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**HOUSE OF COMMONS
OFFICIAL REPORT**

**PARLIAMENTARY
DEBATES**

(HANSARD)

Monday 11 April 2016

HER MAJESTY'S GOVERNMENT

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(FORMED BY THE RT HON. DAVID CAMERON, MP, MAY 2015)

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OFFICIAL REPORT

IN THE FIRST SESSION OF THE FIFTY-SIXTH PARLIAMENT OF THE
UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND
[WHICH OPENED 18 MAY 2015]

SIXTY-FIFTH YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II

SIXTH SERIES

VOLUME 608

THIRTEENTH VOLUME OF SESSION 2015-2016

House of Commons

Monday 11 April 2016

The House met at half-past Two o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

HOME DEPARTMENT

The Secretary of State was asked—

Migration (Africa to the EU)

1. **Kelly Tolhurst** (Rochester and Strood) (Con): What steps the Government are taking to tackle migration from countries in Africa to the EU. [904375]

The Secretary of State for the Home Department (Mrs Theresa May): We are working closely with European and African partners to address illegal migration to the European Union. November's Valletta summit created a coherent framework and road map for action. As current chair of the Khartoum process, the Government take a leading role in driving forward projects to combat people smuggling and trafficking from Africa, focusing on capacity building, training and communications.

Kelly Tolhurst: Just before Easter weekend, 52 suspected migrants, many of north African descent, were held after two lorries were stopped at the Dartford crossing and in Canterbury. Given that Kent is on the front line of these desperate attempts, can my right hon. Friend

outline what additional support can be provided to our region's police and border guards to prevent these clandestine actions?

Mrs May: My hon. Friend raises an important issue. I recognise the role that Kent plays in these matters, being on the front line, as she says. There is a dedicated unit in Kent and specialist debriefers to support the police to gather further intelligence to deal with this vile trade, but importantly, of course, we want to stop people from arriving in the UK clandestinely. That is where the work we are doing, particularly with the French Government, on improved security at the juxtaposed controls in Calais and elsewhere on the continent is important, as is the work of the National Crime Agency, Immigration Enforcement and, in particular, the border crime command in dealing with partners across Europe and in Africa to break the criminal gangs and to stop trafficking and people smuggling taking place.

Keith Vaz (Leicester East) (Lab): The deal with Turkey was brokered after intense negotiations, which seem to be lacking in respect of north Africa. I hear what the Home Secretary says about the Khartoum process, but the numbers coming from north Africa to Italy have increased by 80% over the last year, and only last night President Obama said that Libya was the worst mistake of his presidency. Italy faces a summer of crisis. Does the Home Secretary agree that one way to stem this is to enable international boats to enter Libyan coastal waters to intercept those criminal gangs and stop them duping innocent people into putting their lives at risk?

Mrs May: The right hon. Gentleman is right that we need to look carefully at what is happening and at what happened last summer for people coming through Libya into Italy, primarily through Lampedusa, but also, now that the spring and summer months are upon us and the weather is better, at what could happen again. It is not just about boats entering Libyan waters—the United Nations has discussed the action that can be taken in relation to these matters. It is also about working upstream. It is about working with the source countries to ensure

that people have less incentive to be moving away—that is where our development aid work is particularly important—and also about working with transit countries to break the model of the smugglers and people traffickers, so that people see that making this dangerous journey does not enable them to settle in Europe.

Sir Edward Leigh (Gainsborough) (Con): The Home Secretary may remember that at our last Question Time when we discussed this, I asked a specific question about whether we were searching all lorries, and she told me I had misunderstood the situation. I am not sure I have, because we now read that only half the lorries are being searched. Many people are stowing away in lorries; they are arriving here, and they are never sent back. It is making a mockery of our immigration rules, so will she give a direct answer to a direct question: will all lorries now be searched at Calais?

Mrs May: I apologise to my hon. Friend if there was any misunderstanding in the answer that I gave last time round. We do search lorries at the juxtaposed controls. The point of having the juxtaposed controls is that it enables us to do more, but it is a question of using various techniques to try to ensure that we can identify clandestines who may be aboard lorries. One of the challenges we face is that, because of the extra security measures we have taken, particularly at Calais and Coquelles, it is obviously much harder for people to get on lorries at those places. We are now having to work with the French Government—it is not just about searching lorries; it is about working upstream as well—to try to identify places further afield where people may be trying to get on the lorries, so that we can catch them at that stage, rather than relying on searches or techniques that are used at the border.

Andrew Gwynne (Denton and Reddish) (Lab): The Home Secretary will be aware that organisations such as UNICEF and Save the Children are urging the British Government to do much more to help vulnerable refugees and especially unaccompanied children. She has mentioned the people traffickers and stopping the organised gangs, but there is a very real risk of child sexual exploitation with these vulnerable children travelling across to Europe, so what more are she and the Government doing to make sure this problem is tackled?

Mrs May: We are very conscious of the issues that could arise concerning children, particularly children who are being trafficked and exploited in the way that the hon. Gentleman suggests. That is why the expertise of the independent anti-slavery commissioner, Kevin Hyland, is being used. He has already had discussions with people in Calais and he will visit hotspots elsewhere in Europe in the coming weeks to ensure that he can help to identify these issues and share his expertise so that others can identify those who might be exploited or trafficked.

Refugees

2. **Neil Gray** (Airdrie and Shotts) (SNP): What plans she has to relocate or offer asylum in the UK to refugees in mainland Europe. [904376]

5. **Chris Law** (Dundee West) (SNP): What plans she has to relocate or offer asylum in the UK to refugees in mainland Europe. [904379]

The Parliamentary Under-Secretary of State for Refugees (Richard Harrington): The Government are opposed to EU relocation proposals, which do nothing to address the underlying issues the EU is facing and simply move the problem around Europe. Our focus should be on securing the external border, returning those with no right to be in the EU and addressing the underlying issues in source and transit countries, so that people no longer feel that they have no choice but to travel to Europe.

Neil Gray: At the weekend, it was reported that the Children's Commissioner had written to the French Government urging action to speed up asylum claims to help lone children in the Calais refugee camps to reach relatives in the UK. These children must be absolutely petrified and feeling completely isolated and vulnerable—a situation that we would not countenance for our own loved ones. What discussions has the Home Secretary had with her French counterparts in order to stress the critical need to get these poor children safely reunited with their families in the UK?

Richard Harrington: The Home Secretary and her colleagues have had regular discussions with their French counterparts precisely on this matter in order to speed up the process. Indeed, I can report that there has been a significant improvement over the last few weeks in the time it takes to process these applications.

Chris Law: Charity workers at Calais have deep concerns about the 129 missing children, following the dismantling of parts of the jungle. Does the Home Secretary agree that the authorities must do more, and will she make representations to the French authorities urgently to seek these children out and, in particular, to determine with haste which of these children are eligible to come to Scotland and the rest of the UK?

Richard Harrington: I am pleased to report again that there are regular discussions between the Home Secretary and her French colleagues on this matter. The Department for International Development recently announced the provision of a further £10 million-worth of special funding precisely to help unaccompanied children in Europe. Details about how the money will be allocated will be announced shortly.

Andrew Bridgen (North West Leicestershire) (Con): Does the Minister agree that, far from lagging behind the European Union on this issue, the UK is actually doing far more than any other country in Europe through its massive support for the camps and the refugees in the region, while also resettling the most vulnerable refugees from the camps to the UK?

Richard Harrington: My hon. Friend makes an extremely good point. The Government believe that relocating children around Europe is not the answer. Under our scheme to relocate the most vulnerable people from Syria and the countries around it, 51% of the people being brought over here are children. I hope that Members

on both sides of the House would accept that this is a well measured and well carried-out scheme, which has led to significant improvement in many children's lives.

Ann Clwyd (Cynon Valley) (Lab): Nevertheless, thousands of children are still waiting to be resettled. We have been having this debate for weeks and months. I am ashamed when I listen to debates in the European Parliament about this issue and hear concern and compassion—something that seems to be singularly lacking in this place.

Richard Harrington: The right hon. Lady will be aware, I am sure, that under our resettlement scheme many children have been resettled—more than 50% of those coming here are children, as I have said. I remind her and other Members that the policy of UNHCR is to keep children in the areas around Syria, and it has been very successful in identifying children with the greater families to make sure that they have a good chance of a better life in the future.

23. [904398] **Tom Brake** (Carshalton and Wallington) (LD): Will the Government expand the current definition of the family unit to include de facto family members and simplify the system so that vulnerable children can come here much more quickly than is currently the case?

Richard Harrington: As the right hon. Gentleman will know, the Government are currently looking at reports from the UNHCR on precisely the issue of unaccompanied children, and I hope he will agree that lots of efforts are under way to ensure that that happens.

Mr Speaker: I call Callum McCaig.

22. [904397] **Callum McCaig** (Aberdeen South) (SNP): Thank you, Mr Speaker; I was not expecting to be called.

The Government have rightly made a big deal of the Syria donor conference in London, but the UNHCR has said that financial solidarity is not enough. Why will the United Kingdom Government not listen, and why did they not step up to their responsibilities at the Geneva conference and do more to help Syrian refugees?

Richard Harrington: I was at the Geneva conference on behalf of the Government, and I wish to place on the record that the British Government were congratulated by many other Governments on the work that they have done in relocating Syrian refugees. Our programme for resettling them has been significantly greater than those of all the other countries in the European Union put together.

Joanna Cherry (Edinburgh South West) (SNP): At Easter, along with three other SNP Members, I spent several days visiting the camps at Calais and Dunkirk. During our visit, we met many refugees with strong ties to the United Kingdom. Why is the Government's record on "take charge" requests under the Dublin convention for those with strong ties to the UK so poor, and what exactly will the Government do to ensure that there is greater awareness of, and a faster process for, such requests?

Richard Harrington: The hon. and learned Lady has rightly mentioned the Dublin convention and its effect. It is our Government's policy to ensure that the convention works properly. With that in mind, we have seconded officials not just to France, including Calais, but to other parts of Europe—Athens, Rome and Germany—to ensure that what she has asked for happens and that the process is speeded up significantly.

Joanna Cherry: I am afraid that the Minister's answer is not good enough. There was no evidence of any Home Office presence in any of those camps, and what is happening to children in the camps is utterly disgraceful. In the Grande-Synthe camp—

Mr Andrew Turner (Isle of Wight) (Con): It is up to the French.

Joanna Cherry: If I am allowed to speak, I shall try to continue.

Mr Speaker: Order. The hon. Member for Isle of Wight (Mr Turner) is chuntering, from a sedentary position, "It is up to the French." The hon. Gentleman is welcome to his opinion, but his opinion is not enhanced by his suddenly winking at me as though in self-justification. The hon. and learned Lady is a distinguished advocate, and she must be heard. Even if she were not a distinguished advocate, she would still be heard.

Joanna Cherry: This is not a laughing matter, and it is not "up to the French" when those children have connections with the United Kingdom. That is my point.

In the Grande-Synthe camp, I met a 16-year-old girl who was working hard for exams in a pop-up school in a tent. She had made the journey to northern France on her own. Her father is in the United Kingdom, but owing to the absence of guidance from the French authorities and the failure of our Government to act, she was stuck in limbo and uncertain about her future. Children like her are very vulnerable in the camps. It is time for the Home Secretary to show leadership. Will she give us a commitment that her Department will ensure that those with a legal right to join their families in the United Kingdom are granted that right as a matter of urgency?

Richard Harrington: I shall try to avoid repeating what the chunterers were saying earlier, because the hon. and learned Lady has made a serious point. However, I must reiterate that those children are in France and are predominantly the responsibility of the French Government, with whom we are working very closely by placing officials with them.

The children in question have a clear path. They should claim asylum under the Dublin convention, which they are perfectly allowed to do. It is then the responsibility of the Home Office—the British Government—to ensure that their asylum claims are processed speedily and effectively. If they do have the relationships with families in the United Kingdom that the hon. and learned Lady has been told that they have, I can assure her that the process is very much speedier and more efficient than it used to be.

Cybercrime

3. **Nic Dakin** (Scunthorpe) (Lab): What assessment she has made of recent trends in the level of cybercrime. [904377]

The Minister for Security (Mr John Hayes): While overall crime has fallen by more than a quarter since 2010, it is also changing, as the hon. Gentleman knows. An accurate national picture is critical to informing our response to cybercrime, which is why the Office for National Statistics has now published, for the first time, initial estimates of the number of cybercrimes committed, based on a preliminary field trial. The ONS estimates that there are 2.5 million incidents of computer-misuse crime per year.

Nic Dakin: The Office for National Statistics estimates that there were some 5.1 million incidents involving such crimes last year, which adds about 40% to the baseline figure for crime in the UK. Will the Minister accept that crime appears to be going up, rather than down?

Mr Hayes: I think crime is changing. The hon. Gentleman is right that this is about skills, which is why we established the National Cyber Crime Unit in the National Crime Agency, and about resources, which is why we have put £1.9 billion into this area of work. However, the issue is also about recognising that many such crimes can be prevented through straightforward good practice by citizens.

I think—I know you do too, Mr Speaker—that questions should always have a purpose beyond challenging the Government and should actually deliver positive results for Members. Following the hon. Gentleman's question, I will write to him and to the whole House with details of how he can advise businesses in Scunthorpe and his constituents on how to stop these kinds of cybercrimes.

Mr Speaker: I await that with eager anticipation.

Ben Howlett (Bath) (Con): The west of England is leading the way in tackling cybercrime following the £1.9 billion investment announced by my right hon. Friend the Chancellor last year. Given the atrocities in Brussels last month, will the Minister update the House on how he is working with our allies to tackle cybercrime?

Mr Hayes: What is critical in tackling cybercrime is the partnership between the private and public sectors, which is why the Home Secretary launched a joint taskforce to look at how allies, comrades, friends and others can work together to tackle this issue. It is also important to emphasise that GCHQ states that 80% of such crimes can be prevented by the straightforward good practice that I identified earlier, which is precisely why I take the matter so seriously and why public information is at the heart of what we do.

Jack Dromey (Birmingham, Erdington) (Lab): For five years, the Government's alibi has been, "We cut police, but we cut crime." The Police Minister has told Sky that citizens are more likely to have a crime perpetrated against them online on their computers while they are asleep than in the street. With cybercrime statistics set

nearly to double the national crime rate, will the Minister finally admit that, far from the alibi of the past five years being the case, crime is not falling? Crime is changing and the truth is that crime is rising.

Mr Hayes: It is always unfortunate when a shadow Minister prepares a question in advance and does not listen to what has been said immediately beforehand. I said in my first answer that crime is changing. It is falling, but it is also changing and because it is changing we need the additional skills, resources and approaches that I described to the hon. Member for Scunthorpe (Nic Dakin).

Given that the hon. Member for Birmingham, Erdington (Jack Dromey) made a bit of a hash of his question, I want to help him as much as I can: I refer him to the two sets of guidance that we have just published, which I will happily furnish him with following questions.

Fire and Rescue Service (Funding)

4. **Jonathan Reynolds** (Stalybridge and Hyde) (Lab/Co-op): What assessment she has made of the effect of changes in the level of funding on the work of the fire and rescue service. [904378]

The Secretary of State for the Home Department (Mrs Theresa May): Fire and rescue authorities have delivered significant savings since 2010, and fire deaths and injuries are at near historical lows. Authorities can still work smarter and reduce costs. Between 2009-10 and 2014-15, single-purpose fire authorities' non-ring-fenced reserves rose by 136% to £561 million. Those resources should be targeted at achieving long-term efficiencies.

Jonathan Reynolds: Last year, an on-duty firefighter tragically took his own life at Stalybridge fire station citing a number of workplace pressures, which is part of a pattern of abnormally high firefighter suicides in Greater Manchester over the past few years. As fire and rescue budgets have been severely reduced, the job of a firefighter is clearly now even more demanding. What can the Home Secretary say to reassure me that the Home Office takes seriously the pressures that firefighters face and is working to ensure that firefighters do their job in a safe and well-supported environment?

Mrs May: First, may I send my condolences to the family of that individual firefighter in the hon. Gentleman's constituency? The suicide of any firefighter is a great tragedy, and of course we recognise the pressures and the difficult job that firefighters do. However, the number of fires they are having to be called to has been reducing—as I said, the number of fire deaths and injuries is now at near historical lows—and so the job of being a firefighter has been changing over the years. For example, firefighters are now doing more fire prevention work, which is very valuable work for communities. As we look forward to greater collaboration between firefighters and the police service, we can look to an even better service being provided for communities.

Mr Philip Hollobone (Kettering) (Con): As I am currently on attachment with the Northamptonshire fire and rescue service, as part of the fire service parliamentary scheme, I have had the privilege over the past few months of seeing the increasingly close

way Northamptonshire's police and fire and rescue services are working together to deliver more effective emergency services, at a far lower cost. Will the Home Secretary take this opportunity to congratulate both Northamptonshire police and Northamptonshire fire and rescue service on the innovative and enthusiastic way in which they are facing these challenges?

Mrs May: I am very happy to join my hon. Friend in doing exactly that, as we see in Northamptonshire a very good example of the benefits collaboration can bring. Indeed, my right hon. Friend the Minister for Policing, Fire, Criminal Justice and Victims was in Northampton last week to open a joint fire station and police station, which shows the benefits of collaboration, not only in saving money, but in providing a better service to the public.

18. [904393] **Kelvin Hopkins** (Luton North) (Lab): Fire services for the six largest cities outside London will have had their budgets cut by half between 2010 and 2020, and thousands of firefighters will have lost their jobs and many fire stations will have closed. Firefighters do a superb job, as we know, but can the Home Secretary say honestly that community safety is not being compromised and that no lives will be lost as a direct result of the cuts?

Mrs May: As I indicated, we have seen a significant reduction in the number of incidents; from 2004-05 to 2014-15, the number of incidents fire and rescue services went to declined by 42%. As I said in response to the question from the hon. Member for Stalybridge and Hyde (Jonathan Reynolds), although firefighters do still find themselves being called to fires, a lot of their work is also about other services to the community. They are doing an excellent job but we want to see how that can be done even better and how they can work better in collaboration with the police, as we have seen in places such as Northamptonshire.

Lyn Brown (West Ham) (Lab): Cuts to the fire and rescue service have already cost us 6,700 front-line firefighters and cuts to the police have already cost us 12,000 front-line police officers. As the Home Secretary knows, reserves can be spent only once and there are significant, real cuts to come. With the public less well protected with every day that passes, will she admit that her cynical plan to merge both services will not protect or restore a single police officer or firefighter to the front line, or make a single member of the public safer?

Mrs May: Yet again, the Labour party goes down the road of thinking that the only thing that matters is the number of police officers or firefighters available. The hon. Lady talks about full-time firefighters, but may I pay tribute to those people who volunteer as firefighters in their community, as they are often overlooked when we examine the issue of firefighters? What matters is not just the number of people we have, but how we are spending the money and how we are deploying our resources. That is where the efficiencies we have seen and the collaboration we see will result in not just savings, but a better service to the public.

Asylum (Unaccompanied Children)

6. **Tom Pursglove** (Corby) (Con): What support her Department is providing for local authority provision for unaccompanied children seeking asylum. [904380]

The Minister for Immigration (James Brokenshire): The Home Office provides financial support to local authorities by meeting reasonable additional costs for those local authorities taking on responsibility for the care of unaccompanied asylum-seeking children. The Immigration Bill will underpin arrangements to secure more equitable dispersal between local authorities.

Tom Pursglove: I thank the Minister for that answer, but given the number of cases where people over the age of 18 are pretending to be children, what can local authorities do to ensure that their limited resources are being best directed to very vulnerable children?

James Brokenshire: I thank my hon. Friend for his question. I also thank those in Northamptonshire for the work they are doing to deal with the pressures they have experienced and for the way in which they have approached this through the discussions and round-table meetings that have taken place. Clear age-assessment tests are undertaken to ensure that support is provided to those who require it and not to those who do not. Let me add that I will be writing to all local authorities this week with an update on progress on the national transfer scheme to aid the more equitable dispersal.

20. [904395] **Mr Jim Cunningham** (Coventry South) (Lab): Can the Minister say how much money from the overseas budget has been used to help local authorities to resettle asylum seekers?

James Brokenshire: The hon. Gentleman is asking not about unaccompanied asylum-seeking children but a broader question about the Syrian vulnerable persons resettlement scheme. We have set out the different funding mechanisms available to those who are resettled and some of that is fundable through overseas development aid. That is how we are ensuring that appropriate support and welcome are given to the people arriving.

Alison McGovern (Wirral South) (Lab): I think the Minister would agree that we can perform our duty as a country only if all areas take up their responsibility, so it is good to hear his answer. May I ask him about education support? Vulnerable children should not lose their chance of a future, so how will local authorities with experience of helping asylum-seeker children support those with less experience of educating those children?

James Brokenshire: We have had discussions with the Department for Education and the Local Government Association about the voluntary dispersal arrangements we want to see, underpinned by the Immigration Bill currently in the other place. We are continuing the dialogue on precisely how elements of that are implemented and on how we can learn from the expertise of authorities that have had greater involvement in these matters.

24. [904399] **Alan Brown** (Kilmarnock and Loudoun) (SNP): During the recess, Scottish National party MPs visited the Calais and Dunkirk refugee camps and

witnessed unaccompanied children being forced to share bed space with unrelated adults. That is clearly a troubling and serious matter. Does the Minister think the Government are doing enough to support those children? Surely it is time to step up to the plate and do more.

James Brokenshire: We are working closely with the French Government. As my hon. Friend the Under-Secretary of State for Refugees said in answer to a previous question, we have had a secondee working in the Ministry of the Interior in France to speed up the process in relation to children identified as having links to family here in the UK. Equally, the French Government are putting greater support in through a charity to raise awareness and identify children better to give them the help they require.

Mr Speaker: It is good to see the hon. Member for Ilford South (Mike Gapes) back in his place.

Recruitment (Overseas Workers)

7. **Mike Gapes** (Ilford South) (Lab/Co-op): What discussions she has had with her ministerial colleagues on the effect of changes to immigration rules on recruitment of overseas workers. [904381]

The Minister for Immigration (James Brokenshire): The Home Office works closely, at ministerial and official levels, with interested Departments on all significant changes to migration policy. The reforms we have announced have been collectively agreed. May I too welcome the hon. Gentleman to his place?

Mike Gapes: May I thank all colleagues who sent me messages during my involuntary absence? I'm back.

Will the Minister explain how it is that his Department is proposing a £35,000 salary threshold, which will have a detrimental impact in many areas where we have shortage occupations? Can he explain why the initial priority list of jobs did not include NHS nurses? I was treated by nurses from all over the world, including some from European Union countries, and I know that in London there will be a major recruitment problem. Already, we cannot provide enough nurses for our NHS and, if we take away recruitment opportunities from NHS trusts in London and elsewhere, we will have major shortages.

James Brokenshire: It is great to see the hon. Gentleman back in his place, and clearly fighting fit.

In essence, the £35,000 threshold applies to gaining settlement, allowing people to extend their time in the UK. We took considered advice from the Migration Advisory Committee at the time it was set, back in 2011, and employers have had five years to prepare for the change. Occupations on the shortage occupation list, including nursing and other shortage skills, are excluded from the requirement. We have carefully considered the independent advice from the MAC on that important matter.

Ms Tasmina Ahmed-Sheikh (Ochil and South Perthshire) (SNP): Has the Home Office assessed the impact of the changes on the Scottish economy? Is it not the case that the new arbitrary target, combined with the abolition of

the post-study work visa, prevents Scotland from attracting and retaining the brightest and best the world has to offer? Why have this Government prioritised narrow political interests over measures to grow our economy?

James Brokenshire: I am afraid that the hon. Lady has got it completely wrong. The Government have made it clear that the UK remains open for business. I would gently say to her that we take advice from the expert Migration Advisory Committee, which has advised against different salary thresholds in UK countries and regions. Our thresholds are based on UK-wide data, and salaries in Scotland are slightly higher than the UK average. Advancing the point that she makes might lead to higher salary thresholds in Scotland.

Police and Crime Commissioners

8. **Mark Menzies** (Fylde) (Con): What assessment she has made of the effectiveness of police and crime commissioners in reducing levels of crime. [904383]

9. **Gareth Johnson** (Dartford) (Con): What assessment she has made of the effectiveness of police and crime commissioners in reducing levels of crime. [904384]

11. **Graham Evans** (Weaver Vale) (Con): What assessment she has made of the effectiveness of police and crime commissioners in reducing levels of crime. [904386]

The Secretary of State for the Home Department (Mrs Theresa May): Elected police and crime commissioners are providing accountable, visible leadership, and are making a real difference to policing locally. Overall, PCCs have presided over a reduction in crime of more than a quarter since their introduction, according to the independent crime survey for England and Wales.

Mark Menzies: In Fylde, concerns have been raised about the police and crime commissioner spreading resources away from rural areas. What assurances can the Home Secretary give me that police and crime commissioners will be accountable to the Government for failure to spend adequately in rural areas?

Mrs May: One of the changes that has been brought about as a result of the introduction of police and crime commissioners is a greater focus in some areas on rural crime. The national rural crime network, for example, has been set up, and I pay tribute to Julia Mulligan, the PCC in North Yorkshire, for being a leading light in developing that. It is an issue that I discussed with Chris Salmon, the PCC in Dyfed-Powys, and farming representatives when I was in mid-Wales a few weeks ago. We can now ensure, in some police areas, that PCCs put the right focus on rural crime, but to do so the right PCC needs to be elected.

Gareth Johnson: Police and crime commissioners provide crucial accountability in the criminal justice system. They ensure that the public have a direct input in how their local streets are policed. Does the Home Secretary agree that it is now time to widen the scope of the work of PCCs to see where else in the criminal justice system they can make a contribution?

Mrs May: My hon. Friend makes an important point, and he is absolutely right. We used the title, “police and crime commissioners”, when we set up the office, precisely because we thought that they could have a wider role. I am pleased to tell him that the Lord Chancellor and Justice Secretary and I have commissioned work to look at precisely the issue that he has raised. What else can PCCs do in the criminal justice system, and what further responsibilities can they take on in the interests of providing better services to the local community?

Graham Evans: In Cheshire, crime is down, and John Dwyer, the police and crime commissioner, has managed to get 2,000 police officers on the beat. Does my right hon. Friend agree that we need a Conservative PCC in Cheshire to keep crime down and keep our communities safe?

Mrs May: I commend the work that has been done by John Dwyer as the first PCC for Cheshire. He has done an excellent job in getting, as my hon. Friend said, more police officers and in managing the budget well. As my hon. Friend said, crime is down, and a Conservative PCC in Cheshire after the 5 May election will continue to do an excellent job and provide an excellent service for local people.

Mr David Hanson (Delyn) (Lab): Is the Home Secretary aware that, in areas such as mine in north Wales, the police and crime commissioner has had to put up the precept at more than the rate of inflation to compensate for Tory Government cuts? Is it a fair use of taxpayers’ resources to compensate for cuts imposed by central Government?

Mrs May: The right hon. Gentleman knows full well that we are protecting police budgets when the precept is taken into account, which is in sharp contrast to proposals from his Front-Bench team, who want to cut police budgets by 10%.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): The Home Secretary might know that we are very pleased with our police and crime commissioner in West Yorkshire, but has she picked up from PCCs the problems with intelligence gathering in particular communities that are impenetrable owing to their language and culture? Police have real difficulty penetrating organised gangs.

Mrs May: There are obviously challenges in relation to dealing with certain communities with organised gangs where, as the hon. Gentleman says, there may well be language difficulties. Police and crime commissioners are finding many innovative ways around that. Looking at their recruitment policies and at how volunteers and special constables in particular can be used to ensure that the language skills are available is a very good idea, which has been adopted by some PCCs around the country.

Sarah Champion (Rotherham) (Lab): On Friday, the South Yorkshire PCC announced the loss of 850 police staff because of Government cuts. Also last week, the National Crime Agency’s application to the Home Office for support for Rotherham’s 1,400 victims of child

abuse was rejected. How are we meant to bring down child sexual exploitation when the Government are cutting police resources?

Mrs May: I indicated earlier that overall the Government are protecting police budgets when the precept is taken into account. We have also made money available to the national policing lead precisely in relation to the issue of child sexual abuse and child sexual exploitation, and ensured that the National Crime Agency has the resources it needs to be able to do that job. The hon. Lady has an excellent record in dealing with this issue. Her constituency has faced particularly challenging times as a result of child sexual exploitation, and I can assure her that I and other Ministers involved take the issue very seriously indeed. That is why we have taken steps such as setting up the Goddard inquiry, and why we have made money available to the national policing lead in order to better co-ordinate the work that is done in this area.

Unaccompanied Child Migrants

10. **Fiona Mactaggart (Slough) (Lab):** What recent assessment she has made of the risks of trafficking or exploitation to unaccompanied child migrants in France who intend to seek asylum in the UK; and if she will make a statement. [904385]

The Parliamentary Under-Secretary of State for the Home Department (Karen Bradley): The French and UK Governments have put in place a programme, run by the non-governmental organisation France terre d’asile, to identify and help potential victims of trafficking in the camps around Calais. As has been said in previous answers, unaccompanied refugee children in France should claim asylum there. That is the best way to ensure that they receive the protection and support they need. It also provides a legal and safe route to the UK for those with close family in the UK.

Fiona Mactaggart: But as we know from the earlier questions to which the Minister referred, there are 129 missing children, who are obviously those most at risk of such exploitation. I had a very welcome letter recently from her colleague, the Immigration Minister, about the situation of children in the camps. He said that these cases are being given priority so that the children can

“receive the protection and support they need and are reunited as soon as possible with any close family members in the UK.”

How many have been reunited?

Karen Bradley: The right hon. Lady knows that we are not giving a running commentary on numbers, but I can assure her that the work is taking place and that any unaccompanied asylum-seeking child in France should claim asylum there with the support of the NGOs, and if they have family in the UK, we will reunite them.

Fiona Bruce (Congleton) (Con): In view of the clear link between trafficking and forced prostitution, and following the French Government’s change last week to their prostitution laws, criminalising sex buyers but not the vulnerable women involved, and similar changes in Sweden and Norway years ago which reduced trafficking substantially, do Ministers agree that that should be considered in this country?

Karen Bradley: I know that my hon. Friend takes a keen interest in this issue and we have discussed the point outside the Chamber. I am aware also of the Home Affairs Committee's current inquiry into the matter, and I look forward to seeing the evidence.

Online Crime

12. **Stephen McPartland** (Stevenage) (Con): What steps the Government are taking to tackle (a) criminal gangs and (b) paedophiles operating online. [904387]

The Parliamentary Under-Secretary of State for the Home Department (Karen Bradley): This Government have committed to spending £1.9 billion on cyber-security over the next five years, including for tackling cybercrime. Our response to online child sexual exploitation includes law enforcement agencies taking action against online offenders, finding and safeguarding victims, and working with the internet industry to remove illegal images.

Stephen McPartland: We await the new child sexual exploitation response unit, which will be established any day now. Can the Minister assure the House that the new unit will result in a step change, not just bringing abusers to justice, but working with parents, communities and schools to provide children with the skills, understanding and confidence to keep themselves safe online?

Karen Bradley: I thank my hon. Friend for his support for the response unit, which will deliver significant benefits by assisting local areas experiencing particular issues and/or high volumes of child sexual exploitation cases, by offering a range of support, including advice from expert practitioners who have first-hand experience of tackling child sexual exploitation.

Ann Coffey (Stockport) (Lab): Going missing can be an indicator that a child or young person is being exploited by organised gangs to traffic drugs across county lines. What more can be done to ensure that police forces work together and share information on missing children in order to combat the criminal exploitation of young people?

Karen Bradley: The hon. Lady, who has incredible expertise in this area, is absolutely right; we need police forces to take this seriously and recognise that a missing child is a child who is being exploited while they are missing. There is therefore a fantastic opportunity for intelligence gathering and safeguarding those children to stop them going missing in future.

Keir Starmer (Holborn and St Pancras) (Lab): One of the proposed measures for tackling criminal gangs and paedophiles online is the Investigatory Powers Bill, which will start its line-by-line scrutiny tomorrow. One of the main concerns that we have outlined about the Bill as currently drafted is the proposed test that judges would undertake when considering applications for warrants to use the most intrusive powers, specifically the reference to judicial review. Lord Judge, the former Lord Chief Justice and current Chief Surveillance Commissioner, told the Bill Committee in oral evidence just before Easter that judicial review was "not a sufficient test" to apply and that the Government should look at this

again. Given that someone of his seniority who is held in such respect feels that the test is not good enough, will the Government reconsider the Bill's wording in relation to judicial review?

Karen Bradley: The hon. and learned Gentleman has great expertise in this area, but I am not sure that I necessarily agree with his comments. There is a double lock, and it is about necessity and proportionality, but he is right to make the point that the Bill is incredibly important when it comes to protecting children, as the National Society for the Prevention of Cruelty to Children pointed out in oral evidence to the Committee considering the Policing and Crime Bill.

Violence against Women and Girls

13. **James Berry** (Kingston and Surbiton) (Con): What steps the Government have taken to tackle violence against women and girls. [904388]

The Secretary of State for the Home Department (Mrs Theresa May): Our new violence against women and girls strategy, published last month, sets out an ambitious programme of reform, backed by increased funding of £80 million, to make tackling these crimes everybody's business, to ensure victims get the support they need and to bring more perpetrators to justice. We have also introduced a new domestic abuse offence to capture coercive control, and we have consulted on new measures to protect victims of stalking.

James Berry: Last month, True Honour, an honour-based violence charity led by my constituent Sarbjit Athwal, and of which I am proud to be a trustee, was recognised with charity status. Will my right hon. Friend update the House on her Department's progress in tackling honour-based violence?

Mrs May: First, I commend True Honour, the charity in my hon. Friend's constituency, and Sarbjit Athwal for the work they do in this area. It is an incredibly important issue. Of course, the Government have already significantly strengthened the law on forced marriage and female genital mutilation. We have issued a range of materials to support professionals, including new statutory multi-agency FGM guidance, and our forced marriage and FGM units are carrying out ongoing outreach programmes. It is very important that we help people to identify where young people may be subject either to forced marriage or to female genital mutilation and to take appropriate action.

Serious and Violent Crimes

15. **Alex Cunningham** (Stockton North) (Lab): What assessment she has made of recent trends in the level of the most serious and violent crimes. [904390]

The Parliamentary Under-Secretary of State for the Home Department (Karen Bradley): Violent crime is 25% lower than it was in June 2010, according to the independent crime survey for England and Wales. Our new modern crime prevention strategy includes actions to tackle a range of crimes, including violent and knife crime.

Alex Cunningham: Noureden Mallaky-Soodmand is a convicted violent Iranian criminal who was transferred to my constituency upon release from prison because the paperwork needed to deport him could not be sorted out. He is now back in prison after brandishing a cleaver and threatening to decapitate people in Stockton. Can the Minister tell me when I will get full answers to my parliamentary questions on which authorities in Stockton, if any, were told about this dangerous man in our area?

Karen Bradley: The hon. Gentleman will know that I cannot comment on the specifics of the case. If he will forgive me, I will write to him.

Topical Questions

T1. [904340] **Mr Steve Reed** (Croydon North) (Lab): If she will make a statement on her departmental responsibilities.

The Secretary of State for the Home Department (Mrs Theresa May): In 25 days' time, the public will go to the polling booths to vote for elected representatives in local authorities, the Welsh Assembly, the Scottish Parliament and for the mayoralty of this great city. We have a great tradition of democratic accountability in this country, and I am proud that on 5 May that principle will be extended to policing. For the first time since we introduced them in 2012, the public will be able to hold their local police and crime commissioner to account for their record in office. It is easy to forget what went before PCCs: the unelected, unaccountable and invisible police authorities, which no one knew existed. Today, a majority of the public know about their PCCs, and PCCs have been associated with greater clarity of leadership and heightened accountability by the Home Affairs Committee. Even the Labour party, which until recently opposed PCCs, and the Liberal Democrats, who did everything they could to sabotage the first elections, support the role and have nominated candidates in May's elections. PCCs have worked hard over the past three and a half years to keep their communities safe, so I hope that the House will join me in congratulating the first PCCs on their successes and encouraging the public to hold them to account in the most powerful way possible on 5 May: at the ballot box.

Mr Reed: Levels of violent crime and domestic abuse remain unacceptably high in Croydon, and the borough was of course hit hard in the 2011 riots, so it is very worrying that it is about to lose a third of its remaining neighbourhood police bases, on top of 83% of its police community support officers—reductions that are much higher than the average in London. Will the Home Secretary therefore meet me to discuss real public concerns that these cuts will damage the fight against crime in Croydon?

Mrs May: To repeat what I said earlier, I remind the hon. Gentleman that the Government have protected police budgets over the comprehensive spending review period, when precept is taken into account, which is in sharp difference to what the Labour Front Bench suggested—cutting them by 10%.

T2. [904341] **William Wragg** (Hazel Grove) (Con): My right hon. Friend may be aware that I am participating in the police parliamentary scheme, seeing at first hand the excellent work of Greater Manchester police. What is being done to ensure that there are adequate and safe levels of community policing in my constituency?

The Minister for Policing, Fire, Criminal Justice and Victims (Mike Penning): I congratulate all hon. Members who take part in these parliamentary schemes. I would also recommend the fire scheme and the armed forces scheme. With the Chancellor's help, we have managed to protect budgets, subject to the precept. For anyone interested in neighbourhood policing, I would say that those who have a Conservative police and crime commissioner and a Conservative mayor have more chance of having more officers on the beat.

Andy Burnham (Leigh) (Lab): In the aftermath of the attacks in Brussels and Paris, the security of the UK border is uppermost in people's minds. However, we are a fortnight into the new financial year, and the Home Secretary is still refusing to answer questions on the budget for Border Force. A whistleblower says staff were told three weeks ago to expect front-line cuts of 6%, although, since media reports of that came out, we hear that the Home Office has been back-peddalling. I hope the Home Secretary is backing down, because our borders cannot face cuts on this scale. I therefore invite her to clear the issue up today: what is the 2016-17 budget for Border Force, and is it up or down on last year?

Mrs May: The right hon. Gentleman has written to me on this subject, and I have responded to him. The Home Office's budget was published under the comprehensive spending review as normal last November. As with the rest of the Government, individual allocations within Departments are not routinely published. However, what matters—he is right—is that we have a secure border, and that is why we have a transformation plan with Border Force and why we have changed Border Force over the last few years from the dysfunctional United Kingdom Border Agency we inherited from the last Labour Government.

Andy Burnham: It will not have escaped the notice of the House or anybody watching that the Home Secretary has not answered the question. We know that financial transparency and this Government do not go well together, as we are about to hear, but what are the Government trying to hide? I hope the delay in publishing the budget is due to the fact that she is listening to us and backing down on those 6% cuts.

Let me turn to another area where the Home Secretary is moving under Labour pressure: police bail for terror suspects. I have called on the Government for months to close a loophole that has allowed individuals on bail, such as Siddhartha Dhar, to leave the country for Syria. I welcome the fact that the Government last week indicated that they are prepared to move on the issue, but I am worried that they are not going far enough. Does the Home Secretary agree that passports and travel documents should be surrendered as a condition of release from police custody? Will she work with Labour to amend the Policing and Crime Bill to that end?

Mrs May: We have been looking at this issue for some time, and we have decided that we will bring forward an amendment to the Policing and Crime Bill. However, it is important that the police continue to have a degree of operational judgment about the conditions they wish to put in place in relation to bail. The type of bail the right hon. Gentleman is talking about is pre-charge bail—a situation where somebody has not yet been charged with an offence. Decisions will be taken, as they were in the case of Siddhartha Dhar, by individual police officers as to the conditions that should be applied, and that should continue to be the case.

T4. [904343] **Rehman Chishti** (Gillingham and Rainham) (Con): How many of the approximately 800 British citizens who have joined militant groups in Syria have returned, and how many of them are back in communities?

Mrs May: Around half of those who have travelled to Syria have returned to the United Kingdom. Obviously, the sort of action it might be necessary to take against individuals is considered on a case-by-case basis. That includes considering the sorts of activities in which they may have been involved in Syria and whether any intervention is necessary.

T3. [904342] **Gavin Newlands** (Paisley and Renfrewshire North) (SNP): Last week, 18-year-old Mohammed Hussain, a Kurdish refugee, died underneath a lorry as he attempted to flee violence and be reunited with his family in Manchester. The tragic story of Mohammed highlights the dangerous routes that many refugees are forced to take. When will the Government open up family visa opportunities to British citizens and settled residents so that we can prevent deaths like that of Mohammed from happening again?

The Minister for Immigration (James Brokenshire): The hon. Gentleman highlights the appalling risks that some people have taken to get through the security and other steps that have been put in place. Our very clear message to those people is that they should claim asylum in France. On the issue of resettlement, we are certainly making the process clearer and working with the Red Cross and others on the guidance provided.

T5. [904344] **Mark Spencer** (Sherwood) (Con): Has the Home Office team had time to reflect on the extraordinary National Union of Teachers motion that condemned the Prevent duty? Do Ministers agree that we all have a responsibility to do all we can to prevent young people from engaging in terrorism and extremism?

The Minister for Security (Mr John Hayes): It was Ruskin who said:

“Let us reform our schools, and we shall find little reform needed in our prisons.”

It is in that spirit that the Prevent duty missions teachers to identify those vulnerable young people and safeguard them from being drawn into terrorism. Schools are stepping up to that mark, as they know their students best. They are well equipped and well prepared, and they are safeguarding our children and so securing our future.

Mr Speaker: Thank you for reminding us of Ruskin.

T6. [904345] **Liz McInnes** (Heywood and Middleton) (Lab): The Home Secretary recently said at the launch of the Conservatives’ PCC election campaign that “the Conservative Government has protected overall police spending for the next four years”.

However, Sir Andrew Dilnot, the chair of the UK Statistics Authority, has confirmed House of Commons Library research that shows that forces will see a £160 million cut next year alone. In the light of that, and given the importance of the upcoming elections, will the Home Secretary admit that funding for our police forces has not been protected and is being cut again for each of the next four years?

Mike Penning: If we take the precept into account, we can see that police funding has been protected over the past four years. The one person we did not listen to was the Labour shadow Secretary of State, because he wanted to cut it by 10%.

T7. [904346] **Caroline Nokes** (Romsey and Southampton North) (Con): What success have the Government had in recent months in deporting overstayers who have been working here illegally?

James Brokenshire: I underline the important work in confronting crimes linked to those working illegally. In 2015, more than 38,000 people were removed or deported from the UK, including a 28% increase in voluntary returns. That highlights the fact that people realise that it is so much tougher to get work here.

Derek Twigg (Halton) (Lab): What recent discussions have Ministers had with chief constables about the growing menace of scrambler bikes being ridden recklessly on our roads, with the potential to cause great accidents, usually by young men wearing masks and without number plates?

Mike Penning: I had those sorts of discussions when I was at the Department for Transport, and we continue to have them. Unlicensed, unauthorised and unsafe vehicles on the roads are a menace, and the police should use all the powers they have.

T8. [904348] **Tom Tugendhat** (Tonbridge and Malling) (Con): The Investigatory Powers Bill, which is going through the House, provides important capabilities, along with new safeguards, to tackle cybercrime. Will Ministers update the House on how the changing nature of crime is being fought by the Bill?

Mr John Hayes: The motives of terrorists, paedophiles and people traffickers may differ, but their means are the same, and they take advantage of the internet. The Bill will provide the police and security services with powers that are necessary to keep us safe. Powerful new measures, steely determination and an iron will mark all that we do.

Patrick Grady (Glasgow North) (SNP): Anyone from Malawi who wants to visit the UK has to apply online with a credit card. Given how few people in Malawi have access to electricity, let alone the internet or banking

facilities, what steps is the Home Office taking to make sure that people who have a legitimate request can apply?

James Brokenshire: The hon. Gentleman has raised that issue with me previously, and I am happy to continue to discuss it with him and with the all-party group. Clearly, agency and other mechanisms are available, but we will continue to ensure that we have a high-quality visa service.

T9. [904349] **Gareth Johnson** (Dartford) (Con): It is right for the police to be given more powers in relation to the use of Tasers, stop-and-search and the Investigatory Powers Bill, but with greater powers should surely come greater responsibility. Therefore, will the Home Secretary confirm to the House that proper safeguards will remain in place to ensure that the police continue to have the support of the general public?

Mrs May: I am happy to give my hon. Friend that assurance, in relation to the Investigatory Powers Bill and, crucially, the double lock authorisation that will be available for the use of the most intrusive powers; in relation to the work that we have done in introducing the “best use of stop-and-search” scheme, to ensure that stop-and-search is properly used and properly targeted; and in relation to the work that we have done with Chief Constable David Shaw to identify rather better how Tasers and other restraint are being used. The police need those sensitive powers. What people want to know is that they are being used properly, and the Government are ensuring that that is the case.

Joan Ryan (Enfield North) (Lab): Over the past 12 months, a further 39 uniformed police officers and PCSOs have been lost from Enfield’s streets, while violent crime, including assault and possession of a dangerous weapon, has increased by 13%. Ten days ago, there was an attempted drive-by shooting in my constituency. That situation in a London suburb is totally unacceptable and very frightening for residents. There can be no doubt that the hollowing out of neighbourhood policing is putting public safety at risk. What does the Minister intend to do about this situation?

Mike Penning: What we intend to do, with the help of the Chancellor, is to make sure that the Metropolitan police has got the funding that it asked for, not to cut funding by 10%, as the Labour party requested. Neighbourhood policing is an operational matter for the commissioner and the Mayor, but I repeat what I said earlier: looking at the statistics, we can see that if we want more police on the beat, we should vote Conservative.

Suella Fernandes (Fareham) (Con): As part of special branch, Hampshire marine unit provides vital crime prevention along our coastal borders and within the marine environment of the Solent and the Isle of Wight, through operations such as Project Kraken. Will my right hon. Friend confirm that that vital crime prevention service is protected under current reforms?

Mrs May: My hon. Friend raises an important point and describes the variety of tasks that our police forces carry out, and the variety of skills and operational capabilities that they need. I am very conscious of the marine capability requirements in Hampshire. It is, of course, an operational matter for the police to determine how they spend their budget and what they use it for. Crucially, my right hon. Friend the Chancellor has ensured that we can protect police budgets, when precept is taken into account, over the next four years.

Anne McLaughlin (Glasgow North East) (SNP): Two weeks ago, when four of my colleagues and I were in Calais, the French authorities tear-gassed the Calais camp simply because a protest was going on outside it. Does the Home Secretary approve of such measures, and if not—if she agrees with me that measures should be proportionate to the situation and that refugees must be treated humanely—will she contact her French counterpart and express the concerns of this Parliament?

James Brokenshire: I was in Calais last week having discussions with the French authorities about those issues, and the very clear message was that those who are there should claim asylum. That is the best and most effective way for them to get the help that they need, and that is the clear message that needs to come from this House.

Panama Papers

3.34 pm

The Prime Minister (Mr David Cameron): With permission, I would like to make a statement on the Panama papers.

Dealing with my own circumstances first, yesterday I published all the information in my tax returns not just for the last year, but for the last six years. I have also given additional information about money inherited and given to me by my family, so people can see the sources of income I have: my salary, the benefit in kind of living in No. 10 Downing Street, the support my wife and I have received as Leader of the Conservative party, the renting out of our home and the interest on the savings that I have. Since 2010, I have not owned any shares or any investments.

The publication of a Prime Minister's tax information in this way is unprecedented, but I think it is the right thing to do. But let me be clear: I am not suggesting that this should apply to all MPs. The Chancellor has today published information on his tax return, in a similar way to the shadow Chancellor and the First Minister for Scotland. This begs the question of how far the publication of tax information should go. I think there is a strong case for the Prime Minister and the Leader of the Opposition, and for the Chancellor and the shadow Chancellor, because they are people who are or who wish to be responsible for the nation's finances. As for MPs, we already have robust rules on Members' interests and their declaration, and I believe that is the model we should follow.

