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**HOUSE OF COMMONS  
OFFICIAL REPORT**

**PARLIAMENTARY  
DEBATES  
(HANSARD)**

**Wednesday 17 May 2023**

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# House of Commons

*Wednesday 17 May 2023*

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

## PRAYERS

[MR SPEAKER *in the Chair*]

## Oral Answers to Questions

### SCOTLAND

*The Secretary of State was asked—*

#### Offshore Wind: Employment

1. **Kenny MacAskill** (East Lothian) (Alba): What recent discussions he has had with (a) Cabinet colleagues and (b) the Scottish Government on maximising employment opportunities in the offshore wind sector.

[904919]

**The Parliamentary Under-Secretary of State for Scotland (John Lamont):** The future for Scotland's offshore wind sector is bright. As part of our "Powering up Britain" package, the floating offshore wind manufacturing investment scheme is currently open to applications. Through the scheme, we will distribute funding to support critical port infrastructure that will enable the delivery of floating offshore wind and provide quality employment opportunities for years to come.

**Kenny MacAskill:** It is not just in employment, but in community benefit that we are losing out. Ireland has ensured that €24 million per annum will go to coastal communities hosting offshore renewable projects. In the UK, there is a legislative gap, where onshore wind is providing benefits for communities but there is no provision for offshore wind and the communities onshore. In East Lothian, we have Cockenzie and Torness where the energy will come ashore, and on the horizon there will be turbines. Where is our share, if Ireland can see €24 million per annum going to its communities for far less hosting?

**John Lamont:** The growth of our green industries will lead to new jobs and many benefits for our communities, whether they be in East Lothian or in other parts of Scotland. To support this transformation and help people take advantage of the opportunities that the transition will bring, we will be producing a net zero and nature workforce action plan in 2024. We are starting with a set of initial proposals and actions from the net zero power and networks pilot working group, followed by a suite of comprehensive actions from those sectors by summer 2023, to ensure that communities such as those in East Lothian and across Scotland can take full advantage of the benefits of these projects.

**Richard Graham** (Gloucester) (Con) *rose—*

**Mr Speaker:** Mr Graham, I am sure that you must have had many conversations with the Scottish Government, so I look forward to the question.

**Richard Graham:** Thank you, Mr Speaker. Of course, equally important to offshore wind and the expansion of renewable energy in Scotland is marine energy, particularly from tidal stream. The Minister will know the importance of the European Marine Energy Centre in Orkney. Does he agree that the whole process, and the special pots arranged for marine energy under contracts for difference, could be improved if Marine Scotland increased the speed at which it approves sites for future tidal stream development?

**John Lamont:** My hon. Friend is very knowledgeable on such matters affecting Scotland. Scotland has indeed benefited significantly from the contracts for difference scheme, which is the Government's flagship support scheme for large-scale renewable projects—some 27% of all CfD projects and around 23% of total CfD capacity. In relation to tidal, the contracts for difference round 4 awarded over 40 MW of new tidal stream power, and I think there are great opportunities going forward for Scotland to benefit further.

**Mr Speaker:** I call the shadow Secretary of State.

**Ian Murray** (Edinburgh South) (Lab): With the energy crisis, the importance of developing Scotland's renewable energy sector has never been higher. The UK Government have no energy strategy—indeed, it is a sticking-plaster approach to the energy crisis, all paid for by the taxpayer, of course. In the 16 years of the Scottish Government, they have regularly launched glossy policy documents on renewables but have never delivered, especially on jobs. A scathing report from the Scottish Trades Union Congress said of the Scottish Government that "with energy bills soaring, climate targets missed and job promises broken, more targets without the detail of how they will be realised is unacceptable." Does the Minister agree that only Labour has the solution to this crisis, creating high-quality, well-paid renewable jobs so that bills can be lowered, energy can be secured, and Britain can be an energy superpower?

