty of the moment".—[*Official Report*, Commons, 8/7/20; col. 978.]

I agree, but families should not have to fear eviction and either become homeless or be placed in bed and breakfast if they currently live in suitable housing. The Ride Out Recession Alliance, which is being put together by, among others, my noble friend Lord Bird, who knows a thing or two about homelessness, is calling for there to be no evictions for up to two years, to be achieved by paying or guaranteeing people's rent or mortgages. It is argued that this will be cost effective on society in the long term.

The Affordable Housing Commission, chaired by the noble Lord, Lord Best, has called for social landlords to be supported to buy homes from "overstretched landlords". I go further and suggest that this could include peoples own homes and repurchasing elements of shared ownership homes where arrears may otherwise lead to repossession and associated homelessness. People could then remain in their current homes, paying a fair rent.

As well as good and secure work, people need good and secure homes. The Government's intervention to find accommodation for homeless people at the start of lockdown was truly fantastic. Can the Minister confirm that Her Majesty's Government will give serious consideration to intervening in a similarly swift and humanistic manner to enable most families to stay in their current homes and to prevent an increase in homelessness and associated poor mental health, particularly for children, as a result of coronavirus? We need a comprehensive financial plan for homes to follow the excellent plan for the protection and future of jobs, particularly Kickstart.

1.02 pm

Lord McCrea of Magherafelt and Cookstown (DUP) [V]: My Lords, I thank the Minister for his presentation of the Finance Bill. There is no doubt that this year will be remembered as one that fundamentally challenged our economic prosperity. Indeed, Covid-19 has challenged every system of government across the world and threatened not only people's lives but their livelihoods. Extraordinary measures had to be taken and much of the political dogma and individual party manifesto commitments have been set aside to meet the challenges presented by this crisis.

The Chancellor has made some swift and imaginative decisions that have provided businesses with immediate help to protect their long-term viability. I believe that, from the beginning, our banks could have been more proactive, sympathetic and co-operative with small and medium-sized businesses. An inquiry should be held into how quickly loans were approved and funds reached businesses in the light of the Government providing security for the loans. Sadly, for some, approval was too late.

We all acknowledge that taxes are necessary to support our public services, but we must ensure that they are fair and that those who are able to work are encouraged to do so by making work really pay. I am sure the Minister will agree that huge numbers of businesses are struggling. As we seek to emerge from these past months of lockdown, we must do everything to protect jobs while encouraging wealth creators. It is true that there are no easy answers, because we are in uncharted waters and face still unseen possibilities and probabilities. However, with fortitude, we can steer a pathway through.

In so doing, we must have an aggressive policy to deal with tax avoidance and evasion. The new 2% tax on the revenues of search engines, social media platforms and online marketplaces that derive value from UK users is to be welcomed. It is unfair that huge multinational online firms pay less in tax than small high street businesses. Like many other regions of the United Kingdom, our high streets in Northern Ireland have witnessed countless shop closures because of the burden of various taxes. We must re-energise the spirit of local enterprise and bring life back into our towns and villages. However, I also recognise that digital-based businesses will play an even greater part in our economy. Therefore, we must work with our international partners to agree an appropriate taxation system for the future.

In accepting the reality that the United Kingdom has left the European Union, I ask the Minister to ensure, in future trade negotiations, that the Government will protect Northern Ireland businesses from being disadvantaged in any manner and that our industries will not be burdened with additional bureaucracy not experienced by other regions of the United Kingdom.

I ask the Minister to consider the survival of the aviation sector. Does he not think that the time has come for the Government to look again at air passenger duty and remove this impediment, bearing in mind the unfair advantage it gives to airports in the Irish Republic, our competitors?

While I recognise the uncertainty over job retention, I trust that the Government will take measures to ensure that our young people will be able to get a mortgage and get on the property ladder. We need to get our country back to work and resurrect our manufacturing industry.

1.06 pm

Lord Hunt of Wirral (Con): My Lords, I draw attention to my entry in the register. The Budget on 11 March, first conceived in a time of peace, was delivered under heavy bombardment. The Bill was published on 17 March—the day on which theatres closed and the grim truth sank in that full lockdown was imminent. Since then, as a nation and as families, friends and neighbours, we have endured a period when fear ran rife and hope seemed forlorn. Many of the Bill's provisions are, of course, technical, conceived in what now feels like a different, far-off world. While we discuss the principles of this Bill, far greater principles must be in all our minds.

The coronavirus hits indiscriminately, yet it also affects different individuals and different groups in very different ways. The furlough scheme—more properly the Coronavirus Job Retention Scheme—has sustained millions of employees in this time of crisis. The brutal reality is, however, that as the furlough scheme tapers away, many jobs will disappear for good and many sectors may never recover fully. Hospitality and the performing arts are the most obvious but not the only ones. We may hope for the best, but we must also prepare for the worst. As my noble friend Lord Lamont of Lerwick put it at the start of the debate, the difficult part is yet to come.

As several noble Lords have referred to, the Prime Minister has alluded to Roosevelt's New Deal—a highly effective response to mass unemployment in the 1930s when the free market failed. The nation needs not only tax reforms and short-term palliatives but a comprehensive response to a crisis that is obliterating the education, exams and employment of young people and leaving older people isolated and fearful. I strongly agree with my noble friend Lady Noakes that we need to see the Government being more joined up and working at top speed. We need a response that unites the nation as one nation—a response that is practical but securely founded in a shared sense of social justice. The Bill may be only one step on that urgent journey, but we will need to take many more steps before this year is out.

1.09 pm

Lord Rooker (Lab) [V]: Before I was elected to the Commons in 1974, I spent my working life in the manufacturing industry, producing products from machine tools to motor cars, weighing machines and loudspeakers. Only one of the factories I worked in still exists. In the 1970s, manufacturing was around one-third of the economy; today it is 10%. While we remain in the top 10 countries in the world by manufacturing output, our unbalanced economy has created regional disparities. This is due to substantial deindustrialisation—greater than most, if not all, advanced economies.

It is not surprising that a key finding of the annual manufacturing report for 2019 was that two-thirds of the British people do not understand the importance of manufacturing to the economy. The brilliant House of Commons briefing paper on manufacturing, published in January, made it clear that manufacturing productivity has grown better than the whole economy.

These aspects of our debt-ridden economy, which is heading for stagnation, are neatly brought together by John Mills in part three of his Civitas Covid-19 review, *The Road to Recovery: Reviving Manufacturing after Coronavirus*. I cannot even begin to set out the case in three minutes, but with an overreliance on services, low growth, a high exchange rate and banks reluctant to lend to the manufacturing sector, we need a plan for turning things around and getting manufacturing up to 15% of GDP. We must not prop up only the existing companies but encourage manufacturing across the board; get the exchange rate to support manufacturing at the expense of services; and aim for 2% extra growth up to 3.5% and create the conditions for this.

We also need to rebalance society. Improving productivity is easier in manufacturing than in services. I strongly encourage a serious read of *The Road to Recovery.* I was told by the Minister yesterday at Oral Questions, in response to a question about PPE, that there are not thousands of UK domestic producers capable of producing the PPE that we need. That says it all. The choice is between export and investment-led growth, or imports and debt-led stagnation. We need a better policy.

1.12 pm

Lord Young of Cookham (Con): My Lords, I applaud my noble friend the Minister's opening remarks, and the comments of my noble friend Lord Hunt.

I will make three points: one minute each. First, as it addresses the challenges that noble Lords have been talking about, the Government should make it clear that they are not bound by their manifesto commitments. One was:

> "We will not borrow to fund day-to-day spending,"

which is already out of the window. Another was that the national debt would be

> "lower at the end of the Parliament".

It would be insanity to pursue that. On 16 June, when I asked whether the Government would review these manifesto commitments, my noble friend Lord True replied that

> "this Government are still fully committed to meeting all commitments made in the 2019 manifesto."—[*Official Report*, 16/6/20; col. 2046.]

[LORD YOUNG OF COOKHAM]

The opportunity should be taken at the end of this debate for my noble friend to clarify that remark and make it clear that the Government will not have their hands tied by those commitments.

My second, related point, is that at some point—not now—taxes will have to be raised, the difficult part referred to by my noble friend the Minister and others. I will ask your Lordships a pub quiz question: who made this statement?

"In principle, there is little economic difference between income and capital gains, and many people effectively have the option of choosing to a significant extent which to receive. And in so far as there is a difference, it is by no means clear why one should be taxed more heavily than the other. Taxing them at different rates distorts investment decisions and inevitably creates a major tax avoidance industry."

It was my noble friend Lord Lawson, in his March 1988 Budget Statement; my noble friend Lord Lamont may have been Financial Secretary at that time. He went on to say:

"In other words, I propose in future to apply the same rate of tax to income and capital gains alike."—[*Official Report*, Commons, 15/3/88; col. 1005.]

That policy was subsequently watered down. If reintroduced, the IPPR estimates that it would raise £90 billion. It is worth another look.

Finally, along with other noble Lords, I spent 90 minutes on Zoom last week with Stephanie Kelton, author of *The Deficit Myth: Modern Monetary Theory and the Birth of the People's Economy*. To those of us who learned economics in the 1960s, modern monetary theory is John Maynard Keynes on steroids. It asserts that there is no budgetary constraint on government spending, that we should not be fixated on debt and deficit, that the only constraints on government spending are the limits of real resources and the threat of inflation, and that we should aim at full employment. The new director of the OBR is moving in this direction with his work for the Resolution Foundation, asserting that we should stop worrying about national debt and instead focus on increasing net worth, looking at both sides of the balance sheet.

Although I have two economics degrees, I venture no comment on either of those theories, but will make this point. In the 1920s, we clung to an outdated economic theory. We stayed on the gold standard and did enormous harm to the country. A century later, we should avoid the same mistake. We should be open to fresh thinking that may help us navigate our way out of this crisis.

1.15 pm

Lord Greaves (LD): What a lot of good sense, my Lords.