We should think carefully before abandoning completely all taxpayer confidentiality in this House, as some have suggested. If this were to come in for MPs, people would also ask for a similar approach for those who ask us questions, those who run large public services or lead local government, or indeed those who edit news programmes or newspapers. I think this would be a very big step for our country. It certainly should not take place without a long and thoughtful debate, and it is not the approach that I would recommend.

Let me deal specifically with the shares my wife and I held in an investment fund or unit trust called Blairmore Holdings, set up by my late father. The fund was registered with the UK's Inland Revenue from the beginning. It was properly audited, and an annual return was submitted to the Inland Revenue every year. Its share price was listed in the *Financial Times*. It was not a family trust; it was a commercial investment fund for any investor to buy units in. UK investors paid all the same taxes as with any other share, including income tax on the dividends every year.

There have been some deeply hurtful and profoundly untrue allegations made against my father, and if the House will let me, I want to put the record straight. This investment fund was set up overseas in the first place because it was going to be trading predominantly in dollar securities, so like very many other commercial investment funds, it made sense to be set up inside one of the main centres of dollar trading.

There are thousands of these investment funds and many millions of people in Britain own shares, many of whom hold them through investment funds or unit trusts. Such funds, including those listed outside the

UK, are included in the pension funds of local government, most of Britain's largest companies and, indeed, even some trade unions. Even a quick look shows that the BBC, the Mirror Group, Guardian Newspapers and—to pick one council entirely at random—Islington all have these sorts of overseas investments. To give one further example, Trade Union Fund Managers Ltd, based in Congress House, has a portfolio of over £50 million of investment in the trade union unit trust, with 3% of its net assets based in Jersey. This is not to criticise what it does; it is to make the point that this an entirely standard practice, and it is not to avoid tax.

One of the country's leading tax lawyers, Graham Aaronson, QC, has stated unequivocally that this was "a perfectly normal type of collective investment fund".

This is the man who led the expert study group that developed the general anti-abuse rule—so much debated and demanded in this House—which Parliament finally enacted in 2013. He also chaired the 1997 examination of tax avoidance by the Tax Law Review Committee. He has said that it would be

"quite wrong to describe the establishment of such funds as 'tax avoidance'"

and, further, that

"it would be utterly ridiculous to suggest that establishing or investing in such funds would involve abusive tax avoidance".

That is why getting rid of unit trusts and other such investment funds that are listed overseas has not been part of any Labour policy review, any Conservative party policy review or any sensible proposals for addressing tax evasion or aggressive tax avoidance.

Surely, it is said, investors in these funds benefit from their being set up in jurisdictions with low or no taxes. Again, this is a misunderstanding. Unit trusts do not exist to make profit for themselves; they exist to make a profit for the holders of the units. Those holders pay tax, and if they are UK citizens, they pay full UK taxes.

It is right to tighten the law and change the culture around investment to further outlaw tax evasion and discourage aggressive tax avoidance, but as we do so, we should differentiate between schemes designed to artificially reduce tax and those that are encouraging investment. This is a Government—and this should be a country—who believe in aspiration and wealth creation. We should defend the right of every British citizen to make money lawfully. Aspiration and wealth creation are not somehow dirty words. They are the key engines of growth and prosperity in our country and we must always support those who want to own shares and make investments to support their families.

Some people have asked, "If this trust was legitimate, why did you sell your shares in January 2010?" I sold all the shares in my portfolio that year because I did not want any issues about conflicts of interest—I did not want anyone to be able to suggest that, as Prime Minister, I had any other agendas or vested interests. Selling all my shares was the simplest and clearest way that I could achieve that.

There are strict rules in this House for the registration of shareholdings. I have followed them in full. The Labour party has said it will refer me to the Parliamentary Commissioner for Standards. I have already given her the relevant information, and if there is more she believes I should say, I am very happy to say it.

I accept all of the criticisms for not responding more quickly to these issues last week, but, as I have said, I was angry about the way my father's memory was being traduced. I know he was a hard-working man and a wonderful dad, and I am proud of everything he did to build a business and provide for his family.

On the issue of inheritance tax, there is an established system in this country. I believe that, far from people being embarrassed about passing things to their children—for example, wanting to keep a family home within the family—it is a natural human instinct to do so, and is something that should be encouraged. As for parents passing money to their children while they are still alive, that is something that the tax rules fully recognise. Many parents want to help their children when they buy their first car, get a deposit for their first home or face the costs of starting a family. It is entirely natural that parents should want to do those things, and, again, something that we should not just defend but proudly support.

Let me turn to the Panama papers and the actions that this Government are taking to deal with tax evasion, aggressive tax avoidance and international corruption more broadly. When we came into office, there were foreigners not paying capital gains tax when selling their UK homes, private equity managers paying a lower rate of tax than the people who cleaned their offices, and rich homebuyers getting away without paying stamp duty because houses were enveloped within companies. We have put an end to all those things. In the last Parliament alone we made an unprecedented 40 tax changes to close loopholes, raising £12 billion. In this Parliament we will legislate for more than 25 further measures, forecast to raise £16 billion by 2021. No British Government, Labour or Conservative, have ever taken so much robust action in this area.

Through my chairmanship of the G8 at the summit at Lough Erne in 2013, I put tax, trade and transparency on the global agenda, and sought agreement on a global standard for the automatic exchange of information over who pays taxes and where. Many said it would never happen, but today 129 jurisdictions have committed to implementing the international standard for exchange of tax information on request, and over 95 jurisdictions have committed to implementing the new global common reporting standard on tax transparency. Under that new standard, we will receive information on accounts of UK taxpayers in all those jurisdictions. In June this year, Britain will become the first country in the G20 to have a public register of beneficial ownership, so everyone can see who really owns and controls each company. This Government are also consulting on requiring foreign companies that own property or bid on public contracts to provide their beneficial ownership information, and we are happy to offer technical support and assistance to any of the devolved Administrations also considering such measures.

As the revelations in the Panama papers have made clear, we need to go even further. So we are taking three additional measures, to make it harder for people to hide the proceeds of corruption offshore, to make sure that those who smooth the way can no longer get away with it and to investigate wrongdoing.

First, let me deal with our Crown dependencies and overseas territories that function as financial centres. They have already agreed to exchange taxpayer financial

account information automatically, and will begin doing so from this September. That never happened before I became Prime Minister and got them round the Cabinet table and said, "This must happen." We need to go further, however, and today I can tell the House that we have now agreed that they will provide UK law enforcement and tax agencies with full access to information on the beneficial ownership of companies. We have finalised arrangements with all of them except for Anguilla and Guernsey, both of which we believe will follow in the coming days and months. For the first time, UK police and law enforcement agencies will be able to see exactly who really owns and controls every company incorporated in those territories: the Cayman Islands, British Virgin Islands, Bermuda, the Isle of Man, Jersey—the lot. That is the result of a sustained campaign, building on the progress that we made at the G8, and I welcome the commitment of the Governments of those territories to work with us and implement those arrangements.

The House should note that that will place our overseas territories and Crown dependencies well ahead of many other similar jurisdictions, and also—crucially—ahead of many of our major international partners, including some states in the United States of America. Next month we will seek to go further still, using our anti-corruption summit to encourage consensus not just on exchanging information, but on publishing such information and putting it into the public domain, as we are doing in the UK. We want everyone with a stake in fighting corruption—from law enforcement, to civil society and the media—to be able to use those data and help us to root out and deter wrongdoing.

Next, we will take another major step forward in dealing with those who facilitate corruption. Under current legislation it is difficult to prosecute a company that assists with tax evasion, but we are going to change that. We will legislate this year for a new criminal offence to apply to corporations that fail to prevent their representatives from criminally facilitating tax evasion. Finally, we are providing initial new funding of up to £10 million for a new cross-agency taskforce to swiftly analyse all the information that has been made available from Panama, and to take rapid action. That taskforce will include analysts, compliance specialists, and investigators from across HMRC, the National Crime Agency, the Serious Fraud Office, and the Financial Conduct Authority.

This Government will continue to lead the international agenda to crack down on tax evasion and aggressive tax avoidance. That battle is important and must be combined with the approach that we take in this country—low tax rates, but taxes that people and businesses pay. That is how we will tackle these issues and build a strong economy that can fund the public services we need. That strong economy, creating jobs and rewarding aspiration is the true focus of this Government—something that would never be safe under the Labour party—and I commend this statement to the House.

3.47 pm

Jeremy Corbyn (Islington North) (Lab): I thank the Prime Minister for advance sight of his statement—it is absolutely a master class in the art of distraction. I am sure that he will join me in welcoming the outstanding journalism that went into exposing the scandal of destructive global tax avoidance that was revealed by

[Jeremy Corbyn]

the Panama papers. Those papers have driven home what many people have increasingly felt: that there is now one rule for the super-rich, and another for the rest. I am honestly not sure that the Prime Minister fully appreciates the anger that is out there over this injustice. How can it be right that street cleaners, teaching assistants and nurses work and pay their taxes, yet some at the top think that the rules simply do not apply to them?

What has been revealed in the past week goes far beyond what the Prime Minister has called his “private matters”, and today he needs to answer six questions to the House, and—perhaps equally importantly—to the public as a whole. First, why did he choose not to declare his offshore tax haven investment in the House of Commons Register of Members’ Financial Interests, given that there is a requirement to

“provide information of any pecuniary interest”

that might reasonably be thought to influence a Member’s actions? The Prime Minister said that he thinks he mishandled the events of the past week. Does he now realise how he mishandled his own non-declaration six years ago, when he decided not to register an offshore tax haven investment from which he has personally benefited?

Secondly, can he clarify to the House and to the public that when he sold his stake in Blairmore Holdings in 2010, he also disposed of another offshore investment at that time? In particular, were any of the £72,000 of shares that he sold held in offshore tax havens?

The “Ministerial Code” states that

“Ministers must ensure that no conflict arises, or could reasonably be perceived to arise, between their public duties and their private interests, financial or otherwise,”

and that all Ministers

“must provide...a full list...of all interests which might be thought to give rise to a conflict,”

including close family interests. So did the Prime Minister provide the permanent secretary with an account of his offshore interests and if not, did he not realise that he had a clear obligation to do so, when part of his personal wealth was tied up in offshore tax havens and he was now making policy decisions that had a direct bearing on their operation? For example, in 2013 the Prime Minister wrote to the President of the European Council opposing central public registers of beneficial ownership of offshore trusts. So, thirdly, does the Prime Minister now accept that transparency of beneficial ownership must be extended to offshore trusts?

The Panama-based law firm Mossack Fonseca registered more than 100,000 secret firms in the British Virgin Islands. It is a scandal that UK overseas territories registered over half the shell companies set up by Mossack Fonseca. The truth is that the UK is at the heart of the global tax avoidance industry. It is a national scandal and it has got to end. Last year, this Government opposed the EU Tax Commissioner Pierre Moscovici’s blacklist of 30 un-co-operative tax havens. That blacklist included the Cayman Islands and the British Virgin Islands. So my fourth question is: will the Prime Minister now stop blocking European Commission plans for a blacklist of tax havens? It turns out that Lord Blencathra, the former Conservative Home Office Minister, was

absolutely right when he wrote to the Cayman Islands Government in 2014 to reassure them that our Prime Minister was making a “purely political gesture” about cracking down on tax havens at the G8. It was designed, he said, to be

“a false initiative which will divert other member states from pursuing their agenda.”

Last June, Treasury officials lobbied Brussels not to take action against Bermuda’s tax secrecy. According to the European Union’s transparency register, the tech giant Google has no fewer than 10 employees lobbying Brussels. Bermuda is the tax haven favoured by Google to channel billions in profits. Conservative MEPs have been instructed on six occasions since the beginning of last year to vote against action to clamp down on aggressive tax avoidance. This is a party incapable of taking serious, internationally co-ordinated action to tackle tax dodging. Across the country and on the Opposition side of the House, there is a thirst for decisive action against global tax avoidance scams that suck revenues out of our public services, while ordinary taxpayers have to foot the bill. It undermines public trust in business, politics and public life. It can and must be brought to an end.

We welcome the Prime Minister’s announcement today about new measures to make companies liable for employees who facilitate tax cheating, but it is also too little, too late. In fact, it was announced by the former Chief Secretary to the Treasury a year ago. People want a Government who act on behalf of those who pay their taxes, not those who dodge their taxes in offshore tax havens. Yesterday, my hon Friend the shadow Chancellor set out a clear plan for transparency. He is a Member of this House who has spent all his time in Parliament exposing tax havens and tax avoidance. His paper included a call for an immediate public inquiry into the Panama papers revelations to establish the harm done to our tax revenues and to bring forward serious proposals for reform.

I say gently to the Prime Minister that a tax taskforce reporting to the Chancellor and the Home Secretary, both members of a party funded by donors implicated in the Panama leaks, will be neither independent nor credible. So will the Prime Minister back a credible and independent public inquiry into the abuses revealed by the leaks?

Our task transparency plan called for a specialised tax enforcement unit to be properly resourced, which is key. Since 2010, there have been only 11 prosecutions over offshore tax evasion—a situation that the Public Accounts Committee described as “woefully inadequate”. Having slashed resources and cut 14,000 staff since 2010, will the Prime Minister today guarantee that resourcing to Her Majesty’s Revenue and Customs will increase in this Parliament?

We support real action to end the abuses that allow the wealthy to dodge the rules that the rest of us have to follow. We need to ensure that trust and fairness are restored to our tax system and our politics and to end the sense and the reality that there is one rule for the richest and another for everybody else. The Prime Minister has attacked tax dodging as immoral, but he clearly failed to give a full account of his own involvement in offshore tax havens until this week and to take essential action to clean up the system, while at the same time

blocking wider efforts to do so. There are clear steps that can be taken to bring tax havens and tax dodging under control—[*Interruption.*]

Mr Speaker: Order. There is a Minister standing at the Bar shrieking in an absurd manner. He must calm himself and either take a medicament if required or leave the Chamber.

Jeremy Corbyn: Thank you, Mr Speaker.

I suggest that the Prime Minister's record, particularly over the past week, shows that the public no longer have the trust in him to deal with these matters. Do he and Conservative Members realise why people are so angry? We have gone through six years—yes, six years—of crushing austerity, with families lining up at food banks to feed their children, disabled people losing their benefits, elderly care cut and slashed and living standards going down. Much of that could have been avoided if our country had not been ripped off by the super-rich refusing to pay their taxes.

Let me say this to the Prime Minister: ordinary people in the country will simply not stand for this any more: they want real justice; they want the wealthy to pay their share of tax just as they have to pay when they work hard all the time.

The Prime Minister: Let me first join the right hon. Gentleman in congratulating the journalists who have broken this story about this huge cache of information from the Panama papers. What matters now is that that information is shared with the tax authorities, including here in the United Kingdom, so that action can be taken.

The right hon. Gentleman accused me of a distraction, but I have to say that the biggest distraction today has been waiting for the right hon. Gentleman's tax returns, which we finally got published at about 3.35 pm, after this statement had begun. How incredibly convenient that no one can scrutinise them.

Let me answer each and every one of the questions that the right hon. Gentleman asked. First, he asked whether we would resource HMRC with the right amount of money. We have put £1.8 billion into various initiatives since 2010 to make sure that it has the resources to find this money. That is the first point. Secondly, the right hon. Gentleman asked me about my entry in the Register of Members' Financial Interests. I have complied with every aspect of that Register, and even before the Labour party's complaint arrived at the commissioner's door, I provided her with all the necessary information.

Thirdly, the right hon. Gentleman asked when I made the sale of these shares. I sold the Blairmore shares in January, and I sold everything else in June. Next, he asked me whether I shared a list of these shares with the Cabinet Secretary. It was quite difficult because I had sold them, but I sat down with the Cabinet Secretary and went through all my interests, all my connections, all my friendships and all my family, as all Ministers are advised to do. This was a proper conversation with the Cabinet Secretary that I conducted in that way.

Fourthly, the right hon. Gentleman asked why we were not extending the arrangements relating to the beneficial ownership of companies to the beneficial ownership of trusts. The reason is that we want international

action to take place, and the very clear advice that I received was that if we included trusts in our initiative, we would not get any international action. This Government have done more than any other to lead the world and make co-operation happen.

The right hon. Gentleman asked about the tax taskforce. HMRC, the National Crime Agency and others will investigate all the information coming out of Panama, and they have operational independence. If they find people to prosecute, they prosecute them; if they find information of illegality, they act on it. They are independent operationally, and that is exactly what they will do. They will report to the Home Secretary and the Chancellor because we want to make sure that radical action is taken, but they have total operational independence. If the right hon. Gentleman is questioning the professionalism of the Inland Revenue, the National Crime Agency and the Serious Fraud Office, he should not be doing so.

Let me now answer the right hon. Gentleman's last question, which concerned the action that we have taken in respect of the overseas territories and the Crown dependencies. No Government have done more to encourage them to take part in exchanging information, reporting tax information, and making sure that they give us the information on beneficial ownership. The leader of the Labour party has suggested that we should force them. How is he going to force them? What is he going to do? Have we finally found a potential Prime Minister who wants to give the Falkland Islands back to Argentina and invade Gibraltar? Is that what it has come to?

What we have seen are the Labour party's true colours when it comes to inheritance tax. If you want to pass your home to your children, Labour will tax it. If you want to help your children, Labour will tax that. We have seen Labour's true colours. It is the enemy of aspiration and the enemy of families who want to support each other, and that is the real lesson of today.

Several hon. Members rose—

Mr Speaker: I was going to call the Chair of the Treasury Committee, but he is toddling out of the Chamber.

Mr Andrew Tyrie (Chichester) (Con): Well, if you would like to call me, Mr Speaker—

Mr Speaker: Let us hear from Mr Tyrie. Get in there, man.

Mr Tyrie: Thank you very much, Mr Speaker. [*Interruption.*]

Mr Speaker: Order. I am sure that it will be worth waiting for.

Mr Tyrie: It is very good of you to give me the floor, Mr Speaker.

I do not think that the Prime Minister has done anything wrong, except, possibly, to comment on the Jimmy Carr case. Tax evasion is illegal and should be very vigorously pursued, if necessary with criminal prosecution and imprisonment. Tax avoidance is not illegal. If the Government or Parliament do not like it, there is no point in moralising. Does the Prime Minister agree that to deal with tax avoidance we need reform to

[Mr Tyrrie]

close the loopholes, and vigorous tax simplification to ensure that there are fewer of them?

The Prime Minister: I am very glad that my right hon. Friend was detained before leaving the Chamber. I think that he is absolutely right. Tax evasion is illegal, and tax avoidance, if the Government disapprove of it, should be legislated against. That is the approach that we have taken. However, as I have said before and am happy to say again, there are some practices of very aggressive tax avoidance that I think do merit proper questions and then legislative action. To be fair to Jimmy Carr, as soon as it was pointed out that he was in a scheme to reduce his income artificially, he immediately changed his arrangements. He made that very clear, and I pay tribute to him for doing it.

Angus Robertson (Moray) (SNP): Let me begin by welcoming the Prime Minister's statement and the new measures that he has announced to deal with tax evasion and aggressive tax avoidance. I also welcome the publication of his tax information, and, indeed, his apology for the way in which he has handled it.

It is estimated that between \$21 trillion and \$32 trillion of private financial wealth is located, untaxed or lightly taxed, in tax havens around the world. Illicit cross-border financial flows are estimated at more than \$1 trillion per year, which is 10 times more than the global foreign aid budgets combined. The Panama papers leak is so large that if one printed the files, the final document would be 650 million pages long. It is right that a special taskforce has been set up to go through the leaked information, and the Prime Minister was right to say that charges will hopefully follow if criminality can be proven.

The public are indignant here and around the world. People are rightly angered by the rules for normal taxpayers being different from those for a small ultra-rich elite, but we must ask ourselves whether the scale of the problem has been taken seriously, because it has quite patently not been thus far, domestically or internationally. The UK bears a particular responsibility given that the UK and its overseas territories and dependencies collectively sit at the top of the Tax Justice Network's financial secrecy index.

In Scotland, we are confronted by the reality of a small number of landowners owning huge swathes of the country, many through tax havens. From Perthshire to Jura and across Scotland, land is owned through non-transparent firms based in tax havens such as Panama and the British Virgin Islands.

I want to ask the Prime Minister the following specific questions. Will he please revisit his decision not to co-operate fully with European Union partners on overseas trusts? To whom will the welcome register of beneficial owners across all British Crown dependencies and overseas territories be available and when? Will it be publicly available? If not, why not? Will the Prime Minister prioritise bilateral tax treaties with Panama and other tax havens as part of global efforts towards better co-ordination against tax avoidance, and will he regularly update this House on progress? Lastly, given that the UK Cabinet agrees Government policy on tax rules, potential loopholes and arrangements with tax havens,

will he ensure that all his Cabinet colleagues confirm whether they have ever benefited through offshore financial dealings?

The Prime Minister: First of all, let me agree with the right hon. Gentleman that there is no doubt that some bad things are happening in some of these jurisdictions and countries in terms of the hiding of assets and wealth and the avoidance of tax. That is why we want our authorities to go through everything that they can to recover that money. However, just because those bad things are happening, we should not condemn the unit trusts that many investors, such as, as I have said, local government pension funds, trade union pension funds and—who knows—even the pension fund of this House, might well use as a totally legitimate way of investing and then paying tax. I want to make that point.

The right hon. Gentleman also said that we need as many criminal charges as possible. I of course agree with that, but we should not do down the civil action and civil penalties that Revenue and Customs can use. It has 1,100 cases going through and can charge up to 300% of the money.

On whether we have taken this agenda far enough, I would say that this is the first country in the G8 or the G20 to make tax and transparency the No. 1 issue at a G8 or a G20 summit. No one had done it before. We have now done it and it is permanently on the agenda and we see permanent improvements.

I do not think that the right hon. Gentleman is being fair on the Crown dependencies and the overseas territories. For years, there was a reputational and potentially real problem. They have done a huge amount to address that. They are now better placed than other similar jurisdictions. As I said, there are states in the United States of America that have less disclosure and transparency. Let us not be unfair on the Crown dependencies and overseas territories, which we—certainly on this side of the House—are proud to have as part of our family of nations.

As for Scottish trusts and transparency, we are happy to work with and help the devolved Administrations in every way we can. We are also happy to work with and are working with European partners on trusts. My point is that we would not have made any progress on beneficial ownership if we had included trusts in that debate in the G8, but we did make progress for the reason that we gave.

The right hon. Gentleman asked to whom the information about beneficial ownership in the Crown dependencies and overseas territories will be available. It will initially be available to law enforcement agencies, including, crucially, our own. These places are not producing public registers yet. I want them to, but let us be frank: only about three countries in the world, including Britain now, have these public ownership registers. If we had tried to push that on to the Crown dependencies straightaway, we would not have got nearly as far as we have got today. On tax treaties, I am keen that we sign as many as possible. On Cabinet Ministers, I think that the current rules for registering Members' interests are right, but, as I have said, in the case of Prime Ministers and Chancellors we are going further.

John Redwood (Wokingham) (Con): According to the official Office for Budget Responsibility forecasts, we are likely to lose £7.3 billion of tax revenue to multinational

companies over the ensuing five years because they will sue us in court and get the European Court of Justice to overturn the taxes we wish to impose, and there is another £35 billion at risk. What can we do here to make sure those companies pay their fair amounts, which this Parliament wants but the ECJ does not?

The Prime Minister: We took a whole series of actions in the Budget, and of course we have the diverted profits tax, which is a tremendous weapon for making sure these companies pay their tax in the jurisdictions where they are rightly earning the money. This tool of being able to exchange tax information and having a common reporting standard, which is what we set in train in 2013, will make the biggest difference.

Meg Hillier (Hackney South and Shoreditch) (Lab/Co-op): One of the main benefits of the journalism that uncovered the Panama papers was that it shone sunlight on areas where some people did not want it to go. The Prime Minister makes great play of saying that his Government have done a great deal to improve corporate tax transparency, but this is nowhere near enough. When is he going to step up and make sure that corporates publish their tax information so that everybody—the public—can see where tax is being paid?

The Prime Minister: I am not saying that we have a perfect record, but this Government have done more than any previous Government to make this happen. I will answer the hon. Lady very directly: of course our system is based on full disclosure by companies to the Revenue but with a basic deal of taxpayer confidentiality between companies and the Revenue. That is the way our system and most other systems work. That is why the common reporting standards and the exchange of information between tax jurisdictions is so important, to make sure that these companies are telling the truth to us and to other jurisdictions. Only when that happens will we be able to recover the money.

Sir Eric Pickles (Brentwood and Ongar) (Con): The beneficial ownership register that comes into place in just over six weeks' time, plus the announcement the Prime Minister has made on Crown dependencies and the new criminal act, will do much to deal with tax evasion. If the House will forgive me, let me say that it will do far more to ensure that the proceeds of crime and of terrorism cannot be laundered through this jurisdiction, which is to be welcomed. I think I should do a little ticking off here, because I know, personally, that we would not have got the agreement with the Crown dependencies without his personal intervention and without his being very tough, and he should be congratulated on that. Just fancy, it was actually delivered without a single shot being fired or the Leader of the Opposition putting boots on the ground!

The Prime Minister: What my right hon. Friend will remember from his time in government—he is doing a brilliant job as my anti-corruption lead—was that we got the Crown dependencies and the overseas territories around the table in the Cabinet room, on the same day as the trooping of the Colour, I believe, and said, “We have to make these changes. You don't have to go all the way to publishing registers, although that is what we

would like, but you have got to make this information available.” As he says, that will mean not only more tax paid, but greater ability to uncover corruption.

Dame Margaret Hodge (Barking) (Lab): May I ask the Prime Minister some questions about his welcome announcement on Crown dependencies? First, have the British Virgin Islands, Bermuda and the Cayman Islands agreed to compile a register of beneficial ownership? Secondly, will HMRC have access to that register? Thirdly, if he does not succeed in getting those territories to publicly publish those registers, will he use his powers, through the Privy Council, to order the tax havens to publish them?

The Prime Minister: Basically, we have been asking the Crown dependencies to do three things: one is to exchange tax information, the second is to have a common reporting standard, and the third is to establish registers of beneficial ownership. They have now done all three, so the answer to the right hon. Lady's first question—have they agreed?—is yes. We still need agreement from Guernsey and from Anguilla, but we hope that that will come in the coming days. The answer to her second question—will our Revenue have access to their register?—is yes, it will. The answer to her third question—will we force them to have public registers?—is we think they should; we think that that is the right way to go. But let us be clear: very few countries in the world—I think Spain, Britain and possibly one or two others—have public registers of beneficial ownership. Our Crown dependencies and overseas territories will now be far in advance of most other countries, so instead of attacking them, we ought to praise them and thank them for what they have done.

Sir Alan Duncan (Rutland and Melton) (Con): Should not the Prime Minister's critics just snap out of their synthetic indignation and admit that their real point is that they hate anyone who has even a hint of wealth in their life? May I support the Prime Minister in fending off those who are attacking him, thinking particularly of this place, because if he does not, we risk seeing a House of Commons that is stuffed full of low achievers who hate enterprise and hate people who look after their own family and who know absolutely nothing about the outside world?

The Prime Minister: I am grateful for my right hon. Friend's support. We have a system for Members' interests which was put in place at the end of 13 years of Labour Government. I think we should maintain that system. I do not want us to discourage people who have had a successful career in business or anything else from coming into this House and making a contribution. That is why I have said that for Prime Ministers and Chancellors, shadow Prime Ministers and shadow Chancellors, it is a different set of arrangements.

Mr Dennis Skinner (Bolsover) (Lab): Does the Prime Minister recall that in the time after he became Prime Minister in the coalition, when he was dividing the nation between strivers and scroungers, I asked him a very important question about the windfall he received when he wrote off the mortgage of the premises in Notting Hill and did not write off the mortgage of the premises the taxpayers were helping to pay for in Oxford?

[Mr Dennis Skinner]

I did not receive a proper answer then. Maybe “Dodgy Dave” will answer it now—[*Interruption*—]—and by the way—[HON. MEMBERS: “Withdraw!”]

Mr Speaker: Order. I must ask the hon. Gentleman—[*Interruption.*] I do not require any assistance from some junior Minister—an absurd proposition! I invite the hon. Gentleman to withdraw the adjective he used a moment ago. He is perfectly capable of asking his question without using that word. It is up to him, but if he does not wish to withdraw it, I cannot reasonably ask the Prime Minister to answer the question. All he has to do is withdraw that word and think of another.

Mr Skinner: Which word?

Mr Speaker: I think he knows—the word beginning with D and ending in Y that he used inappropriately. Withdraw—it is very simple.

Mr Skinner: I know what you are talking about, Mr Speaker. This man has done more to divide this nation than anybody else, and he has looked after his own pocket. I still refer to him as “Dodgy Dave”—[*Interruption.*] Do what you like! [*Interruption.*]

Mr Speaker: Order. I am sorry, I must ask the hon. Gentleman to withdraw the word—

Mr Skinner: Not a chance!

Mr Speaker: Very well.

The Speaker ordered Mr Skinner, Member for Bolsover, to withdraw immediately from the House during the remainder of the day's sitting (Standing Order No. 43), and the Member withdrew accordingly.

Mr Speaker: Needless to say, no reply is required to that question.

Sir Edward Leigh (Gainsborough) (Con): Well, it is a shocking scandal: we now know that the Prime Minister divested himself of all his shareholdings before he became Prime Minister and has paid his taxes in full.

Alok Sharma (Reading West) (Con): Exactly—shocking.

Sir Edward Leigh: Shocking. However, there is a wider question that I would like to put to the Prime Minister, and it follows the question from the Chair of the Treasury Committee. As long as we have the longest tax code in the world after India, will not hard-working families always use legitimate ways to try to minimise their tax bill? Some of us have been arguing for years for a flatter tax system to merge rates. Let me give the Prime Minister a suggestion. The best way to stop people avoiding the payment of inheritance tax—that iniquitous tax—it is to abide by our manifesto commitment and abolish it.

The Prime Minister: I am grateful to my hon. Friend for his support. We met our manifesto commitment on inheritance tax, which was to exempt the family home. My hon. Friend is right that we need to simplify, but

there are things moving in different directions. We want to simplify taxes, but when we see abuses occurring, we sometimes need to write new tax code to make sure that those abuses cannot be used, which can lead to complications. However, I am well aware of his general point, and I think he is right.

Yvette Cooper (Normanton, Pontefract and Castleford) (Lab): Will the Prime Minister now answer a question that both he and the Chancellor refused to answer a few years ago, and confirm that they both benefited personally from their cut to the top rate of tax? On the day that universal credit cuts mean that part-timers could be over £1,000 a year worse off, does he think that the several thousand pounds a year from which they both benefited is fair?

The Prime Minister: The information is contained in my tax return, which is in the House of Commons Library, and everyone can go and look at it. The key point is not only that since we reduced the top rate of tax from 50p to 45p we have not only raised more revenue, which we can spend on the public services that the right hon. Lady supports, but that the richest 1% in the country pay a higher overall percentage of income tax at 27%.

Sir Nicholas Soames (Mid Sussex) (Con): Will my right hon. Friend clarify again the fact that tens of millions of our fellow citizens benefit from tax-exempt investments, as most pension schemes do not pay tax on their investment income, which directly benefits hard-working people saving for, and receiving, pensions?

The Prime Minister: My right hon. Friend is absolutely right about that. I would reinforce the point that many millions of our fellow citizens own shares, and many people choose to make their investments through unit trusts, which are a relatively safe form of investment because they share the risk. Many unit trusts are listed in other countries—many of them now in Dublin—and they are set up in that way not to avoid tax but to make sure that the revenues are returned to the unit trust holder who then pays tax, which is the key point.

Caroline Lucas (Brighton, Pavilion) (Green): Does the Prime Minister accept that the revelations last week that he intervened personally in 2013 to water down the effects of EU transparency rules on trusts damages his efforts to portray himself as some kind of champion of fair tax? Will he now commit to fully supporting EU transparency rules, including country-by-country reporting by corporations showing exactly how much profit they make and where?

The Prime Minister: Let me be absolutely clear with the hon. Lady. There were no EU proposals—the whole thing was based on a British proposal or initiative to encourage all countries to have registers of beneficial ownership. The EU then joined in and suggested extending it to trusts, and we pointed out that if that happened no one would take it up because trusts, as she knows, are set up for all sorts of reasons: the care of a disabled child, support for a local school—any number of things that are perfectly reasonable under English common law. The advice I had was that if we went for beneficial

ownership of companies and trusts, the move that we have made, which is genuinely helping to change the world in that regard, would have completely failed.

Mr Dominic Grieve (Beaconsfield) (Con): Will my right hon. Friend encourage the Leader of the Opposition to write to him to set out in detail the allegations he makes against him, either of breaking the law of propriety or the rules of this House? Having listened carefully to the Leader of the Opposition, I fail entirely to comprehend what he is going on about.

On a separate issue, I am glad to see my right hon. Friend stand up for the overseas territories. He will know that when I was Attorney General, I had quite a lot of dealings with the Attorneys General of the overseas territories in encouraging them to change their transparency rules. In fact, they showed themselves to be properly responsive to those representations. He may also agree with me that the overseas territories are entitled to provide financial services and not to be damned for trying to ensure the wellbeing of their own citizens.

The Prime Minister: My right hon. and learned Friend is absolutely right. What we have tried to do with the overseas territories is to say that there is a perfectly legitimate business of providing financial service, but they, like us, should be doing it on the basis of high standards, not low standards. I think that is an argument that they now accept and are carrying out, and we should thank them for it. As for the first half of my right hon. and learned Friend's question, I listened to the right hon. Gentleman, and I am not sure I want to read all about it again in a letter because I do not think there is much to answer.

Gavin Robinson (Belfast East) (DUP): One could be forgiven for believing that the only virtue was transparency, but privacy and equality are both important virtues that we value in this country. Does the Prime Minister agree that given the many thousands of opinion formers, policy formers and decision makers in this country paid publicly through private service companies, if we are to set any principle, it should be that with public finance comes public transparency—who is paid what by us, the taxpayers? If we can establish that principle first, we can have a wider discussion about transparency.

The Prime Minister: I agree with the first half of the hon. Gentleman's question: there is a value in privacy. That is why I think we need a balance between what is disclosed and what is not disclosed. I have tried to set out the way forward today. On the hon. Gentleman's point about private service companies, the Chancellor had something to say about that in the Budget. There is a case, particularly where public money is involved, for making sure that people declare these arrangements in the proper way. The changes that the Chancellor has spoken about will make sure that whether someone chooses to have a private service company or chooses to be self-employed, the amount of tax that they pay will be much more similar.

Sir Edward Garnier (Harborough) (Con): I welcome the Prime Minister's announcement that there will be a new criminal offence applying to corporations that fail to prevent their representatives from criminally facilitating tax evasion. That reflects the failure to prevent bribery

offence which already exists under the Bribery Act 2010. There are nearly 40 other economic crimes listed in the Crime and Courts Act 2013, which are susceptible to deferred prosecution agreements. Will my right hon. Friend have discussions with the Ministry of Justice and the Law Officers to make sure that we can add not only the tax offence that he refers to but those other economic crimes, so that they can be dealt with under the "failure to prevent" system?

The Prime Minister: My right hon. and learned Friend has much expertise in this area. I think the point he is making is that as we set out these economic crimes—the Home Secretary has led the charge to ensure that we address this issue properly—we make sure that they are properly publicised, properly understood and then properly prosecuted. We need to make sure that the National Crime Agency and the Serious Fraud Office work together in the way that I know he was keen to see when he was doing that job.

Rachel Reeves (Leeds West) (Lab): The Prime Minister says that he is leading on international efforts to crack down on tax evasion, so can he explain why he wrote to the then European Council President Herman Van Rompuy in 2013 and asked him to water down the impact of EU transparency rules by treating trusts differently from companies in anti-money laundering rules, despite warnings that such a move could create loopholes for tax dodgers?

The Prime Minister: With great respect to the hon. Lady, I have answered that question several times, most recently to the leader of the Green party. We were keen to get progress on the beneficial ownership of companies, and if we had accepted proposals to include trusts, that would have got completely bogged down and would not have made nearly the progress that we have made. We have got every G7 country and most G20 countries signing up to having action plans on beneficial ownership of companies. If we did that with trusts, my advice was that the whole thing would have slowed down to a trickle and we would not have got all the international co-operation and all the extra money that we are going to raise.

Philip Davies (Shipley) (Con): As far as I am concerned, it is perfectly clear that neither the Prime Minister nor his father has done anything wrong at all. In his statement my right hon. Friend said that we must defend the right of every British citizen to make money lawfully. That is something that I agree with wholeheartedly, but it is slightly at variance with the description of people who have done just that as morally repugnant. Will the Prime Minister give us a promise that from now on he will uphold the rule of law and the view that the rule of law is what is important in this country, and not question the morality of people who act lawfully with regard to their tax arrangements?

The Prime Minister: I am grateful to my hon. Friend for his support, and I agree with what he says about the importance of enabling people to make money within the law; he is completely right that the rule of law is what matters overall. The simple point that I have often made, and which I will continue to make, is that of course it is tax evasion that is illegal, not tax avoidance. There are many ways that people avoid taxation, not

[*The Prime Minister*]

least by putting money into a pension or an ISA, or by other perfectly legitimate ways of planning for their future, that of their family and all the rest of it. However, we have sometimes seen very aggressive measures—I mentioned some of them in my statement—such as putting properties in company envelopes in order to avoid paying stamp duty, where it is sometimes difficult for the Government to catch up quickly enough with the huge changes taking place. I think that a bit of leeway on that is necessary, but my hon. Friend is right: it is the rule of law that matters.

Mr David Winnick (Walsall North) (Lab): Does the Prime Minister not realise that there is a world of difference between the vast majority of our constituents who pay their tax in the usual way, it being deducted at source or by other means, and the very rich tax spivs who use tax havens for obvious reasons? That is why the accusation is made about them and the people I have referred to.

The Prime Minister: Of course there is bad practice, not least in some of these jurisdictions, and that needs to be dealt with. That is what tax transparency, the sharing of information, the registers of beneficial ownership and all the rest of it are about. The other thing to recognise that happened last week is that the £11,000 personal allowance came in, so people can now earn £11,000 before having to pay any income tax at all. That completed our work of taking 4 million of the lowest paid people in our country out of income tax altogether.

Alok Sharma (Reading West) (Con): The Prime Minister has paid his taxes and behaved perfectly properly, and I commend him for standing up to those who have sought to besmirch his father's reputation and memory. Will he remind us how much extra money has come into the Exchequer as a result of his Government's closing the loopholes that were set up under 13 years of Labour government?

The Prime Minister: The point is that we raised an extra £12 billion in the last Parliament, and we want to raise another £16 billion in this Parliament, stretching out to 2021 the figures that I gave. Also, by having a lower rate of corporation tax, we have actually seen more corporation tax come in. Low tax rates, but tax rates that people pay—those are our watch words.

Liz Saville Roberts (Dwyfor Meirionnydd) (PC): We have heard that the rule of law is paramount. The Government control what is legal and illegal in tax law. Can the Prime Minister guarantee that the law will make offshore tax dodging in all its forms illegal?

The Prime Minister: Evading tax is already illegal, whether it is done in the UK or elsewhere. The point that I have been making is that we need to have this information sharing and the ability to look at information in these jurisdictions, in order to see whether people have been evading tax, and that is what we are now getting. But we should not use that to say that it is wrong for people, trade unions, companies or pension schemes to invest in unit trusts listed in other countries, because that is a perfectly normal way of investing.

Jake Berry (Rossendale and Darwen) (Con): May I congratulate my right hon. Friend the Prime Minister on bringing transparency to the office of Prime Minister by publishing his own tax return? Does he have any thoughts on whether that should be extended to former Prime Ministers, many of whom still receive public money? Personally, I would be very interested to see a tax return of one Mr T. Blair.

The Prime Minister: I have no proposals to make in that regard. I am not claiming to have some perfect record, but on becoming Prime Minister I cut the Prime Minister's pay by 5% and froze it for the Parliament, I rejected the Prime Minister's tax allowance of £20,000 a year, and I reformed the Prime Minister's pension so that it is now contributory for the first time. As Mr Speaker knows, the Speaker, the Lord Chancellor and the Prime Minister have all given up the great offices of state pension that used to give half their salary in perpetuity—[*Interruption.*] Opposition Front Benchers say that that was done by the Labour party, but it was not actually brought in until I became Prime Minister. I did it. All those steps have been taken, which I think was the right thing to do.

Margaret Ferrier (Rutherglen and Hamilton West) (SNP): Will the Chancellor of the Exchequer be clarifying the tax situation of his family company, Osborne and Little, which he holds shares in, but which has paid no UK corporation tax in seven years?

The Prime Minister: The Chancellor's family firm is exactly the sort of manufacturing small firm we want to encourage in our country. For many years, I gather, it has not been making a profit, but I am glad that the company is doing well and now paying a dividend—that is something we should welcome. Its tax matters are entirely a matter between the company and the Inland Revenue, and that is the way it should be.

Wendy Morton (Aldridge-Brownhills) (Con): I join other Conservative Members in welcoming the Prime Minister's statement this afternoon. When he meets world leaders in London this May for the first global anti-corruption summit, will he press them to agree actions to expose corruption, wherever it exists?

The Prime Minister: It is good that we are having this summit. As I am writing in a document that will be released before the summit, no country, no politician—no one—can claim that they have a perfect and unblemished record in this regard; all countries are battling against these problems, as we did in the House of Commons with the problems of expenses and all the rest of it. However, I want to encourage people, and the Prime Minister of Afghanistan and the President of Nigeria are contributing, and they are admitting that their countries are rife with corruption and it needs to be dealt with. The problem is that, if nobody actually stands up and talks about these issues and sets out the action plans for delivering on these issues, nothing will get done.

Mr David Lammy (Tottenham) (Lab): At the last count, 36,364 properties in London were owned by offshore companies—that is one in 10 in one London borough and 7% in another London borough. We should

know who owns those properties. Many believe that this is about dirty money from countries such as Russia and from the middle east. This is driving up costs, with a 50% increase since 2007. What is the Prime Minister going to do about dirty money propping up the London property market?

The Prime Minister: The first thing, which we have already done and which has had a huge impact, is to say that, if a company owns a property in a so-called envelope structure, so that we cannot get to the name of the person who owns that property, they have to pay an annual stamp duty charge of something like 15%. That has been a massive money raiser, providing money to spend on public services, and a huge disincentive for that sort of behaviour. However, I want to go further; as I said in my speech in Singapore, we need to have more information about who owns what in our country.

Pauline Latham (Mid Derbyshire) (Con): May I thank the Prime Minister for his very clear statement? This afternoon, I received a furious email from Martin in my constituency, who said he watched the “Murnaghan” show on Sky News yesterday. He was shocked that the shadow Chancellor

“deliberately misled viewers...His ignorance, whether deliberate or not, should be exposed in Parliament. For a Shadow Chancellor to be so blatantly misleading is not acceptable. The Marxist Moron’s political motivations are obvious but not an excuse.”

He adds that the Prime Minister

“could not have paid inheritance tax even if he wished to as the tax is levied on the estate”—

Mr Speaker: Order. I am extremely grateful to the hon. Lady. As the Clerk has just pointed out to me, however, this is all very well, but it is nothing to do with the responsibility of the Prime Minister. *[Interruption.]* Order. Do not argue with the Chair—that is not a wise course of action. The Prime Minister is not responsible for what the shadow Chancellor has said. I say that to the hon. Lady kindly but with some authority in these matters, believe me.

Alison McGovern (Wirral South) (Lab): No one in this House should have to feel that family members are being attacked unfairly, and, in that, the Prime Minister is absolutely correct. May I tell him, though, that it is not clear to me what he believes about holding shares in offshore trusts in tax havens? Does he think that that is perfectly okay, in which case, why would his holding them have been a conflict of interest, or does he think that tax havens are a problem that needs fixing, in which case, why did he have such shares in the first place?

The Prime Minister: That is a very good question. Let me answer it in full, because I think it is very important. Do I think it is okay to own shares in a unit trust that is registered in another country, whether it is in Dublin, Guernsey or elsewhere? Yes, I do. That is why trade unions, companies and pension funds hold such shares. Many people in our country hold unit trusts because—here is the key point—the unit trust does not exist to make money for itself; it makes money for the unit holders, and if the unit holders live in Britain they pay British tax, British income tax, British capital gains tax and all the rest of it. That is why these arrangements have been in place for many years and no Labour Government,

Labour policy review or Conservative policy review has ever thought of getting rid of them. It is important that they are administered and run in the proper way. That is my answer to the hon. Lady’s first question.

The hon. Lady’s second question was why, if I thought there was nothing wrong with a holding like that, did I sell my shares because there might be a conflict of interest. I sold shares in every company that I owned, because I thought there were two options: you can either put things into a blind trust, as Ministers in Labour and Conservative Governments have done. There is nothing wrong with that—it is a very good way to go about it—but I thought it may be even simpler and more straightforward to just sell everything, because then I would not own any shares. So, if any of the companies in which I had previously had a shareholding had any dealings with the Government, there was no way that, even if somebody could look inside a blind trust, they could find any conflict of interest. That is why I sold the shares. I happen to think it was quite a sensible thing to do.

Oliver Dowden (Hertsmere) (Con): Will the Prime Minister confirm that the only irregular thing about the summary of his tax return is the fact that he voluntarily and privately forsook the £20,000 prime ministerial tax-free allowance, which was enjoyed by many of his predecessors, including those from the Labour party? Instead, he rightly focused on increasing the personal allowance so that millions of low-income earners could avoid paying tax altogether. Will he pledge to continue that policy?

The Prime Minister: I am very glad to give my hon. Friend that reassurance. We have the target in our manifesto of a £12,500 personal tax allowance and we want to meet that. What I did as Prime Minister was the right thing, not least because, as it says in the information from my tax return, there is support for me and my wife from the Conservative party in terms of some of the costs and issues of travel and other things that you have to deal with as the leader of a party. I thought that was a better way of doing it—not taxpayers’ money, but party money, on which I pay a tax charge.

John Mann (Bassetlaw) (Lab): Is it the right thing to do to claim expenses to live in a grace and favour apartment while at the same time making a big profit out of your own main home?

The Prime Minister: I am a little bit baffled by the hon. Gentleman, because he announced over the weekend that he was going to refer me to the Parliamentary Commissioner for Standards, so one of my office pitched up there this morning with all the information necessary, only to hear that the hon. Gentleman has not actually yet made a complaint. I hope he will find the time later to do what he said he was going to do.

I think the hon. Gentleman has misunderstood. I am very lucky to live in No. 10 Downing Street—actually, Nos. 11 and 12 Downing Street, to be precise. As a result, I receive a benefit in kind, which is calculated at, I think, some £7,000, and I pay a tax on that benefit in kind for living in the house. It is not a subsidy I am getting; it is a benefit, which I am very grateful for, and I give the taxman money in respect of it.

Michael Fabricant (Lichfield) (Con): May I tell the Prime Minister that he should not be ashamed that he had the good fortune to be born into a well-off family, and that it is not a sin for his parents, quite naturally, to want their savings to be cascaded down through the generations? He has nothing to be ashamed about, but may I warn him that, no matter how much information he wants to divulge, nothing will satisfy some of those on the Labour Front Bench?

The Prime Minister: I am very grateful for what my hon. Friend says. I think there is a point at which you have to say that I have published the information that I think is relevant—I have gone back over the last six years—and that is the limit of what I am going to release. Some people say, “Well, what about your wife’s tax return and your mother’s financial affairs?” I really think that there comes a time when we should say that we have a register of Members’ interests. Prime Ministers and Chancellors and Opposition leaders and shadow Chancellors have done more than that, and we should rely on the register of Members’ interests to police the rest of our affairs.

Wes Streeting (Ilford North) (Lab): Given that more than half of the companies implicated in the Panama leaks are registered in UK overseas territories and Crown dependencies, does the Prime Minister regret telling this House in 2013:

“I do not think it is fair any longer to refer to any of the overseas territories or Crown dependencies as tax havens”—[*Official Report*, 9 September 2013; Vol. 567, c. 700.]