**John Lamont:** I do not agree that Labour has any answers to any of the challenges facing our country, but the hon. Member is correct to highlight the targets missed by the SNP Government in Edinburgh. More than a decade ago, the SNP promised to turn Scotland into the Saudi Arabia of renewables, but just like the SNP's promises to close the attainment gap, build ferries and create a national energy company, that promise has been broken and quietly abandoned. The growth of Scotland and the UK's renewable sector will generate many new jobs across our country, and this United Kingdom Government are determined to maximise the opportunities for the Scottish workforce.

**Ian Murray:** This UK Government want only to turn the UK into Saudi Arabia—never mind the Saudi Arabia of renewables.

It is critical to develop green energy jobs, but we also have to protect our environment—that is crucial. Unfortunately, waterways and coastal communities across the UK are being polluted by this Government's refusal

to stop pumping the equivalent of 40,000 days' worth of raw sewage into them every year. It is little wonder that the SNP did not support Labour's Bill to stop this disgraceful practice, as the Scottish Government do exactly the same. It was recently revealed that the equivalent of 3,000 swimming pools' worth of raw sewage was dumped on Scottish beaches, waterways and parks last year. With both Governments allowing that sewage scandal to go on every day, and promises about green jobs and renewable industries broken, why should the public believe a word that the Scottish and UK Governments say about the environment?

**John Lamont:** This UK Government have a proud record of tackling sewage discharges. As the hon. Gentleman highlights, the policy is devolved to the Scottish Government. The SNP has a truly appalling record on allowing sewage to be dumped into Scotland's waters, including at many environmentally protected sites. Recent press reports suggest that 7.6 million cubic metres of sewage were released into waterways of significance last year, including award-winning beaches and the River Tweed in the Scottish Borders. This is yet another example of where the SNP needs to clean up its act.

### Renewable Energy

2. **Ian Blackford** (Ross, Skye and Lochaber) (SNP): What recent discussions he has had with the Scottish Government on support for renewable energy in Scotland. [904920]

4. **Martyn Day** (Linlithgow and East Falkirk) (SNP): What recent discussions he has had with the Scottish Government on support for renewable energy in Scotland. [904923]

6. **Tommy Sheppard** (Edinburgh East) (SNP): What recent discussions he has had with the Scottish Government on support for renewable energy in Scotland. [904925]

12. **Marion Fellows** (Motherwell and Wishaw) (SNP): What recent discussions he has had with the Scottish Government on support for renewable energy in Scotland. [904931]

**The Parliamentary Under-Secretary of State for Scotland (John Lamont):** The UK Government remain firmly committed to the renewables industry across the United Kingdom, including the leading role that Scotland can play in delivering energy security and jobs. Over the past year, we have worked closely with the Scottish Government through the offshore wind acceleration taskforce to bring forward the deployment of offshore wind projects in the UK.

**Ian Blackford:** It costs an electricity generator almost £7.50 per megawatt-hour to connect to the national grid from the north of Scotland and £4.70 from the south of Scotland. That compares with 50p in England and Wales. Indeed, generators in the south of England are paid to connect to the grid. Does the Minister recognise that these unfair transmission charges—the highest in Europe—penalise investment in Scotland's renewables sector and, if so, what is he doing about it?

**John Lamont:** By law, transmission network charging is a matter for Ofgem as the independent regulator. Transmission charges are set to reflect the costs imposed on the grid by generators and demand in different locations. That means that generators in Scotland pay higher charges than counterparts in England and Wales, reflecting the higher levels of transmission investment they drive. Ofgem recognises the importance of transmission charges to the deployment of Scottish renewable generation and the current concerns over the viability and cost reflectivity of charges. That is a key reason why Ofgem announced a programme of transmission charging reforms. I can confirm to the right hon. Gentleman that I recently met the Under-Secretary of State for Energy Security and Net Zero, my hon. Friend the Member for West Aberdeenshire and Kincardine (Andrew Bowie) to discuss what more the UK Government can do to address the concerns he has highlighted.

**Martyn Day:** While the Scottish Government have announced an additional £7 million to support renewable hydrogen projects, Johnson Matthey, a leading producer of catalytic converters, has warned that the UK Government's failure to invest in green hydrogen technology risks driving companies abroad. What are the Minister and the Secretary of State doing to persuade their Government to follow Scotland's example and provide support for investment for companies driving green tech?