The noble Baroness, Lady Verma, is in Leicester, which is having difficulties, and asked if there is any money left in the local authority coffers. I rise to tell her that there is not, and to talk about local government. I declare my interests, having been a local councillor in the Pendle area for most of the last half-century. Pendle is now working hard to avoid imposing a Leicester-type lockdown.

The Local Government Association estimates that the cost to local government of coronavirus will be about £7 billion. That is the shortfall after all the grants so far announced by the Government. One of the real problems is that the Government are not fully funding lost income. For the council in Pendle, of which I am a member, the overall cost for that small district is about £3 million, of which the Government have so far provided about £1 million, leaving a shortfall of £2 million. That may not sound a lot, but that is on this year's budget of about £13.5 million, and so is a very substantial amount on top of all the cuts made in the last few years, which have cut council finances to the bone.

There are two specific grouses as far as we are concerned. The test and trace funding is going only to upper-tier local authorities in a shire county such as ours, whereas a lot of the hard work has to be done by the people on the ground: the district council environmental health officers and the public health staff, with the expertise and the local knowledge. In Lancashire, the money for the hubs which were set up to help people who could not afford food and other essentials during the worst of the lockdown goes to the county but is being spent by the district.

Finally, the cost to parish and town councils, particularly the big ones that provide leisure services and so on, has been very substantial. They are being left out altogether. Local government needs the shortfall of £7 billion to be addressed. The Government promised that they would provide whatever was needed. We are still waiting.

The Deputy Speaker (Lord Duncan of Springbank) (Con): I am sure the House will join me in wishing a very happy birthday to the next speaker, the noble Baroness, Lady Gardner of Parkes.

1.18 pm

Baroness Gardner of Parkes (Con) [V]: My Lords, I feel privileged to speak in this debate today, particularly as my niece telephoned me this morning from Victoria, Australia, because of my birthday, for which I thank noble Lords for their good wishes. It was interesting to hear how Victoria, which is in its second lockdown, is suffering the same difficulties as Leicester. However, other states are doing more business than they did last year, so clearly the impact of coronavirus is a big problem.

It is important for us to feel that this is a matter of health. The National Health Service needs to be well supported, as do people's social lives. People need to have contact with other human beings. The restrictions have been quite irksome, even for people such as me, who are under lockdown where we are living.

My niece told me that there is a different feeling between the economic and the social side, and it is the same here. People who would like to go back to work are finding that their premises are not necessarily available for them, which is extremely hard. The Government are aiming to change that. We do not want to face a terrible depression, which would do such tremendous damage. The spirit in this country has always been to survive; that is what we should be aiming at, and I believe that the Bill is doing that. The health issue is under control but will not be resolved until the day that an effective solution is found to deal with this particular virus.

I have always been involved in social and affordable housing and I really feel that it is the number one essential at the moment. Getting that going again will give employment and provide homes, which should be offered to people on favourable terms. Above all, people need somewhere they belong and that they feel is home. I support the Bill.

1.21 pm

Lord Snape (Lab) [V]: My Lords, two matters and one glaring omission arise from the Spring Statement on which I wish to comment. A few hours ago, the noble Lord, Lord Young of Cookham, said that taxes must rise and of course he is right. All of us in the Chamber and outside would agree that that is the case. One obvious case for a tax rise is the fuel duty escalator, which is not going to rise. Again, it seems a matter of pride on the part of the present Government that they are not prepared to look at the fuel tax escalator. I remind noble Lords that this tax has been frozen since 2011. The freeze will cost the nation about £520 million in the present financial year and I would like to know from the Minister how much the freeze has cost since 2011.

I remind noble Lords that the escalator was introduced by a Conservative Government in 1993 to stem the increase in pollution and cut the need for new road building. That was in 1993. Since then, the number of vehicles on our roads has risen from around 22 million to approaching 40 million, so it has not been very successful in reducing pollution and, according to the Spring Statement, we are to spend £27 billion on new road building. Although my party, the Labour Party, is often accused of declaring war on motorists, Ken Clarke was Chancellor when the fuel tax escalator was introduced. I do not know whether he is still a Conservative—the turnover in the Conservative Party is pretty enormous these days—but he was certainly a Conservative when the escalator was introduced.

The second point from the spring Budget has been dealt with fairly thoroughly in the debate, which is the digital sales tax. Rarely have I heard such unanimity. The Cross-Bencher, the noble Lord, Lord MacPherson, my noble friend Lord Haskel from the Labour Benches and, in a fairly coruscating speech, the noble Lord, Lord Blencathra, from the Conservative Benches demanded that Government proceed with the digital sales tax. Will the Minister tell us how the special relationship is looking so far as the threats about its introduction from the United States are concerned?

The omission concerns our manufacturing sector. Like my noble friend Lord Rooker, who spoke earlier, I represented a constituency in the other place where manufacturing was the main employer, but not any more, I am afraid, because across the West Midlands nearly 300,000 people in manufacturing, construction and the automotive trade are furloughed. Other noble Lords mentioned the need for proper training. Again, I am afraid that that is also a job for the Government. It is missing from the Budget and, unless it is addressed, the decline in the manufacturing industry will continue.

1.25 pm

Baroness Bennett of Manor Castle (GP) [V]: My Lords, many noble Lords have expressed concerns about the impact of the stamp duty holiday. I believe that I have correspondence from the same private renter as the noble Baroness, Lady Andrews—a man about to be turfed out of his home because the landlord wants to cash in. Why are the Government encouraging instability when, as the noble Baroness, Lady Watkins of Tavistock, said, what people need now is stability, security and certainty?

As the noble Lord, Lord Wood of Anfield, said, it is a huge bonus for London and the south-east—the last region in need of subsidy. As the noble Baroness, Lady Wheatcroft, said, it is slightly weird that second-home buyers will benefit. I would put it more strongly than that: it is a disgrace when we know that there is rising inequality. The young and the lower paid have suffered most in the lockdown. They are not thinking about buying second homes because they are struggling to pay the rent.

Behind this is the long-term dependence of the UK economy on house prices and treating houses as primarily a financial asset rather than a secure, genuinely affordable place for people to live. Money from bank loans has gone into pumping up property prices rather than into productive investments in making goods and providing services. Trying to kick-start the economy by more of the same is not building back better.

Many noble Lords who might be said to come from the right of the House have called on the Government to drop essential anti-Covid health measures, to pack the trains and fill the city centres again. But they are ignoring the fact that this is not within the Government's control. People will leave home, travel on public transport and travel internationally only when they feel safe, so many measures outside the realm of finance are crucial. Also, many people have come to recognise that it is perfect possible to do their work from home. It means a chance to eat dinner with their children, read them a bedtime story or take an evening stroll around their neighbourhoods. Companies can see the huge savings in rent, gains in productivity and improvements in the health and well-being of their workers. We shall not go back to the world of December 2019.

There are many good things about that. We have, on average, twice the commuting time of the rest of Europe, the second-longest working hours and, relatedly, the highest rates of family breakdown and epidemic levels of mental ill-health. The ideal is a 15-minute community—everything you need for daily life within a 15-minute walk of your home. The just re-elected Mayor of Paris set out that vision and it is something we need to adopt in the UK, as my colleague Caroline Russell has been saying on the London Assembly. That is how the world is going: we should not be left behind. When the Government talk about levelling up, strong local economies, where money circulates in a rich ecosystem of small independent businesses, are a great way to ensure prosperity for every community in the land.

But as the noble Lord, Lord Cormack, said, we face the greatest crisis for three centuries. More than that, we have a climate emergency. Behind Covid comes the climate emergency. My noble friend Lady Jones of Moulsecoomb set out what we should be doing for that. Why are we still supporting things such as road building, HS2 and airport expansion, which are taking us in entirely the wrong direction?

1.28 pm

Baroness McIntosh of Pickering (Con) [V]: My Lords, I join the Deputy Speaker in congratulating my noble friend Lady Gardner of Parkes on her birthday. I am delighted to follow the noble Baroness, Lady Bennett. I will focus my remarks primarily on how the Budget will impact rural communities and, in particular, make a plea to the Minister for rural communities to benefit from the shared prosperity fund.

I am involved in a number of charities in rural North Yorkshire and I declare my interests as in the register. Primarily, I am honorary president of the North Yorkshire Moors Railway and a member of the Yorkshire Agricultural Society. I also work closely with the charities FCN and RABI that do outstanding work with the farming community. These organisations have obviously had their fundraising activities slashed and I hope that as small charities they will benefit from the Government's proposals for charitable organisations set out in the Budget. The impact on volunteers has been great. Many in rural areas fall into the category of self-isolation and it will be extremely difficult to re-engage with them in the future. But without them, the charities heavily rely on the staff, many of whom have been furloughed. The full impact will really be felt only when the furlough scheme ends in October. Do my noble friend and the Government recognise that the tourist season in rural areas of North Yorkshire and across the north of England and other parts of the UK is, by necessity, very short and those areas need to be treated as a special case in this regard?

The Government have set out a big homebuilding programme. On support for alternative home heating systems, I hope my noble friend will ensure that every new home has a boiler that is fit for purpose for the 21st century and that will not need to be replaced in the next five or 10 years. Will my noble friend also ensure the provision of funds to improve 4G mobile phone coverage, and that broadband will be rolled out to the hardest-to-reach areas, which currently have poor mobile signals and broadband connectivity?

I shall end with the two sectors, aviation and automotive, which have been hardest hit. The aviation industry simply asks that its furlough scheme be extended, and for a very modest 12-month air passenger duty wavier. The automotive industry is the only industry across the five EU markets in this category that does not have a scheme in place, and I hope my noble friend will set one up in the near future.

1.31 pm

Lord McConnell of Glenscorrodale (Lab) [V]: I draw attention to my interests as declared in the register. I agree with my noble friend Lord Rooker on manufacturing—he made a persuasive and positive case for a change of policy. A number of noble Lords have commented on the Government's package of support for the arts and culture, but can the Minister say at the end of the debate when the Government will make a similar announcement in relation to sport and physical recreation, which have been damaged across the country at voluntary, local and professional elite level?