Could he try to rebuild some of the public trust he has lost in the last week by making sure that, particularly in terms of publishing information about beneficial ownership, Crown dependencies and overseas territories follow the UK’s example, and will he take concrete action by putting that at the centre of his own anti-corruption summit next month?

The Prime Minister: The reason why I made that statement in 2013 was that we had got the Crown dependencies and the overseas territories, for the first time, to share automatically tax information with the United Kingdom Government. That is something that did not happen under the last Labour Government. It is something that we achieved. It was a different approach. Now—the hon. Gentleman is right—we want to go further, and the announcement today set out that not only will they share that information and follow the common reporting standard, but they will give us access to their information about beneficial ownership.

Just so the hon. Gentleman knows how different things were under the last Government, the then Financial Secretary to the Treasury, in response to questions about the overseas territories, said this:

“The negotiation of tax information exchange agreements with other jurisdictions, including the UK, is essentially a matter for the Crown Dependencies themselves.”—[*Official Report*, 19 May 2009; Vol. 492, c. 1370W.]

He was saying, “Nothing to do with me, guv; it’s up to them.” That is the Government that we replaced. We took a different approach, and we have made a lot of progress.

Richard Drax (South Dorset) (Con): Forgive my lack of voice. May I say that I totally understand the Prime

Minister’s predicament and his instinct to protect his father? I would have done exactly the same. His father did nothing wrong whatsoever.

The Prime Minister mentioned the long and thoughtful debate that is to come. May I say most gently that, when public figures get into trouble, there should be no more knee-jerk reactions, and that a long and thoughtful debate should be had to avoid unnecessary consequences for everybody else?

The Prime Minister: I thank my hon. Friend for his support. He makes an important point, which is that we should try to make decisions about these things calmly and rationally after debate. I felt, after all the questions that I was being asked, that the right thing to do was to publish the information, but I could not have made it clearer today that I do not want to see that as some precedent that every Member of this House, or indeed every member of my Cabinet, has to follow. We should think very carefully. We have always had a system in this country based on full disclosure to the Revenue but taxpayer confidentiality. Some other countries have complete publication of all tax returns and all tax information. That has not been our way. We have had a different system, and I do not think that we should give it up lightly.

Caroline Flint (Don Valley) (Lab): It saddened me that the right hon. Member for Rutland and Melton (Sir Alan Duncan) seemed to suggest that, if someone was not a millionaire, they were a low achiever. Speaking as a low achiever—[*Laughter.*] The biggest multinational company earns more in a single week than the incomes of all MPs combined. The Prime Minister has spoken before about transparency, and he did so again today. Many of us across the House, from all parties, want to make sure that the country-by-country information that multinationals will be obliged to provide to HMRC will be put in the public domain. Will he or a Minister meet me and other members of the Public Accounts Committee to discuss that proposal?

The Prime Minister: I have always thought of the right hon. Lady as a high achiever. She certainly put the boot into my predecessor more effectively than I ever did. I remember that very well.

Chris Bryant (Rhondda) (Lab): Michael Howard?

The Prime Minister: No, not that one. The point about country-to-country reporting is that what we are trying to achieve, as I said in my opening statement, is a common reporting standard, so that companies report to tax authorities in the same way; and the sharing of that information, so that we can see whether company A is paying x amount of tax in one jurisdiction and y amount in the other, and if that is not right, we can do something about it. That, at the moment, is the most powerful way of achieving what we want to achieve. There are those who say that we need to go even further in public declarations of tax. That is a very interesting argument, but let us not make the best the enemy of the good. We have got a very solid way now of making sure that these companies pay tax properly, and I want to see that completed.

Mr David Nuttall (Bury North) (Con): Does my right hon. Friend agree that any course of action designed to reduce tax that does not constitute tax evasion must, by definition, be legal, even if some may regard it as aggressive tax avoidance? It is up to this Parliament to legislate to make such courses of action illegal.

The Prime Minister: My hon. Friend is absolutely right. Where there is aggressive avoidance taking place that is clearly against the spirit of the law, Parliament should act. As I have said many times, that is what the Chancellor has done, and that is what HMRC advises us about. I think that sometimes there are occasions when the tax avoidance is so aggressive that it is right to warn those taking part in it that legislation will follow, and therefore they should not take part in the scheme in the first place. That often happens.

Stuart Blair Donaldson (West Aberdeenshire and Kincardine) (SNP): The Prime Minister has described the tax arrangements being discussed today as standard practice and normal. Assuming we are still all in this together, will he issue guidance—perhaps in the form of a leaflet to every UK household—so ordinary taxpayers can find out how they, too, can benefit from offshore tax havens?

The Prime Minister: The point is that there are many people in our country—I think there are now over 12.5 million shareholders—who hold shares in things such as unit trusts. There is plenty of information about them, and they do not need any from me. The point is that, if you invest in one of those and you are a UK resident, you must pay UK income tax and UK capital gains tax, just as you would if you buy a share in any other organisation.

Robert Jenrick (Newark) (Con): I would not recommend doing this, but, having read back through *Hansard* over the 13 years of the previous Labour Government, I could not find a single occasion on which the right hon. Member for Islington North (Jeremy Corbyn) raised any of these issues. The closest he came was when he described the Labour Government's decision to use Orders in Council to take control of the Turks and Caicos Islands as “mediaeval” and “extremely undemocratic”, but he now advocates that policy for all territories. Is it not fortunate that after 2010 we had a Government who actually took up this agenda?

The Prime Minister: I am interested to see that the right hon. Gentleman has conducted a U-turn because recently he has been suggesting taking control of these territories. I can now see a use for the nuclear submarines as they head off towards the Isle of Man, and as the Corbyn invasion force begins to mass to take over this territory. It is much more sensible to get them to do the things they ought to be doing.

Liz Kendall (Leicester West) (Lab): Why does the Prime Minister think so many companies are registered in Panama in the first place, not in London or New York?

The Prime Minister: The reason why a lot of unit trusts register in different countries—a number of them have been named; right now, many of them are registering

in Dublin—is that they want to be able to market their services not simply to UK residents, who pay UK taxes, but to other people. That is why, if we look at the Inland Revenue and the way it arranges this, it actually wants to make sure that UK fund managers can be involved and pay their taxes in the UK, and we can build the investment industry that this country can rightly be proud of.

Andrew Bridgen (North West Leicestershire) (Con): May I thank my right hon. Friend for his open and frank statement today? In the mind of any reasonable person, he has completely exonerated himself. Will he confirm that, under HMRC rules, all supporting documentation for a tax return should be retained for seven years? Since the Leader of the Opposition was late supplying his tax return, should he be fined?

The Prime Minister: There is obviously no fine for the fact that the right hon. Gentleman did not come to the House having already published it, although it was disappointing that we got it at 3.35 pm, when I was on my feet. Obviously, the matter of fines for late production of tax returns is a matter for HMRC.

Paul Flynn (Newport West) (Lab): In 2013, the Prime Minister's colleague Lord Blencathra was found guilty of an egregious breach of the Commons and Lords rules for misleading a Committee of inquiry in 2011 and for taking £10,000 a month as payment for lobbying for the Cayman Islands. He had no punishment from his party, and was allowed to get away with it, with a brief apology to the House of Lords. Will the Prime Minister tell us whether, if in future any parliamentarian in his party uses and prostitutes his privileged position in order to make a private gain, he will act and discipline them?

The Prime Minister: The point is that we now have rules in the House for the declaration of Members' interests; we have a policeman, as it were, in terms of making sure that they are properly carried out; and we do have punishments, including expulsion, for misdeclarations and misbehaviour. I am not as familiar with the situation in the House of Lords, but I think it has been moving in the same direction and that is all to the good.

Ben Howlett (Bath) (Con): While the conversations about Panama are no doubt interesting to Opposition Front Benchers, one reality check is that most of my constituents who are struggling to get on to the property ladder actually benefit from inheritance as a result of a lot of the tax changes that happened during the previous Parliament. Does my right hon. Friend agree that now is the time to reform inheritance tax further to help more people, mainly those of my age, to get on to the property ladder?

The Prime Minister: There is a role for making sure that people can pass on the family home exempt from inheritance tax. That is why we have set out steps during this Parliament to make sure that can happen, completing what was set out in our manifesto.

Clive Efford (Eltham) (Lab): The public would be more inclined to take the Prime Minister at his word when he says that he wants to clamp down on tax

[Clive Efford]

avoidance had his Government not appointed Edward Troup as executive chair of Her Majesty's Revenue and Customs in 2012. This is someone who said:

"Taxation is legalised extortion and is valid only to the extent of the law."

Will the Prime Minister say what source of money he got to pay Mr Troup? Does someone with those views belong in HMRC?

The Prime Minister: Edward Troup is a dedicated public servant who does a very good job for HMRC. As reports in the papers this morning pointed out, he had a commercial career at Simmons and Simmons, one of the most respected City legal practices there is. Frankly, it is a good thing if we can attract people from private practice into HMRC to make sure that we collect all the money we should.

Mark Spencer (Sherwood) (Con): Will the Prime Minister assure the House that any future changes to taxation will do nothing to diminish the aspiration of working families, so that those families who want to do the right thing—provide for their future, save for their retirement and pass something on to their children—can continue to do so?

The Prime Minister: My hon. Friend is absolutely right. Our reforms to inheritance tax and pensions are enabling people to take and spend more of their own money as they choose. People are also able to pass that money on to their children and to help with those key purchases such as the first home or the first car, helping young people with their families. Having all of that wealth cascading down the generations, and helping people to do that, is absolutely part of our goal.

Tom Brake (Carshalton and Wallington) (LD): I welcome, of course, the Prime Minister's announcement that people will be criminalised if they assist with tax evasion, particularly as that was announced by the then Chief Secretary to the Treasury, Liberal Democrat Danny Alexander. Will the Prime Minister revisit other Liberal Democrat proposals put forward in coalition to see whether they can also play a significant role in dealing with the really difficult issue of tax evasion?

The Prime Minister: It is certainly true that the coalition Government achieved a lot in this area. That agenda was led and driven by myself and the Second Lord of the Treasury, in particular at the G8 and the G20, but at the time we had the full support of our coalition partners.

Helen Whately (Faversham and Mid Kent) (Con): I welcome my right hon. Friend's statement, and I listened carefully to the Leader of the Opposition. Does the Prime Minister share my concern that the Leader of the Opposition seemed to forget—possibly he is unaware—that aspiration, determination and the prospect of eventual financial reward are ingredients of our strong economy, leading to jobs and incomes for many? Does my right hon. Friend agree that we should condemn the politics of envy, and will he stick to the politics of opportunity and aspiration?

The Prime Minister: My hon. Friend is absolutely right. We want an aspiration and enterprise society, in which we set low tax rates and encourage people to make the best of themselves, for their families. That will build not just a stronger economy but, in my view, a stronger society.

Mike Gapes (Ilford South) (Lab/Co-op): The Prime Minister referred to his anti-corruption summit. Will he tell us which countries will be represented there? Will an invitation be extended to either President Putin or some of his corrupt cronies, and those who fund the RT propaganda channel, to explain the \$2 billion held in Panama by that corrupt regime?

Mr Speaker: The hon. Gentleman has been restored to rude health. I welcomed him earlier, and I know that the Prime Minister will welcome him.

The Prime Minister: I am glad to see the hon. Gentleman back in his familiar place. It is fair to say that the guest list for the anti-corruption summit is still being worked on. The point is that we will ask people not on the basis that they run perfect countries or perfect Governments but on the basis of whether they will commit to public declarations on things like open beneficial ownership registration, sharing tax information, and making sure that when assets are looted we can confiscate them and restore them to the people they belong to. If countries want to sign up to that, we will be encouraging them to come and do just that, however imperfect their record may have been in the past.

Mark Menzies (Fylde) (Con): My mother spent 32 years working in an ICI factory. She is 81 and, like the Prime Minister's mother, she has lost her husband and wants to hand some of that money down to the next generation. Some remarks from over the past few days must have been deeply hurtful to the Prime Minister, and I urge him to tell the House what message we want to send to millions of people in our constituencies who want to do the right thing by the next generation.

The Prime Minister: I am grateful for my hon. Friend's remarks, and I am sure that my mother will be too. She said that like me, she is developing a thicker skin with every week that goes past. He is right to say that many people want to pass down wealth, assets and help their children in all the ways they can. That is not something we should be ashamed of; it is something that we should actively encourage, because it can help to build the strong society that we want in our country.

Catherine McKinnell (Newcastle upon Tyne North) (Lab): The Prime Minister acknowledged in his statement that under current legislation it is difficult to prosecute companies that assist with tax evasion, and I and many others—including the right hon. and learned Member for Harborough (Sir Edward Garnier)—would add fraud and corruption to that list. The Government promised in their manifesto to extend the new corporate offence to deal with all economic crime, not just tax evasion. Will the Prime Minister commit today to reviewing urgently the current position, and to extend the offence of tax evasion to incorporate fraud and corruption?

The Prime Minister: The hon. Lady makes an interesting suggestion that I will consider carefully. We have announced our proposal, and identified an opportunity in the Gracious Speech to include that measure in a future Bill. At that time we can consider an extension and a tidying up of the offences so that they can be used in the same way, and I will look carefully at what she suggests.

Several hon. Members *rose*—

Mr Speaker: Order. I am sorry to disappoint remaining colleagues, but we have had a full exchange and must now move on to the second statement.

UK Steel Industry

5.1 pm

The Secretary of State for Business, Innovation and Skills and President of the Board of Trade (Sajid Javid): With permission, Mr Speaker, I will make a statement on Britain's steel industry.

We are all familiar with the perfect storm of factors that led to the global price of steel collapsing during 2015, but for all the economic challenges that we face, the real tragedy is a human one. Over the past 11 months I have visited steelmaking communities across the UK. They are very different plants in very different places, but one thing that unites them is the pride and dedication of the highly skilled people that I met. All they want is to carry on doing what they do so well, and I am doing everything I can to help them do that.

I will speak first about Port Talbot. Since becoming Business Secretary I have been in frequent contact with the senior management of Tata, which included several meetings with the group's chairman last year and this. Several weeks ago, Tata told me in confidence that it was seriously considering an immediate closure of Port Talbot—not a sale, a closure. That could have meant thousands of hard-working men and women already out of a job, and thousands more facing a very bleak future. I was not prepared to let that happen, and in the days that followed, I worked relentlessly to convince Tata—[*Interruption.*]

Mr Speaker: Order. The statement must be heard. The record shows that the Chair always facilitates a full and thorough interrogation, and although the Secretary of State would expect nothing less, he is entitled to the courtesy of being heard.

Sajid Javid: Thank you, Mr Speaker.

In the days that followed, I worked relentlessly to convince Tata that it was in everyone's interest to keep the plant open and find a new buyer. I also made it clear that the Government are totally committed to supporting and facilitating that process. That work has paid off. Last month Tata announced its intention to sell the plant and its wider UK assets, rather than to close it. Since then, I have continued to meet its executives here and in Mumbai, and I was joined in that by my right hon. Friends the Secretary of State for Wales and the Minister for Small Business, Industry and Enterprise. We have secured assurances that Tata will be a responsible seller and allow appropriate time to find a buyer.

The formal sales process begins today. I have been in contact with potential buyers, making it clear that the Government stand ready to help. That includes looking at the possibility of co-investing with a buyer on commercial terms, and we have appointed EY as financial advisers on behalf of the Government. Commercial confidentiality means that I cannot go into detail about ongoing discussions. However, I will update the House as soon as it is appropriate to do so. Let me also take this opportunity to thank the First Minister of Wales for all his hard work so far. His support in these talks has been invaluable.

I shall turn now to Tata's long products division. I am sure that all Members will join me in welcoming today's news of a conditional agreement between Tata and

[Sajid Javid]

Greybull. That agreement will protect jobs and minimise the cost to taxpayers. We have been closely involved in the sales process from day one, including making a commercial offer on financing if required, and we will continue to work with those involved to make sure that this deal gets done.

Moving on to Scotland, on Friday we saw Liberty House receiving the keys to two Tata mills, in Motherwell and Cambuslang. That is a great result for the people of Scotland, and the Scottish Government deserve thanks for helping to secure it.

Since January, the global price of steel has started to recover but it is still a long way from its pre-crisis peak. So there has been some positive news for Britain's steelmakers, but our support for the industry and the supply chain continues. The Steel Council, which met for the first time early last month, is bringing together Government and industry to find solutions. We have also been working closely with the unions, and let me take this opportunity to thank Community in particular for its positive and constructive approach.

We have also taken action on power, and £76 million has already been paid to steelmakers to compensate for high energy bills. We expect to pay more than £100 million this year alone. We have also taken action on procurement. New rules will make it easier for the public sector to buy British, and we are leading calls for EU action against unfair trading practices. We voted in favour of anti-dumping measures on wire rod and on steel pipes in July and October last year, and we voted in favour of measures on rebar and cold rolled products in February this year. These measures are already having a real effect, with rebar imports down 99%. However, we are still looking at ways of improving the EU tariff mechanism so that we can help the steel industry without harming other sectors, and I am happy to hear any suggestions from hon. Members on that front. Let me be very clear on this: we have repeatedly demanded and voted for tariffs on unfairly traded Chinese steel and we will continue to do so.

I would love to stand here today and declare that this crisis is over, and to say that not one more job will be lost in Britain's steel industry. That is not a promise that I or anyone else in this Chamber can make, but this Government have consistently done all we can to support Britain's steel industry and I can promise that we will continue to do so. We know that there are no easy answers and that the challenges facing the industry are vast.

Too many jobs have already been lost, but where that has happened, we have worked to ensure that nobody is left behind. For example, we committed up to £80 million to help those affected by the closure of Redcar and we stand ready to support steel communities facing redundancies, wherever they might be. However, that is something that I will do everything in my power to prevent, because Britain's steel industry is a vital part of our economy. I want to secure its long-term future and to see "Made in Britain" stamped on steel that is used around the world. I want to protect the jobs of the skilled men and women who work in the industry because the people of Port Talbot, of Scunthorpe and of the steelmaking communities across the UK deserve nothing less. I commend this statement to the House.

5.8 pm

Ms Angela Eagle (Wallasey) (Lab): I thank the Secretary of State for his statement and for giving me advance sight of it. I also welcome the good news today on the sale of the long products division at Scunthorpe after nine months of negotiations. I note that the Business Secretary is claiming this as a Government success. In fact, it is down to the hard work of the steel unions and the plant management, one of whom has said:

"We needed massive help from the Government and that has not been forthcoming".

Since the House rose for the Easter recess, the problems in the UK steel industry have turned into a full-blown existential crisis, and the Government and this Business Secretary have been found wanting. When I met workers at Port Talbot on 18 March, it was obvious that the mood was darkening, and they were increasingly worried about the likely outcome of the Tata board meeting on 29 March in Mumbai. Indeed, my hon. Friend the Member for Aberavon (Stephen Kinnock) was so concerned that he flew to Mumbai with the general secretary of the Community union to meet Tata directly.

Where was the Business Secretary at this crucial moment? Was he fighting tooth and nail to ensure the future of a UK foundation industry? He was not. We all now know that he was on his way to Australia to fulfil a few pleasant engagements down under, outrageously leaving his junior Minister to take all the flak back home. It is this laissez-faire approach—this incompetence, this inaction—that has characterised his response to the crisis from the beginning. He has claimed he was caught unaware by Tata's decision to sell its entire UK steelmaking operations, putting at risk up to 40,000 UK jobs, but Labour Members have been warning for months that there was a gathering emergency and that it was coming to a head. Labour MPs have raised steel issues no fewer than 200 times since the general election a year ago and we have been fobbed off with warm words and no effective action month after month. The Business Secretary's indifference destroyed the prospect of future steelmaking in Redcar, an act of industrial vandalism that will not be forgiven in the north-east for a very long time.

The Government have been accused of "floundering" and issuing "contradictory and meaningless statements", and that is by one of their own Back Benchers, the hon. Member for Wellingborough (Mr Bone). Since the steel crisis made the front pages, we have had a sudden shift from torpor to hyperactivity. From an ideological disinclination to get involved because of their free market dogma, there appears at last to be a recognition by the Government that this could be an existential moment for the whole of the UK manufacturing base. I welcome the long overdue admission from the Government that it is their duty to help to find a future for UK steelmaking. I just hope it is not a case of too little, too late. If the Business Secretary is now finally telling the House that he has suddenly overcome his ideological distaste for Government action, then we say, "About time."

Given that the Scunthorpe deal took nine months, can the Secretary of State tell the House how long Tata is willing to keep the Port Talbot plant operational while a buyer is found? Will he confirm that it is the Government's intention to ensure that any sale is of integrated operations? Does the Secretary of State agree that if jobs and skills are to be retained in the industry,

it is crucial that the UK retains the capacity to make as well as recycle and process steel? What steps will he now take, therefore, to ensure that the blast furnaces at Port Talbot will remain in operation under a new owner? What support are the Government willing to make available to assist in securing a successful sale to a responsible owner?

If he has not already done so, will the Secretary of State undertake today to contact all those in the current customer base and reassure them that the plants have a viable future and will remain open for business, so that they can be confident enough to continue placing orders? What is the Government's plan B for UK steelmaking if no responsible buyer can be found in the timeframe immediately available? The Business Secretary has previously ruled out temporary nationalisation, but his junior Minister has not. Which is it?

On the dumping of Chinese steel, will the Secretary of State now urgently reconsider his opposition to the repeal of the lesser duty rule? Will he do so especially in the light of the tariffs that the Chinese have provocatively imposed on some EU-produced specialist steel?

Finally, on procurement, the coalition Government scrapped the defence industrial strategy, which made British jobs and industries the first priority in all decisions on Ministry of Defence contracts. With a £178 billion MOD budget for defence equipment over the next 10 years, will the Government now change that and ensure that this investment supports the British steel industry?

Sajid Javid: It is a shame that the hon. Lady has taken this attitude. Instead of working together, she seems much more interested in taking cheap political shots—at the process, rather than the substance. I suggest she learns from her friend the First Minister of Wales, who has been nothing but constructive and positive in his approach.

The hon. Lady talks about Labour's long-running concern for the steel industry, so let us look at the facts. During Labour's last term in office between 1997 and 2010, 40,000 jobs were lost in the British steel industry, with output more than halved. During those 13 years, the hon. Member for Wallasey (Ms Eagle) mentioned the word 'steel' twice in the House of Commons, while the current Leader of the Opposition did not manage to mention that word once during that period. The hon. Lady talks about her long-running concern, but in the last Parliament, how many times did the then Leader of the Opposition, the shadow Chancellor and the shadow Business Secretary between them manage to mention the word 'steel'? Not once—not once in five years. I suggest once again that the hon. Lady should end the cheap political shots and work in a constructive manner with this Government because the hard-working people in this industry deserve nothing less.

The hon. Lady talks about an industrial strategy. We have dozens of sector councils and we set up the steel council. We are interested not in picking winners, but in doing what works—not ideology, but what actually works. Since 2010, manufacturing is up, exports are up and employment is up. For example, our auto and aerospace industries, both users of British steel, are having their best years ever. I suggest that the hon. Lady spend a little less time obsessing about whether this

support is called a strategy or a policy and spend a little more time celebrating the stunning success of British industry.

The hon. Lady asked about the actions we have taken so far. Action has been taken on energy costs and compensation for energy-intensive industries, which will now be moving towards a policy of exemption. We have provided flexibility on emissions regulations, and we have changed procurement policies, which now apply to all parts of the public sector. We have taken action on unfair trading, which the hon. Lady has asked for. A total of 37 measures are in place at the moment, 16 of which concern China. When it comes to trade measures, we are interested in measures that actually work. If we look at the measures on rebar, we find Chinese imports down 99%; on wire rod, they are down 90% and on seamless tubes and pipes, they are down 80%.

In determining what works, we will be driven by the evidence. The evidence is clear that so far, the way in which the EU has acted works, but we want it to act faster. As I said in my statement and say again, we are not interested in rewriting the whole rulebook for trade; when it comes to steel, we are interested in taking action that works. If the hon. Lady and others have suggestions that are focused on steel, I will of course listen.

The hon. Lady talked about timing in respect of the Tata strip sale. We have had discussions with Tata. The key discussion was the one that took place in Mumbai where Tata said that, although it does not have an unlimited amount of time, which is something that we of course understand, it is not putting a set timeframe in place, and it will work to ensure that a reasonable amount of time is made available to find a buyer. Today, it will release more information on the sales process. I believe that Tata's actions will reflect that.

The hon. Lady asked about the support that the Government are willing to provide in order to secure a sale. The Government have been working on this for weeks. Because the decision by Tata was commercially very sensitive, we were not able to discuss it in Parliament earlier. As I have made clear, the Government are looking at a number of areas, including power supply, pensions, plant and infrastructure. In doing so, we will work with the unions, the trustees of the pension plan and the Welsh Government to come forward with the best offer we possibly can.

The hon. Lady asked about nationalisation. Let me be clear: we have not ruled anything out. I have been clear about that. We are also clear, however, that the best steel operators in the world are commercially and privately run and that nationalisation is rarely the answer. We are working towards finding a commercial buyer to ensure the long-term future of Port Talbot and all the other parts of Tata Steel.

I could not be clearer in saying that steelmaking is a vital industry for the UK. It is important for our economic security and our national security. I do not want to live in a country that relies on importing all its steel. None of us wants to do that. That is why we will do everything we can to secure a future for steel, because the hard-working men and women in this industry deserve nothing less.

Mr Kenneth Clarke (Rushcliffe) (Con): Does my right hon. Friend agree that Tata is an excellent company that has made a great success of Jaguar Land Rover, turning

[Mr Kenneth Clarke]

it into one of the finest car companies in Europe, something that defeated every Government when it was a nationalised industry? Does the fact that Tata cannot make a go of British steel not demonstrate the seriousness of the problems that my right hon. Friend is facing?

Will my right hon. Friend continue to reject the simplistic solutions that are on offer, such as tariff wars on China regardless of whether there is dumping, subsidy competition with Italy in breach of the EU rules on which we have always insisted, and nationalising Tata on the basis that we just carry on paying for the losses, pour billions of pounds into the liabilities at the taxpayer's expense, and seek to prevent anything from changing? Given that we all want to see the good news in Port Talbot that we have just seen in Scunthorpe, will my right hon. Friend continue to search for a reputable, sensible investor who understands steel, has a proper business plan, and can give a credible future to the best products of parts of this business, which could no doubt have a long-term future if we had the right business plan for it?

Sajid Javid: I agree wholeheartedly with my right hon. and learned Friend, who speaks with a great deal of experience. Tata—beyond steel, but, of course, including it—has shown itself to be a responsible investor in this country. When I have talked to the workforce, the unions and others at Port Talbot and elsewhere in the Tata group, they have had nothing but good things to say about Tata, its responsibility and its values.

I agree with what my right hon. and learned Friend said about tariffs and being careful to strike the right balance. I also agree with what he said about nationalisation. The way forward must involve a commercial operator: that is how the best companies in the world are run, and that is how we want to see British steel companies being run.

Neil Gray (Airdrie and Shotts) (SNP): I thank the Business Secretary for giving me advance sight of his statement.

I welcome the news that Tata appears to have found a buyer for its operations in Scunthorpe. I hope that that will prove to be good news, and I hope that the same can be done for Port Talbot and other sites, although there is concern about possible erosions of workers' terms and conditions as a result of the deal. Let us be clear, however, that this has happened in spite of the Government's shameful approach to the crisis. They have done as little as possible—as little as they thought they could get away with. The fact that the Business Secretary was literally on the other side of the world at the height of the crisis provides a perfect metaphor, and a perfect personification of the Tory approach to the steel industry.

That contrasts starkly with the proactive, professional and diligent way in which the Scottish Government approached the crisis facing the Scottish plants at Clydebridge and Dalzell. Nicola Sturgeon said that her Government would leave no stone unturned to save a crucial industry, and that is exactly what happened. Liberty House has now bought the sites to maintain a crucial industry in Scotland, and I welcome the Business Secretary's commendation of those efforts.

SNP Members stand in solidarity with the steelworkers of England and Wales. We hope that the UK Government will now work more proactively and co-operatively with EU colleagues on anti-dumping measures, energy costs and other issues that face the industry, so that there can be a long-term future for a crucial part of the manufacturing sector. Imagine what could have been achieved had the Prime Minister spent the last year touring European capitals and pressing for action on steel, rather than testing the patience of European counterparts and colleagues with his EU referendum gamble.

Will the Business Secretary now publish details of all meetings, phone calls, visits and correspondence involving the steel industry in which he, the Prime Minister, the Chancellor and other members of the Cabinet have engaged with EU and international trade counterparts in the last year? If he has done the work that he claims to have done, he has nothing to hide, and publishing those details may well repair his tarnished reputation.

Sajid Javid: As I said in my statement, I commend the Scottish Government for what has been done in respect of the two mills in Scotland, but I hope the hon. Gentleman recognises that the scale of the problem in the rest of the UK is a great deal larger, and I hope he can find it within himself to appreciate the challenge that the industry faces throughout the UK in particular.

I think that the hon. Gentleman is wholly wrong to suggest that the Government have not taken action already in providing help for the industry. I gave a number of examples in my statement, but the action on energy prices is making a big difference, and the action on procurement is also making a difference. I urge the hon. Gentleman to work with his colleagues in Edinburgh to see whether they can change their procurement rules to help not only Scotland, but the UK.

John Redwood (Wokingham) (Con): Will the Secretary of State look at finding a long-term, cheap energy solution for Port Talbot, which is crucial? What constraints is the European Union placing on aid to the steel industry?

Sajid Javid: I can give that commitment to my right hon. Friend, who speaks with a great deal of experience both of Wales and of business. He is right to identify energy as an issue. I do not believe that the constraints are coming from the EU, and we have demonstrated that there is action that we can take, but there is more that we can do. My right hon. Friend has good ideas and I look forward to discussing them with him further.

Mr Iain Wright (Hartlepool) (Lab): To secure a long-term, sustainable, profitable future for the British steel industry, the focus needs to be on developing high-value, niche downstream products in particular sectors or for particular technologies, collaborating closely with customers in product development and design. Parts of Tata Steel, such as the Hartlepool pipe mill and facilities in Corby, do that, but they are not part of the potential sales process with Greybull Capital or Liberty House, so how will the Secretary of State ensure that the downstream capability in Hartlepool and elsewhere is maintained while a potential buyer is found?

In the Secretary of State's response to the shadow Business Secretary, he mentioned sector groups. What specific work has he facilitated with industrial strategic

sector groups, such as the Automotive Council and oil, gas and offshore wind industrial councils, to ensure closer collaboration with customers and the supply chain in order to provide a great future for British steel?

Sajid Javid: First, I thank the hon. Gentleman for his approach to this matter, in particular through his chairmanship of the Business, Innovation and Skills Committee. He is right to say that Hartlepool, Corby and other parts of the downstream steel business are where the high-value product is. Tata has made it clear in its approach to the sale that it will not cherry-pick. It knows that the downstream process is important to any potential buyer, so it will ensure that any buyer can purchase the whole group, which is an important commitment that we have managed to secure.

The long-established sector councils cover many different sectors. I mentioned earlier the automotive and aerospace sectors, both of which use British steel. We are working with them on the general supply chain to see how British products, including steel, can be used. We will continue that work.

Amanda Solloway (Derby North) (Con): Does the Secretary of State agree that the best support that we can give the steel industry is a long-term vision that supports a good-quality, private sale with an attractive Government support package and to encourage customers to buy in this country?

Sajid Javid: I know from my hon. Friend's work on the Business, Innovation and Skills Committee that she takes an interest in this. She is absolutely right that none of us wants to be back in this situation in one, two or three years from now. We want to find a long-term buyer that will invest in the business. That requires Government support and we are ready to work with that buyer.

Stephen Kinnock (Aberavon) (Lab): Before I start, I want to pay tribute to the 13 steelworkers who are in the Public Gallery today along with the outstanding general secretary of the Community union, Roy Rickhuss. I also want to join the Secretary of State in paying tribute to Carwyn Jones, who has been doing a fantastic job. What a contrast to the British Government. Within days, Carwyn Jones had put £60 million on the table, so he is someone who is actually closing the gap—*[Interruption.]*

Mr Speaker: Order. I said when the Secretary of State was speaking that he should be heard with courtesy and the same goes for the hon. Member for Aberavon (Stephen Kinnock). It is not appropriate for people to yell "shame" at an hon. Member who is asking a legitimate question. Learn it.

Stephen Kinnock: I hope that the UK Government will take note of the fact that the Welsh Assembly Government so rapidly put £60 million on the table.

The Secretary of State asked for some focused suggestions and questions, so here are three for him. First, what are the Government doing to secure the customer base—key clients such as Honda, Nissan, Jaguar Land Rover? I hope he and his colleagues are picking up the phone to those customers and ensuring that we retain the integrity

of the order book. Secondly, on the blast furnaces, I would like to follow up on what was asked by my hon. Friend the shadow Secretary of State. Does the Secretary of State believe that the blast furnaces in Port Talbot should continue as an integral part of the UK steelmaking industry? Thirdly, can he explain why the British Government continue to block the scrapping of the lesser duty rule? The entire industry and the European Commission repeatedly tell us that by scrapping that rule we would give the anti-dumping measures real teeth to deal with the dumping of Chinese steel. Perhaps the reason is that the UK Government would rather cosy up to Beijing than stand up for British steelworkers.

Sajid Javid: First, let me say that this is obviously a very difficult situation for the hon. Gentleman's constituents. I am working with him, and I stand ready to work in any way I can to help him and to listen to what he has to say. The meeting I have already had with him was very useful, but I look forward to many more as we jointly try to help with this situation. He asked three questions, one of which was about the customer base. One of the most important things we can do—and we are doing it—is provide confidence that we can help to find a buyer that will secure the long-term interest of the steelworks, because that is what the customer base is going to want. We are in touch with many parts of the customer base—I talked earlier about the auto and aerospace industries—and providing that confidence is going to be key to reassuring them that they do not need to look elsewhere.

The hon. Gentleman asked about the blast furnaces, which I went to see in action just last week. They are hugely important, but I do not think I am in a position to say exactly what the structure of the business should be going forward. We will work with all parties to make sure that we can secure as many jobs as possible and that steelmaking continues. Lastly, he asked about the lesser duty rule. I point out to him that it has been the long-standing view of the previous Labour Government and this Government that in general the lesser duty rule gets the right balance in terms of the interests of industry and consumers. The last two British Trade Commissioners that were sent to Brussels, both appointed by Labour and both Labour peers, strongly supported that rule. As I said earlier, what I am interested in is what actually works to help the industry and what we have seen so far is that the tariffs imposed actually work, leading to massive reductions in Chinese imports.

Byron Davies (Gower) (Con): Labour's Front-Bench interest in steel production is a new phenomenon; in the last Parliament, the current Leader of the Opposition mentioned steel three times, but only in relation to Trident. Given the recent grandstanding by certain elements of Welsh Labour, does my right hon. Friend agree that this contributes absolutely nothing to assisting the many Tata Port Talbot steelworkers who live in my neighbouring constituency of Gower?

Sajid Javid: I was pleased that my hon. Friend and I were able to talk in the past few days to discuss his constituents' concerns. I agree with what he said, but I would like also to take this opportunity to reassure him that we will work closely with him and other Members to bring confidence to constituents that we truly are doing everything we can to help.

Stephen Doughty (Cardiff South and Penarth) (Lab/Co-op): There is a real danger that the Secretary of State is at times presenting the idea that everything has been done and that he has done everything in his power. Let us look at the issues facing the industry as a whole. On energy, we still see prices that are 89% higher than those of European competitors. On procurement, the Ministry of Defence is not even keeping records of where its steel comes from; and on tariffs, he says he will do everything, but, as we have just heard, he will not take action to scrap the lesser duty rule and to change it, and this country is being seen as the ringleader on this in Europe. What is he going to change in those industry fundamentals that will prevent us from seeing crisis after crisis after crisis in the steel industry?

Sajid Javid: Let me pick up on one of the three important issues affecting the industry that the hon. Gentleman has identified—energy costs. One reason why those costs are higher for energy-intensive industries in Britain—in fact, it is the key reason—is the Climate Change Act 2008, which he would have supported and which was introduced by the last Labour Government. *[Interruption.]* The Conservatives did support it, but ever since we have been working on mitigating some of the problems it created for industry. I would have thought the hon. Gentleman supported that.

Richard Fuller (Bedford) (Con): We should be under no misapprehension that the future of the global steel industry will be brutally competitive for many years to come. If my right hon. Friend is successful in finding safe harbour for the Motherwell, Scunthorpe and Port Talbot steelworks, that will be a significant accomplishment, but he must do that while upholding the lesser duty rule. The rule underpins free trade and it secures jobs in many other sectors of our economy. Regarding tariffs, some hon. Members have talked about the Americans imposing a 200% tariff, but that that was done solely because the Chinese, on that one issue, provided no information in defence. By the way, in that same instrument, the Americans put a 50% tariff on UK steel manufactured by Tata.

Sajid Javid: I always listen carefully to what my hon. Friend has to say. He is a respected member of the BIS Committee and he has deep experience in business. He is right to highlight tariffs. The concern for any Government is always to strike the right balance in taking action where there is clear evidence of dumping and unfair trading, but not going any further than that, because the people who pay the cost are consumers. Such measures are like a tax; they are hardly progressive and the poorest are hit the hardest.

Jessica Morden (Newport East) (Lab): Steelworkers watching this debate—including those from Llanwern and Orb in Newport, who have travelled here today as they have many times to press the Government for more action to help the industry—are asking that their businesses, with full order books and assets such as the Zodiac line in Newport, remain saleable in this crisis; that the Government act on the pension fund; and that there is a long-term industrial strategy to give potential buyers confidence. The Secretary of State's

statement has not made clearer what practical measures he will take to do that. Please will he expand on that now?

Sajid Javid: The hon. Lady is right to raise her and her constituents' concerns. I reassure her that we are looking at everything. I think she is aware of much of the action we have taken, but I am sure she understands that there is no magic wand here. No Government can make these problems go away overnight. These are international challenges—just in the last few days we have heard about problems in the US, Australia and many other developed economies. If she respects that, she will work with us on trying to find long-term solutions.

Rishi Sunak (Richmond (Yorks)) (Con): I commend the Government on their plans to roll out guidance on procurement practice to the entire public sector. What is my right hon. Friend doing to ensure that UK steel companies are aware of all the bidding opportunities and how they can get in the best possible place to win the contracts?

Sajid Javid: We were the first EU country to change our procurement rules to take advantage of new flexibility to take into account economic and social factors. We have now extended that to the entire public sector—not just central Government. We are working on the visibility of the pipeline. We have £300 billion of infrastructure planned over the next five years—a huge amount of British business for British steel—and we are working with the industry and groups including UK Steel to ensure maximum visibility.

Anna Turley (Redcar) (Lab/Co-op): Last year, the Secretary of State and even the Prime Minister said they were doing everything they could to keep steelmaking on Teeside. Despite knowing for months that SSI was in trouble, nothing was done. Three thousand jobs were lost, 175 years of steelmaking were gone and a town was dealt a devastating blow. So when the Secretary of State says again that he is doing everything he can to help, why should the workers of Port Talbot and anywhere else in the country believe a single word he says?

Sajid Javid: The hon. Lady has fought hard for her constituents and is still doing a lot to help workers who lost their job. I and my right hon. Friend the Minister for Small Business, Industry and Enterprise have met her and we will continue to work with those who have lost their job—of course we will—but she will also know that the situation at Redcar is not directly comparable with that at Port Talbot and Tata Steel. The business was not viable after hundreds of millions of pounds of investment and no commercial buyers were coming forward. I know it is difficult news, but the hon. Lady knows that. If we look at today's news about Tata long products, however, we see that it is possible to find a commercial buyer.

Richard Graham (Gloucester) (Con): I have no doubt that the Business Secretary is focusing on the key issues for potential investors in Port Talbot, including the pension fund and energy costs. As for a bright, long-term future for steel from Wales, may I encourage him to have early discussions with the Chancellor and the

Secretary of State for Energy and Climate Change about an announcement on the chair of the marine energy review, particularly regarding the proposed tidal lagoons in south Wales, which would be an enormous boost, both to morale and in practice, to the producers of steel in south Wales?

Sajid Javid: My hon. Friend makes a good point. Energy is a big issue, and will remain so for all our energy-intensive industries. The tidal lagoon is an important issue. We have begun a feasibility study, and my Department is in discussions with the Department of Energy and Climate Change and the Treasury on that very issue.

Angela Smith (Penistone and Stocksbridge) (Lab): May I make it absolutely clear to the House that this is an issue relating not just to Wales or Port Talbot? It is a UK problem, and the Secretary of State will agree that it is a national issue. The 900 steelworkers in my constituency whose jobs are on the line expect him to guarantee that he will do whatever it takes to give them the future that they deserve. There was an optimistic note in what he said. He mentioned co-investment. Will he explain to the House what that is, and whether it guarantees that the Government are willing to intervene and do whatever is necessary to save our industry?

Sajid Javid: The hon. Lady is absolutely right: this is a UK-wide problem. We have discussed Scotland and, of course, Wales, but it also affects south Yorkshire, Corby and many other parts of the UK so she is right to bring that to the attention of the House.

On co-investment, I said that to demonstrate that when I say that we will look at all options, we really will do so. It is possible—I do not know at this point, because the sale process has only just formally begun—that someone might come forward and ask for investment or funds from Government in lots of different ways. That has to be done on commercial terms, but that demonstrates how far the Government can go to make sure that this deal is successful.

Simon Hoare (North Dorset) (Con): My right hon. Friend will be only too aware that customer confidence, which was mentioned by the hon. Member for Aberavon (Stephen Kinnock), is crucial. Will my right hon. Friend assure the House that he, his ministerial colleagues and officials are doing all that they can regarding existing customers for British steel to assure them entirely and conclusively that the British Government are committed to a long-term future for British-made steel in this country, and that they can feel safe and secure about placing future orders?

Sajid Javid: I can give my hon. Friend that assurance. He is absolutely right to point out the confidence that customers and, equally, the supply chain need. Suppliers need confidence that there is a long-term business, so we are working with both suppliers and customers to provide that reassurance.

Christina Rees (Neath) (Lab): To help prospective buyers, may I ask the Secretary of State whether the UK Government will take on the pension liability of £15 billion for 130,000 Tata workers and former workers, and will they redress the imbalance caused by

the reduction of the workforce over many years, as more people now take money out of the scheme than pay into it?

Sajid Javid: The hon. Lady is right to raise the issue of pensions. I have said before that it is likely that any buyer who comes forward will want some kind of pension solution. It will be a challenge, but I can reassure her that we are looking carefully at that. We are in discussions with pension trustees, and we want to come up with something that will back the members and help to find a buyer.

Jason McCartney (Colne Valley) (Con): I am proud of British manufacturing, and I was proud last night when Yorkshire golfer Danny Willett pulled on his green jacket at Augusta, as the cloth in that jacket was woven and dyed in my constituency, on the outskirts of Huddersfield. I am also proud of the HS2 infrastructure project. Will the Business Secretary confirm that he will do everything he can, with the full support of the House, to put British steel at the heart of the transformational HS2 project?

Sajid Javid: I am sure the whole House congratulates Danny Willett on his victory. On my hon. Friend's question about HS2, projects by National Rail have used 98% British steel and Crossrail has used 95% British steel. Aircraft carriers procured by the Government have used over 90% British steel, and we will do everything we can to make sure that British steel is used in HS2.

Jonathan Edwards (Carmarthen East and Dinefwr) (PC): In his statement the Secretary of State admitted that UK Government Ministers knew in advance about Tata's intentions for Port Talbot, and a Welsh Government Minister recently boasted in the *Financial Times* that the Welsh Government knew before Christmas, yet neither Government were present at the crisis meeting in Mumbai when the fate of the plants was determined. That does not contrast particularly well with the decisive action of the Scottish Government, who nationalised Tata's operations in Scotland to facilitate a private sale. Is it a case, once again, of the Welsh economy and the Welsh workforce being let down by a careless Tory Government here in Westminster and by a complacent Labour Government in Wales?

Sajid Javid: The hon. Gentleman's comments could not be further from the truth. The meeting in Mumbai that he refers to was a board meeting to decide whether to accept the decision that was being made by the executive management of Tata Steel from the CEO downwards. If the British Government had waited for that meeting and just turned up at that time, it would have been too little, too late. Action was required weeks before that, so when we first heard about closure, we took action. I am sure the hon. Gentleman would agree that a sales process that has the ability to secure the workers' future is far better than outright closure.

Jo Churchill (Bury St Edmunds) (Con): Last week I had a meeting with constituents in Suffolk who are heavily involved in the steel industry. We spoke about now, but we also spoke about the future and how to use innovation more effectively in the sector. Will my right hon. Friend meet me and my constituents with a view to

[Jo Churchill]

extending research and development credits to the steel sector to support the 21st-century steel industry that Members across the House have been talking about?

Sajid Javid: My hon. Friend makes a very good point. In some parts of the UK where steel plants are based there are enhanced credits and capital allowances through enterprise zones. She makes an interesting suggestion about R and D tax credits that could help the industry more widely, so of course I will meet her.

Tom Blenkinsop (Middlesbrough South and East Cleveland) (Lab): When the Secretary of State comes to the Dispatch Box, he has to be careful about what he says. In his statement he referred to the £80 million promised to Redcar. I would dispute that figure in relation to what has been delivered in our area in the past six months. Today in our all-party parliamentary group meeting the Secretary of State did not rule out the option of Tata potentially remaining in situ at all steel sites, not just in relation to strip products. What type of co-investment plans can he put forward to the House so that we can discuss on the Floor of the House the options available for UK steel?

Sajid Javid: I know that the hon. Gentleman means well and has fought hard for his constituents, but I am sure he understands that in trying to secure a deal, it would not be in the interests of such a deal if the commercial terms were discussed on the Floor of the House. When buyers approach us or approach Tata, many aspects will be commercially sensitive. Some potential buyers will not even want to reveal that they are in discussions, and we must respect that or we risk losing a deal. I hope the hon. Gentleman can respect that too.

Mr Peter Bone (Wellingborough) (Con): Surely the only way to secure a long-term future for the British steel industry is to stop Chinese dumping. The Americans have imposed a 266% tariff on Chinese products. The British Government cannot do so because we are in the EU. Does the Business Secretary agree that it would be in the interests of the British steel industry if the Government imposed a 266% tariff now and worried about the EU later?

Sajid Javid: I know what my hon. Friend means by that, but I think that what he is really interested in, as I am, is tariffs that actually work. The right level has to be the level that actually works. The Americans might have imposed higher tariffs, but if they are too high they will hurt the rest of industry and consumers and they will cost thousands of jobs down the supply chain. Where the EU has imposed tariffs, driven by evidence, the results have been a massive fall in imports. In rebar, for example, a 13% tariff led to a 99% fall.

Nick Thomas-Symonds (Torfaen) (Lab): The European Commission wants to move away from the lesser duty rule. Quite simply, the problem is that when it is in place the duty that can be imposed will always be far less than the margin of the dumping. Can the Secretary of State be clear: was the Eurofer spokesman right when he said that the UK Government were “certainly the ringleader” in blocking its reform?

Sajid Javid: The first thing to say about the lesser duty rule is that the duty that it leads to is either one that stops the dumping or one that rights the injury caused to industry. That is how the tariff is actually calculated. Again, all the evidence suggests that it actually leads to results, and what the hon. Gentleman really wants is results. He is absolutely wrong to suggest that it is the British Government who are blocking this. He will know that no single Government can block it, because a blocking minority at least would be needed. As I have said, if he has a suggestion that is particularly targeted at steel, I am willing to listen.

Seema Kennedy (South Ribble) (Con): My right hon. Friend quite rightly began his statement by saying that the collapse in the global steel price is a human tragedy. Will he update the House on the measures that are being taken to support workers in our steel communities?