**John Lamont:** This Government fully recognise the opportunity that hydrogen presents as part of our shift in energy focus, and we will continue to work with the sector to deliver that.

**Tommy Sheppard:** Billions of pounds of renewable energy projects are currently stalled because there is no capacity to connect to the national grid. Some companies have been told that it will take 15 years. The Government's failure to invest in interconnectors and grid capacity is not only hindering investment, but is harming the achievement of net zero. Given this failure, on top of the failures with connection charges and with hydrogen, does it not make a compelling case to transfer responsibility for energy supply and distribution to Scotland, where we can get the job done?

**John Lamont:** The answer is certainly not independence. The answer is ensuring we are doing all we can to reduce connection timescales as a priority. As well as accelerating the timelines for building new network infrastructure, that is also about the process for new projects to connect to the grid, such as how the connection queue is managed. To address that, we will be publishing a connections action plan in the summer, setting out actions by the Government, Ofgem and network companies to accelerate connections for renewable projects and other energy network providers.

**Marion Fellows:** According to the Chancellor, the UK Government's windfall tax is set to generate £40 billion over six years, and the Minister for Nuclear claimed that taxes on Scotland's oil and gas sector covered half of the UK energy bill last winter. Until now, however, this Government have failed to support the Acorn carbon capture and storage project in north-east Scotland. Do the Secretary of State and his Minister accept that

windfall taxes from Scottish oil and gas should be used not just to pay short-term bills, but to invest in Scotland's transition to net zero economy?

**John Lamont:** The energy profits levy strikes the right balance by funding the cost of living support while encouraging investment in order to bolster UK energy security. The levy is helping to hold down people's energy bills right across the United Kingdom, including in Scotland, by partly funding one of the most generous cost of living packages in the world, worth around £96 billion or £3,300 per household. The hon. Lady shakes her head, but I know the benefits of the package for households in my constituency, across Scotland and in the rest of the United Kingdom. We want to encourage the reinvestment of the sector's profits to support the economy, jobs and our energy security, which is why the more investment a firm makes into the UK, the less tax it will pay.

**Sir Paul Beresford** (Mole Valley) (Con): Does my hon. Friend agree that, although renewable energy provides a considerable proportion of Scottish and UK power, if we are to hit net zero, nuclear power is and will be required to fulfil a large proportion of the additional power demand? Has my hon. Friend had any discussions with the Scottish Government on building nuclear reactors, especially small reactors, in Scotland?

**John Lamont:** I absolutely share my hon. Friend's belief that nuclear plays an important part in the UK's energy strategy. This UK Government's "Powering up Britain" strategy is a blueprint for the future of energy in this country. We will diversify, decarbonise and incentivise new energy production by investing in both renewables and the nuclear sector. By setting Britain on course to greater energy independence, "Powering up Britain" will deliver energy security, of which nuclear will be a key part.

**Mr Speaker:** I call the SNP spokesperson.

**Dr Philippa Whitford** (Central Ayrshire) (SNP): Energy storage is vital to managing demand as we switch to green electricity, and pump storage hydro is the most efficient large-scale storage method. Scottish Renewables has called for UK capacity to be more than doubled by investment in six shovel-ready projects across Scotland. Why are this Government refusing to support investment in infrastructure that is critical to future energy security?

**John Lamont:** I simply do not accept the hon. Lady's analysis or conclusions. This Government are very much committed to the infrastructure investment that is needed to allow this new technology to evolve. However, the technology highlighted by the hon. Lady presents an opportunity, and we will continue to work with the sector to deliver it.

**Dr Whitford:** Pump storage hydro is hardly new technology. It has been around since the '60s and lasts a long time, but it needs time to get built. Despite planning to take £40 billion in windfall taxes from Scotland's oil and gas sector, neither this Government nor Labour have committed to invest in Scotland's carbon capture, pump storage hydro, tidal stream or hydrogen potential, or to reform the situation whereby Scottish generators

pay the highest transmission charges in Europe. Is it not clear that Scotland's immense renewable resources would be better in the hands of the Scottish Government?