I want to focus the rest of my remarks on the strategy moving forward. As a number of noble Lords have said, we need to build back better. There are two issues in particular to which the Government should give a lot of thought over the coming weeks as they prepare the comprehensive spending review that will follow this Finance Bill and Budget. The first is the future prospects of young people in our country. In the 1980s, a generation was left aside as mass unemployment wreaked havoc in communities. It will be vital to build on the initiatives already announced by the Government to ensure that education and job creation in the private sector provide real opportunities for our young people over the coming years, and that those opportunities are not limited by the economic disaster of the past few months.

Secondly, I had a fascinating meeting yesterday with a couple of dozen of the UK's top companies, all of which not only endorsed the sustainable development goals but are building them into their forward planning as they prepare to build back better. The Government are way behind the private sector in this area, despite signing up to the goals in 2015. Each Budget and comprehensive spending review since then has made no reference to those cross-government departmental goals. It is time to change that. Given our departure from the European Union and the recession that might follow this pandemic, an opportunity now exists to ensure that the Government's policies align with those goals, and that we truly build back better both at home and abroad.

The Deputy Speaker: My Lords, before I call the next speaker, I must announce that we will take a short adjournment after the contribution of the noble Baroness, Lady Bull. I call the noble Baroness, Lady Bakewell of Hardington Mandeville.

1.35 pm

Baroness Bakewell of Hardington Mandeville (LD) [V]: My Lords, it is a pleasure to follow the noble Lord, Lord McConnell of Glenscorrodale. I am grateful to the Minister for introducing this debate. I shall speak on the temporary reduction in stamp duty as part of the Government's plan to get the economy moving again. People moving home for a variety of reasons, including downsizing or upsizing, may have a small effect in stimulating the economy, but the building of desperately needed new homes could have a definite positive effect. The timeframe is exceedingly short in terms of stimulating housebuilding. Planning permission has been given for more than 1 million homes in the past 10 years, as my noble friend Lord Shipley said. Seventy per cent of the planning permissions are held by 10 developers and work on the houses has not yet started. It could be started this weekend. What measures are the Government putting in place to ensure that those developers start and finish the sites as a matter of priority? People need decent homes and they need them now. The stamp duty holiday is a bonus, but unless the housebuilding industry gets a move on, many potential purchasers will lose out.

The stamp duty measure should be a boost to first-time buyers, but it is unlikely to be so. It is more likely that those with spare capital looking for holiday homes will snap up homes from under the noses of those trying to get on the housing ladder. Fishing villages in Cornwall and cottages in our national parks in Cumbria or the Peak District are very attractive to those escaping the towns and cities. This measure does nothing for those living and working in rural and coastal areas who are able to afford only properties in the shrinking rental market. The stamp duty holiday is a golden opportunity for potential second home owners.

There is of course the issue of geography. The Resolution Foundation has said that a non-first-time purchaser looking for a home at the average English house price will save £2,500 as a result of the stamp duty holiday, but the average buyer in the north-east will see no gain, while those in London will be more than £14,000 better off.

I would have liked to welcome this measure in the hope that it will assist families with young children and newly-weds to live in rural areas of their choice, rather than being forced into the towns, but I doubt that will happen. The cost of this measure is £3.8 billion —money that could have been targeted at improving the supply of low-cost housing for those on lower incomes. This is a wasted opportunity.

1.37 pm

Baroness Altmann (Con) [V]: My Lords, we are here to debate the Finance Bill, which is about fiscal policy. However, I would like to focus on the off-radar branch of fiscal policy that is not openly conducted by the Treasury, by which I mean monetary measures, supposedly operated independently by central banks.

So-called quantitative easing has had impacts that mimic tax changes but with rather perverse distributional and social side-effects. It has acted like a major tax cut for financial market operators, home owners and the wealthiest asset owners, while feeling like a tax increase that has reduced the disposable income of savers, first-time buyers and the young. It has also been an effective tax increase on pensions for companies sponsoring a defined benefit scheme and those trying to buy annuities.

Central banks around the globe have continued the massive monetary policy experiment that began after the 2008 financial debt crisis. It was meant to be an emergency measure to boost growth and stave off economic collapse. Economists insisted that this was not just money-printing with a fancy name, because it would be unwound as the stimulus imparted by forcing long rates lower stabilised economies and markets. However, despite growth, rising employment and record high stock and bond prices, quantitative easing has remained in place since 2009 and has entered a further round during the current crisis.

Monetary policy has now been used to fund helicopter money, which is effectively what the furlough scheme, restaurant vouchers and other government emergency measures are. However, the side-effects of this policy are that the wealthiest asset owners and financial institutions have done very well but the rest of the economy has not necessarily benefited, as much of the new money has leaked away. Therefore, I hope that my noble friend will consider taking seriously the need to boost growth more directly than through the use of QE, which is a very indirect route.

I support the establishment of the sovereign wealth fund, and perhaps would also welcome the establishment of an organisation such as the KfW, which was so effective in rebuilding Germany. There is a potential domestic source of funding for this without creating new money. Long-term assets to be used for infrastructure, social housing and other revenue-generating investments that can deliver much better returns than gilts could be used by pension funds to help repair deficits and reduce the ongoing cost of funding in the long run. I hope that my noble friend and his department will take seriously the potential of using our long-term pension assets to boost growth directly.

1.40 pm

Baroness Bull (CB): My Lords, recognising the vastly changed landscape in which we discuss this Bill, I want to focus on the measures related to research and development and their potential to support the UK's economic recovery. The extra tax relief is welcome, as is the annual increase in government spend on R&D to £22 billion by 2024—an additional £1.5 billion per year. It is not yet clear whether this will be distributed through existing or new structures, and perhaps the Minister can shed some light on that, but it is a strong acknowledgment of R&D's importance to the economy and to post-Covid recovery.

The £22 billion is part of a broader commitment to raise UK investment in R&D to 2.4% of GDP by 2027. Most R&D comes from the private sector in roughly a 2:1 ratio, but we know that

> "British business invests less in R&D compared to similar nations, and this investment is concentrated in major players in just a few sectors."

Therefore, can the Minister say what the Government will do to persuade businesses, both UK and overseas-owned, to spend the extra £18 billion a year on R&D in the UK that would be required to meet their target?

One area in which the Government might consider measures to increase R&D is in the creative industries. Creative businesses undertake almost as much R&D as manufacturing but, as much of it relies on arts, humanities and social sciences research, it is explicitly excluded from HMRC definitions and therefore from R&D tax relief. This rules out legitimate innovation in what has for some time been one of the fastest-growing parts of the UK economy, but it misses the opportunity to build behavioural insights into technological innovations, which would increase the likelihood of wider adoption.

Thus far the UK has been

> "bound by the Frascati convention of the OECD definition"

of R&D,

> "which is tilted primarily towards technology and science".—[*Official Report*, 8/1/20; col. 181.]

The noble Lord, Lord Duncan of Springbank, who is now on the Woolsack, might recognise his own words there from the Dispatch Box on 8 January, in what feels like a very different lifetime. However, as we are leaving the EU, might the Minister press the Government to consider the possibility of the UK adopting its own, wider definition of R&D? This would help in moving towards the Government's targets and, at the

[BARONESS BULL]
same time, support the post-Covid recovery of a sector that, over recent years, has contributed almost £102 billion annually in GVA.

I want to make one brief additional point as a supporter of the Government's commitment to levelling up. Clearly, there is a pressing need to invest in areas left behind as our industrial landscape changes, but there are deep inequalities within our cities too—inequalities starkly exposed by this pandemic. Levelling up cannot just mean equalising between north and south; it must also address inequalities within cities, including those seen as affluent, such as London, where poverty rates in some inner-city boroughs are 10 percentage points higher than in many parts of the UK. If we do not tackle the inequalities within our cities at the same time as tackling the inequalities between the regions of the UK, unleashing the nation's potential will never be anything more than a campaign slogan.

1.44 pm

Sitting suspended.

2 pm

Lord Balfe (Con) [V]: We are meeting, as has been said, in very different circumstances from when the Budget was delivered, but I would say that we are meeting against a background of obedience, fatigue and confusion. People are getting mixed messages: our buses are going around with seats roped off, our stations tell us not to travel, but our Prime Minister tells us to go back to work. We have message confusion and numbers confusion. Most people do not have the faintest idea what £1 billion is—or a billion of anything else—but the Government keep on saying, "A billion here and a billion there". The image created is that there is an unlimited amount of money, and I do not think that that is a good start.

There has recently been a report about 120,000 new deaths. If that figure is to be taken seriously, do we expect people to go back to work or to restaurants, et cetera? No, it is actually encouraging people to do the exact opposite. Do the Government have a financial strategy for another spike? They need a strategy.

I turn to taxes. The noble Baroness, Lady Falkner, who like me is from the LSE but is more distinguished, mentioned the need for a crisis levy. This is probably the only practical tax solution that we can come forward with. There has to be a levy that affects everybody, with everybody contributing according to their ability, but one that is severely time-limited. We all remember the temporary nature of income tax, so any levy needs to be time-limited. I also endorse the idea of a delivery charge for online orders. This could get around some of the problems of a tax. A delivery charge on online orders would be environmentally sensible; it would also even up, to an extent, the fact that out-of-town shopping opportunities such as Amazon pay virtually nothing for their premises. This would put some more tax revenue into the Exchequer.

The third thing I suggest is that we even up the tax between unearned income and PAYE income. It is ridiculous that, at the moment, you can have unearned income taxed more lightly than your earned income. I hope that the Government will look at ways in which they can raise taxes—fairly—and also have something in reserve in case there is another spike.

2.04 pm

Lord Blunkett (Lab) [V]: My Lords, I draw attention to my declaration of interests. I endorse entirely the opening remarks made by my noble friend at the very beginning of this debate on the macro position. I draw attention to the fact that, while we are debating this, our withdrawal from the world's third-largest trading and economic bloc, the emerging conflict with China and the prospects in relation to the presidential election in November in the United States pale much of what we are debating into insignificance.