Sajid Javid: My hon. Friend makes a good point. Where there have been job losses—we talked about Redcar earlier—the Government have worked with local councils and others to try to secure further investment for the area, both domestically and from abroad, to try to replace those lost jobs. We have introduced other measures, such as skills training, reskilling workers so that they are ready to take new jobs. There are probably many more things that we can do. We are often led by the local areas, because each area is different, and we will continue to do that. That will be a priority.

Mark Tami (Alyn and Deeside) (Lab): The Secretary of State needs to realise that this crisis affects the whole UK steel industry, not just Port Talbot. We need action that will give us the time—time is key here—to find a secure future for all the UK plants.

Sajid Javid: The hon. Gentleman is absolutely right that time is key. That is why I was keen to meet Tata last week in Mumbai and to try to get those reassurances. I believe that I have got those reassurances. Again, ultimately the control of time will be with the seller, but I have every reason to believe that Tata will be a responsible seller.

Martin Vickers (Cleethorpes) (Con): I thank the Secretary of State for his statement and commend the Minister for Small Business, Industry and Enterprise for her tireless work in keeping me and my neighbouring colleagues in north Lincolnshire up to date about the Scunthorpe situation. I also commend the workforce at Scunthorpe for the extremely responsible approach that they have taken. Will my right hon. Friend elaborate on how he will ensure that public sector infrastructure and construction projects actually use British-manufactured steel?

Sajid Javid: I join my hon. Friend in welcoming the news today about Scunthorpe and Tata long products. That is 4,000 jobs secured, which is obviously hugely welcome news and a vote of confidence in the British steel industry. He asks about the pipeline and procurement and how we can ensure that more of it is British. The changes that we have already made to procurement rules, where economic and social factors can be taken into account, will help to achieve just that. At the same time, with the large industrial infrastructure projects

down the line, we can also help by giving steel manufacturers a lot more visibility, and that is exactly what we are looking at through the steel council.

Mr Adrian Bailey (West Bromwich West) (Lab/Co-op): Business rates on plant and machinery are effectively a tax on investment, and they have comprised a very significant element of the cocktail of costs that have so seriously undermined the steel industry. It was rumoured before the last Budget that plant and machinery would be made exempt. Can the Secretary of State confirm that that was so and explain why it did not happen? Will that be reconsidered in putting together a package for any future buyer of Port Talbot?

Sajid Javid: The hon. Gentleman is right to raise the issue of business rates, because that has come up time and again from the industry, so it is right to look at it. One of the issues is that a change in business rates could be a rather blunt instrument, especially in the steel industry, if we look at the total cost of making that change and at just how little of that would flow down to the industry. There might be better and more focused ways of doing that. Having said that, where there are large steel operations, such as Port Talbot in Wales, there might be something that could be done. As he will know, business rates are devolved, but we are talking about this issue with the Welsh Government.

Chris Philp (Croydon South) (Con): I was pleased to hear the Secretary of State acknowledge a few minutes ago the part that high electricity prices—caused in part by the Climate Change Act 2008—have played in the unfortunate situation with steel and other energy-intensive industries. I am very concerned that the carbon price floor in the UK, at £18.08 per tonne, adds to the £5.30 per tonne in the EU, placing a burden on UK energy-intensive industries that is four and a half times that of our European neighbours. I know that he has done a lot to alleviate this burden with direct assistance, but does he agree that now might be a good time to look again at reducing the carbon price floor?

Sajid Javid: My hon. Friend is right that energy costs are a very important issue for the industry, especially when compared with these in other countries in Europe. He is right to point out the action that we have taken, with compensation now moving to exemption. There are other ways to help, and we are actively looking at them. One way is to look at more renewable power sources, which are exempt from many of the costs—a colleague mentioned the tidal lagoon earlier. There are certainly other ways that we can help, and we are looking at all those options.

Louise Haigh (Sheffield, Heeley) (Lab): I have submitted two freedom of information requests and numerous written parliamentary questions to see the Secretary of State's secretive BIS 2020 plan. Well, now we know why he has wanted to keep the plan secret, because it proposes cutting more than 4,000 jobs and 40% of the Insolvency Service's staff, who have been working flat out since the steel crisis began to unfold. These proposals go far beyond what the Chancellor has asked the Secretary of State for from his Department. Given the deepening crisis, will the Secretary of State go back to the drawing board and rethink those ill-thought-through plans that will make his job so much harder?

Sajid Javid: Mr Speaker, I am not sure what that has to do with steel.

Mr Speaker: Well, that is a matter—[*Interruption.*] Order. That is a matter of interpretation, and the right hon. Gentleman is perfectly entitled so to interpret.

David Rutley (Macclesfield) (Con): I welcome the steps that my right hon. Friend is taking in the face of very challenging global trends in the steel sector. I am also very grateful for the work that he has been doing to help pharmaceutical science across the UK to be repurposed and revitalised in the face of very challenging global trends. Does he agree that there are lessons there that could be passed on to the steel sector?

Sajid Javid: I agree with my hon. Friend. Where jobs are sadly lost in any industry, especially on a large scale, we should look at ways of regenerating the local area. We talked earlier about the sad loss of jobs in Redcar. One of the pieces of work that Lord Heseltine is leading on is how we can attract more inward investment and what tools we can use to regenerate such areas and create more jobs.

Nic Dakin (Scunthorpe) (Lab): May I pay tribute to all the people who have worked hard in the Scunthorpe area and elsewhere to put in place the sale subject to contract that we have today? I pay particular tribute to the trade unions, the workforce, the management team and the suppliers, in addition to Tata and Greybull—it has taken a lot of hard work over nine months to get to where we are today. In his statement, the Secretary of State referred to “a commercial offer on financing if required”. My understanding is that there are three things subject to contract that need dealing with, and one of those is financing. Will he make it unequivocally clear that the Government will do everything necessary to make sure that that is not a barrier to the deal going ahead, and will he also tackle the other UK-based issue of the caveat that is still in place?

Sajid Javid: Let me join the hon. Gentleman in welcoming the news about Tata long products and Scunthorpe; it is very encouraging, and I am sure it will bring some relief to him and his constituents. I also join him in congratulating not only Tata and Greybull on working together to secure a deal, but the unions, the pension trustees and the others involved in making it happen. He asked specifically about financing, and the Government's involvement in it. As I mentioned earlier, we have been involved in the transaction from day one, and we have put on the table an offer of Government financing on commercial terms. That offer stands; should it need to be drawn down, it is clearly there to help make this deal happen.

Tom Pursglove (Corby) (Con): Having taken part in a cross-party visit to the Corby site last week—I am grateful to the Minister for Small Business, Industry and Enterprise for coming along as well—I am very confident in the plan that has been drawn up to secure the site's future. However, implementing it will require not only time but investment, and the business rate system at the moment penalises that very investment. What will the Secretary of State do to put a stop to that and to send a crucial sign of confidence from the Government?

Sajid Javid: I commend my hon. Friend for how he has approached this issue, which is hugely important to him and his constituents. I hope the Business Minister's visit last week helped to build confidence and to show that the Government are looking at a variety of ways to help. My hon. Friend mentions business rates, which are an important part of costs, and we have looked at them before. All I can say at this point is that we will continue to keep all taxes under review, particularly in the steel sector, to see what other ways we can help.

Steve Rotherham (Liverpool, Walton) (Lab): The Secretary of State has spoken about looking at all options in regard to saving jobs, so will he assure the House and steelworkers that if he does develop a co-investment package to save jobs, he will include the unions at every stage of its development?

Sajid Javid: Yes, I can assure the hon. Gentleman of that. Again, let me say that the approach of the unions has been very constructive and positive, and it is absolutely key. I highlighted earlier the involvement of the Community union—probably the union I have had most to do with on this issue—with Tata strip. The people who run the union, and its members, understand that there is a role for everyone, and we will of course share information with them.

Craig Williams (Cardiff North) (Con): May I thank my right hon. Friend for his statement today? More broadly, may I also thank my right hon. Friend the Secretary of State for Wales and the Labour First Minister in Wales for working constructively with the Community union and for looking at everything we can do for Tata Steel in south Wales? The Government are absolutely right to support anti-dumping measures at EU level with our EU neighbours and partners. Will my right hon. Friend confirm that those measures are starting to have a very real effect?

Sajid Javid: First, let me, too, commend the First Minister in Wales for his constructive approach. Let me also commend Andrew R. T. Davies, the leader of the Conservative group in Wales, on his approach in making sure that he and his team help in every way they can. On tariffs and measures against dumping, what matters most is measures that actually work, and that is what we have seen so far, but we want to make sure that that continues.

John Woodcock (Barrow and Furness) (Lab/Co-op): Why can the Secretary of State not just admit that there is a secret deal, which everybody knows about, and that the Chancellor has promised to pull his punches on any effective action against steel dumping so that investment from China keeps flowing into this country?

Sajid Javid: I do not know where the hon. Gentleman gets that idea from. I talked earlier about the action that we have led. The UK Government have led the way, asking the EU to work even faster. Back in November, for example, I called for—and went to—an extraordinary meeting of the Competitiveness Council so that it could take more action. That will not change.

Ben Howlett (Bath) (Con): I appreciate all the work the Secretary of State is doing to work with steelworkers, and he should be commended for that. I also welcome

the fact that he is already looking at what more can be done to relocate some of the employees who might end up needing to find new jobs. As he will know, we have a shortage of engineers and manufacturers in the west of England. Given that I was at Rolls-Royce last week, and the Department for Business, Innovation and Skills has worked with that company and other companies before to relocate employees who have lost their employment, will he make a commitment today to do the same if employment is lost at Tata Steel in Wales?

Sajid Javid: I am very positive, and I think that if all of us—the Government, the unions, Tata, the Welsh Government and others—work together, we can have a successful conclusion. Of course, my hon. Friend is right to think about the possibility that, even then, we could have some job losses. In such cases, we will do everything we can, first, to regenerate the area, but also to make sure that where there are skills shortages in nearby areas—certainly those within travelling distance—we can be clever and bring the two issues together.

George Kerevan (East Lothian) (SNP): May I press the Minister further on pensions, particularly the legacy pensions paid under the British Steel pension scheme? If companies taking over Tata assets are unwilling—wholly or in part—to take over the existing funding of the pensions, or if Tata's main board in India is unwilling, as seems likely, to maintain the fund at its necessary strength, will the Government step in? If that is precluded under current EU rules, will they upfund the national Pension Protection Fund to ensure that it can step in?

Sajid Javid: We are looking at options and potential solutions around pensions if there is a buyer that, as I think is likely, does not want to take on some of the legacy costs. I can tell the hon. Gentleman that I do not think EU rules are an issue here. There are other challenges, of course, but we are looking creatively at solutions. I would not want to say too much about that now, but I want to reassure him that this issue is front-of-mind as we deal with this challenge.

Suella Fernandes (Fareham) (Con): May I congratulate my right hon. Friend and his team on acting decisively and quickly to do all they can to safeguard this national industry? Does he agree that part of the solution lies in bringing forward some of the large infrastructure projects that are planned in, for example, the transport sector? Will he update the House on what future opportunities there are in that regard?

Sajid Javid: My hon. Friend is absolutely right: we have set out an infrastructure pipeline of more than £300 billion in investment—the largest in any five-year period—and many of the projects have been announced. With the changes in procurement rules and those investment plans, we can make a difference like never before and do everything we can in every project to make sure that British steel is used.

Jo Stevens (Cardiff Central) (Lab): I am sure the Secretary of State's civil servants in the Department for Business, Innovation and Skills have been working extremely hard to try to safeguard the 40,000 Welsh steel and supplier jobs that are at immediate risk, just as the staff at the Insolvency Service were critical in ensuring that

the Redcar workers got their redundancy payments. Will he therefore reassure my constituents that the hundreds of BIS jobs losses at the critical Insolvency Service in Cardiff, which were outlined in his McKinsey report, will not happen, adding to the misery of Welsh workers?

Sajid Javid: What I can assure the hon. Lady of is that any job reductions that are, sadly, taking place in BIS or any other Department—there are more Departments involved in this than just BIS, although, of course, we are the lead Department—will not have an impact on our ability to help and to handle the steel crisis.

Kevin Foster (Torbay) (Con): The UK-wide impact of the issue was demonstrated by last week's statement by the Torbay Tourism Association, which indicated the likely impact on the bay of job losses in south Wales, given the number of people we welcome from that area each year. Does the Secretary of State therefore agree that it is vital that the Government keep all options on the table so that an attractive option can be made available to a purchaser of the plants under threat, and our steel industry can have a long-term and viable package?

Sajid Javid: My hon. Friend rightly highlights the fact that the jobs at risk are not just the obvious ones in the steel industry itself; there is a knock-on impact on tourism, as he has said, and on other jobs in the supply chain, which was mentioned earlier. I reassure him that we are genuinely looking at all options, and we will absolutely continue to do so.

Mr David Hanson (Delyn) (Lab): The Secretary of State says that the issue of pensions is at the front of his mind. Will he reassure me further by saying what guarantees on pensions he is seeking from Tata as part of the sale, and can he guarantee that none of the pensioners in my constituency who have given their lives to Tata over many years will be worse off as a result of the sale?

Sajid Javid: What I can tell the right hon. Gentleman is that Tata is fully aware of its obligations, both legal and otherwise, on the pension scheme. I hope it will say more about that when it publishes its information memorandum. I am very much focused on making sure that the challenges of the pension scheme do not become an issue with regard to finding and securing a buyer. That is why we are talking to the trustees, to try to work together to make sure that the members' interests are looked after and, at the same time, that we have the best chance of securing a sale.

Ruth Smeeth (Stoke-on-Trent North) (Lab): Given the Secretary of State's new-found robustness in his attitude towards China, can he assure us that he will no longer block the EU's attempts to ensure that China is not granted market economy status, which would not only affect the steel industry to the tune of thousands of jobs, but cost up to 2,500 jobs in my own constituency?

Sajid Javid: The decision on market economy status is for the EU collectively to make. I am sure that the hon. Lady will agree that any country, including China, that wants market economy status has to earn it. To do so, China says it is cutting overcapacity, and I think that the EU would want to see evidence of that. Let me

further reassure her that even when countries such as Russia do have market economy status, that does not stop the EU taking defensive action, including on dumping.

Margaret Ferrier (Rutherglen and Hamilton West) (SNP): The Secretary of State rightly gives credit to the Scottish Government, and I am proud to say that Scottish steel has a bright future, thanks to the diligence of our First Minister and Fergus Ewing, our Minister for Business, Energy and Tourism. What lessons have been learned from the process in Scotland, and will a solid commitment be given today to provide proper support in the interim period until an alternative operator can be found for plants in England and Wales?

Sajid Javid: As I have said, I am very pleased about the fact that the mills in Scotland have been saved and that those jobs have been secured, but I hope the hon. Lady will agree that the reason those mills have a very bright and secure future is the strength of the British economy. Had Scotland been independent, I think the outlook would have been very different. The hon. Lady wants reassurance that we will do everything we can for steel businesses in other parts of the UK, and that is exactly what we will do.

Geraint Davies (Swansea West) (Lab/Co-op): Tata Steel has invested hundreds of millions of pounds in Port Talbot in recent years. Along with Swansea University, it has developed multi-layered steel that generates its own electricity and that therefore has a negative carbon footprint when it clads buildings. Will the Secretary of State consider the possibility of minority equity shareholding in Tata Steel, to show that we are all in it together and to get a margin from Government procurement? At the very least, will he match Tata Steel on any offer he gives to prospective buyers, including help with the pension funds?

Sajid Javid: I know that the hon. Gentleman has worked hard on this issue and he has suggested some other good ideas. When I visited Port Talbot for the third time last week, I saw the power plant as well as the blast furnaces. I saw how they worked together and also learned about some of the recent investment that has taken place and the efficiency it provides. He is absolutely right to highlight that. On the question of whether we would consider investing alongside others, I said earlier that we would look at co-investment. I am trying to make it clear that no option is off the table.

Cat Smith (Lancaster and Fleetwood) (Lab): Labour has repeatedly called for an industrial strategy to support UK steel and manufacturing. Given the current crisis, which has grown under the Secretary of State's watch, does he agree that that is now essential?

Sajid Javid: We have an industrial strategy. People can choose to focus on the semantics—they can call it an industrial strategy or an industrial policy—or they can actually look at the results. As I said earlier, one of the reasons that manufacturing output, sales, employment and exports are all up in the last five years is that this Government have a successful industrial policy.

Rachael Maskell (York Central) (Lab/Co-op): Hundreds of Tata long products jobs in design consultancy in York will be saved on completion of the Greybull

[*Rachael Maskell*]

Capital project. However, we are concerned about the wider productivity plan, in particular with regard to wider support for the supply chain and maintaining confidence in it. What is the Secretary of State doing to support that?

Sajid Javid: My right hon. Friend the Secretary of State for Wales has had some recent discussions on this issue. I think the hon. Lady is aware of that. She is right to raise the issue of productivity more generally. I do not think it is an issue of productivity in our steel industry. If we look at the output of our workers in the British steel industry, we will see that they are second to none in terms of their productivity. We should take this opportunity to commend the hard work of those men and women. Productivity more generally in the UK economy has been a long-running issue. The supply chain is one of the ways to deal with that, especially with regard to import substitution. I think that is where steel has a big role to play, because there are still too many steel imports and I think that a lot of that steel can be purchased here at home.

Andrew Gwynne (Denton and Reddish) (Lab): Given the issue's importance to the UK economy, the Government ought to have recalled Parliament in the same way that the Welsh Assembly was recalled to debate this very important topic. Given that the Chinese have the capacity to destroy British steel through a double whammy of dumping cheap steel from China and placing exorbitant tariffs on British steel in China, will the Government think again about their approach to the European Union's lesser duty rule? Will they also have a serious think about granting market economy status to China, which would be unacceptable, given the current situation with British steel?

Sajid Javid: When it comes to tariffs, what I am interested in is what actually works. I encourage the hon. Gentleman to study the results—to look at the action the EU has taken and then to look at the result of that action. He will find that, in almost every case, there has been a reduction in imports of more than 80% and sometimes, as I mentioned earlier with regard to rebar, some 99%. As I have said, and I will say it again, if the hon. Gentleman has a particular idea that is focused on steel—because that is the real issue in British industry right now, and that is what I and he want to focus on—I am willing to listen to him.

Mike Kane (Wythenshawe and Sale East) (Lab): More than half of UK steel exports go to the European Union. Does the Secretary of State, who is now a fervent Europhile, I think, agree that exit from the European Union would be devastating to the industry?

Sajid Javid: Where I agree with the hon. Gentleman is that we have to do everything we can to help British industry and British manufacturing, and I think that the long-term interest of the British economy is to remain in the EU.

Government Referendum Leaflet

6.19 pm

The Minister for Europe (Mr David Lidington): I would like to make a statement on the European Union referendum and public information. On Thursday 23 June, the British people will vote on whether the United Kingdom should remain in the European Union or leave. As the Prime Minister told Parliament on 22 Feb 2016, the referendum is potentially the most important decision that the British people will make on any political issue in their lifetime.

This Government made the commitment to hold a referendum and delivered that commitment through the European Union Referendum Act 2015. The Government have made a clear recommendation to the British people that we judge it to be in our national interest for the United Kingdom to remain a member of the European Union. It is important that this key decision by the British people should be made on the basis of the facts. Independent polling, carried out on behalf of the Cabinet Office, has suggested that 85% of voters want more information and, in particular, want the Government to set out more information on the basis of which electors could take an informed decision.

The European Union Referendum Act already obliges the Government to publish information for the public on the outcome of the renegotiation that the Government have conducted to secure our special status in the European Union, on alternatives to membership and on the rights and obligations that arise from EU membership. Papers on the first and second of those topics have already been published, and a paper on the third will be published shortly. Those are available on a section of the gov.uk website dedicated to the referendum, along with other related information. The reports have also been laid before Parliament.

The same is true of a separate Government report on the process of withdrawing from the European Union. Although that was not a specific obligation under the 2015 Act, it represents the delivery of an undertaking given from the Dispatch Box in the House of Lords by Baroness Anelay. The Treasury, as the Chancellor has announced, will publish a comprehensive analysis of UK membership of a reformed European Union and of the alternatives, including the long-term economic costs and benefits of EU membership and the risks associated with an exit.

Separately, every household in the country will receive a leaflet from the Government. The leaflet sets out the facts, explains why the Government believe that a vote to remain in the European Union is in the best interests of the British people and shows some of the choices that the country would face if the British people were to vote to leave. The leaflet encourages the public to register to vote by 7 June and directs electors to where and how they should do that.

Last week, the Government launched a stand-alone website that features the leaflet online and provides further information to the public. That will be advertised on social media and other digital channels. The leaflet follows precedent from previous referendums, including those on EU membership in 1975, on the creation of the Scottish Parliament and Welsh Assembly in 1997 and on the creation of the mayoral system in London

in 1998; in addition, there were two Government leaflets during the Scottish referendum in 2014. Government publications of that kind, and the distribution of a Government leaflet, are entirely lawful. Special rules limiting all Government publications and communications will apply in the last 28 days of the referendum campaign under the provisions of the Political Parties, Elections and Referendums Act 2000.

The text of the leaflet is 16 pages in length. It will be delivered to households in England from 11 to 13 April, ahead of England's local election purdah, and to households in Scotland, Wales and Northern Ireland throughout the week commencing 9 May, to avoid disrupting the pre-election period in those parts of the United Kingdom. The total cost will be £9.3 million, which is equivalent to 34p for each household in the country.

The Electoral Commission will shortly announce the designation of the two overall campaign groups, ahead of the 10-week official campaign period that leads up to polling day. Those two groups, in addition to having a higher spending limit of £7 million apiece, will each be entitled to the publicly funded delivery of a leaflet of its own, which will be sent to every household or to every elector, as the campaign group chooses. That benefit will be worth up to £15 million each for the designated leave and remain campaigns. The two campaigns will also be entitled to campaign broadcasts on television, the use of certain public rooms and a public grant of up to £600,000. That is in addition to the Electoral Commission's own leaflet to every household, in which each campaign will be given a page.

Whether the United Kingdom should remain in or leave the European Union is a huge decision for this country. It is right that it should be a decision for the British people as a whole. Equally, it is right that people have the facts in front of them and understand the reasons for the Government's recommendation before they go to the polls.

6.25 pm

Pat Glass (North West Durham) (Lab): I thank the Minister for his statement and for giving me early sight of it.

It is perfectly reasonable for the Government of the day to set out their position and the facts about our membership of the EU, just as the Labour Government did in the 1975 referendum when they published their famous red, white and blue leaflet. Indeed, the Government have an obligation to explain their view, not least because this is the biggest political choice the British people have faced for more than 40 years and the public rightly expect an informed debate that is backed up by information. I have spent a lot of time over the past couple of months knocking on doors, and I am told by lots of people, "We need the facts." This leaflet will, at least, set out the facts for them.

The leaflet is clear as to what it is about. The title page sets out clearly:

"Why the Government believes that voting to remain in the European Union is the best decision for the UK."

That is also the view of the Opposition but sadly not of the Conservative party, which is split on the matter, as we will, no doubt, shortly be reminded. Does the Minister agree that some of the reaction to this publication has been more about trying to silence the arguments for

remaining than about trying to counter them? He will be aware that members of the Conservative party have attacked the Government's leaflet, claiming that it is inaccurate. Is he aware that the same people also allege, for example, that we have lost control of our borders, even though, as the Government's leaflet helpfully explains:

"The UK is not part of the EU's border-free zone—we control our own borders which gives us the right to check everyone, including EU nationals, arriving from continental Europe"—

in the way that I was checked this morning?

Will the Minister confirm that, if we left the EU, in order to retain full access to the single market, we would need to continue to make a contribution to the EU budget, allow free movement of workers and abide by rules made by the remaining member states, and that that is what Norway has to do to get access to the largest single market in the world? Can he further confirm to those who advocate a trade deal like that which Canada has with the EU that the negotiation of that deal took seven years, and that the agreement excludes important sectors from free trade?

The truth is that those who advocate Brexit cannot say what the UK leaving the EU would look like. Many Conservative Members have spent decades wanting Britain to break away from Europe, but still they cannot tell us what it looks like. Rather than spending their time attacking the Government's booklet, perhaps they would do well to work out what it looks like and share that with the rest of us before 23 June.

Has the Minister seen a leaflet entitled "The UK and the European Union: The Facts", which has been posted to many households? It claims to be a neutral document shedding light on the complex issue of the EU referendum, but only when we get to the very small print on the back do we discover that it has, in fact, been produced by Vote Leave. Does he agree that there should be greater transparency, and a much bigger typeface, in such publications so that the public can discover just who is behind all this?

Labour is campaigning for Britain to remain in Europe because of the jobs, growth, investment and protection for British workers and consumers that depend on our continued EU membership. Leaving would put all that at risk and diminish Britain's influence in the world. We are clear: Britain is better off in Europe.

Mr Lidington: I am grateful to the hon. Lady for her words of support. On the specific questions she posed, I can certainly confirm that, since we are outside the Schengen no borders area, we can and do apply border checks to people seeking to enter this country, including EU nationals and, as she said, UK nationals as well.

It is indeed the case that, where other countries—the hon. Lady cited Norway—have sought and obtained access to the European Union's free trade single market, that has come at a price. That price has included acceptance of the principle of freedom of movement for workers, an obligation to pay into the European Union's budget and, critically, an acceptance that the country concerned will implement European Union rules, including on product standards, without being present at the table, having a say or having a vote on how those rules should be made. Part of the Government's case is indeed that the interests of British business and the interests of jobs and growth in the United Kingdom are served by our having a role in leading and shaping the direction of the

[Mr Lidington]

single market, not by simply accepting rules that have been worked out by other countries in our absence. She is also right that, in the case of Canada, we are looking at seven years so far and still no final agreement. It is a mistake to underestimate the complexity involved in a free trade agreement negotiation, particularly if it has to be conducted in the circumstances of the UK having decided to withdraw from the European Union.

No one could be in any doubt that the leaflet being distributed this week represents the views of the Government. As I said earlier, the Government are not neutral on this issue. We accept that this is an issue on which there are long-standing differences of opinion honourably held by people of different political parties and of none. I have always respected the views of those who differ from my own on this matter, but I believe that the Government have not only the right, but a duty to explain to the electorate, when faced with a decision of this gravity, the reasons why the Government have come to the recommendation that we have come to.

Mr Kenneth Clarke (Rushcliffe) (Con): Does my right hon. Friend agree that it is an absurd proposition to argue that the Government of the day are not entitled to form an opinion or a policy on the role of the Government in the modern world, or are not allowed to communicate the reasons for having such a policy to the electorate? As the general public appear to be demanding more calm factual statements about the issue, rather than less, does he agree that those who disagree should come out with a calm description of the factual basis on which they believe they can negotiate some alternative role for this country, not just resort to blustering about fear-mongering or claiming that we are bending the rules of some sporting jape, which they seem to think the referendum represents?

Mr Lidington: The Government would be abrogating our responsibility to the electorate were we to decline to communicate our views and the reasons for our views. There is an equal obligation on those championing a British exit from the European Union to spell out both the arguments to which my right hon. and learned Friend refers, and, critically, the future relationship they are seeking with the European Union. Having taken part in many debates and exchanges on the subject of the European Union in the past few years, I have found that there are almost as many visions for the future relationship of the United Kingdom with the European Union when outside it as there are advocates of a British exit.

Stephen Gethins (North East Fife) (SNP): The Minister will be aware that the Prime Minister has said the debate has become “abrasive” and “difficult”—and that is just around his own Cabinet table. The Minister will also be aware of a so-called unity reshuffle that looks set to deliver the least unity in a Government in recent times. What is more—this is quite worrying—the Prime Minister has said that the work of Government could suffer. Will the Minister set out which areas might suffer?

If Members on the SNP Benches can offer a bit of advice, it is that trust will be important—after all, the Scottish Government enjoy the highest trust levels in

Europe, and they are significantly higher than those of the UK Government—so does the Minister agree that there is a need to follow the gold standard set by the Scottish independence referendum and to avoid “Project Fear”?

Mr Lidington: What the leaflet we are dealing with this afternoon does is explain the Government’s case in plain English. It can readily be understood by people who have not studied every detail of European Union treaties for the past several years. It explains that in clear language, but it is not over-egging the pudding. It is phrased and the argument is expressed in an extremely sober manner, and I hope people will find that argument persuasive.

John Redwood (Wokingham) (Con): Does the Minister accept that this leaflet is not so much “Project Fear” as “Project Slightly Worrying”, because it has been dumbed down, but is it not an abuse of public money and an insult to the electors, and does he not realise that it will drive many more people to vote to leave?

Mr Lidington: I return to what I said earlier: there is clear evidence from the independent polling research—its methodology has been published by the company concerned on its website—that more information is wanted by the British public. That research finding bears out what I and, I suspect, many other hon. Members on both sides of the House are finding anecdotally in conversations with constituents. I now spend time virtually every day signing replies to Members of Parliament, who have enclosed letters from constituents saying they feel they do not yet have enough information on which to make an informed decision and would like to have some more.

I hope that people will look carefully at what the Government are arguing, that they will look at the arguments put forward by the two campaign groups, once they have been designated, and that they will come to a decision about what they believe to be in the best interests of the United Kingdom as a whole. That is how the Government are approaching this matter.

Kate Hoey (Vauxhall) (Lab): The Minister will try as hard as he can to bluster, but the reality is that the public will see through it and realise that this leaflet is deeply unfair. On one fact—

“Over 3 million UK jobs are linked to exports to the EU”—

the Government have deliberately conflated trade with countries in the EU with EU membership. He knows very well that it is not necessary to be a member of the EU to trade with the EU. With this leaflet, the public know that the Government—the Prime Minister, in particular—now realise they are on the wrong side of the argument and will lose on 23 June.

Mr Lidington: I think the hon. Lady really wishes that the Government should be neutral in this debate. The Government are not neutral. We are advocating that the British people should vote in favour of continued membership of the European Union. The Prime Minister, the Foreign Secretary, the Chancellor, other Ministers and I consistently said that, when the time came for the referendum to be held, the Government would express

our view clearly and make our recommendation known, so we are delivering on what we have said to the British people.

As regards the hon. Lady's question about one particular element in the leaflet, the footnotes that support each of the statements have themselves been published online by the Government, and she and other hon. Members are welcome to check the source material.

Dr Liam Fox (North Somerset) (Con): The weakness in my right hon. Friend's case is that this "Dodgy Dossier: the Sequel" does not actually contain facts; it contains opinions, assertions and suppositions. Not only is it a waste of public money, but in effectively doubling the remain campaign's budget, the Government have betrayed any sense of fairness in the process of the referendum and, with the content of the leaflet, have abdicated their responsibility to tell the truth on the issues. It is bad enough getting junk mail, but to have Juncker mail sent to us with our own taxes is the final straw.

Mr Lidington: As I said in response to the hon. Member for Vauxhall (Kate Hoey), the source materials for the various facts and arguments presented in the Government's leaflet have themselves been published. We are being completely transparent about the basis on which we are making those arguments to the British people.

As I said earlier, we are following the precedent set in many other referendum campaigns in this country. We are doing nothing that will stop the two campaign organisations putting their case to the British people, in due course, with as much vigour as they choose. In the final 28 days of the campaign, the Government's ability to communicate or publish at all on these matters will be severely limited not just by purdah guidance but by statute law itself. I reject the notion that this leaflet is somehow unfair. The Government are taking responsibility for presenting their case and recommendation to the British people on a decision that will have enormous consequences not just for those voting this year but for future generations.

Ian Paisley (North Antrim) (DUP): Ten years of uncertainty; economic security at an end; household prices will go up; and world peace and stability questioned—does the Minister agree that these so-called facts are the very ones that are disputed, and for that reason this document should come with a very significant and heavy health warning? The British people believe in fairness and fair play. It is the fundamental unfairness of this document that, in the words of Lord Lawson, is "a scandal", and the Minister should resile from it.

Mr Lidington: I refer the hon. Gentleman to the detailed notes on the various statements made in the leaflet. He quoted Lord Lawson at me; he and others representing Northern Ireland might ponder Lord Lawson's view, expressed over the weekend, that in the event of a British departure from the European Union, border controls would need to be established on the border of Northern Ireland and the Republic of Ireland. The hon. Gentleman might also wish to consider the serious adverse impact on Northern Ireland businesses of a British departure from the European Union.

Sir William Cash (Stone) (Con): My right hon. Friend must accept not only that any reasonable person would regard this leaflet as propaganda—as is already being said in all the national newspapers and in blogs right the way across the land—but that it is unfair to the British taxpayer, who is having to bear the burden of the leaflet's cost. Will he please explain to me personally why he has broken the undertaking that he gave to me on the Floor of the House when debating the 2015 Act? I had put forward an amendment calling for accuracy and impartiality, and when I said I would withdraw my amendment if he was prepared to say that that would be the case, he said that information would "certainly" be accurate and impartial. This leaflet is not. Will he explain to the House why he has broken that undertaking?

Mr Lidington: I reject that assertion. My hon. Friend's intervention on 8 December last year was specifically about information brought forward under the terms of the Lords amendments that have subsequently been incorporated into the 2015 Act, and, as I said earlier, this leaflet is outwith the scope of the obligations under that Act. I also refer him, as I have referred other hon. Members, to the fact that the Government have published the factual and statistical evidence upon which each of the statements made in the leaflet is based. Now, if my hon. Friend wants to go away and challenge some of those findings—the statistical surveys or the independent reports that we cite in those footnotes—he is free to do so, but I believe that the Government have acted reasonably and responsibly in presenting their case clearly to the British people.

Tom Brake (Carshalton and Wallington) (LD): I am very pleasantly surprised that the Government have decided to issue an EU leaflet. Does the Minister agree that, in publishing the leaflet, they are simply responding to the huge public appetite for more information, which will enable the comprehensive demolition of many Euromyths—for example, that the European Union stops the recycling of teabags or prevents children under the age of eight from blowing up balloons—that are peddled by some of the Brexiters?

Mr Lidington: I hope that when people have read both the information that the Government have published and other available information they will judge, as Ministers have on behalf of the Government, that membership of the European Union makes the United Kingdom stronger, safer and better off than it would be outside it.

Mr Owen Paterson (North Shropshire) (Con): This really is a crass move by the Government. It will hugely galvanise those who want to leave the European Union and will do nothing to bring people onside for the remain campaign. It is also in total breach of the guidelines set out by the Venice Commission, which make it very clear that if there is to be a balanced presentation, the view of the opposing side should be expressed. Will the Minister make £9 million available to the leave campaign?

Mr Lidington: As I said earlier, we judge that the benefit to the leave campaign—and, for that matter, to the remain campaign, once both are designated—of a publicly funded leaflet distribution will be of the order

[Mr Lidington]

of £15 million, which is significantly more than the sums we are talking about this afternoon. Those two campaign bodies will be free to campaign and communicate right up until polling day, including during the final 28 days, during which time the Government's freedom to do so will be severely constrained. I will also just say to my right hon. Friend that I have never felt that those who support a British exit needed much galvanising.

Hywel Williams (Arfon) (PC): EU membership is very valuable for Wales and Plaid Cymru is very much in favour both of reform and of remaining within the EU; we believe another Europe is possible, and will be campaigning for that. I am, however, dismayed by the negativity of the Government's campaign, effected in much of the leaflet, which even the BBC managed to label this morning as "snappily titled". Will the Minister concede the possibility that he may be repeating the mistakes of "Project Fear"? I add, if I may, that the online version of the leaflet, which is available now irrespective of the Welsh Assembly and Scottish elections, does not appear to be available in Welsh—although, exceptionally in this case, possibly thankfully so.

Mr Lidington: I do not agree that this is negative. When people are considering how to vote on 23 June, they will want to weigh up both the arguments about the benefits that the United Kingdom gains from membership of the European Union and the potential risks of departure and of trying to forge some other kind of relationship with the EU from the outside.

I make no secret of the fact that the judgment about whether we should remain members of the European Union is a pragmatic one, both for the Government and, I think, for most British voters. We accept that not everything about the European Union is perfect—one cannot be Europe Minister for six years and believe that it is perfect—but we believe that the clear balance of the argument lies in continued membership that will help to keep us more secure and prosperous, and we have tried to express that in this publication.

Sir Nicholas Soames (Mid Sussex) (Con): I have received many inquiries from constituents who are eager to know more about the Government's position, and I warmly welcome this decision. Outside the incestuous hothouse called the Palace of Westminster, and under the baleful influence of much of our dismal press, almost all grown-up sane opinion will want to know what the Government's position is and how they intend to present their case.

Mr Lidington: I completely agree with my right hon. Friend.

Geraint Davies (Swansea West) (Lab/Co-op): Many of my constituents are concerned about the impact of loosening or cutting our ties with our biggest market and closest allies, and they want more information, especially at a time when the media will be dominated by a Murdoch-driven, anti-EU press, and the BBC has been dumbed down to give equal weight to propaganda from the flat-earthers, rather than a rational evaluation of the merits of continued EU membership. Will the

Minister undertake not just to publish a leaflet, but to do much more with posters, TV and other media, to ensure that Britain can make a rational judgment?

Mr Lidington: I cannot make the commitment that the hon. Gentleman asks for, but the Prime Minister, the Foreign Secretary and other Ministers will, on behalf of the Government, continue to press as strongly and persuasively as they can the case for Britain's prosperity and security to be served by continued membership of a reformed European Union.

Crispin Blunt (Reigate) (Con): I remind my right hon. Friend of what he said when replying to the Second Reading debate on the European Union Referendum Act 2015:

"The question I take from the debate is this: how do we provide the credible assurances that give effect to what my right hon. Friend the Foreign Secretary said—that the Government will be restrained in their use of public money and have no wish to compete with the umbrella campaign organisations whose job it will be to lead the yes and no campaigns?"—[*Official Report*, 9 June 2015; Vol. 596, c. 1151.]

What does he regret more—the fact that this public money is likely to be entirely wasted and achieve the opposite of his intention, or the damage to the Government's reputation for straight dealing on this issue?

Mr Lidington: If my hon. Friend would like to check *Hansard*, he will find that the comments by the Foreign Secretary to which I was referring were about whether the Government might be thinking of spending public money to deliver doorstep mailshots in the last four weeks of the campaign, and I assure him that they have no such intention. I reiterated that when replying to the debate and referring to the Foreign Secretary's remarks, and I said more or less the same thing on Report on 7 September last year.

Ms Tasmina Ahmed-Sheikh (Ochil and South Perthshire) (SNP): The turnout for the Scottish independence referendum in 2014 was 85%. What target are the Government setting themselves for voter turnout, and what measures are they taking to replicate the huge successes of democratic engagement in Scotland?

Mr Lidington: I will not set an arbitrary target, but for a decision of this importance we want registration and turnout to be as high as can be achieved. I hope that everybody—young or old; English, Scottish, Northern Irish or Welsh—will take part in this key democratic decision. As I said, the Government's leaflet and website contain links to the procedures that electors should use to ensure that they are properly registered before the deadline. In addition to what the Government are doing, the Electoral Commission is conducting its own awareness campaign, with a view to trying to maximise registration and voter turnout.

Mrs Cheryl Gillan (Chesham and Amersham) (Con): My right hon. Friend has made much of the precedent set by the Government in sending out leaflets in other referendums, but I am afraid that people will see this as double standards. In the Welsh referendum on further powers, the Government decided to remain strictly neutral, believing that people were more likely to trust the outcome of that referendum if they did so. Will the

Minister take it from me that this is a matter of trust? How will people trust the Government now when they are so blatantly trying to load the dice?

Mr Lidington: There is a key difference, which my right hon. Friend alluded to when she said that the Government decided to remain strictly neutral during the Welsh referendum. The Government are not neutral in this referendum; they are advocating and recommending a particular outcome, and our decision about the publication of information flows from that principle.

Paul Farrelly (Newcastle-under-Lyme) (Lab): I congratulate the Minister on the informative and well-written booklet that dropped through my door this morning, but may I suggest a little more balance on red tape? For example, north Staffordshire's biggest private sector employer, bet365 and the owner of Stoke City, can only dream of having one set of regulations in a fully fledged single market in future, rather than 28—or more—at the moment. Indeed, that simplification makes EU membership very attractive to many businesses, so perhaps in May the Government should issue a follow-up booklet to expand in more depth on those tangible benefits to the UK.

Mr Lidington: The hon. Gentleman hits on an important point. Although the single market is successful when it comes to trade in goods, it is insufficiently developed for trade in services. We must do more—indeed, we are leading the debate in Europe on the liberalisation of services and the simplification of product standards and regulations. Particularly for an economy such as ours, in which roughly 80% of GDP derives from the services sector, it would be a major risk to turn ourselves from being the shapers of new rules on services trade to the takers of rules set by other European countries, with us absent from the table.

Damian Green (Ashford) (Con): This House passed legislation that specifically allowed the Government to produce this leaflet as long as it was not in the last 28 days of the referendum campaign, so it is possible that some of the indignation is a touch overdone. Does the Minister agree that it is a strange strategy when, instead of arguing the case, as soon as anyone—whether the Governor the Bank of England, the President of the United States, the CBI or even, ludicrously, the British Government—says anything that the leave campaigners disagree with, they prefer to say that those things should not be said at all? Is that a completely nonsensical strategy?

Mr Lidington: My right hon. Friend puts his point well, and I am still waiting to hear from the leave campaigners a consistent and coherent view of the alternative to European Union membership.

Wayne David (Caerphilly) (Lab): I am sure the Minister will agree that the leaflet distributed by the leave campaign, "The UK and the European Union: The Facts" is thoroughly misleading and reprehensible. Does he also share my concern that in large parts of Wales, that leaflet was distributed by post inside a good leaflet from the Electoral Commission that explains the voting system for the Welsh Assembly and police and crime commissioner

elections? We are trying to get to the root of how that happened, but if Royal Mail was responsible, will the Minister join me in condemning that?

Mr Lidington: I will take note of what the hon. Gentleman has said. Clearly I would want to understand what exactly has gone on and whether what he has observed is the result of a policy decision or something that has been done by an individual deliverer, but I will certainly draw the attention of the Electoral Commission to what he has described.

Nick Herbert (Arundel and South Downs) (Con): Those who are mounting an objection to the public provision of information at the taxpayer's expense appear not to have noticed that getting on for double that sum will be made available by the taxpayer for the officially designated leave campaign. If they have a principled objection to such provision of taxpayer funding, they will presumably refuse to accept that funding—or does my right hon. Friend think that they are simply making Juncker points?

Mr Lidington: I tend towards my right hon. Friend's second interpretation. The basic problem is that those who perfectly properly and honourably advocate a British departure from the EU wish that the Government were neutral and silent, but they are not. The Government believe that there is a compelling case for continued British membership of the European Union and that that is in the economic and political interests of the United Kingdom.

Peter Grant (Glenrothes) (SNP): Can the Minister remind us how many of those sitting behind him who are criticising this decision voted for the legislation that has allowed it to happen? How many of them were as angry as this when the Government funded a booklet encouraging people to vote no to Scottish independence? How many of them were angry when the Government had to admit that they had used false case studies in a Department for Work and Pensions leaflet about tax credits? Is it not the case that this is not anger based on principle but anger from people who are happy to see taxpayers' money spent on misleading propaganda that supports their views but not on an information campaign that they happen to disagree with?

Mr Lidington: As I have said, I believe that the Government's leaflet is phrased in language that is both reasonable and accessible and that I hope presents the case persuasively while using a moderate tone throughout.

William Wragg (Hazel Grove) (Con): In the interests of fairness and balance, would it not be better for more funds to be made available or for an increase in the leave campaign's spending limits to be commensurate with the cost of this publication? My right hon. Friend is a bright man with a quite unenviable task at the moment. Surely he will agree with the fundamental fairness and reasonableness of this argument.

Mr Lidington: The two designated campaign organisations will have four weeks in the run-up to polling day in which they will be completely free to publish and deliver to the electorate whatever messages they wish, during which time the Government will be

[Mr Lidington]

very severely constrained in what they are able to do. What we have done on this occasion is in line with the precedent set by Conservative and Labour Governments in the past and I see absolutely nothing wrong or inappropriate in what we have done.

Mark Durkan (Foyle) (SDLP): The Minister will know that the Social Democratic and Labour party will campaign strongly to remain in the EU. He must also know, however, that few of my constituents will find this leaflet from the UK Government particularly authoritative or persuasive on these issues. Do not the Government also face the problem that many people reading the leaflet will see that it is premised on the so-called special status that the Government say they have secured, even though the Government were going to campaign to leave the EU if they did not secure it? How would the Government have addressed the risks that they are now talking about if they had adopted that position?

Mr Lidington: The Government's position was announced after the February European Council this year, at which we secured important reforms to the European Union, in particular those that carve us out of the notion of ever closer political union and ensure no discrimination by eurozone countries against those that have chosen not to join the euro. I believe that the leaflet presents arguments that even people in the hon. Gentleman's constituency might find persuasive once they have aimed off from the fact that it comes from the United Kingdom Government. I know that he and his party colleagues will be campaigning strongly for continued British membership and I very much welcome that fact.

Several hon. Members *rose*—

Mr Speaker: Order. Patience rewarded. I was rather worried about the hon. Member for Harwich and North Essex (Mr Jenkin) and I would not want him to be perturbed in any way.

Mr Bernard Jenkin (Harwich and North Essex) (Con): Thank you, Mr Speaker; I sometimes get worried about myself.

May I inform my right hon. Friend that the Public Administration Committee is receiving evidence to suggest that this is going to be a less fair referendum even than the one held in 1975 before there were any proper rules on referendums? At least in that referendum, the grants given out to the two campaigns were worth twice the amount of the present grants. Also, when the then Government distributed their own leaflet in 1975, they provided information on a no vote as well as on a yes vote. We are not getting that now. It has been suggested that today's leaflet simply has facts in it, but who believes that we now live in a "reformed EU" except for the fantasists in the Foreign Office? Who believes that

"we will keep our own border controls"

when we have to admit almost any person who says that they are an EU citizen? Who believes that

"the UK will not be part of further political integration"?

Does not this compare to the claim in Harold Wilson's leaflet that

"decisions can be taken only if all the members of the Council agree"?

Remember that one? Does it not also compare to John Major's claim that Maastricht "addressed and corrected" the "centralising tendency" that many were so worried about? We have heard all the stories before, but they are not facts.

Mr Lidington: I do not think anything that I say or that the Government might publish could persuade my hon. Friend on this matter, given his track record in this debate. He has been absolutely consistent in his views and I respect that, even though I disagree vehemently with him. He made a serious point about the timing of the distribution and the fact that the Government's leaflet was not going out at the same time as the leaflets from the remain and leave campaigns. We would have preferred to circulate the Government's leaflet later in the campaign. The statutory rules under the Political Parties, Elections and Referendums Act 2000, which prohibit us from making such communications in the final 28 days of the campaign, did not apply during the 1975 referendum period. We accepted the advice of the Electoral Commission that it would be wrong for us to distribute the Government leaflet in a way that interfered with the national elections in Scotland, Wales and Northern Ireland. That is why we have aimed to have the distribution earlier than we might have chosen to do in an ideal world.

Stewart Malcolm McDonald (Glasgow South) (SNP): The Minister is quite possibly the first and only Conservative that I have ever felt sorry for. Yet again, he has been sent out by the Government to be the sacrificial lamb for the howling Brexiteers on the Benches behind him. As someone who supports remaining in the EU, I am concerned the Government are alienating voters rather than informing them. Is the Minister planning any follow-up communications before the referendum? If so, may I suggest that, as in the line from the Scottish national anthem, he is sent "homeward to think again"?

Mr Lidington: We have no plans for any further leaflets to go to every household. In my statement, I described the further publications that we have already committed ourselves to providing.

Simon Hoare (North Dorset) (Con): My right hon. Friend will be aware that the Government—indeed, Governments of all colours—are rarely shy when it comes to explaining their views to the electorate in public information campaigns. It is perfectly proper and acceptable for Her Majesty's Government to do that, and to use taxpayers' money to do it. Given the fact that the Government are not neutral in this campaign but take the view that we should remain in the EU, does the Minister find the arguments against this leaflet rather false and synthetic, or does he think the Brexiteers are suggesting that they should have had editorial control?