**John Lamont:** Absolutely not. At the Budget, the Chancellor announced £20 billion of funding to store as much carbon and create as many jobs as possible through track 1 and beyond—unprecedented investment in the development of carbon capture, usage and storage. The Government have also announced around £2 billion in investment for CCUS, hydrogen and industrial decarbonisation technologies. We have already confirmed that the Acorn project in the north-east of Scotland seems to meet the track 2 criteria, and we look forward to working with the project to ensure that we get some good news as soon as possible.

### Promoting Scotland Overseas

3. **Douglas Chapman** (Dunfermline and West Fife) (SNP): What recent steps he has taken with the Scottish Government to promote Scotland overseas. [904922]

7. **Alyn Smith** (Stirling) (SNP): What recent steps he has taken with the Scottish Government to promote Scotland overseas. [904926]

10. **Steven Bonnar** (Coatbridge, Chryston and Bellshill) (SNP): What recent steps he has taken with the Scottish Government to promote Scotland overseas. [904929]

**The Secretary of State for Scotland (Mr Alister Jack):** As the UK Government in Scotland, we have an important role in promoting Scotland internationally. The Scotland Office, the Foreign, Commonwealth and Development Office, the Department for Business and Trade, and Scottish Development International work together to identify opportunities for trade and investment—a recent example being the Tartan Week celebrations held in New York.

**Douglas Chapman:** With the UK Government out to diminish the Scottish whisky industry through higher taxation and our food sector through post-Brexit red tape and border problems, does the Secretary of State enthusiastically welcome the Scottish Government's focusing more time and energy on promoting global Scotland and Scottish exports?

**Mr Jack:** Yes, of course I do, and I also welcome the Scottish Government's deciding not to ban advertising, for instance, for whisky producers. It is simply the case that the UK Government work with the Scottish Government in promoting Scotland overseas, but what we do not like is when the Scottish Government—I know this is what the hon. Gentleman was getting at—stray into reserved areas such as constitutional and foreign policy on those visits.

**Alyn Smith:** Promoting Scotland and the UK abroad is not about flags and anthems; it is about finding common cause with allies and working on common problems. The EU's North Seas Energy Cooperation forum is a world-leading gathering of 10 coastal states around the North sea, including Norway, which is not in the EU, and Luxembourg, which does not have a coastline, and they are all agreed on trying to beat



climate change by working on renewable energy. I had a parliamentary question answered just yesterday, saying that the UK does not want to join the North Seas Energy Cooperation. If the UK does not want to join, could the UK stop holding Scotland back, and we will get on with it?

**Mr Jack:** The UK wants to promote Scotland's food and drink industry and to promote renewables and the sale of renewables—for instance, to Vietnam—and we do that through trade deals. I say to the SNP: “Get behind the UK Government. Get behind the trade deals we're doing. You've never found one you liked so far. Start supporting them!”

**Steven Bonnar:** For the seventh year in a row, Scotland has been ranked the best performing nation or region outside London for foreign direct investment. That continues the trend of Scotland being the best performing nation in the United Kingdom. This investment has been achieved by the Scottish Government working to promote Scotland's culture, innovative research and industrial strength overseas. Rather than continuing to undermine the work of the Scottish Government, should the right hon. Gentleman's Government not be learning lessons from them on how to encourage wider foreign investment into England?

**Mr Jack:** The hon. Gentleman should not be taking all the credit: that work is done by the United Kingdom Government. We have 282 embassies, high commissions and consulates in 180 countries, we work very hard promoting Scotland's interests overseas and Scotland has a wonderful Foreign Secretary in the form of my right hon. Friend the Member for Braintree (James Cleverly).

**Douglas Ross** (Moray) (Con): The SNP Scottish Government's attempts to promote Scotland internationally include awarding ferry contracts to yards in Turkey rather than in Scotland. However, given that just yesterday the SNP accepted it would be cheaper to build new ferries from scratch rather than complete the current ship at Ferguson Marine, does the Secretary of State agree with me that Scotland's international reputation for shipbuilding has been severely damaged by the SNP, and worst of all, that islanders have been abandoned by these contracts, which are now six years late and more than three times over budget?