Nevertheless, I would like to endorse many of the remarks made about the digital services tax and draw attention to the current anomaly in business rates, which the noble Lord, Lord Balfe, has just referred to. Let us take the largest business rate payer in the country, Heathrow. Airlines and airports are not flavour of the month at the moment, but tens of thousands of jobs are at stake, not just in the business itself but in all the businesses that are absolutely dependent on it. It is necessary for the Government to be prepared at least to defer the national business rate for major enterprises such as Heathrow and other airports, while continuing to allow relief for retailers who have benefited from that.

Much has been said already about education and training. The £1.5 billion over five years for infrastructure for further education is welcome, but we need a massive injection of revenue so that the young people who are currently in further education can continue and those who are displaced by the terrible unemployment that faces young people have the opportunity of education and training—including apprentices who are receiving training, both on and off site, who are likely to lose their job and, with it, their training. Flexibility and responsiveness in making this possible are crucial.

We should also stop the attack on higher education. We can be in favour of further education without denigrating one of our greatest international earners and something that we should be proud of. Mention has already been made of research, not least by the noble Baroness, Lady Bull. Some of our substantial research funding comes not from government or the private sector but from the transfer from overseas students so that the cross-funding and cross-subsidisation of research can continue. Government really must recognise this.

Finally, on decentralisation, it is crucial that we put resources into local government and ensure that it can play a pivotal part in co-ordinating the future recovery of our economy

2.07 pm

Lord German (LD) [V]: My Lords, I will make two points about measures in the Finance Bill. These are extraordinary times, and the only certainty is uncertainty—and, unfortunately, greater unemployment. As other noble Lords have said, local firms and UK chains have faced a real battle competing with online companies based overseas which do not have the same overheads as physical shops and services.

The Government's digital services tax plan in this Bill is a mouse of a measure compared with the huge profits made by American big tech companies. The Government need to co-operate closely with the European Union, which is devising an international tax with much greater teeth so that these big tech companies will pay their fair share of tax. We need a much more sustainable, long-term solution, with a broader international base.

What impact is the demand for trade deals having on this measure? British bookstores and other businesses should not face a higher tax rate than Amazon. The Chartered Institute of Taxation points out that this part of the Finance Bill is not aimed at stopping profits arising in the UK being shifted by multinationals out of the UK to tax havens. These disrupter companies play an essential role in our economy, but they use complex ways of moving and hiding the money that we pay them. They have thrived during the pandemic as our high streets have suffered. Their business has grown as demand has shifted online. Surely their tax bills should be at least comparable with those of other retailers—it is a very uneven playing field, and the limited measure in this Bill will do little to rebalance the tax paid. The jobs in this sector are the most fragile. Those who can work at home are higher paid, and it is the lower-paid, face-to-face jobs that are being most challenged.

My second point concerns small and medium-sized enterprises in the manufacturing sector. The Government's infrastructure announcements are welcome, but the Chancellor has performed an Aladdin sleight of hand—not "old lamps for new" but "old money for new". The IFS has crunched the numbers and the £5.5 billion announced for transport and infrastructure is old money repurposed. My point is that this money would have been circulating in the economy anyway and does not represent a real boost to companies seeking to rebuild their order books. With half of UK manufacturing companies seeking to make redundancies in the next six months, we have to make sure that there are skilled jobs left, because they are going to be lost right across the country and all sectors of manufacturing.

2.11 pm

Lord Bourne of Aberystwyth (Con) [V]: My Lords, it is a great pleasure to follow my good friend the noble Lord, Lord German. I thank my noble friend the Minister for setting out the scenario at the start of this debate. As others have done, I commend my right honourable friend the Chancellor, Rishi Sunak. He has shown great ingenuity and nimbleness. I urge him to continue to demonstrate the remarkable and appropriate lack of dogma. These are extraordinary times and they demand extraordinary solutions. I also urge my right honourable friend to consider the needs of the young, particularly those who will have lost out on crucial education and apprentices whose jobs may well have been prejudiced, and I urge him to look at job creation and job retention schemes to help these people.

I turn to some of the technical aspects of the Bill which have an impact on the current scenario. As others including the noble Baroness, Lady Burt, and my noble friend Lady Noakes have urged, the return of Crown preference, even in a diluted form, is unwelcome, particularly in the present scenario. It will have the effect of prejudicing businesses as creditors at a very difficult time, effectively enabling those businesses to be queue-jumped, as it were, by the Crown. This is not appropriate.

I welcome other aspects of the Bill, as others have, such as the digital services tax, long-heralded and now being delivered from April 2020. This is the right move. Can my noble friend outline what progress we have had internationally, as I know that the success of this measure depends on international action? I also welcome the plastic packaging tax due to be introduced in April 2022, after consultation on some more detailed aspects on plastic of which less than 30% is recycled. I think that is appropriate; it helps us, it helps our position as a leader in this field and it helps in the climate change scenario.

I also welcome what the Bill does in relation to Windrush compensation payments, effectively exempting them from income and capital gains tax. This is absolutely appropriate. Can my noble friend outline what success we have had in speedier payment of the compensation, which obviously remains a key consideration and key problem?

The action of the Chancellor in particular in the Government is very much to be welcomed and encouraged. I certainly support this Finance Bill.

2.13 pm

Baroness Uddin (Non-Afl) [V]: My Lords, I am pleased to follow the noble Lord, Lord Bourne. Coronavirus is the biggest crisis of our generation and I recognise that the Government have provided constructive financial solutions to address the many emergency economic pressures. They have protected health and the economy with the furlough and measures to help the self-employed, providing many families with some relief, even though millions have faced incredible hardship and had to rely on paltry universal credit and food banks. Countless community efforts have provided families with basic sustenance. I pay tribute to many restaurateurs, including the 5,000 Bangladesh Caterers Association UK members whose earnings have dropped by 90%. Many are finding it impossible to navigate bank loans and other measures. What assessment have the Government made—

The Deputy Speaker (Baroness Garden of Frognal) (LD): Lady Uddin, we seem to have lost you. Are you there?

Baroness Uddin [V]: Sorry, I do not know what happened. What assessment have the Government made of the inevitable effect of withdrawing the furlough scheme and Self-employment Income Support Scheme on levels of unemployment, particularly in SMEs including the curry industry?

As the Bill includes no measures focused on increasing employment, could the Minister outline how the Government intend to address this worrying trend,

[Baroness Uddin]

particularly among women, who are often in low-paid, part-time jobs and have been exceptionally affected during this lockdown? Muslim women-led organisations are deeply concerned about the well-being of their members. What actions will the Government take to ensure that Muslim women, among other minorities, do not become further isolated and more permanently out of the job market?

According to the Government's Social Mobility Commission, 600,000 more children are now living in relative poverty than in 2012. Their plight will be further exacerbated by benefit changes and coronavirus, with 45% from minority communities more likely to live in poverty in comparison to 26% of their white neighbours. Does this period, the most challenging in terms of addressing poverty and social injustice, warrant an equal and absolute commitment to redress the effects of social injustice and prejudice, as well as class, race and faith discriminations? What impact assessment has been made of the Bill on child poverty and the well-being of vulnerable families and people with disabilities and autism in those communities which have excessively experienced hardship?

I welcome the kick-start scheme and the guarantee of apprenticeships for those leaving care. Can this be extended to the 465,000 young people who would not currently be in line to participate in any apprenticeship? Speaking as a witness to the Canary Wharf development and the remaining disconnect with lack of employment opportunities—

The Deputy Speaker: The noble Baroness's time is up. I call the noble Lord, Lord Addington.

2.17 pm

Lord Addington (LD): My Lords, when I see the noble Lord, Lord Agnew, something in my memory tells me we should be talking about education after all these years.

The Finance Bill is the backdrop to a disaster, not one which the Government made but one which they must handle. I would like to concentrate on the charitable sector, which has had only one or two mentions so far. At the start of this process, a couple of months ago, I was lucky enough to lead a debate about the problems of the charity sector. The Government have given hundreds of millions of pounds to back it up; that is great. However, the sector looks like it has lost billions.

Why does this matter? Quite simply, there is virtually no section of our society which does not use charities to fulfil its ends. Charities are involved in education, recreation, healthcare support, housing—you name it, charities are there. They have lost their main income streams—those fun things which you do together. The sponsored walk is out; the charity dinner, where everybody drinks slightly too much and makes pledges, is gone; the high-street shop, which has filled a vacuum, is gone or has a very low uptake. The pressure is there.

Some charities, such as the British Dyslexia Foundation—I here remind the House of my interest as its president—are providing training. There is a big surge with children at home, as parents want to know what to do with a dyslexic child. One feels that, to go back to the old ground of the noble Lord, teachers should have been doing this beforehand, but never mind. All this training is fine, but you still need other activities to back it up, and not all charities can do it. Those sections of our society dependent on social activities to generate their income to deliver social goods are vulnerable.

There has not been enough attention paid to these groups at the moment. They overlap with other things, like furlough for staff—we have had a great deal of people asking why you cannot volunteer when you have been furloughed. There must be another look at how we can get this sector to work as the economy starts to emerge from lockdown. Some of the primary fundraising activities will be among the last things we can return to.

We must have another look here or the state must take over these duties, and I do not think that it has a great appetite for that. A little bit of pump-priming, thought and help is required here, or huge sections of our social support structure and things which make life bearable will be threatened.

2.20 pm

Lord Wei (Con) [V]: My Lords, I refer Members to my interests, as well as to an article I wrote recently in "ConservativeHome" which expands in greater detail on some of the topics I want to cover today.

I welcome the Bill and the measures that the Government have taken over the last months to deal with this unprecedented crisis. There is much to applaud within policies such as furloughing and tax breaks—ensuring that cash can get to as many of those affected as possible so they can survive the coming months.