Mr Lidington: That point is probably best answered by others rather than by me.

Margaret Ferrier (Rutherglen and Hamilton West) (SNP): During the Scottish independence referendum, the UK Government spent around £750,000 on sending out a similar booklet urging people to stay in the UK. One of the promises made in that booklet was that Scots would retain an influential voice in the EU.

Why are the Government now refusing to uphold that promise in the event of Scotland voting to remain in the EU and the rest of the UK voting to leave?

Mr Lidington: Scotland indeed does have a much more powerful voice in the EU as part of the United Kingdom than she would on her own, as we can see, for example, from the priority that British Ministers have given to the Scotch whisky industry during the negotiation of EU free trade agreements with other countries around the world—something that has brought real benefits, in terms of jobs and growth, to the people of Scotland. The hon. Lady invited me in the latter part of her question to revisit territory that the House debated and voted on at the time of the referendum Bill. It is the United Kingdom that is the member state whose name is written in the treaties and therefore it is right that this is a decision for the United Kingdom as a whole.

Nigel Adams (Selby and Ainsty) (Con): I believe the Minister is a fair man and this should have been a fair campaign, but the spending of taxpayers' money on this propaganda is clearly unfair. Does he not recognise the anger in my constituency, where there is pressure on public spending, at this level of taxpayers' money being used on electioneering? Furthermore, I was fortunate enough to get my copy of the leaflet this morning. I was slightly disappointed that it was printed on shiny, glossy paper. Had it been printed on something a bit more absorbent, then at least my constituents would have been able to put it to good use.

Mr Lidington: The facts are that 85% of the public have been telling us that they want more information, in particular from the Government. The cost of the leaflet is roughly 34p per household. Given the gravity of the decision that people are being asked to take, I really do not think that that should be seen as in any way disproportionate.

Patrick Grady (Glasgow North) (SNP): When the Scottish Government White Paper on independence was published, it had a catalytic effect on the independence referendum campaign. Although we did not win that campaign, it helped to double the level of support for independence from the standing start that we came from. It was downloaded or ordered in hard copy more than 100,000 times. People even proactively paid for a copy of it, irrespective of what side of the referendum campaign they were on. Do the Minister's ambitions for the Government's document go anywhere near approaching the success of the Scottish Government's White Paper?

Mr Lidington: I am not expecting it to appear in the Amazon best seller lists, but I hope that every household when they receive it will consider seriously the arguments the Government are making. If people wish to explore in greater detail any particular aspect of our European Union membership covered in the leaflet, they can follow up the source material from which the various statements are derived—those have all been published—or look at the lengthier Government publications that we have placed online, in response to our duty under the European Union Referendum Act 2015, and find that information there, too.

Dr Julian Lewis (New Forest East) (Con): The hon. Member for Foyle (Mark Durkan), who represents the SDLP, is not alone in taking a principled stand of being in favour of remain, but against the spending of public money on this leaflet. The leader of the Green party in England and Wales, Natalie Bennett, said on Radio 4 on Friday evening that

“it isn't acceptable for the Government to be putting out propaganda in this way.”

Can the Minister tell us which of the two lines he has been putting forward today he really subscribes to? Does he really subscribe to the line that this is information that the public want, or does he commit himself to the line that this is actually the Government arguing for one side of the debate because that is what the Government's position is? He cannot have it both ways. Either it is an impartial, factual document or it is a partisan argument for one side in the debate. Which is it?

Mr Lidington: It will be for the two designated campaign organisations to promote their own messages to the public as they choose, without the Government interfering. What the opinion research we commissioned told us was that people wanted more information, and that included a clearer explanation from the Government as to why we were arguing the case and making the recommendation that we were. What we are doing in this leaflet is providing that factual information in an accessible form, but also showing why the Government have made the recommendation they have.

Nadine Dorries (Mid Bedfordshire) (Con): It is the case that constituents have been asking for more information, but I wonder whether the Minister or anybody in No. 10 even has given a second's consideration to how our constituents who have been impacted by austerity cuts would feel about £9 million being spent on a glossy leaflet that amounts to nothing more than a booklet of pictures. If people are asking for more information, they are obviously asking for information on both sides of the argument. They are not asking for propaganda, they are not asking for facts that are not facts and they are not asking for a glossy booklet. They want unbiased information on both sides of the argument, so will the Minister spend another £9 million putting over the other side of the argument?

Mr Lidington: The two campaign groups will have the publicly funded distribution of whatever leaflet they produce, which will be worth up to £15 million apiece to them. In addition to that benefit of free delivery, they will each have a £7 million spending limit—higher than any other permitted participant in the referendum campaign—and they will each be entitled to a television broadcast and to a Government grant, from taxpayers' funds, of £600,000, which is something this House approved during our recent debates. I would say to my hon. Friend that her views on the subject of Europe are consistent and well known and are held perfectly honourably, but given the seriousness of what is at stake in this referendum vote, for the Government to be spending 34p per household on presenting their views in an accessible form seems to me to be utterly reasonable.

Sir Edward Leigh (Gainsborough) (Con): Perhaps we should be reasonably relaxed about this. Most of these leaflets will end up in the waste paper bin straight away,

[Sir Edward Leigh]

because people do not like receiving propaganda, particularly if they are being asked to pay for it, but may I ask this direct question? If my right hon. Friend does not mind me saying so, I think his answer to the Chair of the Select Committee on Foreign Affairs was frankly weasel words. We got a firm commitment that there would be broad equality of spending as far as the Government were concerned. That was our understanding and it was weasel words to say, "We'll do that in the last four weeks, but not now." Why is it fair that the taxpayer will give £7 million to the leave campaign for leaflets, but £16 million to the remain campaign—£7 million in the Electoral Commission campaign and £9 million now? Why is that fair? Does he not realise that this will leave a lasting taste of bitterness and unfairness?

Mr Lidington: I would advise my hon. Friend to look back at the *Hansard* reports of the Committee proceedings and the debates that he cites. He will see absolutely clearly, in black and white, that the Government have always drawn a distinction between the last 28 days of the campaign period and the rest of the campaign. Indeed, amendments were tabled to the referendum Bill in Committee and on Report that would have made the period of restrictions under the Political Parties, Elections and Referendums Act 2000 much longer, but Parliament decided not to extend that period.

Bob Stewart (Beckenham) (Con): The remain pamphlet suggests that our security could be damaged by us leaving the European Union. How can that be, when there is increasing factual evidence from European security agencies that terrorists are travelling on EU travel documents, which in future, as now, will require us to allow them entry to the United Kingdom?

Mr Lidington: That is not an argument for leaving the European Union. It is an argument for more effective co-operation between police forces and intelligence agencies. One reason why our security would be at hazard if we were to withdraw is that leaving the EU would mean leaving the various arrangements for police and judicial co-operation that have enabled us to detect and disrupt the work of terrorists and other criminals and to bring to justice people who had fled to other countries to seek refuge from justice there. Because we are in the EU, it means that we are able more quickly and more cheaply to remove to other jurisdictions people who had come to the United Kingdom than we could possibly do outside the EU.

Mr Christopher Chope (Christchurch) (Con): Can my right hon. Friend explain why there is no reference in this document to the massive trade deficit that the UK has with the rest of the European Union? A reference to various percentages is made, but my constituent Alan from Ferndown emailed me this afternoon to point out that those figures are at best meaningless and at worst totally misleading. What are the actual figures, in terms of millions of pounds, for our deficit? Does my right hon. Friend agree with my response to Alan and many others who are angry about this that rather than just be angry, they must get even?

Mr Lidington: My advice to Alan would be that we export roughly 44% of everything exported from the UK to the European Union and I would not want to see that put at risk, particularly when only 8% of the EU 27's exports go to the United Kingdom. That suggests that in the event of a British departure, the negotiating weight over any future trade deal would lie with the other 27 rather than with us.

Mr David Jones (Clwyd West) (Con): My right hon. Friend mentioned that the Government's leaflets were being sent out this week, but then acknowledged that that was not the case in Wales, Scotland and Northern Ireland, where they will not be distributed until after the elections on 5 May, which falls squarely within the referendum period. The Minister will know that the Electoral Commission has expressed grave concern about that. Does he accept that, given the highly partisan nature of the document, the late distribution of the leaflets in those parts of the country will give an unfair advantage to the remain campaign?

Mr Lidington: No, I do not. The fact that the remain and leave campaigns will both be able to circulate their material and communicate as they think fit in the last 28 days of the campaign, when the Government are restricted in what they can say, will enable both sides of the argument to be put to the electorate fairly.

Andrea Jenkyns (Morley and Outwood) (Con): We held the referendum on the AV voting system in 2011. Will my right hon. Friend confirm whether £9 million was spent at that time? That was a referendum that could have changed the political make-up of our country for generations to come by changing the whole voting system.

Mr Lidington: There is a crucial difference between the two. In 2011, we were part of a coalition Government. The two coalition parties took opposite views on the preferred outcome of that referendum, so there was no agreement on what the Government's collective message should be. This time around, the Government have a very clear collective view, which is that we should remain in a reformed European Union, and the way that we communicate in the literature that we are distributing reflects that fact.

Steve Double (St Austell and Newquay) (Con): Several times in this debate the Minister has made the point that the Government came to a balanced view that the UK should remain within the EU. If it was a balanced view, it would be fair to assume that the Government saw pros and cons on both sides of the argument. Will the Minister tell us what benefits the Government recognise would apply to the UK if we voted to leave, and why was that information not contained in the leaflet?

Mr Lidington: We have to come to a judgment about the costs and benefits of European Union membership. The Government considered that at considerable length, went through the negotiations that culminated in the February European Council and reached the view that we would be better off, stronger and more secure by remaining in the European Union. One of the challenges for my hon. Friend and those who share his view is that in the absence of a clear and coherent view about the

desired future relationship of the United Kingdom with the EU if we were to leave it, it is quite hard to form a judgment about the difficulties that might stem from that. We can estimate the risks—we certainly will do that—but it is incumbent on those who are championing the cause of leaving to spell out with much greater clarity than they have hitherto exactly what they see as that future relationship.

Mrs Anne Main (St Albans) (Con): Thank you for calling me now, Mr Speaker, because what I have to say follows on very well from the previous remarks. The one title that is missing from this book concerns what things will be like if we remain. There is no indication of what Turkey is going to do. I was just fobbed off with “France is going to veto that”, and we are told that vetoing more powers will provide a safer path to the future, yet the latest data from the Library show that 60% of all our laws are made in the EU. In case the Minister has not noticed, I can tell him that he is part of the remain campaign. What is in this booklet is opinion; it is partial, and it is certainly not fact. As we have seen throughout the turmoil of this week, partial facts are very dangerous things to have in a leaflet.

Mr Lidington: What my hon. Friend is effectively saying is that she disagrees with the Government about Britain’s membership of the European Union. That does not come as a great surprise to me. Let me just correct her on the point about the proportion of our legislation that is attributable to the European Union. The House of Commons study showed that of our Acts of Parliament and statutory instruments, roughly 14% of the total have something to do with EU membership.

Mr Nigel Evans (Ribble Valley) (Con): The £9 million leaflets express the view of part of the Government. I do not know whether the Minister has noticed, but half a dozen Cabinet Ministers are campaigning to leave alongside a number of other Ministers, so when are the other side of the Government going to get their leaflet? Speaking as a Member of the Council of Europe, part of my responsibility is observing elections. I go around different countries and have a look at the conduct of the campaign before polling day. If in any of the countries I visit I witnessed the sort of spiv Robert Mugabe antics that I have seen carried out by this Government, I would condemn the conduct of that election as not fair.

Mr Lidington: When my hon. Friend reflects on what he has just said and on the fact that election campaigns in Zimbabwe have in the recent past involved the murder, maiming and intimidation of voters, I think he might recognise that what he said was not his finest moment in the House. I think that what the Government are doing at the cost of 34p per household is a reasonable expression of the Government’s case for staying in the European Union, and it is a collective Government position. Quite exceptionally, the Prime Minister has agreed that individual Ministers who dissent may do so publicly in a personal capacity, but that does not alter the fact that the collective Government view, agreed by the Cabinet, is that we are better off remaining.

Martin Vickers (Cleethorpes) (Con): The Electoral Commission has said that the distribution of the leaflets gives an unfair advantage to the stay campaign. Were

the Government aware of the Electoral Commission’s views before they authorised distribution? Did they consult the commission, and if not, why not?

Mr Lidington: The Electoral Commission is entitled to its view. We do not agree with it on this point of principle, although, as I said earlier, we did change our plans in relation to the timing of the leaflet’s distribution to take account of the commission’s concern about the impact that it might have on elections in the three devolved areas.

Mr Peter Bone (Wellingborough) (Con): The independent, highly respected Electoral Commission says that the Government are wrong, but what is far worse—and I must word this carefully—is what happened at the time of the purdah debates. We have heard what was said at the Dispatch Box, but what we have not heard is what certain Conservative Members were told. We were told that the Government would not issue a leaflet. [*Interruption.*] We have not heard that, sir. Clearly the Minister would not have deliberately misled us—in fact, a number of Ministers would not have deliberately misled us—so when did Government policy change? Can the Minister confirm that when those assurances were given, there was no intention of issuing the leaflet? When did the policy change?

Mr Lidington: The Government have always said that we would take, and express, a clear view. As long ago as 10 June last year, the Prime Minister said:

“I do not want us to be neutral on this issue; I want us to speak clearly and frankly.”—[*Official Report*, 10 June 2015; Vol. 596, c. 1179.]

The Foreign Secretary and I have repeated that point in the House on several occasions.

If my hon. Friend looks at *Hansard* and at reports of Select Committee evidence, he will see that Ministers consistently referred to and discussed the absence of any intention of publishing leaflets, carrying out door drops or advertising in the context of debates and questions about the final 28 days of the campaign, and whether or not the preparation arrangements ought to be amended.

Andrew Bridgen (North West Leicestershire) (Con): The British public recognise a democratic deficit when they see one, and they see this £9 million propaganda leaflet as unfair, biased, and just un-British. Since the moment it was announced, I have been inundated with communications from people who now wish to campaign for us to leave. Will the Government be releasing figures for the number of their propaganda leaflets that are returned in the post, and has that been budgeted for?

Mr Lidington: As I said earlier, the cost of 34p per household is reasonable. I think that the public would be astonished if, having reached a clear view about this important decision, the Government neglected to express that view clearly by all means legally available to them. The truth is, I think, that what my hon. Friend yearns for is silence and neutrality on the Government’s part, but that is not what he is going to get.

Philip Davies (Shipley) (Con): I take my hat off to my right hon. Friend for keeping a straight face while saying that this was a factual document. If that is the case, there must have been a few pages missing from my

[Philip Davies]

copy, because I did not see any facts in it. If my right hon. Friend is so keen for the facts to be communicated to the British public, will he tell us what the trade deficit between the United Kingdom and the European Union was last year, and what our net contribution to the EU budget is each year? For some reason, those facts seem to be missing from my copy of the document. I am sure that my right hon. Friend would like to put the record straight and apologise for the omission.

Mr Lidington: I think that when the Treasury analysis is published, my hon. Friend will find that it contains a full account of the net contribution in the way that he would expect. As he will know, the calculation of the net contribution is published every year by Her Majesty's Treasury and the Office for Budget Responsibility.

Mr Stewart Jackson (Peterborough) (Con): Who would have thought, this week or any week, that the Labour party would join my own party's Government in supporting the plutocratic elite, the EU bureaucrats, the investment banks and big business against the people? And we wonder why politics is held in such low regard.

As the Minister will know, the Vice-President of the European Parliament, Alexander Graf Lambsdorff, today told the German magazine *EurActiv* that the Government had gone too far in their Brexit concessions, and that the Prime Minister's so-called negotiation was legally unenforceable and would, in time, be overturned by the European Parliament. Is it purely coincidental that there is little or any reference to the Prime Minister's renegotiation in this propagandist document?

Mr Lidington: When I have looked at the way in which the February European Council meeting has been reported in the media around Europe, I have seen comments aplenty about this being a big win for United Kingdom diplomacy, and, in some cases, outrage at what people in those countries have seen as a betrayal of federalist ideals. I simply say to my hon. Friend that the President of the European Parliament has made it clear that he wants the deal that was agreed in February to go through and will work to that end, and that the head of the Council Legal Service in the EU has made it clear that the agreement reached in February is legally binding on every member state.

Richard Drax (South Dorset) (Con): The Prime Minister promised this country, and the people of this country, a treaty change by 23 June. We have no treaty change, so

the propaganda that the Government have pushed out cannot guarantee 100% that any of the reforms that we have—pathetic though they are—will exist in law. The moment we are consumed by the EU, if we vote to stay in, MEPs and the European Court will have the power to change what we have tried to do.

Mr Lidington: What was agreed in February, including the aspects of the agreement that require amendment to the European Union treaties, takes the form of an international law decision which is legally binding on every one of the 28 EU member states, and which cannot be changed unless there is unanimous agreement from all those 28, including the United Kingdom. That is why I am very confident that this will go through.

Tom Pursglove (Corby) (Con): Will the Minister tell us whether any EU funds were involved in the production of the leaflets, and what procurement processes were involved in both the website and the leaflets? I ask because whoever agreed to a £3 million contract for a website and spent that money was ripped off—and that is a fact.

Mr Lidington: The money is coming out of the Cabinet Office's departmental spending, and, to the best of my knowledge, no EU funds are involved. The President of the European Commission has made it very clear on more than one occasion that he thinks it would be wrong for the Commission to participate, as an institution, in the British referendum campaign.

Mrs Anne Main (St Albans) (Con): On a point of order, Mr Speaker.

James Cleverly (Braintree) (Con): On a point of order, Mr Speaker.

Mr Speaker: We will come to points of order, but I wish first to deal with the next matter on my agenda. If Members are patient, they will be heard ere long. In a moment, I shall call the shadow Secretary of State for Business, Innovation and Skills, the hon. Member for Wallasey (Ms Eagle), to make an application for leave to propose a debate on a specific and important matter which she believes should have urgent consideration under the terms of Standing Order No. 24. The hon. Lady has up to three minutes in which to make such an application.

Tata and the UK Steel Industry

Application for emergency debate (Standing Order No. 24)

7.38 pm

Ms Angela Eagle (Wallasey) (Lab): I seek leave to propose that the House should debate a specific and important matter that should have our urgent attention, namely that the House has considered Tata Steel's decision to sell its UK operations, and any action that the Government are taking to secure the future of the British steel industry.

On 29 March, Tata announced that it would sell its entire British strip product business on a tight timetable. The future of the UK steel industry is now hanging by a thread. If a suitable buyer is not found, there will be enormous repercussions. Forty thousand jobs are at stake at Tata and in the supply chain, and steel communities up and down the country face a deeply worrying and uncertain future.

Steel is a foundation industry and essential for the UK's manufacturing base. Aerospace, automotive, defence, construction, rail and nuclear all depend on steel. The crisis is also an existential threat to our already struggling manufacturing sector. Output remains 6.4% lower than in 2008. The cost of failing to act would be an additional £4.6 billion over 10 years and lost household spending would be £3 billion. The UK's current account deficit, already standing at a record high of over £30 billion, would widen even further. Without our own industry, we would be dangerously reliant on overseas producers and vulnerable to future price hikes. As well as the economic cost, there would be a wholly avoidable human cost, too, with the devastation of entire communities and the life chances of those who rely on the industry.

The steel industry is cyclical. It can be preserved and can have a strong, sustainable future, but only if the right decisions are taken now. This is an urgent matter and one of grave concern to the House, to the workers facing an uncertain future, to their communities, to the manufacturing sector and to the country at large. As Tata's announcement came during the recess, there has not yet been the chance to debate this important matter, not least because the Government refused to recall Parliament despite a petition signed by 152,000 people asking them to do so. While I welcomed the Secretary of State's statement earlier today, a fuller urgent debate is essential to allow Members not only to pose questions, but to scrutinise the Government's plans in more detail. Given the potentially devastating impact on steel-making communities up and down the country and the urgency of the situation, I beg your leave to seek this emergency debate.

Mr Speaker: I have listened carefully to the application and I am satisfied that the matter is proper to be discussed under the terms of Standing Order No. 24. Has the hon. Lady the leave of the House?

Application agreed to.

Mr Speaker: The hon. Lady has obtained the leave of the House. The debate will be held tomorrow, Tuesday 12 April, as the first item of public business. The debate will last for up to three hours and will arise on a motion that the House has considered the specified matter set out in the application. I hope that that is helpful.

Now, I indicated to eager and expectant Members that their moment would arrive if they were patient, and they have been and it has done.

Points of Order

7.42 pm

Paula Sherriff (Dewsbury) (Lab): On a point of order, Mr Speaker. As you know, I am a new Member. When I arrived, I was told of the strict convention, which I have always sought to observe, regarding visiting other Members' constituencies on parliamentary business. I was therefore surprised to learn that the Secretary of State for Culture, Media and Sport had made a ministerial visit to my constituency without any official notice to me. It was particularly disappointing because I have repeatedly raised the issue of broadband roll-out, particularly in the rural parts of my constituency, and would have welcomed the opportunity to introduce him to some of the local businesses that have been adversely affected.

What remedy is available for a Back Bencher in such circumstances? Is there any way in which I can convey through your office, Mr Speaker, that I would be happy to arrange for the Secretary of State to make a more informative visit? On this occasion, he may wish to revisit and address the issue at hand directly.

Mr Speaker: I thank the hon. Lady for her point of order and for her courtesy in giving me notice of it. She is right that there is a firm convention that Ministers should give advance notice to hon. Members if they plan to visit the constituency of those Members on official, as opposed to purely private or personal, business. Indeed, the requirement is spelled out in the ministerial code. The apparent failure to do so on this occasion is regrettable. If it be so, it is regrettable to me, too, because I know the right hon. Gentleman the Secretary of State for Culture, Media and Sport. I have known him for 25 years and have always regarded him as a person of the utmost courtesy. This appears to be something of a lapse.

In terms of remedy, the hon. Lady asked whether it can be conveyed to the Secretary of State that she would be happy to arrange what she considers to be a prospective, more informative visit. She has been most effective in putting that point on the record. The Chair cannot facilitate such a visit, and it is not for me to say whether it will take place, but I am sure that the offer has been heard on the Treasury Bench and will be winging its way within seconds to the Secretary of State.

James Cleverly (Braintree) (Con): On a point of order, Mr Speaker. I have noticed that a former Member of this House, Dr Bob Spink, has described himself on a number of occasions, both in print and on his website, as a former Minister. I have checked with parliamentary colleagues who served with him at the time and with the House of Commons Library, but they have been unable to confirm it. Mr Speaker, do you have any remedy or sanction if a former Member of the House inaccurately or deceptively describes himself as a former Minister?

Mr Speaker: The short answer to the hon. Gentleman is no. I of course remember the good doctor, but he certainly was not a Government Minister. I am not aware of what he may or may not have said beyond what the hon. Gentleman has just reported to the House, but whether someone has or has not been a Minister of the Crown is a matter of public record. It is indeed a matter of fact—incontrovertible fact, one way or the other. If someone has wrongly claimed to be a

Government Minister, that is curious. I have, however, to say that it is not a matter for the Chair to seek to resolve, notwithstanding the eagerness of the hon. Gentleman that it should be.

Kirsten Oswald (East Renfrewshire) (SNP): On a point of order, Mr Speaker. On 29 February, I raised a point of order about clarity in answers that I received from Ministers about meetings between the Treasury and the Financial Conduct Authority. Subsequently, the Procedure Committee wrote to the Chancellor directing him to ensure that clear, proper answers were provided to me by his Department. I am still trying to get to the bottom of the matter and seek your guidance on this topic again in the light of further correspondence.

Unlike the obfuscation of the Treasury, the FCA at least confirms on its website that it does meet Treasury Ministers on a regular basis. A freedom of information request was sent to the FCA seeking information on the matters discussed at those meetings. It was essentially a request to the FCA as an independent body for information that the Treasury has refused to provide. Not once, but twice has the FCA come back asking for additional time to consider the request. It has now confirmed that it is consulting the Treasury before responding.

This week, the FCA is examining issues raised by the Panama leaks. Mr Speaker, can you guide me on how we can have confidence in its ability to do so independently of Government when it seemingly cannot answer my simple questions without authorisation from 11 Downing Street?

Mr Speaker: Well, it is certainly a very rum business altogether. I thank the hon. Lady for giving me notice of this point of order. I mean it when I say that I understand her frustration that she is not securing clear answers to her questions. The handling of freedom of information requests by the FCA, or indeed any other public body, is not a matter for the Chair of this House to determine. However, she has made her concern explicitly clear on the record, and it will no doubt have been heard on the Treasury Bench. Indeed, I was going to say that there is an illustrious representative of Her Majesty's Treasury on the Front Bench, but there is a veritable troika of the characters. There they sit, the three of them. I can therefore say with certainty that they have heard her grievance.

My overall advice to the hon. Lady—I hope that she will not take this in the wrong spirit as it is meant to be helpful—is to be persistent. If the hon. Lady does not secure the answers that she wants, she should keep asking questions and, in the very best and most proper sense of the term, make an absolutely parliamentary nuisance of herself. In the end, it may well be felt that it is not worth the candle so far as those resisting her inquiries thus far are concerned. She should stick at it.

Mrs Anne Main (St Albans) (Con): On a point of order, Mr Speaker. We have just had a debate about the leaflet that the Government are putting out. We were told about "facts", and I said that the amount of legislation that comes from the European Union in Brussels was not included in there. I cited a figure of about 60%, to which the Minister for Europe responded, "No, no, it is about 13% to 14%." I had been given that answer by the Prime Minister in March and I

subsequently went to the Library to ask Vaughne Miller what the actual amount of legislation from Europe was. I asked:

“Can we still rely upon the figure quoted (from a 2010 research paper...)?”

The answer I received was:

“The 13%-15% figure...only covers EU Directives and Decisions. It does not include EU Regulations, which are numerous but implemented directly, without further UK measures. EU Directives are the detailed EU laws which require further implementation measures in the UK (almost always by S.I. but occasionally by an Act of Parliament).

I updated the 2010 paper in January 2015”.

The UK’s implementation had grown. She went on to mention a formula that she had used and then said:

“I have only calculated this figure up to 2013, but as you see, it raises the percentage to an average of 59%”.

I believe that by repeating this low figure of 13% to 15% an absolute misleading of the House, perhaps inadvertently, is taking place. That is not a figure that can be accurately relied on and if the Government are to put such figures out there, they should use the most up-to-date information, commissioned by the House, by our respected expert in the House, who said 59%. What can we do to correct that error, which the Minister has repeated after the Prime Minister gave me that figure in March? It is not to be relied on and the British public should not rely on it.

Mr Speaker: I say two things to the hon. Lady. First, as she well knows, she has found her own salvation through the ingenious use of the point of order procedure. Secondly—this is not uncommon in this place—I do not think she will seek to contradict me, and neither will anyone else, when I say that in raising her point of order she was vastly more interested in what she had to say to me and to the House than in anything I might have to say to her.

Alex Cunningham (Stockton North) (Lab): On a point of order, Mr Speaker. More than a year ago, Lord Maude of Horsham, the then Minister for the Cabinet Office, signed a contract on behalf of the Crown Estate with Air Products to take the electricity from two innovative energy-from-waste plants being built in my constituency. This was to save taxpayers some £84 million a year. Sadly, the company announced last week that it had failed to get the new technology working and planned to walk away from Teesside, at the cost of hundreds of jobs and leaving the plants incomplete. Are you aware of any plans by Ministers to make a statement to the House about the ramifications of this failure, about what will happen with the Government’s contract and about what Ministers are doing to help seek a new developer who could take over the plants and secure the jobs?

Mr Speaker: No, but it is only Monday and there are other days in the parliamentary week. I have a feeling that the hon. Gentleman will be waiting all agog to see whether his curiosity is satisfied. Forgive me, I can add nothing beyond that at this stage, although he has put his point on the record.

Dr Julian Lewis (New Forest East) (Con): On a point of order, Mr Speaker. Is there any way in which I can, within the rules of order, bring to the attention of the House the fact that as of a few moments ago 207,444 people had signed a petition demanding that the Government stop spending our money on biased campaigning to keep Britain inside the European Union? That figure is already almost certainly out of date, given the rate at which signatures are being added. Out of all the thousands of petitions on Parliament’s e-petitions website it is the fifth most signed one that is still open for signature. It would be helpful to get those facts, rather than that opinion, on the record in some way.

Mr Speaker: The right hon. Gentleman asked whether there was a way in which he could bring this important matter to the attention of the House—there is, and he has found it. He has demonstrated that with his characteristic eloquence.

Diana Johnson (Kingston upon Hull North) (Lab): On a point of order, Mr Speaker. Further to your decision to allow the emergency debate on steel tomorrow, I wonder whether, to clarify this for me, you could explain how the rest of the business of the day will operate, particularly in respect of the Backbench Business Committee debate on contaminated blood and support for the people who have received contaminated blood. I am concerned because lots of people are travelling from all around the country to come to that debate and I just want to be reassured that it will take place tomorrow and will not be put to another day.

Mr Speaker: It is a very fair inquiry and I had thought about this earlier in the day. The short answer is that, subject to any discussions that might take place between the usual channels, of which at this stage I am unaware, the debate of particular interest to the hon. Lady will follow the Standing Order No. 24 debate. Moreover, my understanding is that there is protected time of three hours for that debate on contaminated blood. I absolutely appreciate the importance of the point the hon. Lady makes about people travelling specially to the House for a debate that they had anticipated and had reason to expect would take place, and unless some strange decision is made, which I do not know about and do not expect, their expectation should be satisfied. That is on the record and I sincerely hope no other plan is afoot. I hope that is clear.

If we have exhausted that appetite for points of order, we can proceed, at 7.56 pm, to the main business of the House.

Finance (No. 2) Bill

Second Reading

7.56 pm

The Financial Secretary to the Treasury (Mr David Gauke): I beg to move, That the Bill be now read a Second time.

I do hope that this will be worth waiting for, Mr Speaker. As my right hon. Friend the Chancellor set out in the recent Budget, the Government's long-term economic plan is securing the country's economic recovery. The British economy is set to grow faster than that of any country in the G7. Our labour market is delivering the highest employment in our history. This year, the deficit is forecast to be cut by almost two thirds from its peak, and is set to fall each year after that, so that we will deliver a surplus in 2019-20. However, being one of most open economies in the world means that we are not immune to global slowdowns and shocks, which makes it all the more imperative that we continue the hard work we have carried out over the past six years to help our economy face up to those challenges.

This Finance Bill demonstrates this Government's commitment to putting stability first.

Sir William Cash (Stone) (Con) rose—

Mr Gauke: I will very happily take interventions, but let me first set out to right hon. and hon. Members the order in which I intend to discuss the measures in the Bill. I will outline, first, how this Bill provides opportunities for households, then how it supports British business, and finally how it ensures that the businesses pay the tax that they owe.

Sir William Cash: In the context of the European side of the global question to which the Minister has referred, is he aware of the substantial deficit in the last quarter figures that the Office for National Statistics has just published in respect of our relations with Europe, which is causing a lot of difficulty for the United Kingdom economy? Last year, we had a deficit on current account transactions—imports, exports, goods and services—of £58 billion, whereas we had a surplus with the rest of the world in the same services of about £30 billion. By contrast, Germany had a surplus of £67 billion in its dealings with the other 27 member states, which shows a significant reason why we should leave the European Union: this single market just does not work for us.

Mr Gauke: My hon. Friend takes me away from the Bill, but let me say in response that I do not accept his analysis. First, on trade, both voluntary parties to any transaction benefit from trade. Secondly, we have to remember that trade deficits or surpluses are the result of a series of transactions decided by individuals and businesses on the basis of what they perceive is of value. I would argue that it is always desirable to seek to remove trade barriers to facilitate fair and free trade. The removal of trade barriers within the single market is, I think, one of the advantages of membership of the European Union, so I am not persuaded by his argument.

Let me start by looking at the measures in the Bill that provide opportunities for families who work hard and save. The Government have long been committed

to the principle that those who work should be able to keep more of the money they earn. As a result of action taken in the last Parliament, almost 28 million individuals received a tax cut, with a typical tax bill reduced by £825. We go even further in this Bill by increasing the tax-free personal allowance to £11,500 in 2017-18—a £500 increase from 2016-17. The higher rate threshold will also increase by £2,000 from £43,000 in 2016-17 to £45,000 in 2017-18. As a result of those changes, we will be cutting tax for more than 31 million people by 2017-18. Compared with 2010, a typical basic rate taxpayer will be paying more than £1,000 less in tax in April 2017. That is a proud record.

Sir Edward Leigh (Gainsborough) (Con): We still have one of the most complex tax systems in the world. I do not know if my hon. Friend was here for the Prime Minister's statement and our long session of questions about tax avoidance, but does he recall that I wrote to him a year or two ago—I have also led debates on the subject—about moving towards a flatter tax system? I appreciate that because the top 1% pay 27% of all tax, we cannot make that move in one bound, but does he agree that unless we stop our tax system becoming so complex and instead have flatter taxation and merge rates and allowances, we will never get rid of the vast tax avoidance industry? I do not expect an answer, but I would appreciate an indication that, as the Treasury prepares for the next autumn statement and Budget, it will be thinking in terms of simplifying our tax system.

Mr Gauke: Simplification does matter. One of the measures announced in the Budget—it is not in the Bill, for reasons that will become apparent—is the abolition of class 2 national insurance contributions. National insurance contributions are not covered in Finance Bills, but that is an example of a tax being removed—a tax that created a considerable administrative burden for both taxpayers and Her Majesty's Revenue and Customs.

The Bill also puts the Office of Tax Simplification on a statutory footing. In the last Parliament, the OTS made approximately 400 recommendations, almost half of which have been implemented. The OTS is being strengthened; it has a new chair, Angela Knight, who is already performing a valuable role in leading the debate, and its resources have been increased. I am sure my hon. Friend will follow the OTS's progress closely, scrutinise its performance and decide whether it is proposing measures that take us in the direction of which he approves.

Nigel Mills (Amber Valley) (Con): Would my hon. Friend welcome the OTS looking at some more fundamental tax simplification measures such as wholesale reform of individual taxation, rather than focusing on small, individual parts of taxes, as a way of moving us to a much simpler tax system more quickly?

Mr Gauke: My hon. Friend makes an important point. There is considerable value in the OTS looking at specific areas, but I think there is a case for it looking at broader matters. Indeed, in its reviews—of small business taxation, for example—it is addressing some of those bigger questions.

Greg Mulholland (Leeds North West) (LD): I thank the Minister for being so accommodating in giving way. Looking at part 10 of the Bill and given the pressure the Prime Minister has been under this week, with the Panama papers and the statement today, I wonder why the Bill does not include a measure to allow HMRC to name and shame publicly those who are involved in tax avoidance not after the third warning but after the first warning, and so send a much clearer signal?

Mr Gauke: I will discuss avoidance and evasion shortly, but on that specific proposal, we have strengthened HMRC's capabilities in this area. The ability to name and shame facilitators of tax avoidance was introduced by this Government, and I think it is right that we have done that. As for the precise process, we think the balance is about right—it is difficult to see that there would be a substantial difference in terms of effectiveness if action were taken earlier. The whole idea of the regime was introduced by this Government.

As well as helping working households, the Government are committed to creating a nation of savers. In the Bill, we legislate to increase the personal savings allowance from April 2016, meaning that basic rate taxpayers will pay no tax on their savings income up to £1,000 and higher rate taxpayers will pay no tax on their savings income up to £500. As a result, 95% of taxpayers will pay no income tax on savings.

While supporting savers, we must also ensure that support is well targeted. The pension lifetime allowance is currently set at £1.25 million, but 96% of individuals now approaching retirement have a pension pot worth less than £1 million. We want a system that is targeted and sustainable and supports the majority of those approaching retirement. That is why the Bill reduces the pension lifetime allowance to £1 million—a change that will affect only the wealthiest pension savers.

The Bill also implements long overdue reform of the outdated and complex dividend tax system. The current system was designed at a time when total tax due on dividends was as high as 80% for some taxpayers; it also provides incentives for individuals to set up a company and pay themselves through dividends to reduce their tax bill. For those reasons, the Government are modernising and simplifying the dividend tax system by abolishing the dividends tax credit and replacing it with a new £5,000 tax-free allowance. The Bill also sets the dividend tax rates at 7.5% for basic rate taxpayers, 32.5% for higher rate taxpayers and 38.1% for additional rate taxpayers. Some 95% of all taxpayers and more than three quarters of those receiving dividend income will either gain or be unaffected by the changes.

Supporting home ownership and first-time buyers is a key priority for the Government. Although people should be free to purchase a second home or invest in a buy-to-let property, that can affect other people's ability to get on the property ladder. The Bill therefore implements higher rates of stamp duty land tax for the purchase of additional residential properties that are three percentage points above the standard rates.

I have been made aware that the Bill as drafted might lead to some main houses with an annexe for older relatives attracting the higher rates of SDLT intended to apply to additional properties. I thank my right hon. Friend the Member for Brentwood and Ongar (Sir Eric Pickles) for bringing that to my attention. I am happy to

reassure the House that that is not our intention and the Government will table an amendment in Committee to correct the error and ensure fair treatment for annexes.

Sir Eric Pickles (Brentwood and Ongar) (Con): I am most grateful for that clarification from the Government. It is important in terms of social policy, as annexes are used not only by elderly relatives but by other family members, disabled children with special needs and so on. The Government are making an important statement that these annexes should prosper. I hope my hon. Friend will forgive me for saying that I will look carefully at the detail of the amendment, but I am grateful for the courteous way in which he dealt with me.

Mr Gauke: I am grateful to my right hon. Friend for the courteous way in which he dealt with me, too. He achieved a great deal in his role as Secretary of State for Communities and Local Government by addressing the issue in the context of council tax. He will find in this case—and he will want to look at the details, as we are going a bit further than council tax rules to provide support and reassurance to families—a small number of transactions are affected by the measure, but it is important that we provide clarity. We certainly do not want to discourage people who wish to create an annexe for an elderly or disabled relative, providing them with support close at hand.

The measures that I have outlined are important, and help working people to keep and save more of what they earn while ensuring that we have a modern and targeted tax system. I should like to address briefly an important issue that we discussed in the Budget debate: VAT on sanitary products. We heard people's anger loud and clear, and we said that we would fight for agreement to reduce the VAT rate to zero, and all European leaders agreed our plan to do just that. Last week, the European Commission action plan on VAT was published, and it is an important step towards a common-sense VAT system that works for British businesses and people. The Government are committed to making that change, and let me make that point to those who have raised it, including the hon. Member for Dewsbury (Paula Sherriff), who is in the Chamber, and other hon. Members. I am proud that in the Finance Bill we are legislating to enable zero VAT rates for women's sanitary products.

Mr Christopher Chope (Christchurch) (Con): I congratulate my hon. Friend on the progress he has made. Why does clause 115 say that the measure will not come into effect when the Bill receives Royal Assent, but is subject to the Treasury introducing a provision at some later stage? Why can we not legislate on this in the Bill without any qualification?

Mr Gauke: It is customary, with changes in VAT rates, to give retailers notice. It is not usual for VAT changes to be put in place on the date of Royal Assent, as notice is usually provided. I reassure my hon. Friend that the intention is to provide a short period of time, following Royal Assent, in which retailers will have an opportunity to adjust prices. This is no desire by the Treasury to kick this into the long grass—we want to make progress on the matter.

Alison Thewliss (Glasgow Central) (SNP) *rose*—

Mr Gauke: I will certainly give way to the hon. Lady, who also deserves recognition for her efforts campaigning on this matter.

Alison Thewliss: Will the Minister tell the House exactly what he is going to do to ensure that that price reduction is passed on to consumers by retailers, who should not seek to continue to sell the product at the same price?

Mr Gauke: Pricing is essentially a matter for the producers, retailers and customers. We would certainly expect the reduction to be passed on, and I have no doubt that considerable attention will be given to what happens to the pricing of sanitary products after the VAT reduction, and there will be pressure on retailers to pass on the benefits to customers. We do not have a position—we do not have the capability to direct and order people—and we do not have a prices policy as such, but we expect that the reductions will be passed on to customers.

Paula Sherriff (Dewsbury) (Lab): I thank the Minister for being accommodating. I have written to leading retailers and manufacturers of female sanitary products asking to meet them to discuss this. I would be grateful if he offered his support for that course of action. If the Government are unwilling to do that, we may need to consider adding a provision to the Bill.

Mr Gauke: I very much support the hon. Lady's cause, and she supports my cause that manufacturers and retailers should pass on the VAT abolition to customers, and we expect to see that happen.

I should like to turn to the way in which the Bill will support British business and ensure that our employees have the skills they need. The Government committed in the Budget to put stability first, because it gives businesses the certainty that they need to invest, grow and employ people. The core of our support for British business is low taxes, and the Budget provides the biggest ever cut in business rates, worth over £6.7 billion over the next five years. Measures in the Bill will do more. First, we will again cut the main rate of corporation tax and reduce it to 17% in 2020, ensuring that we have the lowest corporation tax in the G20. By the end of this Parliament, corporation tax cuts delivered since 2010 will save businesses almost £15 billion a year, providing an important boost for our international competitiveness.

Our labour market is delivering the highest employment in our history, but we need to ensure that it has the right skills. The Bill introduces an apprenticeship levy of 0.5% of an employer's pay bill, where it exceeds £3 million, from April 2017. That will deliver 3 million apprenticeship starts by 2010. By 2019-20, Government spending on apprenticeships in cash terms will be double the level of spending in 2010-11. We will put funding in the hands of employers to ensure that it delivers the training that they need by ring-fencing apprenticeship funding in England.

In the last Parliament, we took important steps to help entrepreneurs who start and grow businesses. We also want to ensure that they can access the investment that they need as they grow, and to that end we are legislating to reduce the higher rate of capital gains tax

from 28% to 20%, and the basic rate from 18% to 10% from April 2016. Gains on residential property and the receipt of carried interest will remain unchanged. Those changes will create an incentive to invest in shares over property, and will help British companies to access the finance that they need to expand and create more jobs.

Finally, the recent Budget took necessary and radical action to support the oil and gas tax regime through difficult times. The Bill will legislate for a key part of this strategy in permanently zero-rating petroleum revenue tax. From April 2016, petroleum revenue tax will be reduced from 35% to 0%. We believe that wherever possible, we should use the tax system to stimulate growth and investment, whatever the sector.

John Mann (Bassetlaw) (Lab): I have heard all of this on skills before from the Government. Will the Minister explain the productivity puzzle? Productivity appears to have gone down, rather than up. Why is that, because in every Budget attention has been given to skills? What has gone wrong with productivity in this country?

Mr Gauke: The hon. Gentleman makes an important point. It is a long-standing issue for the United Kingdom economy. I would argue that the steps we have taken as a Government to ensure that we have a competitive, business-friendly tax environment, that we invest in skills and increase the number of apprenticeships, and that we spend more on transport infrastructure—we are spending £60 billion over the course of this Parliament—will help to drive up productivity. Without those measures, our productivity levels would not be as high as they are. Further work still needs to be done, but policies that result in, for example, financial crisis so that we cannot afford transport infrastructure spending or that drive investment away from this country by being unfriendly to business will only damage productivity and will not help.

George Kerevan (East Lothian) (SNP): On investment in transport infrastructure, the Budget surely says that between 2018-19 and 2019-20 the Government will cut infrastructure investment by a whole £7 billion in one year in order to accommodate the Chancellor's desire to run a budget surplus in 2020. How does that justify what the Financial Secretary has just said?

Mr Gauke: The Budget brings forward the expenditure on transport infrastructure in this Parliament so that we can gain the benefits of that investment earlier. The hon. Gentleman should welcome that.

Before discussing the measures in the Bill that address avoidance and evasion, I shall briefly address the issue that the Prime Minister covered earlier today—the Panama papers. Those papers have again put the spotlight on the global scourge of tax evasion and avoidance. As the Prime Minister set out earlier today, we are taking further action. First, HMRC and the National Crime Agency will lead a new joint taskforce to analyse the Panama papers and take rapid action where there is wrongdoing. It will initially have new funding of up to £10 million and will report to the Chancellor and the Home Secretary later this year.

Secondly, we will bring forward plans to introduce a criminal offence for corporations which fail to stop their staff facilitating tax evasion, ahead of next month's

summit to tackle corruption in all its forms. For the first time, companies will be held criminally liable if they fail to stop their employees facilitating tax evasion. Thirdly, our Crown dependencies and overseas territories have agreed to provide UK law enforcement and tax agencies with full access to information on the beneficial ownership of companies. We have finalised arrangements with all of them except Anguilla and Guernsey. Guernsey currently has elections and its Parliament is not sitting, but we expect both those territories to follow in the coming days and months. For the first time, UK tax and law enforcement agencies will see exactly who really owns or controls every company in those territories. This Government's message is clear: there are no safe havens for tax evaders, and no one should be in any doubt that the days of hiding money offshore to evade tax are gone.

John Mann: The Minister is generous in giving way. Are the agreements with the six Caribbean overseas territories still non-reciprocal or has that changed?

Mr Gauke: The move is towards reciprocal agreements, but for the first time our law enforcement agencies and our tax authority, HMRC, will have access to information held about beneficial ownership. That is a significant step forward and must be viewed in the light of the fact that we have introduced the common reporting standard, meaning that much more information is provided automatically to our tax authority in respect of money held there.

John Mann *rose*—

Mr Gauke: I want to make a little more progress.

It is vital that we support businesses through low taxes. We must also ensure that tax is paid where it is due. This Government have set out a comprehensive package to tackle avoidance and evasion. In total this package will raise £12 billion by 2020-21. The Bill implements a number of those measures.

First, we are leading the way internationally by being the first country to adopt the OECD recommendations on hybrid mismatch arrangements. The Bill will introduce new rules to stop multinationals avoiding paying their fair share of UK tax through the use of cross-border business structures or financial transactions. It is estimated that this will raise more than £1.3 billion over the next five years. Secondly, we are ensuring that profits from the development of UK property are always subject to UK tax. This will level the playing field between UK-based and non-UK-based developers and raise £2.2 billion in revenue by 2020-21.

Finally, we will target the unfairness that many small businesses feel when they compete against companies on the internet. Overseas sellers are evading between £1 billion and £1.5 billion of VAT each year on sales to UK customers via the internet, unfairly undercutting British business and abusing the trust of UK customers. The Bill will provide stronger powers to require overseas sellers to appoint a UK tax representative who can be made liable for the VAT owed. This is part of a package of measures designed to level the playing field for firms trading in the UK. Once again, this Government have introduced a Bill which makes it clear that everyone has a responsibility to pay the tax they owe.

Robert Jenrick (Newark) (Con): I am grateful to the Minister for giving way, and grateful for the Prime Minister's and the Minister's announcements today on tax. May I make two suggestions to the Minister? One is that the UK, through HMRC, should consider adopting the US model that requires taxpayers to list as part of their tax return all foreign bank accounts where they hold more than a minimal amount of money. That would force UK citizens to list those bank accounts that they might hold in other jurisdictions. Secondly, would the Government consider looking into worldwide taxation of earnings, which the US has? That would force UK passport holders to decide whether they want to pay UK taxes for the privilege and security of holding a passport.

Mr Gauke: I am grateful to my hon. Friend for those suggestions. We are not persuaded by the move towards worldwide taxation. On providing information about offshore accounts, if tax is due, people have to provide that information. It is worth pointing out that we are moving into a different environment where it is that much easier for HMRC to obtain information about foreign bank accounts, and it is much, much harder to evade tax, thanks to the common reporting standard and the progress that we are making on beneficial ownership.

The Finance Bill provides opportunities for households. It supports British firms seeking to create jobs and growth, and it ensures that businesses pay the tax that they owe. At a time when storm clouds are gathering on the global horizon, it is right that we do all we can to make our economy strong and secure, to put stability first, and to ensure that the UK remains fit for the future. That is what this Finance Bill does, and I am delighted to commend it to the House.