**Mr Jack:** Yes, my hon. Friend is of course right. The island communities have been terribly let down by this Scottish Government. I know he is referring to the ministerial direction yesterday to carry on with the second ferry. Ministers should always spend taxpayers' money efficiently, even if it means losing face.

**Robin Millar** (Aberconwy) (Con): Is it not the case that Scotland, like Wales, benefits from the UK's membership of the G7 and NATO and from our many diplomatic missions around the world?

**Mr Jack:** Yes, indeed. Scotland's membership as part of the United Kingdom of those incredible organisations is just another advantage of being part of the United Kingdom.

**Mr Speaker:** I call the shadow Minister.

**Liz Twist** (Blaydon) (Lab): Promoting Scotland overseas is vital, but so is the ability of tourists visiting Scotland to tour the fantastic islands. Earlier this week, the Scottish Transport Minister told the Scottish Parliament that he had overruled civil servants who had serious concerns about the continuation of the disastrous CalMac ferry project being a waste of taxpayers' money. Scottish taxpayers' money has been wasted on this poorly managed scheme and islanders have been left stranded. Last week, we learned that a Green Scottish Government Minister had chartered a private yacht to visit the Isle of Rum. Does the Secretary of State share my concerns that the Scottish Government are misusing taxpayers' money while the islands are left without transport connections?

**Mr Jack:** I certainly do.

**Mr Speaker:** I call the Chair of the Scottish Affairs Committee.

**Pete Wishart** (Perth and North Perthshire) (SNP): The Secretary of State will know that the Scottish Affairs Committee is currently conducting an inquiry into how Scotland is promoted internationally, and all we have heard is just how well the UK and the Scottish Government work together, and about the added value that the Scottish Government mission brings to that promotion. Why is he determined to pick a fight unnecessarily and get in the way of that business?

**Mr Jack:** As the hon. Gentleman will know from my submission to his Committee and its inquiry, that is not what I think. I think that the UK Government should work with the devolved Administrations to promote them, and to promote trade, overseas. I also believe that when the devolved Administrations are using our missions overseas, they should not be using them to promote their plans for a separation, or to undermine our foreign policy.

### Scotland-England Transport Connectivity

5. **Kevin Foster** (Torbay) (Con): What recent discussions he has had with Cabinet colleagues on improving transport connectivity between Scotland and England. [904924]

13. **Paul Howell** (Sedgefield) (Con): What recent discussions he has had with Cabinet colleagues on improving transport connectivity between Scotland and England. [904932]

**The Parliamentary Under-Secretary of State for Scotland (John Lamont):** Scotland Office Ministers and officials have regular discussions with colleagues across Government about Lord Hendy's Union connectivity review. I recently met stakeholders to discuss cross-border rail services between Scotland and England, and to learn more about a range of transport connectivity projects. We are also engaging with the devolved Administrations and other stakeholders to consider Lord Hendy's recommendations.

**Kevin Foster:** Direct train services between Scotland and south-west England not only provide a useful connection for leisure travellers, but they boost our wider economies. What discussions has the Minister had with the Secretary of State for Transport about

developing those services further, including direct links to Torquay and Paignton, as part of future planning for the cross-country franchise?

**John Lamont:** I agree with my hon. Friend's enthusiasm for such rail links. The Department for Transport is developing a new cross-country national rail contract that is expected to commence in October 2023. As part of timetable development, officials recently met representatives from Transport Scotland. The connectivity and other benefits of providing through services between Scotland and Torbay can be looked at during the development of the new cross-country contract.

**Paul Howell:** The main artery between London, Edinburgh and Scotland is the east coast main line, on which run the fantastic Azuma trains that are built in Newton Aycliffe in my constituency. However, that line in north-east England is severely hampered in both capacity and resilience. Has the Minister spoken to the Department for Transport about supporting the Leamside line project, to add both of those?

**John Lamont:** Proposals to reopen the Leamside line were carefully considered as part of the development of the integrated rail plan. On the basis of available evidence and value for money analysis, the Government believe that the case for reopening the route would be best considered as part of any future city region settlement. The Department for Transport will continue its engagement with local stakeholders as any proposals are developed further.