Of course, we are now starting to turn and look up a little further out to the coming months and rebooting our economy—bouncing back, as it has been called. I am a bit concerned that, with all the talk of bouncing back in a greener way, which is important, and levelling up, which remains rightly a priority across the country, there is an assumption in so much of our thinking at the moment, and certainly in the Bill, around normal returning. If I am wrong and what I am about to say will not happen, what a relief. However, I fear that we are entering a phase in our nation's and the world's history of much greater volatility. Some of that is climate driven and is obviously geopolitical. Again, with this issue of viruses, it is now cheap and becoming cheaper to manufacture viruses. I am fearful that this may not be the only one. Perhaps we will deal with this one, and perhaps there will be a lockdown in winter, or not.

My question—which I mentioned in my article—is: do we need now to have another lens, which is to look at resilience? We have had our Dunkirk and we scraped through. Millions were affected and there were huge losses, personally, in human terms, and financially. However, what will we do to make sure that this never happens again? Even if there are lockdowns in future, why will we still allow millions of people to be reliant only on work that can be done physically? I therefore welcome, for example, the Government's policies around boosting apprenticeships; how can that be done in a way to give people resilience? How can we have less centralised healthcare so that the huge machines in hospitals can be shrunk down with better technology so that they can be closer to people's homes or even in their homes? There is also education, supply chains and agriculture—I do not have time to go through them all. There is an opportunity potentially for this nation to become a leader in redesigning our systems so that they can work even in volatile emergency situations like this. In fact, the internet was invented to deal with emergencies like this.

How can we move our entire country forward in a way that makes something of an opportunity to help other countries deal with future crises like this? Perhaps in so doing, we may not quite end up with some of the tax issues, the debt burden and some of the productivity issues. Instead, we can become a leader in being a resilient country to ensure that those who have fewer resources than us will be better able to weather the next pandemic or crisis that hits us.

2.23 pm

Lord Young of Norwood Green (Lab): My Lords, I declare an interest as an apprenticeship ambassador. I came here today for the first time since lockdown—driving my electric car—and I have not been here because my wife has been shielding.

I echo the concerns expressed by my noble friend Lord Livermore when he opened the debate from our Front Bench, but I will focus my remarks mainly on apprenticeships. Before I do, I have to agree with my noble friend, my namesake, the noble Lord, Lord Young of Cookham, who unfortunately is not in his place. I do not have a degree in economics, unlike him, who has two—not even an O-level, come to think of it. However, he was right when he said that the Government need perhaps to challenge some of their manifesto policies. One that he did not refer to, the triple lock for pensioners, ought to be looked at in the current circumstances, and I would welcome the Minister's comment on that.

I welcome the Government's intention as regards helping young people, who will be hardest hit by this crisis. Who knows whether the Government have it all right or wrong? As a number of speakers have said, these are difficult, challenging and unpredictable times. However, they are right to focus on younger people. As they said, 700,000 will leave education this year, and the worst thing that could happen is for them to become institutionally unemployed, if you like, when they should be in work, training or education.

So we are going to face a challenge. There are thousands of furloughed apprentices who, unfortunately, are likely to lose their jobs, so anything that the Government do to ensure their future employment is welcome. I agree with those who have talked about SMEs, the growth companies that are likely to provide many of the opportunities for young people—and not just young people, of course, but those who are well over 25 who have been made redundant for the first time.

In the brief time that I have, I want to focus a bit on the apprenticeship levy, which is due for reform. It needed it. The number of apprenticeship starts before the crisis was actually down on what it had been a few years ago, which is worrying. Then there is the future of training providers, which are an essential part of that scheme. Many of them are, unfortunately, not going to be in business.

One area that I think the Government should be concerned about is nursing apprenticeships. They are a vital part of the Government's policy of trying to recruit 50,000 more nurses, but they are finding difficulties there. They ought to be looking at the best practice in that area.

I close by echoing what the noble Lord, Lord Cormack, said about the importance of sustaining heritage skills and zero rating on restoration work, and with the point made by the noble Baroness, Lady Gardner of Parkes, about the importance of social housing.

2.27 pm

Baroness Ritchie of Downpatrick (Non-Afl) [V]: My Lords, it is a pleasure to follow the noble Lord, Lord Young of Norwood Green.

In many ways, I find it slightly surreal that we are discussing this Finance Bill today. The 11 March Budget, on which the Finance Bill is based, feels like a relic from another age. The Covid-19 pandemic means that we are now living in a completely different world. It has led to an economic contraction of 25% and the total cost of emergency measures could run as high as £300 billion. These are eye-watering figures.

The recent mitigating measures announced by the Chancellor are largely welcome as far as they go, but the extent of this crisis means that the Government need to engage in some bold and imaginative new thinking, including the relief on stamp duty for house buyers for one year. I hope the Minister will advise us of further thinking in this regard.

Covid-19 has created huge volatility and uncertainty, and the economic shock waves will be with us for years to come. This means that the policies of the past and the effect that they have, in both the public and private sectors, need a thorough examination. Nothing should be left off the table. One particular focus should be on making public revenues work as hard as possible, and I am thinking particularly about tax reliefs. Earlier this year, the National Audit Office concluded that these should be reviewed, and I wonder if the Minister could provide us with some further detail on that.

I want to refer to a matter in Northern Ireland. Earlier this year, in the first week of January, the Government signed up to a wide range of financial commitments in the *New Decade, New Approach* all-party settlement. The then Secretary of State for Northern Ireland, Julian Smith, was congratulated on delivering this agreement with the Northern Ireland parties after a long downtime. There are important commitments in that document about getting Northern Ireland's critical infrastructure—in particular, water, transportation and health—up to UK norms after years of underinvestment. Could the Minister investigate this matter and, if that is not possible today, come back to me in writing about when those financial commitments will be delivered as promised in *New Decade, New*

[Baroness Ritchie of Downpatrick]
Approach to ensure that we have proper and adequate delivery of devolution? The regions are left wondering about the disparities and inequalities.

2.30 pm

Lord Dobbs (Con) [V]: My Lords, 40 years ago this country was confronted by mass unemployment. It went way above 3 million. Foreigners mocked us. Britain was the sick man of Europe. Unemployment was supposed to be the club with which the Opposition would beat the Thatcher Government to death, but it did not happen. The Government were re-elected. Unemployment began to decline and hope returned. But unemployment is not just figures; it is real people and real lives. I have never forgotten the darkness that enveloped my family when my father lost his job—not for days or weeks, but many months.

Today the challenge is much the same. We are about to suffer another great blow. Unemployment will rise very sharply, beyond 3 million again. Many families and decent people will suffer. Many worthy causes will suffer with them, as the noble Lord, Lord Addington, has just pointed out. Yet we are in a better position to respond than we were in the 1970s. Our economy is far more flexible, fleeter of foot, more adaptable and more entrepreneurial—and it will become much more so as Brexit opens up new opportunities.

Yet for the moment the challenge that lies ahead—for us all, not just for the Chancellor—is not just about trying to balance conflicting and impossible demands and repaying all that debt. That is important, but life is not just about money—about living on bread alone, if you will—but about dreams and intangibles that cannot be measured but are crucial. Our recovery will be about not letting go of our dreams, ambitions and entrepreneurship.

That means a prime objective for government policy will be sustaining and strengthening our wealth makers, whose success underpins everything else: our elderly, our sick, and the young people who are our future. So, simplified taxation, sustained training, providing incentives, encouraging innovation and new investment, enterprise in everything we do—and, I hope, discovering new plays, new music and new entertainments to restore our spirits.

Let us not despair. We will get through this challenge. We have before. I wish our remarkable Chancellor well.

2.32 pm

Lord Goddard of Stockport (LD) [V]: My Lords, I will address the loan charge in the Finance Bill. For the avoidance of doubt, we do not support tax evasion and fully support everybody paying the tax that is due. However, the scandal of the loan charge must be addressed.

Today I spoke to a family whose breadwinner unwittingly signed up for a payroll loan scheme in 2012. He checked that the company was legally compliant. It was backed up by a QC opinion and a chartered accountant was appointed to look after his tax returns. It was only in 2018 when he had retired that he became aware that a loan charge had been made to his retirement plans. Now on a pension, not working, he faces a bill of upwards of £50,000. He is uncertain of the final settlement, as HMRC will decide how much to add on in penalties, interest and maybe inheritance tax. The Loan Charge APPG has published a damning report on the conduct of HMRC's dealings with loan charge-affected citizens, who have no right of appeal to HMRC. They simply want to work and be on the right side of legislation.

This person is not alone. About 100,000 families are similarly affected. The use and industry-wide acceptance of payroll loan schemes, where the payroll scheme makes substantial deductions and passes the money back to the employees through a mixture of PAYE and credits, became common from 2010. The people affected are not Premier League footballers and celebrities, but hard-working contractors in oil, gas and IT and, latterly, NHS and care workers, for whom in many instances it was a condition of employment that they engage in a recommended payment loan scheme.

These schemes still operate. A recent BBC report on "Money Box Live" highlighted how they are drawing into their clutches lower-paid and essential workers. This Finance Bill also condones retrospective tax law—a dangerous precedent.

According to a recent Morse report, the average liability is around £50,000. For the family I spoke to, that is two years' gross pension and clearly unpayable. They are now putting their house on the market, as they have no other course of action. New Clause 31, which is not included in the Bill, would have restored natural justice to our system. It proposed to exclude people who have submitted tax returns in good faith and that the loan change should apply only to those who have deliberately reduced their tax bill. The principle of "innocent until proven guilty" would also have been preserved.

In summary, the loan charge has not stopped payroll loan scheme companies operating. It is retrospective. It has caused immeasurable stress and hardship to those facing it. It is forcing house sales, bankruptcy, family breakdowns and confirmed suicides. It does not serve a purpose. In rejecting NC31, the opportunity to restore the rule of law and fairness to the tax system has been missed. It must be looked at again.