8.26 pm

Seema Malhotra (Feltham and Heston) (Lab/Co-op): We have just had a speech from the Financial Secretary which puts a very positive spin on the Finance Bill. Although he sought to put a positive spin also on the measures announced by the Prime Minister today on tax avoidance, his speech shed no further light on the critical issue of offshore trusts and the need for a public register of beneficial ownership. It fell far short of the measures that we announced today in our tax transparency and enforcement programme.

The House is back after three weeks of turmoil at the top of the Tory Government which has called into question the competence and credibility of the Prime Minister and his senior Ministers. They were in trouble even before the Business Secretary's inept handling of the crisis at Port Talbot. Since then we have had a week of ducking and diving from the Prime Minister over revelations in the Panama papers. What the Prime Minister showed today was that he and his colleagues can get top marks for talking the talk, but when it comes to walking the walk their scorecard is far less impressive.

The Bill seeks to put into law the tax-related measures set out in the Budget, and what a Budget it was. The author of the omnishambles surpassed himself and delivered a mega-shambles. No Budget has unravelled as quickly or as comprehensively as this one. It was a Budget that failed to add up. As we begin to debate the Bill, we do so against the backdrop of a huge,

[Seema Malhotra]

gaping black hole, with estimates of a figure of £12 billion or more that has yet to be funded. The Chancellor was faced with the real prospect of a revolt and his Budget not passing. Within days the main revenue-raising policy—cuts in personal independence payments for over 300,000 disabled people—proved too much even for the Work and Pensions Secretary. His parting shot, aimed at the Chancellor, complained of a Tory Government heading in a direction that divides society, rather than uniting it. The Budget and this Finance Bill have unfairness at their very core.

We will be voting against the Bill tonight, because it fails the fairness test and the test of adequately investing for our future. The Bill cuts corporation tax, which is already the lowest in the G7, while the Budget cuts support for working people, leaving over 2 million families, on average, £1,600 worse off a year by 2020. The Bill cuts capital gains tax, which benefits the wealthiest, at a time when the Chancellor has failed to meet his own deficit and debt reduction targets. How can it be fair, at this time, to fund tax breaks for his friends on the backs of the poor and the vulnerable?

Growth has been revised down last year, this year and every year of this forecast, and so too have business investment and productivity. The Chancellor is set to miss his export target by more than 14 years. Growth in average wages is being revised down while household debt is going up. He has admitted failure on his key targets. He has breached his own welfare cap. The Government are set to borrow £38.5 billion more than planned, and public sector net investment is set to fall as a share of GDP over this Parliament.

This is a recovery built on sand, and it is not just us saying it. The right hon. Member for Cities of London and Westminster (Mark Field) told readers of *ConservativeHome* that, for all the Chancellor's talk about investment in export-led growth,

“the growth our economy has seen... comes courtesy of debt-fuelled consumption and a renewed housing and property boom.”

It is young people who are being punished by those choices. A recent YMCA survey of young people found that 41% said that debt was the biggest issue facing their family in 2016—so much for a Budget for the next generation.

The Chancellor has singularly failed to rebalance the economy, and that failure has implications for this Finance Bill. The Bill contains a series of tax cuts that he simply cannot afford. The £12 billion estimate does not include new figures published in an answer to a written parliamentary question, revealing that the Tories' plans to force every school to become an academy could cost £1.3 billion, yet just £140 million was allocated for those plans, leaving a funding shortfall of more than £1.1 billion.

Before the Government seek once again to hide behind the turbulent conditions in the world economy, as the Minister attempted to do, let us be clear that most of the problems are of the Chancellor's own making. We needed a Finance Bill that builds the foundations of a strong economy and that is the basis for prosperity and security for Britain's families and businesses. We did not get it. Of course, there are some positive measures, such as anti-avoidance measures and industry support measures, that we broadly welcome. Support for the oil

and gas industry and the quality of apprenticeships—30% of apprentices currently appear not to complete their apprenticeships—are issues that we will want to explore further, along with tackling frequent tax avoiders. But these measures do not go far enough, as I will highlight later.

There is little good news for manufacturing, and no coherent overall industrial strategy, which of course includes the needs of the steel industry.

Jeremy Quin (Horsham) (Con): While the hon. Lady is in a positive frame of mind, would she like to welcome the significant increase in employment over the past few years and the fact that the deficit has been cut by such a large proportion?

Seema Malhotra: The hon. Gentleman says that I am in a positive frame of mind. I normally am, but I am just very concerned about the economy. Perhaps he will raise the Resolution Foundation's finding that, as a result of the measures in the Budget, the poorest 20% of the population are set to be £565 worse off, while the richest 30% are set to be £280 better off. Perhaps he will think about his constituents and how they are set to suffer as a result of the Budget before he makes another intervention.

I was talking about the steel industry.

Jeremy Quin: Will the hon. Lady give way?

Seema Malhotra: I will just continue on steel, because it is important also to talk about what is missing from the Bill. This is a serious missed opportunity to provide greater support for manufacturing and steel. The collapse of the steel industry could cost the Government £4.6 billion over the next 10 years. Some 40,000 jobs could be lost, devastating steel-making communities and industries that depend on British steel.

We welcome today's news that a buyer has been found for Tata's Scunthorpe steel plant, and we congratulate Unite, Community, the GMB and others who played an important role in the negotiations leading to that deal. However, against that background comes the revelation of a U-turn on business rates by the Chancellor. Before the Budget, the Engineering Employers Federation made a strong case for giving companies an allowance on business rates for plant and machinery, which could have applied to assets such as the blast furnaces in the steel sector. However, we learned from *The Times* that although the Chancellor was planning to act, he then pulled plans to give Britain's struggling factories tax relief on business rates.

Why did he do that? The answer, analysts suggest, is that British manufacturing has been sacrificed on the altar of the Chancellor's obsession with getting a £10 billion Budget surplus in the final year of this Parliament. We wait to see what actually materialises from today's statement and what actual support comes forward from the Government, particularly for Port Talbot.

The Office for Budget Responsibility revealed that the decision was taken so late that there was no time to change the calculations in its economic and fiscal forecast. That means that its forecast for the level of business investment in this Parliament could well be an overestimate.

Families in Britain are to suffer as a result of another missed opportunity—on housing. By 2025, nine out of 10 Britons under 35 on modest incomes will not be able to afford a home. Rents in the private sector are soaring. So much, again, for a Budget for the next generation.

Jim Shannon (Strangford) (DUP): On that subject, the hon. Lady will be aware that the Residential Landlords Association put forward to the Government some ideas for changes, but those have not happened. One was to give people the chance to buy their houses, and the association was happy to do that, but we have not got that in the Bill. Does the hon. Lady feel that something could be done on that to help?

Seema Malhotra: The hon. Gentleman makes an important point, and there are many measures we should explore, particularly as we go into Committee, to support house building and home ownership.

We know from the English housing survey that 201,000 fewer households own a home now than did at the start of the Chancellor's tenure. That compares with an increase of 1 million under Labour. As of last year, the housing benefit bill is forecast to be £350 million more than the Chancellor intended. It is clear that this country needs a massive programme of capital investment in new affordable homes to rent and buy—nothing less will do if we are to tackle the growing housing crisis. That is why Labour has far more coherent plans to build homes and to make sure we tackle spiralling housing costs. That is the way to control the housing benefit bill.

Today's report from the Women's Budget Group shows that female lone parents and single female pensioners will, on average, have seen their living standards fall by 20% by 2020. Women are now set to bear a staggering 86% of the cost of changes and cuts to taxes, tax credits and benefits by 2020. That is worse than the figure of 81% identified last year.

The tax cuts in the Bill are likely to benefit men more than women. It is surely time that the Government conducted a full gender impact analysis of their proposals. That would give the opportunity for greater parliamentary scrutiny.

When it comes to measures on capital gains tax and corporation tax, the Bill must pass two tests: are they fair and are they effective? The Bill confirms that the main rate of corporation tax will be cut further to 17% from 1 April 2020, which will be worth £945 million. If corporation tax, which is already the lowest in the G7, can be reduced yet further, perhaps money can be found and the Government can think again about cuts to working age benefits and public services.

More importantly, a cut to corporation tax will not address the underlying weaknesses of our economy, such as the challenges in productivity, skills and the investment required in infrastructure. Businesses that talk to the Minister as well as to us say that these are the biggest issues affecting their future growth. Connectivity and new technology also require investment.

David Rutley (Macclesfield) (Con): The response from the Federation of Small Businesses contradicts what the hon. Lady has said. It said:

“The decision to further lower corporation tax to 17% in April 2020 is an important statement of intent and will provide a boost for affected firms.”

Seema Malhotra: The hon. Gentleman certainly does not seem to have the same sort of direct conversations as I do with businesses. This is a question of choices and timing. They also raise the issue of housing, which affects the stability of their workforce, and of infrastructure investment, which affects access and their opportunities to grow. Investment is also required to support the scale-up of their businesses through developing skills. There is a whole host of issues. This is also about judgment, timing and what would be most effective in increasing our productivity.

David Rutley *rose*—

Seema Malhotra: I will make a little progress and then I will take another intervention.

George Kerevan: Is the hon. Lady aware that there is ample evidence in the United States and the UK that large amounts—possibly half—of the retained earnings from lower corporation tax actually go into share buybacks, and that those share buybacks, which end up in the pockets of the original shareholders, do not get reinvested in industry, but go back into property and other kinds of non-productive assets?

Seema Malhotra: The hon. Gentleman makes a very important point. That is one of the concerns. It is assumed that the proceeds from those tax cuts will go directly into investment, but the evidence for that does not necessarily stack up. In fact, an estimated £500 billion is not invested in this country at the moment. That is an important point, which is why greater analysis and scrutiny are required, as well as conversations with businesses about what will actually make a difference for them in the long term.

The basic rate of capital gains tax is to be reduced from 18% to 10%, and the higher rate from 28% to 20%. That is set to cost £735 million in 2020 and £2.7 billion over the forecast period. Capital gains tax was paid by only 200,000 taxpayers in 2013, which means that about 0.3% of the population will benefit from a giveaway of more than £600 million in total from the first year. That was not called for or expected. In fact, the *Financial Times* described it as an “unexpected gift” for wealthy investors. In 2010, the Chancellor told the House that raising capital gains tax was necessary to

“create a fairer tax system.”—[*Official Report*, 22 June 2010; Vol. 512, c. 178.]

It would be interesting to hear perhaps during the Exchequer Secretary's wind-up speech what has changed.

Jim Shannon: The Residential Landlords Association was keen to see the extension of the capital gains tax relief so that landlords could sell property to their tenants. That is a small thing that could incentivise the whole housing market if it was done in the right way.

Seema Malhotra: I thank the hon. Gentleman for his comments, but I think he will agree that the key issue in addressing the housing crisis is the rapid building of new homes and the strategy to deliver that effectively.

[Seema Malhotra]

I want to make a few comments about entrepreneurs relief and the Government's new investor relief. We welcome the endeavours to encourage investment, particularly long-term investment. The question will be whether the measures pass the test of what business is looking for: simplicity, stability and a strategic approach to fiscal policy. Our concern is that tinkering is no substitute for a clear, long-term strategy to support investment. That is why we are undertaking a review of tax reliefs to see what the evidence is for what incentivises business investment and provides real value for money. Our aim is to ensure that there is a strategic approach to supporting investment and the transparency around it. Those are questions we will pursue as we go forward into Committee.

We also welcome clauses on the reduction in oil and gas corporation tax and petroleum revenue tax. The Chancellor announced that he would reduce petroleum revenue tax from 35% to zero, and that he would reduce the corporation tax supplementary charge from 20% to 10%. There is no doubt that the struggling North sea oil and gas industry needs support. In fact, we think that the Chancellor could have gone further and announced the measures that Labour has called for. Our bold new proposal to invest in the industry is based on the creation of a new public body, which would be called UK Offshore Investment Ltd, to identify areas for temporary public investment. The purpose of that new body was spelled out last month by the Scottish Labour leader, Kezia Dugdale. It would conduct an open-book review with the Oil and Gas Authority to identify assets that have long-term viability and profitability. That, in turn, would provide the evidence to allow UK OIL to commit to public investment in strategic infrastructure and potentially profitable assets.

Clause 115 gives the Government power, through a statutory instrument, to reduce the VAT rate on women's sanitary products from 5% to zero. That is welcome, as are the Minister's comments. I am glad that the Chancellor has finally recognised that women's sanitary products are not a luxury. However, it is crucial that the clause should set a firm deadline for the VAT reduction, and although the Minister's comments signalled moves in that direction, they did not go quite far enough. I am sure that we will continue to address the point as we move forward in Committee and beyond. I congratulate Labour Members, particularly my hon. Friend the Member for Dewsbury (Paula Sherriff), and campaigners inside and outside Parliament on their hard work in forcing the Government's hand on the issue. It is a sad indictment of the Government that it took a Labour amendment and an embarrassing Government defeat to achieve that result.

Where in the Finance Bill is a clause to reflect the Government's other U-turn, which was on VAT on energy-saving materials? The Government accepted our amendment to the Budget resolution, which allowed the Government to legislate on the matter in the Finance Bill. The lack of legislation and the contradictory and noncommittal answers from Ministers are causing uncertainty in the industry. We simply call on the Government to make a commitment that they will not include a VAT rise for solar or other green energy measures in this or future Finance Bills.

On tax avoidance, the two key issues we face are structural reforms and public confidence. The rhetoric today, as in the past, has sought to be impressive—in the past, the Chancellor has said that aggressive tax avoidance is “morally repugnant”—but the reality has yet to match the rhetoric. Indeed, the tax gap has grown under this Government to £34 billion. Serious measures to tackle tax avoidance, which is estimated to account for £7 billion of the tax gap, will be even more critical.

It is two years since the Prime Minister wrote to UK overseas territories and Crown dependencies calling on them to publish a public register of firms and individuals sheltering money there, yet virtually no progress has been made so far. Today's statement did nothing to move us forward on such a public register of firms and individuals. Fundamentally, this issue is about a rotten system that undermines the faith of ordinary families in the fairness of our tax system. Indeed, a definitive analysis by the *Financial Times* shows that the corporate tax avoidance measures that the Labour Government brought in will still raise 10 times as much as those introduced during the last Parliament.

While we broadly welcome the measures in the Bill, we think that they simply do not go far enough. We believe there must be far greater transparency and enforcement in relation to those who try to hide their wealth and profits in tax havens. As ever, the Chancellor and the Prime Minister give the impression of acting tough, while in reality they are proposing half-measures. Instead, as Labour have set out in our tax transparency enforcement programme, we require the introduction of a general anti-avoidance principle that proactively looks at intent and does not need the consent of the tax profession before it can be used.

Our programme includes an immediate public inquiry into the Panama papers, and more resources for HMRC. Staff numbers having been cut by 6,000 and then added to by 670, we can see that there has been a return of about 10% of those whose jobs were cut, and real concerns have been raised about the impact on tax collection as a result. We have called for a specialised enforcement unit and for greater co-operation with European partners on country-by-country reporting and protection for whistleblowers.

John Mann: Far be it from me to make any proposals to Labour Front Benchers, but will my hon. Friend consider some research into the impact of the Liechtenstein disclosure facility and how it has been used during the past two to three years to subvert the Government's attempts on taxation?

Seema Malhotra: I thank my hon. Friend for his extremely well made comment. He is absolutely right that we should explore that area, because we want evidence about what works as we move forward urgently on the issue of gross tax avoidance and evasion. Indeed, if we want to ensure that tax avoiders and tax evaders pay their fair share of tax, the Finance Bill will need to be toughened up considerably. If the Chancellor fails to listen to our arguments, the public will want to know why.

The Bill also fails the fairness test. Resolution Foundation analysis shows that 80% of the gains from this Budget's changes to income tax will be for the top half of the income distribution, with the top 20% of households

getting the lion's share. It estimates that, during this Parliament, households in the lower half of the income distribution will lose an average of £375 a year, while those in the top half are set to gain £235 a year. We are lucky that it can tell us that. It is a matter of shame that the Chancellor no longer produces his own full distributional analysis. This is a Chancellor who either does not want to know or does not want to tell us what impact his decisions are having. Neither competent nor compassionate—after the Budget, that is the verdict on this Chancellor.

This country faces huge economic challenges—automation, competition from nations such as India, China and other growing economies, our grossly imbalanced economy and our growing current account deficit—yet faced with these big challenges, what do we get? We get cuts to corporation tax that the Office for Budget Responsibility says will do nothing to reverse the deteriorating outlook for business investment, productivity and exports. There are cuts to capital gains tax that will benefit a tiny minority but do nothing for the millions of working people struggling simply to stay out of debt, let alone save for a home or a pension. There are clever accounting tricks aimed at reducing the Chancellor's short-term political embarrassment that do nothing to secure our long-term public finances or economic stability. Missing was a clear vision of the future—a vision of a Britain that has a strategic partnership between Government and business, and is stronger because prosperity is shared more fairly.

We will vote against this Finance Bill because it is unfair. It is unfair on women, on low-paid workers and on children living in poverty—the number of children in poverty has increased by half a million since this Government came to power. These are people who are seeing their living standards cut to pay for the Chancellor's tax giveaways to the better off. The Bill is unfair on the workers in our steel and manufacturing industries, who are worried now about their jobs and their families. It is unfair on all the hard-working families and responsible businesses that play by the rules and pay their fair share of tax. We will vote against the Bill because it fails the test of moving this country forward to a more prosperous and secure future for Britain's businesses and families.

8.56 pm

Nigel Mills (Amber Valley) (Con): I am grateful to be called so early in the debate. I strongly support the Bill, which will encourage saving, reward work, encourage business investment and tackle aggressive tax avoidance. Those things are exactly what we want to see in a Finance Bill and they are all in this one.

Given that, I cannot understand why anyone would choose to vote against the whole Bill. It seems to be largely because of the changes to capital gains tax and corporation tax. I will go back as far as Gordon Brown's first Budget after becoming Chancellor, in which he effectively introduced a 10% capital gains tax rate and reduced the corporation tax rate. Perhaps we can remember when we had a Labour Government who at least tried, in the early years, to be friendly to business and encourage investment and growth in this country.

George Kerevan: Will the hon. Gentleman explain why the present Chancellor raised capital gains tax to 28%?

Nigel Mills: That was a peril of coalition and a Lib Dem insistence that I am sure we regret strongly, as it appears not to have increased capital gains tax revenues in the way that was intended. It is quite right to move the rate back down to a more sensible level in the responsible way that that has been done.

We should note that every year we have a Finance Bill, and they are quite long, thick and heavy. We keep adding a load of new and complex clauses to our tax system, which is still just behind the Indian one for complexity. I do not think that we have a record length Finance Bill this year, although the Government achieved that twice in the previous Parliament. At some stage, we have to find a way of getting off the merry-go-round of further complicating our tax system every year. We even have a new record now—of adding a new tax every year. We had the diverted profits tax last year; this year, we have the apprenticeship levy, which the Bill recognises is actually a tax. Although those two measures are welcome, we are further adding to the complexity that people have to deal with.

A welcome step in the right direction is that we are making the Office of Tax Simplification a permanent feature of this arena. However, we need to free that office up to do more long-term, high-level strategic work rather than having to focus on what can at times be quite small features of the tax system, which do not affect all that many taxpayers. As the Minister said, it has done good work on small business taxation, but we really need the office to work out how we can simplify the big taxes we have, to make them easier to comply with, make it easier for HMRC to enforce compliance, and make those taxes less burdensome. That was my reasoning, in the previous Parliament, for why we should make the corporation tax system follow accounts, and focus the resources we have on transfer pricing and abusive avoidance arrangements, rather than having to inquire into whether a certain item was capital or revenue, or whether a certain entertainment allowance was right.

Such long-term strategic directions to simplify the system would bring in far more revenue and make the system far more attractive. I hope that the Bill will allow the OTS to choose its own work in some situations. Perhaps it will be encouraged to consider some fundamental simplifications, and not just suggestions made by the Chancellor from time to time.

On individual measures in the Bill that are welcome, the savings and dividends nil rates are an encouragement for people to save, and a welcome simplification of the tax system for many people who struggled to work out how the dividend credit worked and what tax rate they were paying. That moves us in the right direction regarding how we stop people incorporating themselves to get a tax advantage that is not intended by paying themselves dividends, and helps us to get to a fairer system in which people who are employed pay the right taxes.

Some issues have not been raised. For example, the peer-to-peer lending rules are leading the world in encouraging the financing of businesses that cannot get normal financing from banks. There are also welcome anti-avoidance rules such as the withholding tax changes to try to stop treaties being abused so that companies avoid paying the withholding tax they should be paying in paying fees to tax havens.

[Nigel Mills]

The Bill does not contain some measures that I would like to be included. For example, we must accept that there is a widespread lack of confidence among the public that our largest corporates are paying all the taxes in this country that they are supposed to pay. I suspect that most of those companies are paying their taxes and that a relatively small proportion are engaging in aggressive avoidance, but everyone gets tarred by the same brush. The measures that we have introduced in the past five or six years to tweak things or introduce new rules and so on, are not tackling the fundamental lack of confidence in the system, which is why we need more transparency from large companies.

We should make large companies publish their tax returns so that we can see a calculation of how they have got from the profit they report to the tax they pay. We should know which companies have made aggressive calculations, or used strange reliefs or funny payments that we do not understand, and which are paying the right amount and happen to have losses brought forward or capital allowances that they have not used. That would boost people's confidence and we would not see stories every few months about another large multinational that has done something that it should not have done, or done something entirely reasonable, but we do not know because such details are not in the public domain. It would help to move this debate forward if those large companies were more transparent.

Companies have to disclose many things about their directors, investment strategies and business practices, and I do not think that a little more transparency about tax affairs would put much more commercially sensitive material into the public domain. Instead, it would boost people's confidence. I hope that large companies that are complying with the rules would want to do that—they should not be scared of doing so. If they are using existing rules and incentives for the use that they were intended, that is welcome and something that we all understand. Perhaps the one thing that we can do domestically would be to take this debate forward so that we are confident that our largest companies are doing what we want them to do, and not doing things that they ought not to be doing. With that plea, I welcome the Bill and will be voting for it this evening.

9.3 pm

Roger Mullin (Kirkcaldy and Cowdenbeath) (SNP): This Bill follows in the wake of yet another Budget that began to fall apart within a few short hours of the Chancellor's statement—indeed, perhaps his future statements should be entitled, “Not the Budget”. If the Budget created disarray on the Government Benches, this Bill, with its clamjamfry of unco-ordinated clauses, presages yet more failure and demonstrably fails to address some of the major economic challenges of our time.

I admit that it was a great joy to read all 580 pages of the Finance Bill over the recess, and although I will come to a number of specific issues and technical problems, the Scottish National party has one overriding message for the Government: you cannot build economic success on the back of social injustice. Every social injustice is a hammer blow to economic progress. In recent times, we have seen the ways in which this Government

wanted to place further injustice on the shoulders of the disabled, the disadvantaged and the 1950s-born women while at the same time operating an economic system that disproportionately protects and enhances the privileges of the most wealthy in society. Creating such division does not bring progress.

I said in my maiden speech, quoting Adam Smith:

“No society can surely be flourishing and happy, of which the far greater part of the members are poor and miserable.”

Times move on, of course, and reflections on our current predicament can best be summed up by Professor Stiglitz, who said:

“Rather than justice for all, we are evolving into a system of justice for those who can afford it”.

I am confident that hon. Members will be able to rehearse many instances of social injustice created by this Government, so allow me to move on and reflect on an issue that I raised in the House on 3 February this year—namely, the problem of tax evasion, particularly through the use of tax havens in British overseas territories. Little did I know at the time how prescient that debate in February would prove to be.

I have to say how disappointing I found the Prime Minister's statement earlier today, despite its containing one or two modest proposals that I welcomed. Let us put this into context. According to Jason Hickel of the London School of Economics, tax havens hide one sixth of the world's total private wealth—in excess of \$20 trillion. I have already commented elsewhere that the revelations in the millions of papers that have been released from Mossack Fonseca are but the tip of a gigantic iceberg. Indeed, Panama does not even make it into the top 10 tax havens. Taken together, Britain and her overseas territories are at No. 1, outdoing Switzerland by some margin. Commenting on a single address in the Cayman Islands, Uglund House, President Obama said:

“That's either the biggest building in the world or the biggest tax scam on record”.

It is not surprising he said that, given that 19,000 businesses are registered at that one address. It is a big hoose, as I said in February.

At least four major issues relating to tax havens need addressing. The first—the subject of much current debate—is the extent to which the makers of laws and the guardians of the wider public interest are themselves benefiting from tax scams. This is an understandable issue of concern, but we fool ourselves if we think that that is the sole or primary issue. It does, however, have regard to openness and transparency. I agree with my right hon. Friend the Member for Moray (Angus Robertson) that it would be a positive and welcome move if Cabinet Members, as well as the Prime Minister, were to choose willingly to open up their tax returns to public view.

The second issue, which deserves more focus, is the avoidance of tax. I deliberately say “avoidance”, because that is of course legal. It strikes me, however, that for the average member of the public, it is not a convincing defence for the type of institutional behaviour that we have witnessed in recent times, including from large multinational corporations, to say, “It is legal”. I am sure that I am not the only new MP to have been subjected to huge lobbying by corporations and other financial bodies. They mobilise vast resources to “help” the Government and they are very successful. They have

managed to influence the creation of an international system of finance that enables tax avoidance on a huge scale. Not only that, but they happily operate a system that hides from scrutiny the owners of vast wealth, while the ordinary man in the street has no such luxury.

The third issue, which has surprisingly been the subject of much less scrutiny so far, is the extent of the evasion of disclosure of the source of money itself. There are good reasons to suppose that it is not only corrupt political leaders but drug traffickers, terrorist organisations and other types of criminals who inhabit the shady world of international finance. Sadly, the Panama papers suggest that some legally registered institutions may have colluded in the protection of criminals who stash their cash behind anonymous, untouchable trusts and other financial vehicles. I hope we can take it from the Prime Minister's statement today and from the Minister's welcome remarks earlier about making it a criminal offence for some types of such "advice" to be proffered by otherwise legal institutions that we will see considerable progress on this matter.

The fourth issue I wish to raise is where these funds are and how they are set to work for their beneficiaries. As we know, these funds do not actually sit in Panama, the British Virgin Islands or the Cayman Islands. One of their biggest centres is, as we know, London. For example, hundreds of very expensive properties in London have been brought by unknown persons. We need transparency here, too. Some, like my hon. Friend the Member for East Lothian (George Kerevan), have argued that it should be illegal to own property or land in the UK where the beneficiary is unknown—a breathtakingly simple measure to address a cause of great concern.

All this calls for radical reform in each of those four areas, but I am sad to say that neither the Finance Bill nor the Prime Minister's statement earlier goes nearly far enough to inspire any confidence that the matter will be adequately addressed. It is very disappointing, for example, that the Prime Minister continues to resist calls to do something about trusts. Even if he was right in his interpretation three years ago about how to proceed, this is three years later and public perceptions throughout the world have changed radically. It is time to broaden the scope of action.

The truth is that while this Government, through this Finance Bill, are taking feeble measures to tackle tax evasion, at the same time, in an act of social and economic injustice, they are mounting an attack on small individual contractors who serve rural communities, preventing them from having travel expense relief. These people are not tax dodgers; they are flexible workers, with both private and public clients, who are essential to many rural communities in Scotland. Yet at the same time as these people are attacked, the Government are protecting tax dodgers and millionaire Tory donors by continuing to allow huge loopholes in the system. We must get a commitment to a more open and transparent system that involves all overseas territories, trusts as well as companies, and full and independent scrutiny of the so-called Panama papers.

There is scope in Committee for the Government to be much more ambitious and to present new clauses for debate. They can be assured that it is certainly our intention to do that. Furthermore, the claim that this Finance Bill will adequately address other tax dodges lies in ruins, when we consider its implications for the

so-called Mayfair tax loophole. We do not believe the Finance Bill makes anything like sufficient progress in its treatment of so-called carried interest, which is seen by many members of the public as another example of one rule for those with modest means and of huge favours being given to those of considerable wealth and income. Again, this is an area we shall pursue in Committee.

I turn now to wider economic matters. In his 2012 Budget speech, the Chancellor acknowledged Britain's falling share of world exports and stated that

"we want to double our nation's exports to £1 trillion this decade."—*[Official Report, 21 March 2012; Vol. 542, c. 797.]*

Jings, he can certainly dream can oor George! However, the figures are moving in the wrong direction, and the Chancellor is likely to fall short of his target for £1 trillion in exports by 2020 by at least some £300 billion.

Callum McCaig (Aberdeen South) (SNP): A rounding error.

Roger Mullin: Indeed. Failing to meet targets is of course one of the great characteristics of the Chancellor, but to miss it by such a huge margin creates a new category of failure—a right bourach, perhaps. Furthermore, rather than making even modest progress, we find that in the last three months of 2015, the UK had achieved a record-breaking near £33 billion current account deficit.

Part of our declining relative performance speaks to a long-term failure to address adequately the central issue of productivity in our economy. On productivity, this Finance Bill fails to address fundamental concerns. Raising levels of productivity is essential to raising growth in the economy. As my hon. Friend the Member for East Lothian pointed out on 22 March, developed countries with higher levels of growth, including Australia, Sweden, Spain and the United States, to name only some,

"experienced faster...growth than the UK in 2015, largely because they experienced faster productivity growth."—*[Official Report, 22 March 2016; Vol. 607, c. 1412.]*

We need productivity growth, too, to enable the cash economy to grow, to enable wage growth and to grow tax receipts.

There are many factors, of course, that affect productivity growth. Some are well known and relatively uncontroversial—areas such as investment in research, development, innovation, and of course, infrastructure. In these areas, the UK lags well behind many of our major competitors. On a number of occasions, I have pointed to the relative decline in investment in R and D compared with our G8 competitors. As things stand, we are bottom of the G8 on R and D spend from both private and public sources, and there has been a reluctance, to put it mildly, to raise infrastructure spend to the necessary levels.

The SNP believes that in order to achieve a sustainable future, R and D expenditure and investment could benefit from a comprehensive, dramatic and territorial review, and that there should be increased planned infrastructure spend beyond the narrow confines of London and the south. As for skills, the subject has already been raised by the hon. Member for—

John Mann: Bassetlaw.

Roger Mullin: Correct! I am delighted that the hon. Gentleman remembered. He referred to the importance of skills, which are of course fundamental to productivity growth. For some 30 years, the UK has been failing, particularly at the intermediate and higher-intermediate skill levels.

Let me come on to another iniquity in the Bill: the continuing failure to relieve Scotland's police, fire and rescue services from the burden of VAT. The Government's excuses on this are well rehearsed, but they are hollow words. Their actions confirm that, rather than supporting the police and fire services in Scotland, the Tories are their enemies.

This Finance Bill rides uneasily alongside the Chancellor's statement to the House on that

"we are going to deliver a strong and compassionate society for the next generation".—[*Official Report*, 22 March 2016; Vol. 607, c. 1388.]

I do not know a single young person or couple that will be able to take advantage of raising the amount that can be invested in an ISA to £20,000 a year. I do know, however, all too many constituents, many of them young, who live on take-home pay that is much less than £20,000 annually.

The actions of this Government are not building a strong economy for the future and are certainly doing nothing to create a compassionate society. This Government and this Chancellor are not merely failures; they are purveyors of misery.

9.18 pm

David Warburton (Somerton and Frome) (Con): This Finance Bill will go a long way to ensuring that there is no thumb on the scales that balance the interests of small businesses and multinational companies. In that sense, it is a Budget of direct redistribution, but there are ways of extending that principle further. The £9 billion gained through restrictions on interest deductibility, the strengthening of withholding tax and the hybrid mismatch rules all mean that a great deal will be ploughed back to provide support for small business. That is great news for someone such as me, coming here after a career in small business and now chairing the all-party groups on small business and on micro-business. In fact, anyone who has run a small business will know that business rates can take up an intimidatingly large proportion of fixed costs. The changes in those, together with the cut in corporation tax, are very welcome, recognising both the value of small businesses as employers and the fact that they are the engine of growth.

I think that the revised business rates will be of enormous benefit to companies in the glorious south-west, where small businesses are not just economic units, but power the communities that surround them. As well as, apparently, having more cows than any other constituency—of which we are very proud—Somerset and Frome consists of a constellation of 140 small towns and villages, many of which pivot around, and depend on, a single company or enterprise. For that reason, we need to recognise the significance of the number of jobs that have been created in the last six years, and the fact that there has been more rapid growth in jobs than at any time since the second world war. That is not just some abstract figure, but a reflection of tangible improvements in conditions for local businesses, and, therefore, for the people who depend on them.

That entrepreneurial spirit also shows itself in the so-called sharing economy, another economic sector that greatly helps those in rural areas. The tax-free allowance of £1,000 for online micro-entrepreneurs is a small but welcome step. A number of community energy and transport projects in my constituency will benefit from those incentives, and from the fact that the allowance recognises the important role that they play. Of course, a great deal more can be done. However, a Budget is not a governmental wish list, but an opportunity to match aspiration with reality.

Along with, I am sure, many Members in all parts of the House, I have recently received a fair bit of correspondence suggesting that reducing foreign aid would give us more scope for domestic expenditure. That is certainly true in purely economic terms, but what would be the moral cost? As of last year, the money provided through British foreign aid has vaccinated 55 million children against preventable diseases, given 50 million people the means to work their way out of poverty, saved the lives of 50,000 women in pregnancy and childbirth, and helped to prevent a colossal 10 million children from going hungry. We must, of course, take every possible step to ensure that the money goes to the vulnerable rather than to some kleptocracy or other, but that is a question of means rather than ends. We are the fifth richest country in the world, and I believe that our continuing commitment to foreign aid is a recognition of the humanitarian duties that accompany such a position of relative strength.

I think that the Bill's approach is hugely positive. It incentivises and empowers individuals and small companies, properly addresses corporations that skip around in the no man's land between tax avoidance and evasion, bridges the gap of generational unfairness with the lifetime ISA, and reaffirms our commitment to those who suffer from abject poverty abroad, while continuing to facilitate our economic recovery at home.

During one of the debates on the Budget, my hon. Friend the Member for Tiverton and Honiton (Neil Parish) summarised the priorities for the south-west as

"Rail, road, housing and broadband".—[*Official Report*, 17 March 2016; Vol. 607, c. 1144.]

I could not agree more, and I am delighted to see the recognition of all those priorities in the financial measures that the Chancellor has set out.

I should also mention the commitment of half a billion pounds to speed the introduction of a fair national funding formula for schools. Many of us have campaigned for such a formula for some time, and it will benefit many schools in my constituency. There has been a long-term imbalance, and it is a relief to see the Chancellor commit himself to righting it.

Despite international pressures, our economy continues, by any comparative measure, to develop strongly. I believe that the Bill will enable small businesses to go on powering the jobs, and therefore the growth, on which we really depend.

9.24 pm

Rachel Reeves (Leeds West) (Lab): In 2010, the Chancellor promised us a new growth model based on higher savings, investment and exports. However, notwithstanding what we have just heard from the hon. Member for Somerton and Frome (David Warburton),

those fundamentals, which underpin the economy and are the backdrop to the Bill, are not going as well as we might have hoped. Our national savings ratio has hit an all-time low of 3.3%. In the latest figures, investment has been revised down, with a staggering £87 billion wiped off forecast business investment since last November, and public investment is falling as well. Our export performance has deteriorated further, with the gap between the Chancellor's 2020 target for a trillion pounds-worth of exports and the OBR's expectations now widening to £357 billion. That is before we factor in the calamity that the Government have allowed to unfold in our steel industry or the enormous risks to our economy created by putting our membership of the European Union in question. Indeed, just a few weeks after the Budget statement, we have seen even more bad news about not only steel, but the manufacturing sector in general and the worst balance of payments figures that the country has seen since the second world war, with the deficit in the fourth quarter of 2015 reaching a staggering 7%.

All that has an impact on living standards. On top of the downward revisions that we saw in November, expected earnings have been revised down in the forecasts for every single year of this Parliament. Looking at the deterioration in expected earnings since the Budget just after the general election, the OBR forecasts that the average UK worker will be £823 a year worse off by the final year of this Parliament. Following the downward revisions, the total loss over the course of this Parliament is £2,000, the impact of which will be felt most by those on low and modest incomes. Indeed, because the national living wage is linked to average earnings, somebody on the minimum wage will be £600 a year worse off than when the Government originally announced it. In less than a year, the average worker will be £2,000 worse off over the course of this Parliament and somebody on the minimum wage will be £600 a year worse off compared with what the Government originally announced.

Against that background, one might think that a Chancellor who once proclaimed that we were "all in this together" would want to use the Budget and this Finance Bill to target help towards ordinary working families and the low-paid. Instead, we have a package of measures before us that disproportionately benefit the better-off, rather than those who most need support. Let me give three examples. First, fewer than one in five taxpayers will gain from the £2 billion cut in higher rate income tax in clause 2. Those who will gain will also receive the largest benefit from the expensive and poorly targeted increase in the personal allowance in clause 3. The 4.6 million lowest-earning workers in the country will receive no benefit at all from either change. At a time when the earnings of those on middle and low incomes are being squeezed and public finances remain extremely tight, raising the threshold at which people start paying the higher rate of income tax is the wrong priority.

Secondly, the cut in capital gains tax in clause 72 will cost taxpayers more than £2.7 billion over the next five years, but directly benefit only a tiny minority. Just 130,000 individuals will share the gains, the majority being higher rate taxpayers. Around half of capital gains tax is paid by just 5,000 individuals who will therefore receive a windfall and get the bulk of the advantage, so the benefits of this tax break will be pocketed by a relatively fortunate few. Again, that is not

the right priority when the living standards of ordinary people are being squeezed and when our public finances are so stretched.

The Chancellor would no doubt protest that that is a price worth paying for the entrepreneurial energy that the capital gains tax cut will unleash, but the official documents reveal that the OBR has made no upward revisions to its forecasts for investment, productivity or growth as a result of the measure, which will cost £2.7 billion. Indeed, the most likely impact of the move will be to increase the incentive to avoid tax by converting income to capital gains. Perhaps the Chancellor has been taking advice from the Prime Minister, who seems to have enjoyed the benefit of some careful tax planning. But, again, I would argue that with squeezed family finances and tight public finances, this is neither fair nor fiscally responsible.

Thirdly, as part of his Budget the Chancellor has chosen to increase the amount any individual can contribute to a tax-free savings account to £20,000 a year, as the hon. Member for Kirkcaldy and Cowdenbeath (Roger Mullin) mentioned. I welcome action to make it easier for ordinary workers and families to save, but we have to ask whether this approach should be the priority when most of our constituents are lucky to earn £20,000 a year and have anything left to save at all. In my constituency, average earnings are just under £20,000 a year, and many people would struggle to put anything aside, let alone take advantage of a £20,000 individual savings account limit. In the latest year for which detailed data are available, the average ISA subscription was less than £4,000 in the year. Fewer than one in 10 people who contributed to an ISA were able to save the maximum amount of just over £15,000, with a disproportionate number of those who did so having incomes above £150,000 a year. The trends of recent years suggest that as the Government have focused on raising the annual limit for ISAs, the total amount of cash put into ISAs has increased sharply even as the total number of people contributing to an ISA has fallen. In other words, this is moving ISAs away from their original purpose as a platform to support broad-based saving and investment, and increasing their use as a way to minimise tax liabilities for those with large amounts of cash to move around. That is having the wrong effects and the wrong people are benefiting. I support ISAs and tax-free savings, but only if they are there to support those people who need to save. What we are seeing is a falling savings ratio, with the most wealthy people being incentivised to save. We need to help those people on more modest incomes to put something aside for their future.

This Finance Bill, like those before it under this Chancellor, contains a long list of clauses ostensibly aimed at reducing tax evasion and avoidance. Anything that genuinely advances that end is to be welcomed, but we will judge the Government's achievements not on the number of clauses in their Bills, but on the real progress made towards closing the tax gap and ensuring that everyone pays their share. I urge the Government to do more, by supporting, not blocking, measures in the European Parliament that strive to meet that objective.

The truth is that HMRC's own figures show that the tax gap fell by £4 billion over the last five years of a Labour Government but has risen by £1 billion under the current Chancellor. The consequences of this Government's refusal to take the necessary action on

[Rachel Reeves]

UK Crown dependencies—[*Interruption.*] I am happy to take an intervention instead of having the Minister muttering from a sedentary position.

The Exchequer Secretary to the Treasury (Damian Hinds): I wonder whether the hon. Lady would like to comment on the percentage tax gap.

Rachel Reeves: If the Minister is so concerned about the tax gap, why did his Tory MEPs block measures in the European Parliament to crack down on tax avoidance and why did the Prime Minister write to Herman Van Rompuy in 2013 asking for trusts to be excluded. As I say, instead of looking at the number of clauses in a Bill, we should judge the Government by their record, by their actions and by what is happening to the tax gap. Under Labour the tax gap narrowed but under the Tories it is widening. They need to make much more effort to ensure that people at the top and big corporations pay their fair share of tax, but that is not happening under a Conservative Administration.

I hope that I have demonstrated that this Finance Bill prioritises tax breaks for the wealthy at the same time as pulling vital support from the vulnerable and disadvantaged. The shadow Chief Secretary to the Treasury cited the Resolution Foundation. It has calculated that the tax and benefit measures already taken by this Chancellor since the election will cut the incomes of the poorest 30% by £565 a year, while increasing those of the richest 30% by £280 a year—and that is before we factor in the impact of any further cuts to social security needed to meet the Government's welfare cap and fill the multi-billion-pound fiscal hole following their U-turn over personal independence payments.

During a sitting of the Treasury Committee I pressed the Chancellor on all of this, particularly the changes to disability benefits. All he would say was that he had “no plans” for further raids on the fragile finances of disabled people, low-paid workers or children living in poverty, but that gives very little reassurance to those who rely on social security because they are sick or disabled and cannot work, or because they are in low-paid work and struggle to make ends meet; nor does it reassure families bringing up children in poverty that the Government will not once again hit their family finances.

Perhaps even more problematic than the measures in the Bill are the measures that are missing from it. The House will remember that this was supposed to be the Finance Bill that reformed our unfair system of pensions tax relief. We spend £34 billion on pensions tax relief and 14% of that benefit goes to people earning more than £150,000 a year, even though they represent a tiny proportion of all taxpayers. Just 10% of the benefit from the relief goes to those in the bottom half of the income distribution. That is why I argued for a 33% flat rate of pensions tax relief, which would be fiscally neutral but fairer to families on ordinary incomes and those who are trying hard to put something aside for the future. It would also give a strong incentive to save by, in effect, providing a simple two-for-one offer: for every £2 people put into a pension, the Government would add another £1. At a time when wealth inequalities are widening, our savings rate is plummeting and the costs of an ageing society are increasing, that measure

would provide a powerful incentive to save for millions more people and definitely help more people than a £20,000 ISA limit.

The Bill was also an opportunity for the Government to admit they had made a mistake and to reverse the Chancellor's expensive and poorly targeted cuts to inheritance tax, due to be phased in from next year. The Treasury's own leaked analysis confirms that the policy will

“most likely benefit high income and wealthier households”

concentrated in London and the south-east of England. It also states that

“there are not strong economic arguments”

for the cut, which will

“push up house prices and possibly rents”

and

“make it more difficult for younger households to buy a house.”

Yet that is a priority of this Government. Meanwhile, the overall cost is set to rise to almost £1 billion a year as the policy is introduced. I believe that the money could be much better used to help ordinary families who struggle to stay in work when their children are young by, for example, creating a universal childcare entitlement for children aged two. That would be a more prudent use of funds when family finances are stretched and so are our public finances.

I remember being shadow Chief Secretary to the Treasury in 2012, when we had what we dubbed the “omnishambles Budget”. This Budget has unravelled even faster than the 2012 Budget, with the flagship measure—changes to disability benefits—dropped and the changes to pensions tax relief dropped before they were even announced. The flagship measure in the 2012 Budget—the cut in the top rate of tax from 50p to 45p—stayed, but the flagship measure in this year's Budget was dropped.

I believe that the Chancellor wanted to reform pensions tax relief, but could not do so because Tory MPs protested too loudly. Instead, at the last minute he decided to raid the disability budget, but then—after that was announced—recognised that it did not really fit with his rhetoric of, “We're all in it together.” That is why the Budget has unravelled so quickly, but most important—well, not the most important—it is why the political prospects of the Chancellor have unravelled so quickly as well. The highest price for this Budget will be paid by ordinary taxpayers, working families and future generations. That is why I and my colleagues will vote against the Bill this evening. It represents the wrong priorities for our country.

9.39 pm

David Rutley (Macclesfield) (Con): I am grateful for the chance to follow the characteristically thoughtful and hard-hitting speech by the hon. Member for Leeds West (Rachel Reeves). As she knows, I respect her and her experience, but there is no question but that a tax is required on the sugar in that speech, which was too sour on this occasion. I prefer the analysis of my hon. Friend the Member for Somerton and Frome (David Warburton).

I congratulate the Government and Treasury Ministers on the Bill. Before I explain why, I congratulate my hon. Friend the Member for Kingswood (Chris Skidmore), the Chancellor's Parliamentary Private Secretary, on the recent addition, Henry, to his family. We are all grateful on this side of the House for his safe arrival.

It is a pleasure to speak in an important debate on an important Finance Bill, which builds on the success of the Government's long-term economic plan and takes a number of long-term measures that will make life better and more prosperous, not just now but for future generations. It supports savings for lower earners, with the introduction of the savings nil rate in clause 4, as promised in the autumn statement. The measure excludes the highest-earning additional-rate taxpayers but allows for up to £1,000 of zero-rated savings income for basic rate taxpayers, and only up to £500 for higher-rate taxpayers. That adds to other measures that the Chancellor has put in place such as lifetime individual savings accounts, which were announced this year, and the help to buy ISA, which rightly focus on younger savers.

The Bill works to support further fiscal stability, with necessary uprating in gaming duty in clause 140 and tobacco duty in clause 142. It deals with anti-avoidance issues, as has been discussed, in part 10, with the new general anti-abuse rule penalty clause in clause 146 and escalating sanctions in clause 147. It also promotes economic dynamism, with taxes on income and dividend income—it raises the personal allowance in part 1—and the new dividend income nil rate in clause 5 and schedule 1.

It goes on. The Bill introduces in clause 25 welcome improvements and flexibility both to the averaging of profits in the tax treatment of farmers, extending it from two years to five years, and for creative artists. Farmers have long been central to rural life in and around Macclesfield, and in many other constituencies across the country, and creative artists are increasingly adding to our economic and cultural mix in Macclesfield, as demonstrated by the upcoming Barnaby festival—details are available on its website. I hope that the new tax relief for the production of orchestral concerts in clause 50 and schedule 8 will add to that mix.

The Bill is radical in reforming enterprise taxes, as has been said, with cuts to, and relief from, capital gains tax in clauses 72 and 76, and the cutting of corporation tax to just 17% in 2020 under clause 42. These measures show that Britain is open for business, and are for the benefit of the young and enterprising entrepreneurs whom we need for the next generation of business leaders. That economic dynamism is needed for the long-term projects that the Government are rolling out, and it will benefit our children and grandchildren throughout their working lives.

Young people understand—and young people certainly understand this far better than old Labour Front Benchers—that supporting an enterprise economy is not a selfish, atomistic pursuit but a recognition that we all advance by pooling more effectively our comparative advantages into a common, more productive economy. According to research by UK Trade & Investment and the Economist Intelligence Unit which was published only 15 months ago, “running my own business” is the No. 1 career aspiration for the year 2020 among young people in the UK.

Having listened to debates on the Budget in the House and elsewhere, I think that it is important that we remind ourselves why young people are champions of the common value and common purpose that enterprise provides and why it is important that the Bill responds to that. That is key to explaining why the Bill is important for building on the foundations of this Government's economic success with enabling measures for the success of future generations.