**David Linden** (Glasgow East) (SNP): If levelling up is to mean anything in the UK, can the Minister say when High Speed 2 will reach Glasgow?

**John Lamont:** The Government remain absolutely committed to the levelling-up agenda across all parts of the United Kingdom, including Scotland and the hon. Gentleman's constituency in Glasgow. I am happy to contact the Department for Transport on his behalf to get him an answer.

### Highly Protected Marine Areas

8. **Christine Jardine** (Edinburgh West) (LD): What recent discussions he has had with Cabinet colleagues on highly protected marine areas in Scotland. [904927]

**The Secretary of State for Scotland (Mr Alister Jack):** We are committed to working with the Department for Environment, Food and Rural Affairs and the Scottish Government on our shared ambition to protect marine ecosystems. However, we also note legitimate concerns from the fishing industry about the impact that the designation of highly protected marine areas may have on Scotland's coastal and island communities.

**Christine Jardine:** Communities such as mine in Edinburgh West benefit from a strong Scottish fishing industry, bringing high-quality produce to our shops and restaurants. However, the controversial proposals to which the Secretary of State referred for highly protected marine areas would impose strict restrictions, which the Scottish Fishermen's Federation has called "fundamentally flawed", on 10% of our waters. There has been no trialling and no pilot scheme. Will the Secretary of State commit to sharing details of the pilot

scheme that the UK Government are running with the Scottish Government, and continue to press for measures that will support rather than restrict communities?

**Mr Jack:** We will share the results of those pilot schemes. I reiterate what the Prime Minister said at Prime Minister's questions last week to the hon. Member for Caithness, Sutherland and Easter Ross (Jamie Stone), which is that the Scottish Government should U-turn on this issue and respect the fact that fishing communities know what is best to preserve stocks and know what is best for future generations. The Scottish Government would do well to pay attention to them.

**David Duguid** (Banff and Buchan) (Con): My right hon. Friend will agree with me and the fishing industry in Scotland that we are not against conservation and sustainability in principle. Does he agree that the haste with which the Scottish Government are trying to implement their highly protected marine areas policy is yet another case of the Green tail wagging the SNP dog, and that that could have an extremely damaging consequence for coastal communities across Scotland, including mine in Banff and Buchan? [*Interruption.*]

**Mr Jack:** For those who heard the question, the answer is yes.

### PRIME MINISTER

#### *The Prime Minister was asked—* Engagements

Q1. [904969] **Cat Smith** (Lancaster and Fleetwood) (Lab): If he will list his official engagements for Wednesday 17 May.

**The Deputy Prime Minister (Oliver Dowden):** I have been asked to reply on behalf of my right hon. Friend the Prime Minister. He is currently travelling to Japan to attend the G7 summit.

I am sure that colleagues from across the House will join me in congratulating Liverpool on its wonderful staging of the Eurovision song contest on behalf of Ukraine.

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

**Cat Smith:** The Royal Lancaster Infirmary is a 130-year-old crumbling hospital. It was meant to be one of the Government's 40 new hospitals. However, the funding announcement has been delayed four times already. Can the Deputy Prime Minister reassure my constituents that this is not going to be another broken Tory promise?

**The Deputy Prime Minister:** I can absolutely assure the hon. Lady that we remain fully committed to those 40 hospitals from our manifesto. Indeed, we have already provided £3.9 billion-worth of initial capital.

Q2. [904970] **Craig Mackinlay** (South Thanet) (Con): I have a serious matter affecting every constituency to bring to my right hon. Friend's attention. Amazon has been facilitating the sale of counterfeit postage stamps from China, which are virtually perfect except for the

barcode. I have contacted the National Crime Agency and National Trading Standards, and I am afraid that I have received woeful responses. I have now sent my concerns to the Serious Fraud Office and the City of London police's economic crime unit. Amazon is patently facilitating remittances of illegally gotten cash, and I believe this is in contravention of the Forgery and Counterfeiting Act 1981. Will he assist me in taking this further?