2.36 pm

Lord Moynihan (Con) [V]: My Lords, if we are follow the Prime Minister's lead in tackling obesity, we must think beyond the input of unhealthy food to output policies to address a generation of young people who are less fit now than when the Government initiated the national Fight for Fitness campaign in 1900, during the Boer War. We have a generation of young people heading into the summer holidays who are some 60% less fit than they would normally be. Mental health issues are on the increase and boredom and obesity are commonplace. We need to consider a national campaign for sport, recreation and fitness, with sports clubs, home fitness campaigns and new levels of access to facilities at an affordable cost at its epicentre.

Community sports clubs deserve to be at the centre of this plan and not, regrettably, to be penalised by the Finance Bill. Due to the way in which tax law applies to not-for-profit clubs, Schedule 16 to the Bill will impose CT liabilities and potentially significant additional costs and reporting burdens on community sports clubs in relation to Covid-19 support grants. In practice, clubs are likely to have to pay corporation tax on their grant income, thus reducing the funds available for investment in grass-roots sport at a time when finances are critical and the need to engage with a growingly unfit population is all the more important. It appears counterproductive for the Government to continue to claw back a proportion of these grants in tax when there is now a vital need to support the sectors that have been hit the hardest by the pandemic and resulting lockdown.

In addition, many clubs will have to file corporation tax returns for the first time, with many having to use costly professional help to do so. Little tax is likely to be collected, but significant administrative burdens will be imposed on both community sports clubs and HMRC. I would be grateful if my noble friend the Minister and his colleagues would consider the proposal for a coronavirus support payment received by a not-for-profit sports body to be exempt from tax under paragraphs (1) and (6). For this purpose, a not-for-profit sports body is one that qualifies as an eligible body in group 10 in Schedule 9 to the Value Added Tax Act 1994. I hope that the Government would agree.

I appreciate the constraints that this House is under when it comes to money Bills, but I very much hope that the Minister will give serious consideration to the consequences of this additional burden on the sport, recreation and fitness sector, as it is this sector that, alongside health, will unlock the potential of this country to recover through an absolutely essential improvement in the population's fitness so that we can minimise further cases of coronavirus this winter.

2.38 pm

Lord McKenzie of Luton (Lab) [V]: My Lords, Covid-19 has changed all our lives in a way that we might have thought unimaginable a few months ago. With optimism for a V-shaped recovery receding and facing a 12.8% fall in GDP this year, and with public sector borrowing in excess of £500 billion, we face difficult times. Levels of borrowing that might previously have been said to be indefensible, dangerous and unsustainable are now being viewed as mainstream.

With the reality of major job losses growing apace, and faced with the changing norms of ongoing social distancing, working at home, changing supply chains and accelerated use of technology—just look at this place, for example—life has changed. The world of work has changed, and will change more after Brexit, and I do not think it will spring back any time soon. If it is to, where are the signs to suggest that it will?

The pandemic has brought home that, in times of crisis, we have to look to and engage the power of the state to find solutions and to provide resource and direction, nowhere more so than in tackling unemployment. It is to the state that we must look to build a safety net—the social security system newly enthused by those who hitherto never imagined that they should need recourse to it and who now have to engage with the paucity of its provision and the frustrations of its complexity. Of course, this will necessitate more borrowing, but one of the lessons we have directly learned is that levels of public borrowing must not be bound by the orthodoxy of the past. We need jobs as the priority.

One of the lessons, as we see from its nightly inclusion in people's lives through our TV screens, is the spotlight being shone on just how unequal is the society in which we live and how fragile the financial resilience of many families—evidenced by growth in access to food banks, for example. With the poorest one-fifth of households suffering a 7% fall in income, how do we find this acceptable?

2.41 pm

Baroness Kennedy of Cradley (Non-Afl) [V]: My Lords, growing up in the Midlands, and the Black Country in particular, I know how much pride there is in this country's manufacturing tradition and its industries. The Black Country is the home of the Industrial Revolution and I am delighted that it recently received the recognition it deserves by being awarded UNESCO Global Geopark status. It is an area that makes things, where small and medium-sized enterprises and large manufacturers are working hard, creating wealth and selling their products, at home and abroad. They employ thousands of local people. This is why the Government, local government, businesses and academics come together and talk about support for the Midlands engine. This is why the Government must do more now to support manufacturing in this country.

As others have noted, our manufacturing sector faces what many employers are privately warning is a tsunami of job losses. It is tragic to read that, because of the economic shock of Covid-19, many in the manufacturing industries now expect their recovery to take 12 to 24 months. Across the West Midlands, nearly 300,000 people in manufacturing, construction and the car trade are furloughed. To put this into perspective, this is equivalent to the entire population of Dudley borough not being at work. Across the country, nearly 8,000 manufacturing jobs losses have already been announced by world-leading companies such as Rolls-Royce, McLaren, Aston Martin, Jaguar Land Rover and Arlington Automotive. The Government need to do more and act now to save our manufacturing base.

Why are the Government reluctant to consider extending the furlough scheme to different sectors of our economy that need extra support? Will they consider emergency measures to stimulate market demand, particularly in our car industry? What are the Government doing to ensure that the banks are doing their bit to help save our manufacturing sector? The need for flexible access to finance and support for firms attempting to restructure and reshape themselves to adapt to the new economic environment is vital.

For the last 300 years and more, my family has been working in iron and steel in the Midlands. Like many Black Country families, they worked hard, and now they need more action to protect their jobs and their wages if we are to save this country's manufacturing jobs and tradition. I look forward to the Minister's reply.

2.44 pm

Baroness Kramer (LD) [V]: My Lords, we must brace ourselves for high levels of unemployment in the autumn and the failure of a significant number of businesses, especially in vulnerable sectors. SMEs are likely to be among the hardest hit. Many noble Lords who spoke today identified the plight of hospitality, retail, the arts, transport, the charity sector and leisure. The call for the Government has been powerful: target support and do not remove it too soon.

I am now picking up anecdotally that Brexit is resulting in a wave of damage. British SMEs are being cut out of supply chains that have been a major part of their business for years. Larger companies in the UK, which anticipated shifting operations to the EU 27 over several years because of Brexit, are now accelerating those decisions. Supply networks are just not willing to put up with the costs and complications of regulatory divergence and border constraints, which now seem inevitable under every government scenario. My noble friends Lord Razzall and Lady Northover and the noble Baroness, Lady Wheatcroft, emphasised the risk.

Add to that the breakdown of the US-China relationship—to which the noble Lord, Lord Blunkett, drew attention—and the growing momentum for the world to divide into regional economic blocs, and we see a dangerous economic storm. I am concerned that this Government have found themselves the flotsam and jetsam between regional economic powers. They have clearly decided to hitch their wagon to the US bloc, in the hope of a trade agreement that, at best, offers very modest gains to the UK.

Like others, I support the Chancellor's swift action to mitigate the immediate impact of Covid on the economy, with a huge injection of cash. The triage has been vital. But other countries, our rival economies, have been designing their rescue plans to fit a long-term strategy of building an economy for the future—a green economy, a digital economy and an economy framed by the fourth industrial revolution. Germany, as I have remarked before, has earmarked €8 billion just for hydrogen. France has committed €7 billion just for electric vehicles. At the very least, the Government could commit to a strategy of major investment in a green recovery. My noble friend Lord Oates underscored the need for urgency and the scale of the investment and commitment required.

I want to highlight three issues with the Chancellor's schemes that I find outrageous. The first is the exclusion of 3 million businesses from any help, mostly self-employed contractors and freelancers who work through entirely legal personal service companies. My noble friend Lady Burt discussed this in detail. I do not buy the Government's explanation that it cannot help this sector for fear of fraud; it stems from the Treasury's institutional hostility to these kinds of contractors. We saw it with the loan charge, and I am grateful to my noble friend Lord Goddard for expanding on this. We still urgently need a rational basis for settlement under the loan charge of open years—something that will avoid destitution and bankruptcy. We have also seen that same attitude with the new off-payroll working rules, as described by my noble friend Lady Bowles. I know we will discuss those and the Economic Affairs Committee's report on them another day.

As the IFS reminded us this week, many of those who become unemployed because of Covid will turn to setting up their own businesses. As explained by my noble friend Lord Bruce, the solo self-employed are critical to economic recovery. If the Government do not change their attitude and provide meaningful help, there will be a long tail of unnecessary damage from Covid, and it will hit the poor, especially those with children, gig workers, women and young people the hardest.

The second issue is the failure to open the Bank of England term funding scheme to fintechs and alternate lenders. The Government announced their £330 billion in schemes, including CBILS, CLBILS and bounce-back. Only £46 billion has gone out the door. Did they really intend only 14% of their schemes to be used?

The clearing banks have been given incredibly cheap money from the Bank of England to fund these loans and have behaved in their usual way, cherry picking existing customers and the most desirable customers, and leaving out the rest. They argue that they cannot expand their balance sheets too much, but they have refused to funnel the cheap Bank of England funding money to alternate lenders, even though this would not be put on to their balance sheets, and are blatantly using public money to undermine their competition. It has left the alternate lenders accredited by the British Business Bank unable to find the cheap money that would enable them to lend under these schemes and is threatening the diversity of providers that we need for economic recovery.

I go further. The Government need to take an active step to support finance for SMEs. This includes facilitating equity investment—it is incomprehensible that EIS has not been included in the future funding scheme—and a review of forbearance, and requires permission for new mechanisms such as shared platforms to improve access to financing.

The third travesty in this Finance Bill is the restoration of Crown preference, putting HMRC ahead of the queue and collecting money from bankrupt companies. At a time of national emergency, a measure that will hit small creditors and suppliers badly—as we heard from my noble friends Lady Burt and Lady Bowles and the noble Lord, Lord Bourne—is completely unacceptable.