All business transactions must involve at least two parties: the supplier and the consumer. The very word, “enterprise”, is derived from joint undertakings that have been prised—extracted—from “inter”, or working for mutual advantage. It is a profound force for good. It is also voluntary, so carries the element not only of opportunity but of suitably managed risk. For risk to be suitably managed, suppliers need to be flexible. They need to be responsive to demand to survive and thrive in competitive markets. The Government need to ensure that the freedom to be flexible and the confidence to be bold exist for enterprise to thrive. The Government need to remove barriers and provide a stable and enabling environment for entrepreneurs. They are doing so in clause 42 by reducing corporation tax and by incentivising capital gains through clause 72 so that investment improves. As I said in my intervention on the shadow Minister, the Federation of Small Businesses clearly welcomes this.

The Government need to ensure that we have decent standards of education and skills training, hence the importance of the enterprise levy in part 6. The Government need to clear barriers to growth, whether those are unnecessary regulation and high and complicated taxes, or poor infrastructure for transport and communications. These are sometimes known as horizontal measures as they stretch across the whole economy and across large sectors, and do not apply only to a few selected winners within those sectors picked by Ministers and mandarins. This Government have been right to facilitate joint working between Whitehall and local authorities and business on the ground through growth deals and city deals and by encouraging local enterprise partnerships. That is profoundly long-termist.

Caroline Flint (Don Valley) (Lab): The hon. Gentleman highlights the importance of skills and apprenticeships. Does he share my concern that apprenticeships, in the way in which they are delivered, still adopt the gender segregation of the past? Most of those going on engineering apprenticeships are boys and men, and most of those going on childcare apprenticeships are young women. Would it not be a good idea to ensure that those in receipt of the apprenticeship levy should demonstrate that they have made every effort to undo the job segregation that exists in our workplaces and in apprenticeships?

David Rutley: The right hon. Lady makes an important point. We want to tackle such segregation. In Macclesfield, AstraZeneca, a great pharmaceutical company that employs many engineers, has 30 new apprentices who started last summer. Many of them are women. That is exactly the route that we need to take. With the new levy, businesses will hopefully have a greater say in how apprenticeships should be taken forward, their quality improved and the gender mix enhanced. That was a good intervention.

The hon. Members for Bassetlaw (John Mann) and for Kirkcaldy and Cowdenbeath (Roger Mullin) spoke about productivity. Clearly, productivity rates are too low. As we heard in the Budget, the OBR believes that the long-term challenges are even worse than it had originally thought. The Red Book shows that the IMF and the OECD point to productivity challenges in many other countries, as well as the UK. I am pleased to see that the Government are tackling that head-on. Hon. Members can take a careful look at page 61 of the Red Book and see the vast array of initiatives that are

[David Rutley]

being taken forward to address the productivity challenge. Those reforms rely on encouraging and enabling local enterprise all over the country.

The present Chancellor is the first Chancellor I can think of who has looked at the powers of the Treasury and actively sought to devolve them—to transfer those powers. That is progressive and it is the right way to secure long-term economic progress. Opposition Members should welcome that, like their colleagues in local government in cities close to me, such as Liverpool and Manchester.

That all adds to the Government's commitment to forge local strategic partnerships which are needed for the success of other productive sectors such as life sciences, not least in the cluster known as the life sciences corridor in east Cheshire, a sub-region of the country which has productivity rates 14% higher than the UK average and higher than in the sub-regions of Bristol or Edinburgh. We in east Cheshire cannot be alone in enjoying high rates of productivity, so I welcome again the tax measures in clauses 72 and 42 that reduce the barriers of capital gains tax and corporation tax and see the Government encouraging business across the UK, including in the highly productive fields of advanced manufacturing and innovation. We see that clearly in the work that AstraZeneca is doing on Zoladex and other treatments not just in Macclesfield, but across the country. Other businesses should follow suit. It is vital for our economic growth.

In conclusion, the Bill delivers concrete measures that will enable a more enterprising economy. It is a Bill for the long term that makes us more flexible in dealing with short-term shocks and impacts, and it is a Bill for rebalancing the economy and for promoting productivity, which is a vital challenge. That is why I will be proud to support it in the Division Lobby later this evening.

9.49 pm

Caroline Flint (Don Valley) (Lab): I have no doubt that the support of the hon. Member for Macclesfield (David Rutley) for greater productivity and skills is heartfelt, but sadly, as my hon. Friend the Member for Feltham and Heston (Seema Malhotra) has outlined, this Finance Bill falls far short of meeting the needs of people on low or even average incomes in this country and helping them to do better for themselves and their families.

It is interesting that the Second Reading of the Finance Bill, which should be the centrepiece of today's discussions, has been knocked off track somewhat by the disclosures in the Panama papers. Given that we have a major Finance Bill before the House, it is absolutely right that we consider whether it really addresses the central issue of fair taxation and how it can clamp down on tax avoidance and evasion.

Recent events have exposed parallel worlds. In the world of most of Britain's 29.7 million taxpayers, taxes are deducted automatically. January was the month when 10 million everyday citizens submitted their tax returns. The first week of April is when most of the 22.7 million people who save in an ISA were looking at how they could top it up. That is the world of most of our citizens, the people who work, pay their taxes and

follow the rules. They meet the deadlines. They are the people who put into the system and occasionally need to take out of it.

However, there is another world, a shadow world occupied by a group of people, small in number but big in influence, who share another set of characteristics. These are the people who play by a different set of rules. They are wealthy but, not satisfied with just being wealthy, they also want to be tax-free. Being rich is not rich enough. They live across borders, have homes in several countries and bank accounts in others, with businesses nominally located in low or no-tax regimes. That is not because they are busy or simply because they are successful. There is one overriding purpose: to maximise the income sheltered and obscured from tax authorities.

Tax avoidance is not illegal, but the Prime Minister himself has criticised aggressive tax avoidance schemes that subvert the intention of domestic tax laws. To muddy the waters over the past few days, some have suggested that ISAs and helping one's children are forms of tax avoidance. They are not. To my mind, avoidance is when someone deliberately does something that Parliament never intended. Governments have legislated against particular means of avoidance, attempting to close a specific loophole each time. That kind of patchwork policy making has been described as like plugging holes in a colander, or playing whack-a-mole. The point is that, given the complexity of our tax system, tackling tax avoidance measure by measure is very hard to get right.

The disclosure of tax avoidance schemes regulations introduced by the previous Labour Government in 2004 were key to helping HMRC uncover new information about tax avoidance practices and getting hold of that information earlier. As a result, HMRC learned about schemes that it had never heard of, or ever imagined, and then it could act quickly to shut them down. Those were the first steps in a campaign for transparency. The coalition Government's co-operation with the OECD's base erosion and profit shifting measures was to be welcomed, as was their introduction of accelerated payment notices, which I believe have successfully recovered more than £2 billion in unpaid taxes.

This Bill includes a range of measures, including an updated general anti-avoidance rule, the publication of statements of tax strategy and tax planning, and a new asset-based penalty system for large-scale tax evasion, but it is as yet unclear what effect, if any, each measure will have. Even the most intense challenge to tax avoidance by the Government must compete with the ingenuity of legal and accounting experts that the very wealthy and the corporate giants have access to, and the global nature of their enterprises. That is why I want Parliament to tackle one of the strongest weapons in the tax avoider's armoury: secrecy. If there is one thing that the Panama papers have shown us, it is the urgent need for more transparency.

It is tempting to focus on MPs' tax returns this week—for the record, my taxable income for 2014-15 was £58,724, on which I paid £12,965.80 in tax—but the income of the largest multinational in one week is more than the combined annual incomes of every Member of Parliament. That is not surprising, and some may say thank goodness, but I want to make sure that, in the midst of all the comments about tax, we do not let multinational companies off the hook.

When Google agreed to pay HMRC £130 million in back taxes, the Chancellor claimed victory. My cross-party colleagues on the Public Accounts Committee and I questioned Google and HMRC. Yet even after a long session, not only was Google's Europe, middle east and Africa president, Matt Brittin, unclear about his salary, but we remained unclear whether the £130 million represented a good deal. On top of that, I discovered that the Government's diverted profits tax—the so-called Google tax—does not in fact apply to Google. It is still not certain what revenue the Government hope to gain from this measure. Even if Government estimates of £360 million a year are forthcoming, that is but a drop in the ocean when one begins to look at the operation of these enterprises.

I therefore decided to introduce a ten-minute rule Bill—the Multinational Enterprises (Financial Transparency) Bill. Its purpose is to require large multinational enterprises, which, as of January this year, must provide HMRC with their country-by-country reporting information, to include the same information in their annual returns to Companies House.

Rachel Reeves: Will my right hon. Friend give way?

Caroline Flint: I will give way to my right hon. Friend—sorry, my hon. Friend.

Rachel Reeves: Does my right hon. Friend agree that it is not only taxpayers who lose out when multinationals do not pay their fair share of tax? The other big losers are small businesses, which have to pay tax. This is therefore not a level playing field, because they pay taxes while some of these big multinationals get away with paying nothing or very little.

Caroline Flint: My hon. Friend, who should be right honourable, is absolutely right. This proposal is a pro-business measure, because many small and medium-sized enterprises in the UK and around the world have no place to hide when it comes to where they pay their tax and how much tax they pay. Putting information in the public domain would help.

In March, I wrote to the Chancellor about my Bill, urging the Government to support it or to include measures in the Finance Bill. After all, the Chancellor himself told a meeting of European Finance Ministers that he was in favour of public country-by-country reporting, and he tweeted about it afterwards—so I suppose it must be happening. I have not had a reply yet, but I wait in anticipation.

One Treasury Minister—I am not sure whether it was the Exchequer Secretary, who is on the Front Bench today—has since suggested that we could not possibly take such a step unilaterally, for fear that we would be disadvantaged by comparison with our European colleagues. Well, I say that it is time we stepped up. The British people are sick of hearing story after story about

big businesses not paying their taxes. To be honest, in the digital age of today and the future, privacy of the kind that these companies have enjoyed will not last. We need Governments who lead on public transparency, instead of relying on exposures caused by whistleblowing or technical mishaps.

To those who argue that greater transparency would disadvantage us internationally, I simply suggest that they look at the settlements that France and Italy are pursuing with Google. Both Governments look set to recover a greater sum in unpaid taxes than we were able to, despite their having a much smaller share of Google's business than we do.

I also challenge the argument that public country-by-country reporting would damage businesses. The information I propose should be placed in the public domain is information that businesses are required to give HMRC—it is not commercially sensitive. Publication is a straightforward way to persuade companies not only to come clean and to explain their tax planning, but to restore their tarnished reputations. I believe it would deter them from using tax havens and shell companies.

Publication would also send a strong signal to developing countries, which are often short-changed by corporates that have huge undertakings in those countries but that pay little or no tax to support their developing economies. Charities say that developing countries lose more potential revenue each year because of corporate tax dodging than the amount given annually in overseas aid by all richer countries. They calculate that developing countries' revenue losses are two to five times higher than those of developed countries such as the UK. This simple measure could profoundly help developing countries to prosper and be more self-sufficient.

Aid is vital for poorer nations, but just as important as a hand down is a hand up, and that will not happen unless we force these companies to come clean. As Christian Aid has illustrated, the Democratic Republic of the Congo was deprived of \$1.35 billion—twice its health and education budgets combined—owing to the sale of mining contracts to five anonymous Virgin Islands companies. How can a country such as the DRC ever be self-sustaining if it is deprived of vital corporate taxes in that way?

10 pm

Debate interrupted (Standing Order No. 9(3)).

DEFERRED DIVISIONS

Motion made, and Question put forthwith (Standing Order No. 41A(3)),

That, at this day's sitting, Standing Order No. 41A (Deferred divisions) shall not apply to the Motion in the name of Mr Chancellor of the Exchequer relating to the Finance (No. 2) Bill: Carry-over.—
(Margot James.)

Question agreed to.

Finance (No. 2) Bill

Debate resumed.

Question again proposed, That the Bill be now read a Second time.

Caroline Flint: I am grateful to the 50 colleagues from six parties who supported my ten-minute rule Bill, including every Back-Bench member of the Public Accounts Committee. I hope to build that cross-party support as I seek to amend this Bill. My interest today is not to grandstand, but to change the law.

In January 2012, the Prime Minister said:

“We need a tougher approach. One of the things that we are going to be looking at this year is whether there should be a general anti-avoidance power that HMRC can use, particularly with very wealthy individuals and with the bigger companies, to make sure they pay their fair share.”

Many in this House would agree with that.

Three months later, the Chancellor said:

“I was shocked to see that some of the very wealthiest people in the country have organised their tax affairs, and to be fair it’s within the tax laws, so that they were regularly paying virtually no income tax. And I don’t think that’s right.”

Many would agree with that.

In January 2013, the Prime Minister said:

“We want to drive a more serious debate on tax evasion and tax avoidance. This is an issue whose time has come. After years of abuse, people across the planet are rightly calling for more action and, most importantly, there is a gathering political will to actually do something about it.”

Just last week in Exeter, the Prime Minister said:

“It’s not fair when you’ve got companies who are basically shifting their profits around the world, rather than paying them in the country where they make their money.”

That is all the more reason why I hope the Government will adopt the purpose of the Multinational Enterprises (Financial Transparency) Bill.

However interesting the Prime Minister’s current or recent tax returns are, they are but small beer compared with the need for openness by sophisticated multinationals using various means to legally avoid paying tax in the countries where they earn much of their revenues.

The reputation of the UK is tarnished by the number of tax havens that fly the Union Jack. A World Bank review of 213 big corruption cases found that more than 70% relied on secret company ownership. Company service providers registered in the UK and its overseas territories and Crown dependencies were second on the list of those providing such companies. When the Government said that bankers should pay tax on their bonuses as well as on their wages, companies such as Deutsche Bank, when the Business Secretary worked there, put them out of reach offshore.

I am not a cynic; I am an optimist and I believe in the good of people to do the right thing. I do not believe there will ever be a perfect system to catch those who will use every device they have to avoid paying the tax that is due, but I do believe that backing public country-by-country reporting is vital to addressing deliberate and sophisticated tax avoidance. I urge the Government not to wait for the EU or the OECD, but to adopt my public disclosure measure in the Bill and let the UK lead where I am sure others will follow.

10.3 pm

Kirsty Blackman (Aberdeen North) (SNP): It is a pleasure to speak in this Second Reading debate. I am delighted that you are back in the Chair, Mr Speaker, not least because I have written “Mr Speaker” throughout my speech and I get totally confused if a Deputy Speaker is in the Chair.

Mr Speaker: It is good to know that one has one’s uses.

Kirsty Blackman: I am sure that they are many and varied, Mr Speaker.

As a relative newbie to Parliament, I am fascinated by the fact that this House manages to have incredibly complicated and incredibly cumbersome processes and hoops to jump through in order to get legislation through, while at the same time managing to ensure that those processes are entirely opaque and provide the general public with the smallest possible amount of useful information.

I want to speak about a number of things: oil and gas—you will not be in any way surprised by that, Mr Speaker; the travel and subsistence changes, for those in rural areas in particular; and the savings changes, which the hon. Member for Leeds West (Rachel Reeves) mentioned. The UK Government are attempting to undertake a savings swizz. This is not a Budget for hard-working people and young people at all. Increasing the level of tax-free savings will help only those who can afford to save thousands of pounds every year. Most hard-working people will not be helped by this. Just because somebody earns a high income, it does not necessarily mean that they are hard-working. A lot of hard-working people earn pretty low incomes.

Folk who are earning the Chancellor’s pretendy living wage, which is not recognised as being enough to live on, struggle to make it to the end of the month, let alone to have spare money to save for the future. The help to save scheme included in the Budget is welcome, but folk working the minimum 16 hours a week on the pretendy living wage will be earning only £500 a month, and they are hardly likely to be able to spend 10% of that income on savings rather than on immediate concerns.

The tax measures in this Finance Bill disproportionately reward unearned income, and they continue to ensure that tax avoidance is not illegal—only immoral. Many of my constituents find themselves living from pay cheque to pay cheque, and they cannot imagine having the comfort enjoyed by those with six-figure salaries, large savings and stocks and shares—in much the same way, I presume, as those in charge of the Finance Bill have no idea what is like to exist on a low income with a lack of long-term financial security and the absolute necessity of reliance on the state. Some people are unable to have a cache in the bank to fall back on. Rather than all being in this together, too many Members of this House cannot comprehend the real world that most of my constituents live in, and they could do with being given a reality check before they are allowed to make tax policy. The changes to ISAs and the uplift are hardly useful to anyone. As Opposition Members have said, ISAs disproportionately benefit those earning above £150,000 a year. That is not helpful for hard-working, low-income families or for young people.

I am delighted that repetition is encouraged in this place, because I am going to talk once again about oil and gas. That is quite useful, because I can recycle this speech fairly regularly—[*Interruption.*] Yes, I am also recycling the speech made by my hon. Friend the Member for Aberdeen South (Callum McCaig). Oil and gas are vital for Aberdeen and for Scotland as a whole. Some of the measures in the Finance Bill go a little way towards easing the situation for oil and gas companies in the current economic climate. Nobody quite knows when the oil price is going to go back up, or what level it will reach when it finally does so. Oil prices are completely unpredictable. The UK Government need to show that they are committed to the future of the industry in the North sea in order to ensure investor confidence.

There is positive movement in the reduction of the supplementary charge from 20% to 10%, but oil and gas companies will still pay significantly more than most companies. The oil and gas industry is vital to Scotland, particularly to the north-east of Scotland and my city of Aberdeen. Back in 2014, Sir Ian Wood published the Wood report. The Energy Bill, which is currently in ping-pong and will be discussed again ben the hoose, tomorrow, cements the position of the Oil and Gas Authority in legislation. The principal objective of the OGA, which arose from the Wood report, is to maximise the economic recovery of UK offshore oil and gas resources. That can only happen if the UK Government seriously consider the tax regime for companies extracting oil and gas in the UK continental shelf.

The tax regime has been built up over the last half century, with measures being added and taken away as the Government of the day make changes to the decisions of Governments past—or, in some cases, to their own decisions. Now that the UKCS can be considered a mature basin—in fact, some are calling it super-mature—I suggest that now is the time to look afresh at the fiscal measures in relation to the taxation of the oil and gas industry. Until the UK Government can commit to doing so, some issues need to be looked at as a matter of urgency. If we are doing only minor overhauls, rather than a major overhaul, these are the key issues for us.

Enhanced oil recovery is mentioned in the OGA corporate plan for 2016 to 2021. The OGA intends to issue an enhanced oil recovery strategy to the industry in the first half of this year. If the UK Government took action so that the activity of enhanced oil recovery could count towards a tax allowance to offset against income, rather than count as operational expenditure, I suggest that the OGA's strategy could easily be more ambitious, but still achievable. Enhanced oil recovery is very important for the UKCS given its super-mature situation. We really need to work in different and new ways to get out the oil, which is much more difficult and costly, so we would benefit from a fresh look at the tax regime in relation to how that spend is considered.

Finally on specific issues relating to the offshore oil and gas industry, I welcome the fact that HMRC will produce updated guidance notes on the decommissioning allowance. It is very important, particularly for new entrants to the industry, to have the ability to take on such assets in the North sea and exploit them for a longer period than a big player perhaps would, so I am really pleased that that is coming in. On decommissioning terms, we suggested during the passage of the Energy

Bill that tax incentives and allowances should be put in place in relation to decommissioning in the UK, so that as much as possible takes place in the UK and benefits UK companies. It is really important that the UK becomes very good at decommissioning, because we can then export that expertise. I would very much appreciate it if the Government considered incentivising UK spend in whatever ways are possible. We will talk about that during the next stage of the Finance Bill.

To move on from oil and gas to a more general point, I want to flag up issues about the Government's proposal on the taxation of travel provided for those paid through intermediaries. There is no question but that this change will hit rural communities disproportionately. It is perfectly legitimate and sometimes incredibly sensible to pay individuals as contractors or through intermediaries, but I suggest that the Government have not really thought this one through or have not grasped quite how rural some of these communities are. It can absolutely be necessary for people doing work in rural areas to stay overnight to fulfil a task that can in no way be done as part of a daily commute. I understand what the Government are trying to do on daily commutes, but that does not apply in such situations. For example, on some islands off the coast of Scotland, a locum doctor or relief teacher has to stay because there is no regular transport. Surely they should receive tax relief on their hotel stays: it is not a daily commute, but a necessary part of the job, particularly if they cannot possibly get home because there is no boat.

For communities such as Shetland in particular, where there is heavy reliance on oil and gas companies, that may have a significant negative impact. Due to the level of expertise and specialisation in oil and gas, many people in the industry are employed as contractors—disproportionately so—and removing the tax allowance that workers can claim when they stay overnight in Shetland on the way to a rig would be a bizarre way to support either the oil and gas industry or small rural communities. A specific case could be argued for our rural communities, many of which are not diverse in their employment, and such a change may have a significant and disproportionate negative impact on them.

The SNP is concerned both about the future of the oil and gas industry and about the fate of contractors in rural communities. When we go into Committee, we will table new clauses and amendments. The Chancellor has claimed that he is going to listen and learn. We will test him on that claim.

10.13 pm

John Mann (Bassetlaw) (Lab): As ever with the Finance Bill, the Public Gallery is packed to the rafters.

Unusually, the shadow Chancellor is in the Chamber during my speech, which gives me the opportunity to pass on a bit of advice. This is also an opportunity—not for the first time, the second time or the third time, but for the fourth time—for the Government to recognise the advice I have given the House and that they have accepted. It started with the pasty tax, and the Bakewell pudding and other puddings were saved when the Government listened to the advice I provided. This time, it is the £1,000 threshold for taxation on interest. I proposed that for a different reason. I did not try to pretend that it was in some way an incentive for saving,

[John Mann]

as the Government are vainly attempting to do; I suggested that it was rather sensible, because so many people every year have the irritation of trying to work out minuscule amounts of interest for their tax returns.

That idea has been accepted, and I therefore have a fifth proposal ready and waiting for the Chancellor—I am sure he is listening—to improve future Budgets. This time, the Chancellor is keen on city regions. That is one of the few things he is doing on which I am not totally in disagreement with him. The Sheffield city region is moving ahead appropriately with the support of Bassetlaw Council, among others. It would be sensible, in the near future, for the Government to devolve arts and sports funding to city regions, as I have already proposed. But to my mind, they should go a lot further.

Broadband is one of the key weaknesses in our infrastructure. I would like the delivery of broadband to be devolved to city regions during the next year, so that areas such as mine can get ahead of the game, and city regions can, as well; they will need to, because one of this Government's great failures is that when it comes to broadband we are lagging behind too much of the world. We should be leaders, but we are not. It is false comfort that the Government give every year about progress, which is far too slow.

I was in Japan last week, and had the opportunity for a bit of a Skype using the superfast broadband available throughout that country. It gives a connectivity that we do not have in this country. It would be appropriate for broadband delivery to be devolved to the city region level. I hope that idea will be accepted by the Chancellor, because he says he is in favour of being a world leader in superfast broadband.

I will throw in a second idea, about housing delivery. City regions are having to agree targets on housing with Government. I would like to see those targets tied to a borrowing potential so that that housing can be delivered. We should allow a borrowing potential that is directly linked to the agreed housing target for city regions. Those two ideas would allow city regions such as Sheffield to develop superfast broadband ahead of many parts of the world and to get housing delivery moving.

As I have said previously—this has not been adopted yet by my own Front-Bench team, but I am sure it will be—when we talk about housing, the key demand in my area is for bungalows, and prefabricated bungalows are now coming on-stream, with the biggest producer anywhere in the country. Why bungalows? Because the Government ridiculously attempted to use the bedroom tax to force a lot of people out of large three-bedroom houses, because they were single elderly pensioners. We should offer them a cheap-to-heat modern bungalow. Many people would rent them willingly, and others would buy them. The demand would be huge. If we devolved that power away from central Government, housing delivery, which, again, is said to be a key Government priority, would be dramatically faster.

I put that idea forward optimistically, knowing that, as was the case with the community infrastructure levy, the pensions drawdown, the pasty tax and the interest on savings, my idea will be adopted. Of course it need not be attributed to me—none of the others was; the Government can take entire and total credit for it.

My advice to the Labour Front Bench and shadow Chancellor would be to hone in on this Government's key fundamental weaknesses, and we should stick repeatedly to four key themes. The first is inequality, which has already been well articulated. The rich are getting richer, the poor are getting poorer, and the country does not like that. That is why there was such a huge reaction to the Prime Minister and the issue of offshoring. People do not like the idea that the rich are getting so much richer and the poor are getting poorer; that is not a British value. The Labour party should hone in on that, because it is about economic policy.

Secondly, the Government have a huge dilemma because they are not delivering on productivity. For the skills agenda in this country we have bandied about apprenticeships as if they are anything and everything, including 80,000 hairdressing apprenticeships that never become jobs, through to 60,000 at McDonald's—

Andrew Griffiths (Burton) (Con): What's wrong with hairdressing?

John Mann: Nothing is wrong with hairdressing, but it is wrong to have 80,000 apprentices who do not go into that industry because there are no vacancies. Instead, we should be spending money in areas where we need apprenticeships, such as manufacturing, and craft or building skills. That is more complex and difficult, and so we and the Government ducked it. That is why productivity fails to grow.

The third area is home ownership. That was regarded—this is an accurate historical comment—as the thing most associated with Margaret Thatcher, and it was fundamental to winning over Labour voters who shifted for a period of time and began voting Tory, particularly in '79 and '83, thanks to the concept that the Tory party was the party of home ownership. That concept has been destroyed over the past six years, and we should be taking up that mantle. We are in favour of home ownership. Of course young people in my area want rented accommodation temporarily, but their vision and aspiration is to own their own home. I do not know any people who do not want that, and the Government have repeatedly made that vision harder and more distant. We should be hammering home that core Labour value.

Fourthly, this Government have repeatedly accused the previous Labour Government of mortgaging the future and loading debt on to future generations, but this Chancellor, more than any other in British peacetime history, has loaded up the national debt, with his Back Benchers happily confusing deficit and debt every time it is debated. Under him, the national debt keeps going up dramatically. This year it is up dramatically, and the projections are for it to do that for the next five years. That is a fundamental economic failure of an unprecedented level by this Government.

Mark Garnier (Wyre Forest) (Con): Will the hon. Gentleman give way?

John Mann: I will certainly give way for confirmation of the facts from a member of the Treasury Committee.

Mark Garnier: I am grateful to represent Conservative Back Benchers and leap to the defence of the Chancellor. Does the hon. Gentleman agree that the rate of increase

of the debt was £156 billion a year in 2010, and that the Chancellor has substantially reduced that? He cannot deny that the Chancellor has done a terrific job.

John Mann: So the losses are not as big as they were but they are still losses. Imagine if I had put that argument in 2009 or 2010—I do not have the references with me so I will not waste time by quoting from them, but they are in *Hansard* because the then shadow Chancellor and the Leader of the Opposition, and many Back Benchers, were happy to make precisely that point. That is a fundamental economic weakness, and it is putting this country at a huge, long-term economic disadvantage compared with our competitors.

My proposal about city regions and broadband was not a shopping list issue; it is fundamental to making this country economically competitive again. How can we have new growth industries in those areas when villages like mine cannot even get simple broadband most of the time and people struggle to get a mobile phone signal? This is not where the world is at any more, and this represents a fundamental economic failure for this country.

There is one more failure. I will end—this is a slightly long ending, Mr Speaker—on what I am sure all Members will agree is an incredibly important point, namely the failure of this Government to tackle tax avoidance and offshoring. We have heard a lot of the theory, but let me tell the House what the people who do the advising on tax avoidance say. They are the best source on this, rather than politicians of any party or persuasion. They are the ones competing for the business of the very people who want to minimise their taxes by offshoring because they are wealthy enough to do so.

Those tax advisers are eulogising the fact that the agreements reached with the Cayman Islands, the British Virgin Islands, Bermuda, Anguilla, the Turks and Caicos Islands and Montserrat are non-reciprocal. According to HSBC, that means that UK financial institutions will not have any reporting obligations under the terms of the agreements. That is a fundamental weakness in comparison with what the Americans have done. We are not the leaders in this; we are well behind what the United States has done to enforce transparency.

The British overseas territories that I have just mentioned rely on us for their defence. We pay for their defence, so we have proper leverage. Those territories might be anachronistic quirks of history, but if they wish to remain part of the United Kingdom, they will need to play by our rules and, if you like, speak our language. I am a strong supporter of defending those territories, be it the Falkland Islands, Bermuda or the Cayman Islands, but it is unacceptable to have non-reciprocal agreements for residents of the Caribbean tax havens. There is nothing to address that in the so-called advanced and world-leading proposals in this Government's previous Budgets that have already been implemented, and there is nothing in this Budget or in today's announcements that will deal with the matter.

I also want to talk about the Liechtenstein disclosure facility. What does that have to do with those territories and tax havens? I thought that it probably did not have a lot to do with them because someone would have to set up an interest in Liechtenstein in order to qualify for the disclosure facility, but then I read about where we are with financial compliance obligations. Those who

advise people who want to avoid paying taxes are absolutely clear about this. Let me quote from an article on a website called taxation.co.uk:

"It may be better to come forward under the LDF now, and clients who could benefit need to be identified."

Another article says:

"Although there are several ways to make voluntary disclosures to HMRC, the LDF continues to offer extremely beneficial terms, despite the new restrictions on eligibility, and remains one of the most direct routes of disclosing to HMRC",

and that

"participants...will...achieve immunity from prosecution...There is no need to have held an offshore asset at all in order to access the LDF."

The only people who cannot do so are those who have already been criminally investigated by HMRC.

There are many examples of this, and that article explained in huge detail how, for example, a self-employed person could theoretically go for a Liechtenstein disclosure facility and—this has been widely advertised across the Caribbean and in other tax havens—why people should shift to it, because for the last three years, until 5 April this year, people could minimise their tax cheaply and beneficially through early disclosure. That is what the tax experts say, what they have advised people to do and what has been going on for the last three years. When the figures finally come out, which they will, we will see the vast numbers who have used that loophole, which was deliberately set up and advertised as such.

When it comes to dealing with tax avoidance, the Government talk tough but play soft. They give the nod, officially, allowing people to circumvent the system. As long as people pay for the right lawyers in countries such as Panama, they get that advice, and because they are competing, it is one of the few things that is publicly available. My advice to the House is this: let us remove these potential and actual loopholes forever. That is why this Bill is wholly insufficient and why the Government are failing on debt and the deficit. The tax is there; people are avoiding it legally. We have a duty to turn that around—a duty to the British economy and the future innovators and entrepreneurs who are being squeezed by the recession. They are the biggest losers of all in this, because they are the ones with brilliant ideas who cannot compete with those using tax loopholes and squeezing them out.

I will end on this, Mr Speaker—[HON. MEMBERS: "Hear, hear."] I know that Tory Members don't like it up 'em, but they are failing the British economy, failing innovators and failing entrepreneurs, crowding them out and allowing tax avoidance on a massive scale. They have been caught and had their fingers burnt. There is a minimising—[*Interruption.*] I hear advice from a sedentary position. The Government have not delivered on tax avoidance, and that is why this Bill must be opposed.

Mr Speaker: The last speaker in the debate before the Front Benchers—not that I am hinting at anything in any way, of course—is Mr George Kerevan.

10.33 pm

George Kerevan (East Lothian) (SNP): I realise that the hour is late and I will try not to try your patience, Mr Speaker, or indeed that of the House.

[George Kerevan]

In an earlier life I was a journalist, and my editor thought it would be a good idea if I became a restaurant critic. It strikes me that some of the rules for identifying bad restaurants can be applied to this Bill. The way to detect a potentially bad restaurant is to look at the length of the menu. A very, very long menu means there are lots of stale, mouldy ingredients in the back room or in the fridge, needing to be reheated. The Finance Bill before us has 580 pages and comes in two volumes that have to be stapled together. If we reflect on the scale of it, we find stale ideas, hasty ideas, ideas on the back of an envelope and ideas put together at the last minute. Conservative Members have made a good fist of trying to find good things within the 580 pages. There are some good small issues worth taking up. The change in the laws governing transfer payments on intellectual capital and branding, for example, is very good and should have been done a long while ago. There are some good things, but the sum total does not add up to very much.

This Chancellor has given us 14 Budgets, if we include the December statements and emergency Budgets, with 14 ancillary Finance Bills, yet we have got nowhere near the simplification that we require, for which Conservative Members have also called. Why is that? Quite simply, the Chancellor has just one view in mind. It is not to improve productivity, improve the current account balance or improve this and that; it is simply to end up with a budget surplus in the year 2020.

The Financial Secretary made an attempt earlier to provide some intellectual coherence to the Chancellor's work, and I commend him for that. He told us that what underlies intellectually the 580 pages is the promotion of savings. My hon. Friends and I will vote against the Bill because the last thing it does is promote savings. The Bill is anti-savings, because trying to run a permanent budget surplus itself undermines the whole rationale for savings.

When the Exchequer Secretary sums up, will he address some of these questions? If there is to be a budget surplus in 2020, more will be taken out of the economy in tax than will be put back in. If we run a permanent surplus, Government bonds and Government securities, which are the lifeblood of insurance companies and of safe investments, will inevitably not be issued. They will be taken away. If we add to that a running down of the special assets programme and quantitative easing, we will take even more Government securities out of the economy. I do not know what people are supposed to invest their savings in. The Minister might say that they should invest in shares, but we know that the whole point of quantitative easing is to keep share prices up artificially. When in the first couple of months of this calendar year there was a fear across the world that quantitative easing was being turned off, share prices went down. They have come back up again in the last four or six weeks only because Europe in particular has turned back on the quantitative easing tap.

I warn Ministers that if we go to a period of permanent budget surplus, share prices will be going down, not up. Where, then, in the end are people going to invest their savings, which the Chancellor wants to encourage in his 580 pages? The only place I can think they will be saving

is abroad. I think there will be a big demand for foreign-based investment trusts. I cannot see anywhere else that the money will go. The Chancellor and his Ministers should think on that.

I would like the Minister to address another problem with running a permanent budget surplus. If we do so and ally it to our current account deficit, it means taking huge amounts out of the economy. We then have to borrow to put the money back in to make the national accounts balance. The OBR statement that went with the Budget suggested that if we are running a permanent budget surplus by 2020, the deficit that has to be filled will be about 4.5% of GDP a year. That will have to be borrowed. Ultimately, it means that consumers are borrowing. The very act of running a budget surplus forces consumers to borrow more.

The hon. Member for Leeds West (Rachel Reeves) made the point earlier that at this very moment the savings ratio is back at historically low levels. That is already happening before we even get to the budget surplus. If the numbers are telling us that savings are collapsing, how can we be told that this is a Budget for savings? It is not, which is why we have to oppose it.

If the Chancellor had used the Bill to tell us that pension tax relief would be reformed dramatically, and that a significant amount of relief would be given to lower earners and young people, I might have believed that he was serious about savings, but that is the very measure that he took out of the Budget a fortnight before this 580-page blockbuster arrived on the desk. He had to stand back and change the Budget entirely. A Chancellor does not run the country by changing a Budget a fortnight before presenting it.

The best summing up of what is happening in those 580 pages, and how it will be delivered, has just come in the form of the 2015 annual civil service survey. Each year, we ask civil servants throughout the Government what they think of the way in which the Government and the civil service are being run. According to the survey, only 25% of HMRC staff have confidence in HMRC's senior management. There is rot within the delivery system, and there is rot within the mechanism for collecting the taxes. The Finance Bill, if we pass it, will not increase savings, and will not deliver what we are told that it will. It is 580 pages of nonsense.

10.41 pm

Rob Marris (Wolverhampton South West) (Lab): Well, the Chancellor has seen a small fraction of the light. The Bill contains some measures to support industry and some measures to crack down on tax avoidance, as well as the Government's long overdue but welcome commitment to zero-rating VAT on women's sanitary products, a cause long championed by my hon. Friend the Member for Dewsbury (Paula Sherriff). The Government have also accepted our amendment to the Budget resolution to legislate on energy-saving materials. It is, however, unfortunate that those provisions are not in the Bill, which is leading to continuing uncertainty. I welcome the creation of 2 million jobs in the United Kingdom since 2010, but those jobs have been bought on a sea of debt.

The Government talk about the simplification of taxes, as they did when they were in opposition. Tolley's Tax Guide has grown by 50% under the present Chancellor; the Finance Bill contains 827 pages, and, according to

the National Audit Office, there are about 1,300 tax reliefs and the Government have some idea of the efficacy of fewer than 300 of them.

Before dealing with the Bill in more detail, I want to say something about the deteriorating economic context in which it is being introduced. We have heard some of the figures during today's excellent debate, but I think it is worth reminding ourselves of them. The current account of the balance of payments worsened to a record deficit of 5.2% of GDP in 2015. The Chancellor rightly wishes to encourage individuals to save more, yet the household savings ratio has plummeted, and is worse than it was at the time of the 2008 economic decline. In the last quarter of 2015, productivity was 1.2% lower than it had been in the previous quarter—the steepest drop since 2008. UK productivity is 18 percentage points below the average in the rest of the G7.

Household debt is on its way back up, and the Office for Budget Responsibility forecasts that by 2020 it will be at about the same level as it was in 2008. Since 2010, median weekly earnings, in real terms, have fallen by more than 5%, and public spending has fallen by more than 10%. The national debt has risen by nearly two thirds in just six years. The annual deficit is the second highest in the G7, and last year it was worse than the one in Greece. In March, the OBR revised its projections for GDP growth downwards, and revised its estimates for UK debt upwards. Let us not forget that the Chancellor has missed two of his three self-imposed fiscal targets, and the OBR estimates that his chances of hitting the third are about 50:50.

After six years in charge, it is about time the Chancellor took some responsibility for his many and manifest failures. The evident economic mistakes made by the previous Labour Government, for which I have repeatedly expressed my deep regret in the House, are almost as nothing when compared with the Chancellor's rotten record. The Chancellor does not learn. For example, he has put the income tax rise threshold for tax credits back to what it was initially under the Labour Government when it wreaked havoc on working families, and it has wreaked havoc on the Treasury. Labour learns from its experiences and its mistakes; the Chancellor evidently does not.

The Institute for Fiscal Studies says that the direct effect of Government tax and benefit policy has been to take money from working age benefit recipients towards the bottom of the income distribution. The Chancellor planned to cut disability benefits for some of the most vulnerable and he will make some of the poorest struggle to repay tax credit debts, yet he is introducing cuts to capital gains tax, costing £2.7 billion by 2021, and cuts to corporation tax despite the rate already being the joint lowest in the G20. He believes in cutting the incomes of the most disadvantaged in our society while increasing the wealth of his rich friends. He says that we are "all in this together". I think not.

It is unfair that the adverse effects of the Government's harsh economic policies fall most heavily on women. House of Commons Library figures indicate the gender bias of benefit changes. Some 86% of cumulative tax changes and cuts in social security benefits spending due between 2010 and 2020 will come from women. That does not even include the swingeing cuts to public services, let alone the impact of universal credit.

The Panama papers demonstrate the widespread problem of tax havens and of the lengths to which some of those who can afford it will go to avoid tax. The Government's repeated promises over the past six years to tackle tax avoidance have been shown to be largely hot air. After all, the UK, along with its overseas territories and Crown dependencies, remains the biggest secrecy jurisdiction in the world, and the British Virgin Islands are by far the most popular tax haven revealed by the Panama papers. While containing a few, limited anti-avoidance measures, this Finance Bill will do nothing fundamentally to fix that. By not acting, we damage our own economy, but we also damage some of the poorest people on earth.

In July 2015, the Financial Secretary said that he expected the UK's overseas territories with financial centres to set out a timeline for introducing registers of beneficial ownership or similarly effective systems by November 2015. Despite the timeline not being met, the UK Government had not even expressed their disappointment until recently. Of 10 overseas territories and Crown dependencies, only two have accepted the Prime Minister's request to adopt a public register of beneficial ownership. The measures announced now, including a £10 million taskforce and a new criminal offence—conspiracy to evade taxes—for something that is already a criminal offence, are too little, too late. The Financial Secretary to the Treasury told us today that Crown dependencies have agreed to provide full access to a register of beneficial ownership, but that will mean a central register kept by those territories, not a public register, which is what we need. When will the Government take serious action and when will the Government take some responsibility?

The Chancellor is borrowing like a drunken sailor, using the nation's credit card to pay the day-to-day bills, which is just plain wrong and will end in tears. Borrowing to invest in infrastructure is fine. It is like borrowing on a mortgage to buy bricks and mortar. That is what Labour would do. We advocate capital investment in mass house building because we have a housing crisis in this country that has got much, much worse in the past six years. The measures in this Bill will do far too little to address that housing crisis. I am a socialist who spent most of his working life in business, and I understand the laws of supply and demand, but apparently this Tory Chancellor does not. Let me spell it out for him: increase the supply of housing. To address the housing crisis caused by insufficient supply, the Government should themselves build more housing.

This Chancellor should stop wringing his hands and blaming the last Labour Government. He has been in office for six years now and it is high time he took some responsibility. This Finance Bill is palpably inadequate. In failing to address the severe challenges facing our country, this Government and this Chancellor are failing all of us, but they are particularly failing the next generation. I urge all Members to vote against Second Reading tonight.

10.51 pm

The Exchequer Secretary to the Treasury (Damian Hinds): This Government have delivered on growth, record levels of employment and a deficit that is forecast to be down by almost two thirds from its peak. This Finance Bill legislates to continue that record: it provides opportunity

[*Damian Hinds*]

for families and hard-working individuals; it backs business and enterprise; and it puts the UK at the forefront internationally in tackling tax evasion and aggressive avoidance.

We started late, Mr Speaker, but we have had a lively and full debate, and I wish to respond to a few of the points raised. The hon. Members for Feltham and Heston (Seema Malhotra) and for Wolverhampton South West (Rob Marris), and others, spoke about the effects of Government policies on women. We have an employment rate among women that is now at a record high, with the majority of women in full-time roles. More than 1 million more women are in employment than was the case in 2010. By 2017-18, 13.1 million women will benefit from increases in the personal allowance, and about two thirds of those who benefit from the national living wage will be women. There are 300,000 fewer children in relative poverty compared with 2010 and there has been a massive reduction of 480,000 in the number of children growing up in workless households. Some 40% of two-year-olds—the least well-off—are benefiting from 15 hours of free childcare and working parents will be benefiting soon from 30 hours of childcare for three and four-year-olds, with tax-free childcare to come in from this month. There are also increases in childcare support under universal credit, including at small hours of work, to allow more women to re-enter the workplace.

Housing was mentioned a number of times, including, entertainingly, by the hon. Member for Bassetlaw (John Mann). We absolutely agree on the centrality of housing in a number of respects, from affordability to social and geographic mobility and to productivity. That is why we have such a focus on this area, working towards 400,000 affordable housing starts by 2021. It is why the spending review doubled the housing budget from 2018-19. We want to get on with this as quickly as possible, which is why we are bringing forward capital for affordable homes and why central Government and local authorities are working collaboratively together, and with their partners, to release more land for homes.

The hon. Gentleman talked about his fifth proposal on devolution and I understand that he is due to meet the Chief Secretary to the Treasury soon. Likewise, the right hon. Member for Don Valley (Caroline Flint) is to meet the Financial Secretary to discuss some of her points about tax transparency. The hon. Members for Leeds West (Rachel Reeves), for Aberdeen North (Kirsty Blackman) and for East Lothian (George Kerevan) talked about savings, and I am sure they will welcome not only the lifetime ISA, but, crucially, the help to save programme, which allows investment of up to £50 a month, with a Government 50% top-up, which could be worth a significant sum over the four years. For many people it could be the opportunity to build up a rainy day savings fund—a cushion against life-shocks—for the very first time.

The hon. Member for Leeds West also talked about the tax gap—I think she said I was muttering at the time. I did not mean to mutter; the only thing I wanted to mention to her was that in the year to 2014 the tax gap was 6.4% of the tax due, whereas if it had stayed at its 2010 value of 7.3% of the tax due, £14.5 billion less tax would have been collected. This Government have a good record on narrowing the tax gap.

The hon. Members for Kirkcaldy and Cowdenbeath (Roger Mullin) and for Wolverhampton South West talked about transparency and publicly available information on company ownership. Our public register of company beneficial ownership will go live in June, but we want to go further, which is why we are consulting on extending transparency requirements to overseas companies purchasing property in the UK or bidding on public contracts. The overseas territories and Crown dependencies have to play their part as well, and at last December's Joint Ministerial Council territory leaders agreed to hold company beneficial ownership in central registers or similar effective systems.

This Government have always believed that we should back working people. The Bill implements key measures to help working people to keep more of the money they earn, support the next generation, build up their assets and save. It increases the personal allowance by an extra £500 next year to £11,500, cutting taxes for 31 million people, with a basic rate taxpayer paying over £1,000 less in income tax than in 2010. It increases the higher rate threshold to £45,000 next year, taking 585,000 people to below that threshold. It introduces a new personal savings allowance that means that basic rate taxpayers will pay no tax on their savings income up to £1,000 and higher rate taxpayers will not pay tax on savings income up to £500. It also implements higher rates of stamp duty for the purchase of additional residential properties and £60 million of those additional receipts will enable community-led housing development in areas where the housing market is particularly affected by the prevalence of second homes.

Despite record-breaking increases in employment and strong overall economic growth, productivity growth has been weaker than forecast. The Bill takes further steps to back business, drive productivity and create yet more job opportunities. My hon. Friend the Member for Somerton and Frome (David Warburton) reminded us how fundamental those job opportunities are to families throughout this land. A highly competitive corporation tax rate has been a central part of the Government's economic strategy to get businesses to invest in this country and the Bill drives progress even further by cutting the rate to 17% in 2020. It encourages investment in companies to help them to access the capital they need to grow by cutting the higher rate of capital gains tax for most assets from 28% to 20% and the basic rate from 18% to 10%.

The hon. Member for Aberdeen North rightly spoke up for her constituents and the key industry in her constituency, oil and gas. The Budget and Finance Bill deliver a £1 billion package of reforms to ensure the UK has one of the most competitive tax regimes for oil and gas in the world, taking the petroleum revenue tax to zero, halving the supplementary charge and extending the investment and cluster area allowances to safeguard jobs and investment. No other Government have responded on the scale that we have to the fall in the global oil price.

We must ensure that people have the right skills to realise our productivity potential. My hon. Friend the Member for Macclesfield (David Rutley) talked about the centrality of skills and how skills and investment go hand in hand. Improving the quality and quantity of apprenticeships is an integral part of the plan. The Bill ensures that that can be achieved by introducing from

April 2017 an apprenticeship levy of 0.5% of an employer's pay bill where it exceeds £3 million.

This Government have demonstrated that we are tough on tax avoidance and on evasion—a subject rightly raised by a number of speakers, including the right hon. Member for Don Valley, the hon. Member for Kirkcaldy and Cowdenbeath and my hon. Friend the Member for Amber Valley (Nigel Mills). We have led the way internationally, acting unilaterally in the Finance Act 2015 to introduce the ground-breaking diverted profits tax to deter large multinationals from avoiding UK tax. This Bill goes even further to ensure that all companies and individuals pay their fair share. It stops multinational tax avoidance by introducing new rules to address hybrid mismatch arrangements and by tackling contrived arrangements relating to payments of royalties.

Caroline Flint: Will the Minister meet me and colleagues from other parties to talk about the ways in which we can put into the public domain more information from the big corporate multinationals?

Damian Hinds: I believe that a meeting has been set up for the right hon. Lady with the Financial Secretary, so I hope that, like him, she is looking forward to that.

The Bill targets key areas of online VAT evasion by providing stronger powers to make overseas sellers pay the VAT that is owed, helping to create a fairer market against UK players. It legislates to ensure that profits from the development of UK property are always subject to UK tax, reflecting the fact that land is a precious natural and national resource, and ensuring that UK developers share a level playing field with overseas developers.