**The Deputy Prime Minister:** May I pay tribute to my hon. Friend? I know how hard he has been campaigning on this important issue. The Home Secretary will have heard his remarks. The Digital Markets, Competition and Consumers Bill will put duties on those platforms. Ultimately, if fraud is being perpetrated, the police should take action.

**Mr Speaker:** We come to the deputy Leader of the Opposition.

**Angela Rayner** (Ashton-under-Lyne) (Lab): It is a pleasure to welcome yet another Deputy Prime Minister to the Dispatch Box—the third deputy I have faced in three years. You know what they say: the third time's a charm. I am also pleased to note that the Prime Minister has a working-class friend—finally.

I seem to remember that, after the loss of 300 Conservative seats at last year's local elections, the right hon. Gentleman resigned, saying "someone must take responsibility". After 1,000 more Conservative councillors have been given the boot by voters, who does he think is responsible now?

**The Deputy Prime Minister:** In the spirit of the right hon. Lady's opening remarks, can I just say it really is a pleasure to see her here today? I was, though, expecting to face the Labour leader's choice for the next Deputy Prime Minister if they win the election, so I am surprised that the Liberal Democrat leader is not taking questions today.

Mr Speaker, you will forgive me if I take the right hon. Lady's predictions with a pinch of salt. After all, she confidently predicted that the right hon. Member for Islington North (Jeremy Corbyn) would one day be Prime Minister. Remember, this is a man who wanted to abolish the Army, scrap Trident, withdraw from NATO and abandon Ukraine. What did she say to that? She could not wait for him to be Prime Minister.

**Angela Rayner:** It is absolutely amazing that while the Labour party is preparing to govern with a Labour majority, the right hon. Gentleman's party is starting to prepare for Opposition. This week, at the National Conservative conference, the hon. Member for Devizes (Danny Kruger) blamed the country's problems on a "new religion". He even hit out at the "dystopian fantasy of John Lennon". The hon. Member for Penistone and Stocksbridge (Miriam Cates) identified falling birthing rates as the "overarching threat" to the UK. She criticised "woke" teaching for "destroying...children's souls", causing self-harm and suicide among young people. And the right hon. Member for North East Somerset (Mr Rees-Mogg) really let the cat out of the bag when he said:

"Parties that try and gerrymander end up finding their clever schemes come back to bite them, as dare I say we found when insisting on voter ID".

The Deputy Prime Minister, while working in No.10, said he had to listen to the radio every morning to find out what was really going on in the country. Apparently, he was "surprised" on a daily basis by what he learned and most of his time was spent on "day-to-day crisis management". Eleven years on, nothing has changed.

**The Deputy Prime Minister:** I am not quite sure what the question was there. If the right hon. Lady wants to talk about that sort of thing, we all know what is going on with her and her leader. It is all lovey-dovey on the surface. They turn it on for the cameras, but as soon as they are off it is a different story—they are at each other's throats. They are the Phil and Holly of British politics.

**Angela Rayner:** The reality is that after 13 years of Tory rule, they are still lurching from crisis to crisis and wallowing in their own mess. They cannot solve the crisis, because they are the crisis. The right hon. Member should take more note of what is happening at his conferences in his party before trying to make up what is happening in mine.

The Prime Minister pledged that by March NHS waiting lists would fall. It is now May. Can the Deputy Prime Minister tell us whether, since the Prime Minister made that pledge, the number of people on waiting lists is higher or lower?

**The Deputy Prime Minister:** We are making good progress, for example with two-year waiting lists, but the right hon. Lady seems to forget a crucial fact. The United Kingdom experienced an unprecedented pandemic. Right before covid, GP satisfaction was high, delayed discharges were halved and ambulance targets were being met. She knows that right now in Labour-run Wales exactly the same challenges are being faced. The difference between us is that on the Government side of the House we have a plan to fix it, while she is too busy playing petty politics.

**Angela Rayner:** Even before the pandemic waiting lists were going up, so it does not wash that this Government, after 13 years in power, are blaming everybody but themselves for what people are having to put up with. The right hon. Gentleman appears to be claiming that 11,000 patients waiting more than 18 months is an achievement. The last Labour Government reduced waiting times from 18 months to 18 weeks. He can come back to me when he has achieved that. The fact is that waiting lists are longer than when the Prime Minister made his pledge five months ago. The number of people in England waiting to start hospital treatment is the highest since records began—7.3 million patients left waiting.