We are also debating the stamp duty land tax Bill. My concerns have been that these measures help those buying second homes with buy-to-let instead of being more targeted. The move does little to stimulate the building of affordable housing, as my noble friends Lord Shipley and Lady Bakewell described. My noble friend Lord Bruce, the noble Lords, Lord Wood, Lord Truscott and Lord Loomba, and the noble Baronesses, Lady Falkner and Lady Wheatcroft, underscored the concern. The stamp duty change does nothing for renters. I have received the same letter as the noble Baronesses, Lady Andrews and Lady Bennett, from a renter who has been told their lease will not be renewed because the landlord wants to sell to take advantage of the stamp duty reductions. I suspect that letter is the tip of the iceberg.

Finally, I say how disappointed I am that we still do not know how the Government plan to borrow, tax or cut its way to covering the £188 billion in crisis spending.

We know that in March sterling went into free fall and the capital markets turned against the UK Government's debt until the Chancellor intervened with his rescue package and the Bank of England announced another £200 billion in QE. We should all take note of the warnings by the noble Baroness, Lady Altmann, on QE's down sides. I accept that right now we have to splash the cash, but we also need a long-term economic plan.

2.52 pm

Lord Tunnicliffe (Lab) [V]: My Lords, this debate has come at an interesting time. Despite the limitations on speeches, we have had a number of insightful and diverse contributions. I am sympathetic with the Minister in the number of ideas he has to comment on.

On Tuesday the ONS published May's GDP estimate, which suggests a weaker return to growth than many had anticipated. We also saw the OBR's *Fiscal Sustainability Report*, which contained a range of potential post-Covid outcomes that give cause for concern.

Yesterday we learned that nearly 650,000 people have fallen off UK payrolls as a result of coronavirus. A survey by the British Chambers of Commerce found that just under a third of companies planned to lay off staff in the next three months, meaning that the furlough scheme will be able to disguise the scale of the problem only for so long.

Last week's announcement of the job retention bonus has been met with bewilderment by many. Like many of the other schemes announced by the Chancellor, it was not deemed by officials to be value for money and therefore required a ministerial direction for preparation to proceed. Primark has announced that it does not intend to accept the funds, and other firms, including John Lewis, are believed to be sceptical. Despite the job retention bonus, thousands more job losses have been announced, each a personal tragedy. The Government must do more to prevent mass unemployment.

I hope the Minister will accept that the Labour Party is trying to be a constructive and co-operative Opposition throughout the coronavirus crisis. In doing so, we have pointed out what we perceive as flaws in the approach taken, and that includes in relation to the measures contained in the Bills we are considering today. For example, we did not oppose the stamp duty Bill in the Commons, despite the concerns that the measures do not necessarily help those most in need of support.

Despite playing that role and giving the Government space to formulate one, we still lack a cohesive plan for exiting lockdown. The situation was summed up by a senior Cabinet Minister telling the country on Sunday that it should not be compulsory for people to wear masks in shops, only for an announcement on Tuesday to make it compulsory. Such instances increase confusion, which in turn undermines public confidence and hence the economic recovery.

If the country's recovery falters, the problems already felt by central and local government before the pandemic are likely to be substantially worse. This is true of the shortfalls faced by many councils, many of which feel that Ministers have failed to fulfil their promise to deliver whatever resources are necessary. That applies equally to the welfare system, which was struggling with the rollout of the flawed universal credit even before millions more suddenly required its support.

As I have raised on a number of occasions, specific sectors of our economy are at a disproportionate disadvantage as a result of recent events. Aviation, which the Government have so far failed to support in any meaningful and joined-up way, will not get back to its pre-crisis state for some years. The same applies for much of the hospitality sector, as well as the performing arts. Although the former has started to reopen and the latter will receive new support, concerns remain over the long-term viability of businesses and jobs.

With the two Bills we are discussing soon to be on the statute book, the question is: what comes next? We have all read the reports that government departments are being asked to identify substantial savings. I say to the Minister that a decade of austerity is a large part of the reason why the economy has suffered so badly from the coronavirus crisis. A return to cutting budgets for the sake of it is not the answer, especially locally, where this simply is not possible without drastic consequences for local communities.

The area we should prioritise is the immediate review of the tax system, including tax reliefs. Some of the 1,190 reliefs have their benefits, but many noble Lords will have read the NAO's February report, which notes that the UK relies more heavily on them than other countries. It has called for significantly more oversight of tax expenditure by the Treasury and HMRC, suggesting that some costs far exceed published forecasts.

2.57 pm

Lord Agnew of Oulton: My Lords, this has been an excellent debate, and I thank noble Lords for their expert and insightful contributions. I shall use what time remains available to address some of the issues raised by your Lordships in the debate. First, I shall briefly review some of the Bill's achievements, for, despite the unprecedented events of the past few months, it is still significant.

The introduction of the digital services tax places the UK in the vanguard of global digital tax policy development—I will build on that later in response to individual queries—even as we continue to drive forward an international effort to secure a long-term multilateral solution. Our reform of IR35 off-payroll working rules represent a significant step towards ensuring the fair and equal treatment of individuals working in the same way across the labour market.

We are delivering on the Government's manifesto promises to increase the rates of relief for businesses investing in R&D from 12% to 13%, and, as provided by the structures and buildings allowance, from 2% to 3% per annum. This underlines our commitment to incentivise businesses to invest in research and capital assets that will drive our future prosperity as we level up across all four nations of our union. It is worth reminding noble Lords of the colossal sums committed in this budget that have been forgotten and washed away with the crisis. We have committed to increase the capital budget from £71 billion in 2019-20 to £113 billion per year up to 2024-25. That is a 40% cumulative increase.

[LORD AGNEW OF OULTON]

Over the next five years, the public sector will invest more than £640 billion for our future prosperity. The OBR has said that the large planned increase in public investment should boost potential output, and indeed, when we look at the crisis we are facing, there are two ways to get through it: to increase tax or to reduce services to the public. I do not agree with that because I believe that there is another way. We can improve the productivity of this country and make the delivery of services by the Government a lot more efficient, so I want to be a little more optimistic.

I turn now to the various points raised by noble Lords and will try to address some of their queries. The noble Lord, Lord Livermore, asked about a more sector-specific approach. The view of the Government is that it would be challenging to target the comprehensive job retention scheme in a fair and deliverable way if it was sectorised. It may not be the case that this is the most effective or sensible way to provide longer-term support, but in *A Plan for Jobs 2020* the Chancellor announced measures to support firms in particular sectors, including the hospitality and tourism sectors. It is the case that some firms will be affected by the coronavirus outbreak for longer than others. The Government will seek to support these firms appropriately by engaging with businesses and representative groups with the aim of ensuring that the support provided is the right kind and relevant to them.

A number of noble Lords, including the noble Baroness, Lady Wheatcroft, and the noble Lord, Lord Livermore, asked about the dead weight of the job retention bonus. This bonus will provide an additional incentive to firms to keep their employees as demand recovers. Several noble Lords talked about the horror of mass unemployment, and we want to try to instil confidence in employers so that they bring their staff back. The Chancellor has given compelling reasons to justify the introduction of the job retention bonus, which falls outside the confines of the *Managing Public Money* guidance. The chief executive of HMRC has asked for a direction, but it is important to remind noble Lords that that has happened on a number of the schemes announced over the past few months, many of which have been supported both here and in the other place. For example, the discretionary grants top-up required a letter of direction, as indeed did the loan schemes. This is not an unusual mechanism. We are all working at pace and trying to be proactive in the face of the enormous challenges that exist.

Noble Lords asked about support for the self-employed and the noble Baroness, Lady Bowles, said that we should do more. On 29 May, the Chancellor announced an extension of the Self-employment Income Support Scheme and eligible individuals may now qualify for a second and final grant when applications open in August. This means that the UK continues to have one of the most generous self-employment Covid support schemes in the world as the economy reopens. Around 95% of those with more than half their income from self-employment may be eligible for the scheme. By 12 July, some 2.7 million individuals had claimed grants worth £7.8 billion in total. As the Government begin to reopen the economy, it is right that state support is tapered off and the focus shifts to getting people back to work.

A number of noble Lords, including the noble Lords, Lord Livermore, Lord Wood, Lord Bruce and Lord Empey, commented on the stamp duty land tax. I should like to speak briefly about the value of this tax and the measure announced last week. SDLT continues to be an important source of government revenue, raising several billion pounds a year to help pay for services. Any permanent changes would have a significant impact on the Exchequer. The Government believe that this is the time to encourage and bring forward transactions in the property market. This measure is there to increase confidence. First-time buyers will save up to £10,000 in addition to the £5,000 that they have already saved from the holiday. The Government are committed to helping to support first-time buyers on to the property ladder. They will still pay no SDLT on purchases worth up to £300,000 once the holiday ceases, and although second home and buy-to-let property buyers will benefit from the tax change, they will continue to pay the 3% top-up of the standard SDLT rates. It is worth reminding noble Lords that it is this Government who have reduced some of the tax incentives for buy-to-let borrowers over the past few years.

The noble Baroness, Lady Bakewell, and the noble Lord, Lord Shipley, asked about the market's concentration in the hands of 10 developers. After the 2008 crisis, the number of SME housebuilders was reduced. We have extended the short-term home building fund with an additional £450 million boost to provide support for smaller builders and developers and help them access finance for new housing developments. This additional funding will help to provide finance to firms experiencing cash-flow issues, and we anticipate that it will support the delivery of over 7,000 new homes.

Taking a broader view of the Government's efforts to date, the noble Lord, Lord Macpherson, my noble friend Lord Lamont, the noble Baroness, Lady Falkner, and the noble Lord, Lord Young, all spoke about longer-term financial sustainability. The immediate focus of the Government's economic and fiscal strategy is ensuring that it continues to support workers and businesses as the country recovers from the Covid crisis. I cannot speculate on the contents of future Budgets but we will set out further plans at the next Budget as the economic and fiscal outlook becomes clearer.

Noble Lords—and the noble Lord, Lord Greaves, in particular—asked about support for local authorities. The Government have provided over £3.7 billion in new grant funding to councils to help them respond to the pressures. We have provided a further £600 million to support social care and £300 million to support track and trace. On 2 July, the Government announced a major scheme to help reimburse councils for their loss of income during the pandemic.