Finally, the Finance Bill introduces a tougher anti-offshore tax evasion regime, with new criminal offences and civil penalties for those who evade or enable evasion. The Government's position is clear. We will deliver a low tax regime for businesses, but they must pay their fair share of taxes here too. Evading tax is unacceptable and we will continue to bear down on it. The Government have announced legislation for 25 measures to tackle avoidance, evasion and aggressive tax planning, which are forecast to raise over £16 billion in this Parliament, on top of more than 40 changes made in the last Parliament.

As always, at Budget 2016 the Treasury updated its distributional analysis. The headlines are: it remains true that since 2010, the distribution of spending on different income groups or quintiles has remained essentially unchanged, while the incidence of taxation has shifted towards the most affluent fifth; the best-off 20% will pay more tax than all other households put together in 2019-20; and UK income inequality is now lower than it was in 2010.

Since 2010, the Government's long-term economic plan has focused on sound public finances. Significant progress has been made, with the deficit as a share of GDP forecast to be cut by almost two thirds from its peak in the last year of the Labour Government. The Finance Bill ensures that the record can continue. It provides certainty for working people by reducing income tax and rewarding savers. It backs business and enterprise by cutting corporation tax and reforming capital gains tax. It supports the simplification of the tax system,

and it takes bold steps to tackle tax avoidance and evasion. The Finance Bill demonstrates the Government's commitment to a stronger, secure and more productive economy, and I commend it to the House.

Question put, That the Bill be now read a Second time.

The House divided: Ayes 308, Noes 248.

Division No. 233]

[11.2 pm

AYES

Adams, Nigel	Davies, Byron
Afriyie, Adam	Davies, Chris
Aldous, Peter	Davies, David T. C.
Allan, Lucy	Davies, Glyn
Allen, Heidi	Davies, Dr James
Amess, Sir David	Davies, Mims
Andrew, Stuart	Dinenage, Caroline
Ansell, Caroline	Djanogly, Mr Jonathan
Argar, Edward	Donaldson, rh Mr Jeffrey M.
Atkins, Victoria	Donelan, Michelle
Bacon, Mr Richard	Double, Steve
Baker, Mr Steve	Dowden, Oliver
Baldwin, Harriett	Doyle-Price, Jackie
Barclay, Stephen	Drax, Richard
Baron, Mr John	Drummond, Mrs Flick
Barwell, Gavin	Duddridge, James
Bebb, Guto	Duncan, rh Sir Alan
Bellingham, Sir Henry	Duncan Smith, rh Mr Iain
Benyon, Richard	Dunne, Mr Philip
Beresford, Sir Paul	Elliott, Tom
Berry, Jake	Ellis, Michael
Berry, James	Ellison, Jane
Bingham, Andrew	Ellwood, Mr Tobias
Blackman, Bob	Elphicke, Charlie
Blackwood, Nicola	Eustice, George
Blunt, Crispin	Evans, Graham
Boles, Nick	Evans, Mr Nigel
Bone, Mr Peter	Evennett, rh Mr David
Borwick, Victoria	Fabricant, Michael
Bottomley, Sir Peter	Fallon, rh Michael
Bradley, Karen	Fernandes, Suella
Brady, Mr Graham	Field, rh Mark
Brazier, Mr Julian	Foster, Kevin
Bridgen, Andrew	Fox, rh Dr Liam
Brine, Steve	Frazer, Lucy
Brokenshire, rh James	Freeman, George
Bruce, Fiona	Freer, Mike
Buckland, Robert	Fuller, Richard
Burns, Conor	Fysh, Marcus
Burns, rh Sir Simon	Garnier, rh Sir Edward
Burrowes, Mr David	Garnier, Mark
Burt, rh Alistair	Gauke, Mr David
Cairns, rh Alun	Ghani, Nusrat
Carmichael, Neil	Gibb, Mr Nick
Cartlidge, James	Gillan, rh Mrs Cheryl
Cash, Sir William	Glen, John
Caulfield, Maria	Goodwill, Mr Robert
Chalk, Alex	Gove, rh Michael
Chishti, Rehman	Graham, Richard
Chope, Mr Christopher	Grant, Mrs Helen
Churchill, Jo	Gray, Mr James
Clark, rh Greg	Green, Chris
Clarke, rh Mr Kenneth	Green, rh Damian
Cleverly, James	Greening, rh Justine
Clifton-Brown, Geoffrey	Grieve, rh Mr Dominic
Coffey, Dr Thérèse	Griffiths, Andrew
Collins, Damian	Gummer, Ben
Colville, Oliver	Gyimah, Mr Sam
Costa, Alberto	Halfon, rh Robert
Cox, Mr Geoffrey	Hall, Luke
Crabb, rh Stephen	Hammond, Stephen

Hancock, rh Matthew
 Hands, rh Greg
 Harper, rh Mr Mark
 Harrington, Richard
 Harris, Rebecca
 Hart, Simon
 Haselhurst, rh Sir Alan
 Hayes, rh Mr John
 Heald, Sir Oliver
 Heapey, James
 Heaton-Jones, Peter
 Henderson, Gordon
 Herbert, rh Nick
 Hinds, Damian
 Hoare, Simon
 Hollinrake, Kevin
 Hollobone, Mr Philip
 Hopkins, Kris
 Howarth, Sir Gerald
 Howell, John
 Howlett, Ben
 Huddleston, Nigel
 Hunt, rh Mr Jeremy
 Hurd, Mr Nick
 Javid, rh Sajid
 Jayawardena, Mr Ranil
 Jenkin, Mr Bernard
 Jenkyns, Andrea
 Jenrick, Robert
 Johnson, Boris
 Johnson, Gareth
 Johnson, Joseph
 Jones, Andrew
 Jones, rh Mr David
 Jones, Mr Marcus
 Kawczynski, Daniel
 Kennedy, Seema
 Kinahan, Danny
 Kirby, Simon
 Knight, rh Sir Greg
 Knight, Julian
 Kwarteng, Kwasi
 Lancaster, Mark
 Latham, Pauline
 Lee, Dr Phillip
 Leigh, Sir Edward
 Leslie, Charlotte
 Lewis, Brandon
 Lewis, rh Dr Julian
 Liddell-Grainger, Mr Ian
 Lilley, rh Mr Peter
 Lord, Jonathan
 Loughton, Tim
 Lumley, Karen
 Mackinlay, Craig
 Mackintosh, David
 Main, Mrs Anne
 Mak, Mr Alan
 Malthouse, Kit
 Mann, Scott
 Mathias, Dr Tania
 May, rh Mrs Theresa
 Maynard, Paul
 McCartney, Jason
 McCartney, Karl
 McPartland, Stephen
 Menzies, Mark
 Mercer, Johnny
 Merriman, Huw
 Metcalfe, Stephen
 Miller, rh Mrs Maria
 Mills, Nigel

Milton, rh Anne
 Mitchell, rh Mr Andrew
 Mordaunt, Penny
 Morgan, rh Nicky
 Morris, Anne Marie
 Morris, David
 Morris, James
 Morton, Wendy
 Mowat, David
 Mundell, rh David
 Murray, Mrs Sheryll
 Murrison, Dr Andrew
 Neill, Robert
 Newton, Sarah
 Nokes, Caroline
 Norman, Jesse
 Nuttall, Mr David
 Offord, Dr Matthew
 Opperman, Guy
 Osborne, rh Mr George
 Paisley, Ian
 Parish, Neil
 Patel, rh Priti
 Paterson, rh Mr Owen
 Pawsey, Mark
 Penning, rh Mike
 Penrose, John
 Percy, Andrew
 Perry, Claire
 Phillips, Stephen
 Philp, Chris
 Pickles, rh Sir Eric
 Pincher, Christopher
 Poulter, Dr Daniel
 Pow, Rebecca
 Prentis, Victoria
 Prisk, Mr Mark
 Pritchard, Mark
 Pursglove, Tom
 Quin, Jeremy
 Quince, Will
 Raab, Mr Dominic
 Redwood, rh John
 Rees-Mogg, Mr Jacob
 Robertson, Mr Laurence
 Robinson, Gavin
 Robinson, Mary
 Rudd, rh Amber
 Rutley, David
 Sandbach, Antoinette
 Scully, Paul
 Selous, Andrew
 Shannon, Jim
 Shapps, rh Grant
 Sharma, Alok
 Simpson, rh Mr Keith
 Skidmore, Chris
 Smith, Chloe
 Smith, Henry
 Smith, Julian
 Smith, Royston
 Soames, rh Sir Nicholas
 Solloway, Amanda
 Soubry, rh Anna
 Spelman, rh Mrs Caroline
 Spencer, Mark
 Stephenson, Andrew
 Stevenson, John
 Stewart, Bob
 Stewart, Iain
 Stewart, Rory
 Streeter, Mr Gary

Stride, Mel
 Sturdy, Julian
 Sunak, Rishi
 Swayne, rh Mr Desmond
 Swire, rh Mr Hugo
 Syms, Mr Robert
 Thomas, Derek
 Throup, Maggie
 Timpson, Edward
 Tolhurst, Kelly
 Tomlinson, Justin
 Tomlinson, Michael
 Tredinnick, David
 Trevelyan, Mrs Anne-Marie
 Truss, rh Elizabeth
 Tugendhat, Tom
 Turner, Mr Andrew
 Tyrie, rh Mr Andrew
 Vaizey, Mr Edward
 Vara, Mr Shailesh
 Vickers, Martin
 Villiers, rh Mrs Theresa
 Walker, Mr Charles

Walker, Mr Robin
 Wallace, Mr Ben
 Warburton, David
 Warman, Matt
 Watkinson, Dame Angela
 Wharton, James
 Whately, Helen
 Whittaker, Craig
 Whittingdale, rh Mr John
 Wiggin, Bill
 Williams, Craig
 Williamson, rh Gavin
 Wilson, Mr Rob
 Wilson, Sammy
 Wollaston, Dr Sarah
 Wood, Mike
 Wragg, William
 Wright, rh Jeremy
 Zahawi, Nadhim

Tellers for the Ayes:
George Hollingbery and
Margot James

NOES

Abbott, Ms Diane
 Abrahams, Debbie
 Ahmed-Sheikh, Ms Tasmina
 Alexander, Heidi
 Ali, Rushanara
 Allen, Mr Graham
 Anderson, Mr David
 Arkless, Richard
 Austin, Ian
 Bailey, Mr Adrian
 Barron, rh Kevin
 Beckett, rh Margaret
 Benn, rh Hilary
 Berger, Luciana
 Betts, Mr Clive
 Black, Mhairi
 Blackford, Ian
 Blackman, Kirsty
 Blackman-Woods, Dr Roberta
 Blenkinsop, Tom
 Boswell, Philip
 Bradshaw, rh Mr Ben
 Brake, rh Tom
 Brennan, Kevin
 Brown, Alan
 Brown, rh Mr Nicholas
 Bryant, Chris
 Buck, Ms Karen
 Burden, Richard
 Burgon, Richard
 Burnham, rh Andy
 Butler, Dawn
 Byrne, rh Liam
 Cadbury, Ruth
 Cameron, Dr Lisa
 Campbell, rh Mr Alan
 Champion, Sarah
 Chapman, Douglas
 Chapman, Jenny
 Cherry, Joanna
 Clegg, rh Mr Nick
 Coaker, Vernon
 Cooper, Julie
 Cooper, Rosie
 Cooper, rh Yvette
 Corbyn, rh Jeremy

Cowan, Ronnie
 Cox, Jo
 Crawley, Angela
 Creasy, Stella
 Cruddas, Jon
 Cryer, John
 Cummins, Judith
 Cunningham, Alex
 Cunningham, Mr Jim
 Dakin, Nic
 Danczuk, Simon
 David, Wayne
 Davies, Geraint
 Day, Martyn
 De Piero, Gloria
 Docherty-Hughes, Martin
 Donaldson, Stuart Blair
 Doughty, Stephen
 Dowd, Jim
 Dowd, Peter
 Dromey, Jack
 Durkan, Mark
 Eagle, Ms Angela
 Eagle, Maria
 Edwards, Jonathan
 Efford, Clive
 Elliott, Julie
 Ellman, Mrs Louise
 Esterson, Bill
 Evans, Chris
 Farrelly, Paul
 Fellows, Marion
 Ferrier, Margaret
 Field, rh Frank
 Ffello, Robert
 Fletcher, Colleen
 Flint, rh Caroline
 Flynn, Paul
 Fovargue, Yvonne
 Foxcroft, Vicky
 Gethins, Stephen
 Gibson, Patricia
 Glass, Pat
 Glindon, Mary
 Grady, Patrick
 Grant, Peter

Gray, Neil
 Green, Kate
 Greenwood, Lilian
 Greenwood, Margaret
 Griffith, Nia
 Hamilton, Fabian
 Hanson, rh Mr David
 Harris, Carolyn
 Hayes, Helen
 Hayman, Sue
 Healey, rh John
 Hendry, Drew
 Hillier, Meg
 Hodgson, Mrs Sharon
 Hoey, Kate
 Hopkins, Kelvin
 Hosie, Stewart
 Howarth, rh Mr George
 Hunt, Tristram
 Huq, Dr Rupa
 Jarvis, Dan
 Johnson, rh Alan
 Johnson, Diana
 Jones, Gerald
 Jones, Graham
 Jones, Helen
 Jones, Mr Kevan
 Jones, Susan Elan
 Kane, Mike
 Kaufman, rh Sir Gerald
 Keeley, Barbara
 Kendall, Liz
 Kerevan, George
 Kerr, Calum
 Kinnock, Stephen
 Lamb, rh Norman
 Lammy, rh Mr David
 Lavery, Ian
 Law, Chris
 Leslie, Chris
 Lewell-Buck, Mrs Emma
 Lewis, Clive
 Lewis, Mr Ivan
 Long Bailey, Rebecca
 Lucas, Caroline
 Lucas, Ian C.
 MacNeil, Mr Angus Brendan
 Mactaggart, rh Fiona
 Madders, Justin
 Mahmood, Mr Khalid
 Malhotra, Seema
 Mann, John
 Marris, Rob
 Marsden, Mr Gordon
 Maskell, Rachael
 Matheson, Christian
 McCaig, Callum
 McCarthy, Kerry
 McDonagh, Siobhain
 McDonald, Andy
 McDonald, Stewart Malcolm
 McDonald, Stuart C.
 McDonnell, John
 McFadden, rh Mr Pat
 McGarry, Natalie
 McGovern, Alison
 McInnes, Liz
 McKinnell, Catherine
 McLaughlin, Anne
 McMahan, Jim
 Meale, Sir Alan
 Mearns, Ian

Monaghan, Dr Paul
 Morden, Jessica
 Morris, Grahame M.
 Mulholland, Greg
 Mullin, Roger
 Murray, Ian
 Newlands, Gavin
 Nicolson, John
 O'Hara, Brendan
 Onn, Melanie
 Onwurah, Chi
 Osamor, Kate
 Oswald, Kirsten
 Owen, Albert
 Paterson, Steven
 Pearce, Teresa
 Pennycook, Matthew
 Perkins, Toby
 Phillips, Jess
 Powell, Lucy
 Pugh, John
 Qureshi, Yasmin
 Reed, Mr Steve
 Rees, Christina
 Reeves, Rachel
 Reynolds, Jonathan
 Rimmer, Marie
 Ritchie, Ms Margaret
 Robertson, rh Angus
 Robinson, Mr Geoffrey
 Rotheram, Steve
 Ryan, rh Joan
 Salmond, rh Alex
 Saville Roberts, Liz
 Shah, Naz
 Sharma, Mr Virendra
 Sheerman, Mr Barry
 Sheppard, Tommy
 Sherriff, Paula
 Shuker, Mr Gavin
 Slaughter, Andy
 Smeeth, Ruth
 Smith, rh Mr Andrew
 Smith, Angela
 Smith, Cat
 Smith, Jeff
 Smith, Nick
 Smith, Owen
 Smyth, Karin
 Spellar, rh Mr John
 Starmer, Keir
 Stephens, Chris
 Stevens, Jo
 Streeting, Wes
 Stringer, Graham
 Stuart, rh Ms Gisela
 Tami, Mark
 Thewliss, Alison
 Thomas, Mr Gareth
 Thomas-Symonds, Nick
 Thompson, Owen
 Thornberry, Emily
 Timms, rh Stephen
 Trickett, Jon
 Turley, Anna
 Twigg, Derek
 Umunna, Mr Chuka
 Vaz, rh Keith
 Watson, Mr Tom
 Weir, Mike
 West, Catherine
 Whiteford, Dr Eilidh

Whitehead, Dr Alan
 Whitford, Dr Philippa
 Williams, Hywel
 Williams, Mr Mark
 Wilson, Corri
 Wilson, Phil
 Winnick, Mr David
 Winterton, rh Dame Rosie

Wishart, Pete
 Woodcock, John
 Wright, Mr Iain
 Zeichner, Daniel

Tellers for the Noes:
Holly Lynch and
Conor McGinn

Question accordingly agreed to.
Bill read a Second time.

FINANCE (NO. 2) BILL (PROGRAMME)

Motion made, and Question put forthwith (Standing Order No. 83A(7)),

That the following provisions shall apply to the Finance (No. 2) Bill:

Committal

(1) The following shall be committed to a Committee of the whole House—

- (a) Clauses 7 to 18 and Schedules 2 and 3 (employment income);
- (b) Clauses 41 and 42 (corporation tax: charge and rates);
- (c) Clauses 43 and 44 (corporation tax: research and development);
- (d) Clauses 65 to 71 (capital allowances, trade and property business profits);
- (e) Clauses 72 to 81 and Schedules 11 to 14 (capital gains tax);
- (f) Clause 129 (insurance premium tax);
- (g) Clauses 132 to 136 (climate change levy);
- (h) Clauses 144 to 154 and Schedules 18 to 22 (tax avoidance and evasion);
- (i) any new Clauses or new Schedules relating to—
 - (i) employment income,
 - (ii) the subject matter of clauses 41 to 44 and 65 to 71,
 - (iii) capital gains tax,
 - (iv) insurance premium tax,
 - (v) climate change levy, and
 - (vi) tax avoidance and evasion.

(2) The remainder of the Bill shall be committed to a Public Bill Committee.

Proceedings in Committee of the whole House

(3) Proceedings in Committee of the whole House shall be completed in two days.

(4) Those proceedings shall be taken on each of those days as shown in the first column of the following Table and in the order so shown.

(5) Each part of the proceedings shall (so far as not previously concluded) be brought to a conclusion at the time specified in relation to it in the second column of the Table.

(6) Standing Order No. 83B (programming committees) shall not apply to proceedings in Committee of the whole House.

Table

<i>Proceedings</i>	<i>Time for conclusion of proceedings</i>
First day	
Clauses 7 to 12, Schedule 2, Clauses 13 to 16, Schedule 3, Clauses 17 and 18, new clauses and new Schedules relating to employment income	Two hours from commencement of proceedings on the Bill on the first day
Clauses 132 to 136, new clauses and new Schedules relating to climate change levy	Four hours from commencement of proceedings on the Bill on the first day

Table

<i>Proceedings</i>	<i>Time for conclusion of proceedings</i>
Clause 129 and new clauses and new Schedules relating to insurance premium tax Second day	Six hours from commencement of proceedings on the Bill on the first day
Clauses 144 to 147, Schedule 18, Clauses 148 and 149, Schedule 19, Clause 150, Schedule 20, Clause 151, Schedule 21, Clauses 152 and 153, Schedule 22, Clause 154, new clauses and new Schedules relating to tax avoidance and evasion	Two hours from commencement of proceedings on the Bill on the second day
Clauses 41 to 44, Clauses 65 to 71, new clauses and Schedules relating to the subject matter of those clauses	Four hours from commencement of proceedings on the Bill on the second day
Clause 72, Schedules 11 and 12, Clauses 73 to 75, Schedule 13, Clause 76, Schedule 14, Clauses 77 to 81, new Clauses and new Schedules relating to capital gains tax	Six hours from commencement of proceedings on the Bill on the second day

Proceedings in Public Bill Committee etc

(7) Proceedings in the Public Bill Committee shall (so far as not previously concluded) be brought to a conclusion on 14 July.

(8) The Public Bill Committee shall have leave to sit twice on the first day on which it meets.

(9) When the provisions of the Bill considered, respectively, by the Committee of the whole House and by the Public Bill Committee have been reported to the House, the Bill shall be proceeded with as if it had been reported as a whole to the House from the Public Bill Committee.

Proceedings on Consideration and up to and including Third Reading

(10) Proceedings on Consideration, any proceedings in Legislative Grand Committee and proceedings on Third Reading shall be completed in two days.

(11) Proceedings on Consideration and proceedings in Legislative Grand Committee shall (so far as not previously concluded) be brought to a conclusion one hour before the moment of interruption on the second day of proceedings on Consideration.

(12) Proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion at the moment of interruption on that day.

(13) Standing Order No. 83B (programming committees) shall not apply to proceedings on Consideration and up to and including Third Reading.—(*Gavin Barwell.*)

Question agreed to.

FINANCE (NO. 2) BILL (CARRY-OVER)

Motion made, and Question put forthwith (Standing Order No. 80A(1)(a)),

That if, at the conclusion of this Session of Parliament, proceedings on the Finance (No. 2) Bill have not been completed, they shall be resumed in the next Session.—(*Gavin Barwell.*)

Question agreed to.

Business without Debate

DELEGATED LEGISLATION

Motion made, and Question put forthwith (Standing Order No. 118(6)),

EMPLOYMENT AGENCIES, ETC.

That the draft Conduct of Employment Agencies and Employment Businesses (Amendment) Regulations 2016, which were laid before this House on 25 February, be approved.—(*Gavin Barwell.*)

The Speaker's opinion as to the decision of the Question being challenged, the Division was deferred until Wednesday 13 April (Standing Order No. 41A).

Upper Gastrointestinal Haemorrhage

Motion made, and Question proposed, That this House do now adjourn.—(Gavin Barwell.)

11.17 pm

Dr Andrew Murrison (South West Wiltshire) (Con): I am sure we are all very relieved to be having the Adjournment debate at this hour, rather than at two o'clock in the morning, as was previously rumoured.

I must first declare my interest as a doctor. I am grateful for the opportunity to bring forward this extremely important debate—it is certainly important for our constituents—about the management of acute upper gastrointestinal bleeding. I am grateful to the British Society of Gastroenterology, and particularly to its president, Dr Ian Forgacs, for helping me with research in preparing for the debate. The BSG has done a great deal of work over many years to highlight this issue.

Between 50,000 and 70,000 people every year are admitted with acute upper gastrointestinal bleeding, and 10% will, sadly, die. That presents a significant challenge to our national health service.

For the avoidance of doubt, let me say that upper gastrointestinal bleeding is what was so vividly portrayed by Hugh Bonneville, as Lord Grantham, in Julian Fellowes's "Downton Abbey". As the *New York Post* said, the Downton ulcer his lordship had been moaning about for weeks finally erupted all over the dinner table and all over Lady Cora. That is at the extreme end of the spectrum, but when it happens it needs to be dealt with very quickly and proficiently.

I want to start with a little bit of good news. Lord Grantham was lucky to survive in the 1920s, but mortality from upper gastrointestinal bleeding has been falling in the UK, with modest improvements in recent years as new treatments and innovative therapies have emerged, despite an ageing demographic. That is a tribute to our NHS and to some great pioneering work in therapeutics and interventions, much of which has been trialled and researched in the UK.

Jim Shannon (Strangford) (DUP): I thank the hon. Gentleman for giving way; I asked him beforehand for permission to intervene. Northern Ireland has seen some improvements by allowing relatively experimental procedures, provided they are regulated, such as nitrogen treatment systems, to name just one. Does the hon. Gentleman agree that all trusts across the UK need to share such information on any and all new developments, to advance treatments nationwide so that we all gain across the whole of the United Kingdom of Great Britain and Northern Ireland?

Dr Murrison: I am grateful to the hon. Gentleman, who takes an interest in these matters. He is right to say that we need to do more networking, to ensure that good practice is understood and inculcated. I will deal with some of that in my remarks.

Two major studies—one by NHS England and the British Society of Gastroenterology in 2013, and the other by the National Confidential Enquiry into Patient Outcome and Death in 2015—highlighted significant shortcomings in provision, confirming earlier studies.

The foreword to the NCEPOD report is starkly entitled "A Bleeding Shame". NCEPOD found that the clinical care of 45% of acute GI bleed patients was sub-optimal, with a similar number receiving care judged to be good overall. Alarming, a quarter of all hospitals treating upper gastrointestinal bleeding were found not to be accredited by the joint advisory group set up 20 years ago to set standards for endoscopy. More hospitals told NCEPOD that they could deliver open surgery of the sort Lord Grantham had in the 1920s than interventional radiology for this particular range of conditions.

Some would say that that is down to inadequate resources. That is the mantra we often hear, particularly from the Labour party, but the situation is far more complicated than that. Alarming, NCEPOD reported that organisational issues led to less than satisfactory care in 18% of cases. "Organisational issues" is a polite way of saying poor management, such as failure to organise rotas—the "Bleeding Rota", as NCEPOD graphically puts it—and I will come back shortly to how that can be addressed with minimal resource implications.

I support the concept of the seven-day NHS, or at least my interpretation of what a seven-day NHS actually means. The management of this range of conditions provides an excellent case study of why seven-day working is important and why Ministers are right to pursue it.

Overall, the evidence does not support the proposition that relatively poor weekend healthcare outcomes for conditions across the board are attributable to a lack of seven-day working. As Professor Matt Sutton's work, reported by the Office of Health Economics last year, has shown, the quality-adjusted life-year evidence just does not support the cost of translating midweek working to the weekend. Data on increased mortality for those admitted at the weekends are alone insufficient to justify organisational change. The much cited Freemantle paper on weekend deaths does not say that excess weekend deaths are avoidable. Unfortunately, it has been quoted incorrectly by some who have confused association and causation.

Sir Bruce Keogh is right to say, however, that general hospitals are under-resourced at weekends, and the Academy of Medical Royal Colleges is right to point out that junior doctors are, to a certain extent, "winging it" out of hours, because consultants do not tend to be around to the same extent and many support functions are not, either. I remember it very well indeed. Sir Bruce was also right, in his 2013 review of 14 trusts with persistently high mortality rates, to commission Professors Nick Black and Ara Darzi to try to bottom out the relationship between excess mortality rates and avoidable deaths. Sadly, the report published last year did not seem to take us much further forward, other than to call into question the basis of the selection of trusts for the original Keogh review.

In my view, there is a firm argument for a seven-day-a-week NHS, but we need a common understanding of what that actually means beyond the soundbite. Upper GI bleeding is a good case in point, which the Government could perfectly reasonably use to support their proposals for seven-day working without resorting to selective quoting from, for example, the Freemantle paper. Most people are really not bothered about the inability to get an outpatient appointment in dermatology on a Saturday afternoon. That is a luxury bordering on an indulgence.

[Dr Murrison]

However, if their Downton ulcer erupted on a Friday night, they would not really want to wait until a chaotic Monday morning list before getting endoscoped. They would need to be scoped on a routinely scheduled endoscopy list the following day, and they should not be subjected to delay in investigative and interventional radiology if that is necessary to manage their case optimally.

As far back as 2004, a large study by Sanders published in the *European Journal of Gastroenterology and Hepatology* showed that dedicated GI bleed units are associated with reduced mortality. NCEPOD asserts that patients with upper gastrointestinal bleeding should only be admitted to units with on-site endoscopy, on-site or networked interventional radiography, on-site surgery and on-site critical care. It promotes the model of comprehensive, dedicated GI bleed units in hospitals on acute medical take. We are far from achieving that.

That highlights some broader issues around right-sizing the NHS estate for optimal acute and critical care outcomes, which is a subject that I have raised before. Because critical care requires multi-specialties, because of the need for increased sub-specialisation and all that implies for populating staff rosters, and because of the better outcomes in large specialist units, not to mention the cost pressures, optimal management of this range of conditions underscores neatly the need for the model hospital concept outlined in February by Lord Carter of Coles. Why are we not moving faster towards having secondary and tertiary care in regional and sub-regional centres, where critical mass, and therefore quality of outcome, can be more readily assured?

I am proud to support a Government who are spending more on the NHS than ever before—spending, let it be remembered, that was opposed by the Labour party at the general election. However, outcomes in the UK routinely compare unfavourably with those in similar countries, with which we can reasonably be compared. I have no specific comparative data for acute upper GI bleeding, but I have no reason to suppose that they run counter to that general trend. The unavoidable truth is that our neighbours spend significantly more on healthcare than we do. The right hon. Member for North Norfolk (Norman Lamb) and I, with colleagues across the House, have called for a commission to achieve consensus on long-term funding. That is despite Simon Stevens's five-year forward view, which does not come close to addressing what is needed to make progress, given the assumptions on which it is based, which we know we cannot rely on.

It is not just about money, however. The impression given by the studies that I have relied on is that the management of acute upper GI bleeding is a hit-and-miss affair. The BSG blames a

“lack of engagement from senior managers”

for that patchiness. That ties in with the remarks made last week by Dame Julie Moore, who said that there was a “culture of indecision” in the NHS, and that there was “gross incompetence” and a “failure of leadership”. That is pretty hard hitting from a very senior NHS manager, and I wonder how individuals can justify salaries well in excess of the Prime Minister's if they are failing to get a grip on the sort of shortfalls described as “A Bleeding Shame” by NCEPOD. Dame Julie is right

to ask why incredibly expensive senior NHS managers who are managing failure on this scale are still in post.

Last year's NCEPOD report on acute upper GI bleeding is a wake-up call. Its first and prime recommendation—that patients with any acute GI bleed should be admitted only to hospitals with 24/7 access to on-site endoscopy, on-site or formally networked interventional radiology, on-site GI bleed surgery and on-site critical care—must be implemented without further delay. The answer is dedicated GI bleeding units that are seven-day NHS-compliant, and, with very few exceptions, no unit that cannot match the BSG's guidelines should take patients with acute upper GI bleeding.

I look forward to hearing how the Minister will make this so. I invite him to return to the House after 12 months, if I am fortunate enough to secure another Adjournment debate of this sort, to tell us how the position has improved.

11.31 pm

The Parliamentary Under-Secretary of State for Health (Ben Gummer): I thank my hon. Friend the Member for South West Wiltshire (Dr Murrison) for his wide-ranging introduction to this important matter, and for his ability to make this difficult medical subject relevant using the important context of “Downton Abbey”. Lord Grantham's ulcer is, indeed, a filmic representation of a dangerous clinical event that can happen to people. Mercifully, its incidence in this country is relatively low when compared with that of our European partners and colleagues, although the mortality rates associated with GI bleeding are higher than we would wish. The data are not as robust as I would like them to be, and comparisons can therefore not be nice ones, but none the less mortality rates are not as low as they should be when compared with European comparators.

My hon. Friend points out a number of reasons why that should not be the case. He speaks wisely about the need for on-site site endoscopy, on-site radiology, on-site surgery and on-site critical care, all of which were recommended by the NCEPOD report. That tallies closely with the most recent National Institute for Health and Care Excellence guidelines. The guidelines specify that endoscopy should be offered to unstable patients with severe acute upper gastrointestinal bleeding immediately after resuscitation and offered within 24 hours of admission to all other patients with upper GI bleeding.

Reports from NHS Improving Quality and the National Confidential Enquiry into Patient Outcome and Death, to which my hon. Friend referred, go further and state that that will require the appropriate structures to be in place at all hours of the day and on all days of the week. As he reflected, that tallies well with the aims of the Government in producing a seven-day NHS, although I will, if I may, take issue with certain aspects of his comments in a few moments.

The audit of endoscopy services for acute upper gastrointestinal bleeding in 2007 found that only half of all acute trusts in England were compliant with NICE guidelines in this area. The most recent survey has shown some improvement. In 2013, 62% of services are able to provide a formal 24/7 rota for endoscopy specialists, and 56% of services can offer acute admissions for endoscopy within 24 hours of admission. While this is an improvement, there is clearly a long way to go if only 62% and 56% of services respectively provide the kind

of provision we expect. Our aim, therefore, is to ensure that every patient has 24/7 access to safe, high-quality GI endoscopy services with facilities to perform an interventional procedure linked to other essential interventions, such as interventional radiology and surgery. High-quality care will not only reduce mortality and complications but increase early discharge, through the use of formal risk assessment scores, and reduce lengths of stays.

It is therefore important that those services are available to those patients at all hours of the day, and on all days of the week. That is why we have made clear our commitment that, by the end of this Parliament, patients with urgent and emergency hospital care needs will have access to the same level of consultant review, diagnostic tests and treatment seven days a week; patients with upper GI bleeds will be one of many cohorts of patients to benefit from that.

At this point I should be very clear in my response to my hon. Friend. He restated the position, often quoted by Opposition Members, that somehow there is a lack of definition about our intentions for 24/7 services. I say to him gently that we have been very clear indeed about how we believe the seven-day NHS will be delivered. In secondary and tertiary care, it will be based entirely on the needs of urgent and emergency care pathways. Those pathways have been outlined in 10 clinical standards brought together by the Academy of Royal Medical Colleges, under the chairmanship of Sir Bruce Keogh. Those 10 clinical standards have informed the policy we have developed on urgent emergency care, which will be announced and rolled out in the weeks and months to come.

We could not have been more clear, both in this place—I believe we have been clear to my hon. Friend—and to the public at large, that our intentions for a seven-day NHS are rooted in the provision of a consistent urgent and emergency care pathway for patients. We have never intended to mandate from the centre non-acute dermatological services, as he suggested, or any other service like that.

Clearly, to support good 24/7 services in hospitals we have to be able to provide exceptional diagnostic services. Whatever the lacunae in the current evidence base around particular specialties in the NHS—we are never going to have a full picture in the way we might wish—we can draw general conclusions. One, which my hon. Friend rightly drew, is that the quality of diagnostics needs to be consistent, people need to have access to those diagnostic services on a regular, rigorous, robust and consistent basis, and those services need to be available on a Saturday night much as they would be on a Monday morning. That is why the Government's intentions on 24/7 services involve consistent diagnostic services, as we have made clear since the beginning of the policy.

It is important to explain how those services will become priorities for trusts. In the roll-out of a consistent 24/7 service in diagnostics, we want to be clear to trusts about exactly what is expected of them. Patients admitted as an emergency should be seen as soon as possible by a consultant for review, but at least within 14 hours of arrival at hospital. In-patients must have scheduled seven-day access to the full range of diagnostic services, including endoscopy, with reporting of results within one hour for critical patients and 12 hours for urgent patients. In-patients must also have timely 24-hour in-patient

access to consultant-directed interventions such as critical care, interventional radiology, interventional endoscopy and emergency general surgery, either on-site or through formally agreed network arrangements. Finally, all acutely ill patients in high dependency hospital areas, such as the acute medical unit and the intensive care unit, must be seen and reviewed by a consultant twice daily.

I hope my hon. Friend will see that we are already encapsulating his principal demands about upper gastrointestinal bleeding in the general outline of the clinical standards that we plan to roll out to ensure consistent quality of care for urgent and emergency care pathways.

We will monitor the implementation of those clinical standards through transparent metrics, and I hope that in a year, if my hon. Friend is successful in securing a further Adjournment debate—I would be happy to brief him privately on this issue both then and in the interim—he will see that through the transparent metrics that we will publish on mortality, length of stay, emergency readmissions and whole series of other measures, there will be trust compliance across clinical standards.

Jim Shannon: I understand that mortality rates for hospitalised conditions can be as much as 35%. That worries me, and I am not sure whether the Minister has addressed that issue. He referred to 10% mortality, but some hospitalised conditions have a 35% mortality rate. We must address that.

Ben Gummer: There is variation in mortality, and I hope we will make progress in that area over the next period. We must understand comparisons of mortality across the country, and as the hon. Gentleman knows, the Secretary of State is interested in discovering and understanding that issue. We must also understand variations across the European Union, and in the United Kingdom where there are apparent variations between practice in England and that in Scotland, Wales and Northern Ireland. Some of that comes down to data collection, but we must understand where it comes down to practice and consider how we can improve in accordance with our most neighbourly health systems.

Dr Tania Mathias (Twickenham) (Con): I appreciate the Government's intention, but I do not know whether my local hospital is accredited. I am highly concerned about the current postcode lottery. What is the Minister's plan right now, tonight, for people who are going to a hospital that does not have an adequate rota system and is not accredited?

Ben Gummer: The principles that inform the policy of creating a sustainable seven-day NHS are being announced in stages. The clinical standards to which I referred have been explained in this place and outside several times, and I expect that in the next few weeks and months, further details will be given on the pace at which units around the country will comply. My hon. Friend will know that in the autumn the Prime Minister made it clear that 25% of the population will be covered by 24/7 urgent emergency care services by March 2017, 50% by March 2018, and the entire service by 2020. Precisely how that happens will be made clear in short order, and I hope that my hon. Friend will be satisfied that her hospital will form part of the programme to provide the coverage she expects.

[Ben Gummer]

The fact that we are having this discussion is testament to the fact that we are willing to be open about variation and failure, and to do something about it. I thank my hon. Friend the Member for South West Wiltshire for bringing this issue before the House because, just as Lord Grantham popularised it for the nation at large, my hon. Friend has explained in a particular clinical area how the introduction of robust, sustainable 24/7 services will provide the improvements in clinical care that the Government seek. That is why the challenges and difficulties that face us in introducing 24/7 services require attention across the board—not just in hospital

estates, but in the configuration of services, the way that services are commissioned and procured, and the contracts that ensure that rotas can be properly manned across the service. We must attack this problem on all fronts and ensure that we provide consistency of care to our constituents. They do not choose when they fall ill, but they should expect the same quality of care whether they go to one unit or another, or on a day not of their choosing.

Question put and agreed to.

11.44 pm

House adjourned.

Written Statements

Monday 11 April 2016

BUSINESS, INNOVATION AND SKILLS

Companies House Public Targets

The Minister for Small Business, Industry and Enterprise (Anna Soubry): My noble Friend the Parliamentary Under Secretary of State for Business, Innovation and Skills (Baroness Neville-Rolfe) has today made the following statement.

I have set Companies House the following targets for the year 2016/17:

Public Targets

- To e-enable 96% by volume of all Companies House transactions
- To achieve an 85% take up of our transactions
- To maintain an availability of our digital services of 99.9%
- To reach a compliance level for the filing of accounts of at least 94.5%
- To achieve a 3.5% reduction in average costs per company
- To achieve a customer satisfaction score of at least 82%.

[HCWS665]

TREASURY

Bank of England Appointment

The Economic Secretary to the Treasury (Harriett Baldwin): The Chancellor has announced that Sam Woods has been appointed as the next Chief Executive of the Prudential Regulation Authority.

Sam will succeed Andrew Bailey on 1 July 2016, who has been appointed the Chief Executive of the Financial Conduct Authority. He will build on Andrew's work in delivering a strong, secure and globally competitive regime for all financial services.

[HCWS666]

COMMUNITIES AND LOCAL GOVERNMENT

Local Council Tax Support

The Secretary of State for Communities and Local Government (Greg Clark): On 2 December 2015 the Parliamentary Under-Secretary of State for Communities and Local Government (Mr Marcus Jones) announced the appointment of Eric Ollerenshaw OBE to lead an independent review into local council tax support schemes.

The review was charged with meeting the requirements set out in the Local Government Finance Act 2012, to look at whether the schemes are efficient, effective, fair and transparent.

The review follows the reform of council tax benefit to give councils the power to design their own schemes according to their local needs. It has looked at how this change has been implemented, what it has meant for local areas, and whether it should be part of the universal credit payments in the future.

The review has now concluded and its final report has been submitted to me. The independent report recognises the successful implementation of LCTS schemes by local government.

I have placed a copy in the House Library.

[HCWS667]

Petitions

Monday 11 April 2016

OBSERVATIONS

BUSINESS, INNOVATION AND SKILLS

Sunday trading hours

The petition of residents of the UK,

Declares that devolving the power to set Sunday trading hours to local councils will lead to longer Sunday opening hours; further that large stores should not be open longer on Sundays; further that longer opening hours would change the nature of Sundays forever; further that millions more people would be required to work on Sundays; and further that a local petition on this matter has been signed by over 300 individuals.

The petitioners therefore request that the House of Commons opposes Government proposals to devolve the power to set Sunday trading hours to local councils and introduce longer Sunday opening hours.

And the petitioners remain, etc.—[Presented by Frank Field, *Official Report*, 9 March 2016; Vol. 607, c. 1P.]

[P001679]

Observations from the Minister of State for Small Business, Industry and Enterprise (Anna Soubry):

The Government wanted to give communities the power to decide for themselves whether extending Sunday opening hours was right for them. This is a huge economic opportunity, and we wanted to see the benefits of economic growth being felt in every corner of the country. It would have created thousands of jobs and given people flexibility—as the impact assessment set out, it would have been worth an estimated £1.5 billion to the economy (over ten years).

It is disappointing that the House voted to prevent this from happening, and we have no plans to reintroduce the proposals at this stage. The Government do, however, remain committed to helping local areas and high-streets compete effectively.

DEFENCE

Proposed sale of the Kneller Hall site

The petition of residents of the Twickenham constituency,

Declares that the Ministry of Defence's proposed sale of the Kneller Hall site should not go ahead; further that the site has played an important role in the local community over many decades; and further that the Royal Military School of Music is historically important.

The petitioners therefore request that the House of Commons urges the Government to stop the sale of the Kneller Hall site.

And the petitioners remain, etc.—[Presented by Dr Tania Mathias, *Official Report*, 10 February 2016; Vol. 605, c. 1702P.]

[P001672]

Observations from the Minister for Defence Personnel, Welfare and Veterans (Mark Lancaster MP):

The Minister for Defence Personnel, Welfare and Veterans announced on 18 January 2016 that, as part of the Government's prosperity agenda, the MOD is committed to releasing land to contribute towards 55,000 new housing units this Parliament. Kneller Hall is one of the first 12 sites to be announced for release.

Kneller Hall is the home of the Corps of Army Music and the Royal Military School of Music, the facilities in which they are currently homed are ageing, inefficient and not fit for purpose. The site is not designed for its current use. To bring the site up to standard for its current use would cost at least £30 million. The commandant of the Royal Military School of Music has confirmed other sites would provide far better and greatly improved training facilities for his people.

The residents of Twickenham and its surrounding boroughs are not alone in their strength of feeling and, indeed, in their drive to want to retain a local Defence presence. However, the simple fact is that these plans are not directed at individual communities, regiments or bases. This is about ensuring that Government funding is in the right place to ensure the continued defence and security of the United Kingdom.

This is very much a two-stage process. The first stage is establishing that there is not a military use for the site, but the second stage—the future—is for the local community to decide. The MOD will engage with the local community and the local planning authority to decide the best future for the site, which will not be released before 2018.

EDUCATION

School hall for East Markham Primary School

The petition of residents of the Newark constituency,

Declares that East Markham Primary School should have a hall provided by the County Council; further that the petitioners believe that the education of the children at the school is suffering for a variety of reasons including that there is no indoor PE or indoor drama facility, there is overcrowding and that the school has no ability to put on plays, concerts or performances for groups larger than around 30 people; and further that a local petition on this matter was signed by 186 individuals.

The petitioners therefore request that the House of Commons urges the Government to encourage Nottinghamshire County Council to provide a school hall for East Markham Primary School.

And the Petitioners remain, etc.—[Presented by Robert Jenrick, *Official Report*, 17 September 2015; Vol. 599, c. 1299.]

[P001547]

Observations from the Minister for Schools (Mr Nick Gibb):

The provision of a school hall would fall under the responsibility of the local authority as it is a local authority maintained school.

On 9 February 2015, the Government announced £4.2 billion for capital investment in the condition of our schools over the period 2015-16 to 2017-18. This is in addition to the £5.6 billion that had already been announced for the current spending period, 2011-12 to 2014-15.

As well as providing funding directly to schools for their immediate priorities, much of this funding is allocated at local authority level so that investment decisions can be taken locally. Since 2011-12, Nottinghamshire County Council has been allocated some £39.8 million of capital support for investment in the condition of its maintained schools. In addition, a further £6.2 million was announced for 2015-16, and the same amount has been indicatively allocated for each of the 2016-17 and 2017-18 financial years. From 2015-16, we have used the information we have collected through the property data survey in allocating funding for school condition needs. This provides bodies responsible for school buildings (e.g. local authorities) with a fair share of funding according to their needs.

The school also has the option of becoming an academy and joining a multi-academy trust, which could make it eligible to benefit from the Trust's capital allocation.

We would therefore recommend that the school continue to discuss its concerns with Nottinghamshire County Council. Now that the next three years of schools condition allocations have been announced, we trust that they will be able to give greater assurances in developing a plan to address the school's investment needs.

TRANSPORT

Speed limit in Southampton Itchen

The petition of residents of Southampton Itchen,

Declares that there should be a reduced speed limit in residential areas of 20 mph where local residents request it from their local authorities, in particular in Southampton Itchen; further that many residents fear someone will be seriously hurt or killed if action is not taken to reduce the speed limit; and further that the case for reducing the speed limit is even more serious on roads where there is no off road parking and where cars cause blind spots and significantly increase the risk to pedestrians.

The petitioners therefore request that the House of Commons urges Southampton City Council to listen to the people of Southampton Itchen and implement a programme of 20 mph speed limits in residential areas where residents request them.

And the petitioners remain, etc.—[Presented by Royston Smith, *Official Report*, 15 March 2016; Vol. 607, c. 922.]

[P001674]

Observations from the Parliamentary Under-Secretary of State for Transport (Andrew Jones):

The Department for Transport (DfT) is responsible for setting legislation and for guidance to traffic authorities on how to provide various traffic management measures.

Local authorities have a statutory responsibility to provide appropriate traffic management schemes for their roads (under section 122 of the Road Traffic Regulation Act 1984) therefore they are free to make their own decisions about the streets under their care, provided they take account of the relevant legislation. They are also responsible for ensuring that their actions are within the law, and are accountable to local people for their decisions and their performance.

Local highway authorities can introduce 20 mph speed restrictions through 20 mph zones, which need to have specified types of traffic calming features at specific minimum frequencies or they can introduce 20 mph speed limits. The Government's Strategic Road Safety Framework recognises that these speed restrictions can be useful in the right locations but that these are local decisions which should be made in consultation with local communities.

The DfT provides guidance for local authorities in Speed Limit Circular 01/2013 – 'Setting Local Speed Limits' which is at:

www.gov.uk/government/publications/setting-local-speed-limits

Traffic calming, is also a matter for local authorities. The DfT has published guidance on the design of traffic calming measures in Local Transport Note (LTN) 1/07 'Traffic Calming' which is available on the DfT website at:

www.gov.uk/government/publications/local-transport-notes

Any concerns should be taken up with the local authority. Ministers and officials have no remit to intervene in the day-to-day affairs of local authorities except where specific provision has been made in legislation.

Third crossing (Lowestoft)

The petition of residents of Waveney,

Declares that the decision to build a new crossing over Lake Lothing in Lowestoft is agreed with all possible speed; further that there is significant local support for a new crossing; and further that the new crossing would positively impact upon the local economy in Lowestoft and the surrounding area.

The petitioners therefore request that the House of Commons urges the Government to confirm funding for the project in order for construction to begin as soon as possible and be completed by 2020.

And the petitioners remain, etc.—[Presented by Peter Aldous, *Official Report*, 08 March 2016; Vol. 607, c. 247.]

[P001676]

Observations from the Minister of State, Department for Transport (Robert Goodwill):

The Chancellor confirmed funding at the spring Budget of £73.4 million for the third crossing at Lake Lothing in Lowestoft. This represents 80% of the estimated scheme cost of £91.7 million, with Suffolk County Council taking responsibility for meeting the remaining 20% and any increases in costs beyond that. Funding

for the scheme will come from the £475 million Large Local Major schemes fund that was included in the spending review 2015. This funding is part of the Local Growth Fund.

Now that funding for the scheme has been agreed Suffolk County Council can commence with the required statutory processes and the Department for Transport

expects Suffolk County Council to further develop the business case for the project. Funding is subject to final business case sign off before construction can begin.

It is the responsibility of Suffolk County Council, as scheme sponsors, to complete the delivery of the scheme to the desired timescales.

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