A number of noble Lords, including my noble friends Lady Verma and Lord Cormack, raised the issue of reskilling. We are creating a new skills fund worth £2.5 billion to transform people's lives and give businesses the workers they need. We will invest £1.5 billion in dramatically improving the entire further education college estate. We recognise that it has been something of a Cinderella, and we are addressing that. We have committed to 20 new institutes of technology, where we will connect students learning about the world of science to the real world of business and industry.

We have also committed to a dramatic increase in the number of careers coaches in jobcentres, with an additional 14,000 careers coaches between now and the end of March next year. We are unashamed in taking an idea used by the previous Labour Government during the 2008 crisis. We hope that we can learn from that experience how it might work better.

A number of noble Lords, including the noble Lord, Lord Bruce, my noble friend Lord Blencathra and the noble Lords, Lord Haskel and Lord Snape, all stressed the need for a digital services tax. We would all have preferred an international response to the rise of these new juggernauts over the last 10 years. However, we have now put in place the framework to ensure that they start to contribute to our tax base.

Going slightly off piste, I ask my noble friend Lord Blencathra to forward any ideas he has on curtailing the anti-social behaviour that occurs on some sites. My own idea, which I would like to push further, is to have the platforms designated as publishers. As such, they would not be allowed to air all the dreadful things that appear on some sites. I apologise for digressing. The Government's preference is for a strong global solution, and we have been at the forefront of this. One noble Lord mentioned retaliation from the United States. We have been very clear in our discussions with the US that this is not aimed at a particular country; it is a solution for any large platform.

The rates system is a matter of concern for noble Lords. We have committed to a fundamental review of business rates, and we published its terms of reference in the Spring Budget. As they set out, we invite expressions of interest from everyone who is interested in coming up with solutions. As noble Lords will know, people are much keener to see the abolition of taxes than the creation of new ones, but it is an important part of our tax base and we need to come up with a sensible alternative. The DST is intended as a temporary measure until the international world catches up. I hope that we can have a system that will operate in a uniform way across the developed world.

We have published an online harms White Paper where we set out the Government's plans for a world-leading package of online safety. We are designing our proposals, and the next step will be to publish a full response to the White Paper consultation later in the year followed by legislation.

The noble Lord, Lord Snape, referred to the US digital services tax. As I have mentioned, we are engaging and trying to show to them that this is not a matter of discrimination.

Noble Lords, including the noble Lord, Lord Bruce, asked about the loan charge. Those affected by the loan charge are already able to defer submitting their self-assessment return for 2018-19 until September this year without having to pay any late filing charges or penalties. Changing the date would impact customers who legitimately made provision to help pay in the 2018-19 year. HMRC will keep the situation under review over the coming months and take a proportionate and reasonable approach to anyone who is unable to do this.

The noble Lord, Lord Goddard, suggested that the loan charge was retrospective. It is not retrospective; it is a new charge on disguised remuneration loan balances outstanding as at April 2019. It is worth reminding noble Lords that this scheme was simply too good to be true. People were offered their remuneration on the basis that they would never have to pay tax. In the recent High Court case Zeeman and Murphy, the judge explained that the loan charge only altered the timing of the payments received and held that it was

"well within the generous margin of appreciation for Parliament to decide that it would tackle the matter in the way that it did, and impose a present … liability in respect of money whose use, tax-free, had been enjoyed by the recipient over a number of years."

A number of noble Lords expressed concern about the changes to insolvency and making HMRC a preferred creditor. The measure is not expected to have a significant impact on financial institutions. The reforms are forecast to raise approximately £220 million a year. That money will be spread thinly and recouped from both unsecured creditors and holders of floating charges. Bank lending to small and medium-sized businesses in 2019 alone was £57 billion, which is of a massively different order of magnitude. A financial institution holding fixed charges over assets will remain above HMRC in the creditor hierarchy and will be unaffected by this reform. The Government recognise that floating-charge creditors will recoup less than under the current law as a result of the way in which such tax debts are treated. However, we believe that the measure is right. It takes a fair and proportionate approach and applies only to taxes that have been paid by employees and customers in good faith and are held on their behalf by a business before being passed on to HMRC.

Another point of contention for some noble Lords is the IR35—the noble Baroness, Lady Bowles, and other noble Lords referred to it. It is true that falling within the off-payroll working rules does not change an individual's status in respect of employment rights, as there are separate legal frameworks for determining employment status for tax and for rights, with no direct link between the two. Again, I urge noble Lords to consider common sense. There are some very simple principles of self-employment status; for example, if you are able to send a replacement for yourself to the person or firm employing you, if you are being directed regularly by that company, and if the tools of trade that you are using are not owned by the company contracting or employing you, they are marks of self-employment. Those who wish to challenge their employment status rights can take their case to the employment tribunal. The Government are making good progress on implementing the recommendations of the Taylor review and we continue to work across government on these issues.

On green policy, noble Lords have reiterated the fact that climate change issues are a massive priority for the Government, but it is worth reminding the House that we have been a leader on climate change and have reduced our emissions faster than any other G7 country since 1990. In the spring Budget, we reinforced our strong track record in this area, announcing at least £800 million for carbon capture and storage,

[Lord Agnew of Oulton]

more than £1 billion for further support for ultra low emission vehicles and a commitment at least to double funding for energy innovation. Many of the actions will take time to deliver on climate targets, but they will also help the UK's economy recover from the impacts of Covid. Between 1990 and 2017, the UK reduced its emissions by 42% while growing the economy by more than two-thirds.

I am running out of time, but I want to pick up on one or two other comments made by noble Lords. On the future of manufacturing, for example, the noble Lord, Lord Empey, and several other noble Lords raised concerns that we have pivoted too far away from manufacturing over the last 30 years. What this crisis has shown us, and all countries in the developed world, is that we must have tighter and more accountable supply lines. I think we will see a renaissance in manufacturing.

I have some uplifting examples of that from my own experience during the last few months. For example, I have run a small initiative to build non-medical masks in this country. One of the British companies making the masks is in the south-west called Expert Technology, which previously made car parts. It has swivelled its whole operation to build these machines. Very movingly, when I spoke to the chief executive a couple of weeks ago, he had brought 70 of his staff back from furlough to build these machines. It shows the ingenuity that lies in the bedrock of our manufacturing industry that he could move so quickly to make such a dramatic change.

Another one that I was involved with was the manufacture of CPAPs; these are a kind of oxygen support mechanism, not an intrusive ventilator. UCL teamed up on this with Mercedes, which took its Formula 1 staff from making high-performance engines and built 10,000 of these units in less than a month. It shows what we can do, and this crisis will showcase and give us the potential for doing more.

The noble Lord, Lord Oates, asked about hydrogen. I completely agree that this is a crucial development. It will take the production of offshore wind energy so that we can capture it and the hydrogen can then be used for other forms of energy creation. We announced in the Budget £121 million to support a range of projects to explore and develop the potential of low-carbon hydrogen; I am sure that more will follow.

The noble Baroness, Lady Falkner, asked about using the German reunification tax as a model for a short-term tax, but she may not know that the tax, introduced in 1991, is still there in various forms. This is the problem with these taxes; as one noble Lord mentioned, income tax was brought in to help fund the Napoleonic War, which is now some 200 years ago.

My noble friend Lord Shrewsbury asked whether he could meet officials to talk about a company in his area called SD Technology. I will be very happy to organise that.

A number of noble Lords were anxious that we are still leaving the EU in the midst of this crisis. We need to draw a line under this very divisive debate that has scarred our whole body politic, certainly for 10 years. I stood as a Referendum Party candidate in 1997, which is 23 years ago. I would like to try to get through the important message that we want to negotiate in good faith with our EU partners. We want to have a collaborative and successful relationship with them, going forward. We do not expect to be treated like a third-class citizen. When we suggested that we should be treated in the same way as they had Canada, we were told that we could not even have a Canada deal. They need to come to the table in a constructive way.

I want to pick up what the noble Baroness, Lady Andrews, said on housing. She mentioned what we call office-to-resi. I declare an interest as I have done some of these. I actually live in one, and they are not slums. There are crooks, vagabonds and bad people in any situation and walk of life, and I am sure that there have been some poorly built office-to-resi units. But tens of thousands of good-quality properties have been built; as I say, I live in one myself.

I want to raise an important point on pushing economic activity forward. I apologise to the Deputy Speaker; I will finish after this point. There are two important things. We are bringing forward an omnibus Bill in the autumn, which will have a number of levers to accelerate economic reconstruction in this country. That will include things such as looking very carefully at planning regulations. I declare an interest as having built properties over many years. The regulations are beyond parody. I have a potting shed in my garden; it took me 12 years to get planning permission and then I was told that I could not go into it before 9 am. That is the madness of the system, so I hope very much that we will attack this once and for all.

We are bringing forward a Green Paper on procurement. It will be out in the next couple of weeks in a preliminary consultative form. It will not be a formal consultation, though I am pushing it very hard as it falls in my own specific area of responsibility. This might sound dry as dust but we spend £290 billion a year on public procurement in this country, and this is a fantastic opportunity post Brexit and the OJEU rules to recast it and make sure that we can point it to parts of this country where we can generate activity. Included in there will be the first time that we have used something called social value, so we will be able to assess a contract beyond just the pounds and pence of a bid.

I have sought to address noble Lords' questions to the best of my ability. I will of course review the record of the debate, which has been of high quality; indeed, as is so regularly the case, many of the expert interventions illustrate the significant value of the ongoing scrutiny by this House. If in my closing remarks I have missed a point of substance, I will follow up in the usual way and write to those before me. I commend the Bill to the House.

Bill read a second time. Committee negatived. Standing Order 46 having been dispensed with, the Bill was read a third time and passed.

Stamp Duty Land Tax (Temporary Relief) Bill

Second Reading (and remaining stages)

3.22 pm

Bill read a second time. Committee negatived. Standing Order 46 having been dispensed with, the Bill was read a third time and passed.

House adjourned at 3.23 pm.