I know the Prime Minister has his own private GP, so maybe he does not appreciate the urgency, but he has left people like my constituent Carol waiting over a year for an urgent appointment, moved from waiting list to waiting list, with appointments cancelled again and again. If not now, when will waiting lists—



**Mr Speaker:** Order. We will continue until I hear the end of this question. If I get any more interruptions, it will take longer.

**Angela Rayner:** They do not want to hear the question because they know the answer is that they have failed the British people. *[Interruption.]* When will waiting lists fall?

**The Deputy Prime Minister:** I gently say to the right hon. Lady, if she cares that much about access to our healthcare, why does she oppose our minimum service levels? They will provide emergency services with vital cover during healthcare strikes. Does she not think that vulnerable patients deserve that level of care, or is she too weak to stand up to her union paymasters?

**Angela Rayner:** We all want minimum service levels; it is this Government who have failed to provide them for all our trains and public services because they have run them down and mismanaged them for the last 13 years. It is not just waiting times; 13 years after the landmark Marmot review into child poverty, Sir Michael says that this Government are “on track to make child poverty worse”,

with more than a quarter of our children living in poverty last year. When I was a young mum, I remember the sick feeling in my stomach not knowing if my wages would cover the bills, yet the right hon. Member's Government have taken a wrecking ball to measures by the last Labour Government to eradicate child poverty, even abolishing the child poverty unit. They tried to justify that by saying that they no longer needed a child poverty unit because they have abolished the child poverty target. Can he tell us what level of poverty he considers a success?

**The Deputy Prime Minister:** I say to the right hon. Lady that this comprehensive school boy will not take any lectures from the Opposition party about the lives of working people.

We have introduced record increases in the national living wage—something that this party introduced and the Opposition party failed to. We have taken 1 million working-age people out of poverty altogether. That is the record of my party, and one of which I am very proud.

**Angela Rayner:** The last Labour Government made it their mission to reduce the number of children in poverty by a million. We achieved that. Under the Tories, child poverty is nearly back to the level it was at when Labour last inherited the Tory mess. After 13 years, the Tories are stuck in a conveyor belt of crises. While the right hon. Member's party is preparing for Opposition with their Trump tribute act conference over the road, Labour has focused on fixing the real problems facing British people. They Tories have picked their side. They are for the vested interests, the oil companies and the bankers—for those who are profiting from the crisis, not those suffering from it. Whether it is failing the millions of people anxiously waiting for treatment or overseeing a rise in child poverty, while his colleagues spout nonsense at their carnival of conspiracy, I want to know, when will his party stop blaming everybody else and realise that the problem is them?

**The Deputy Prime Minister:** I will proudly defend our record in office: crime down 50%; near record levels of employment; and a record minimum wage. What is the Labour party's record? Four general election defeats; 30 promises already broken; and one leader who let antisemitism run wild. That is why the British people will never trust the Labour party.

Q3. [904971] **Mrs Heather Wheeler** (South Derbyshire) (Con): Will my right hon. Friend please send his condolences to the family of Hilton ward Councillor Gillian Lemmon, who at the young age of 52 tragically died part way through the election count on Friday? That means that the whole election for all three councillors has had to be voided, even though the returning officer was ready to declare three Conservative councillors for the Hilton ward. Following that dreadful experience, will my right hon. Friend confirm that the best way to thank Councillor Gillian Lemmon for her service is for the good people of Hilton ward in South Derbyshire to vote again three times for the three Conservative candidates on Thursday 15 June?

**The Deputy Prime Minister:** May I extend my deepest sympathies on behalf of the Government Benches and the Conservative party to Councillor Gillian Lemmon's family? We all know how incredibly hard local councillors work and she was a strong representative of South Derbyshire. Like my hon. Friend, I hope that the people of Hilton ward will reflect on this by voting for Conservative candidates at the forthcoming election.

**Mr Speaker:** We now turn to the deputy Leader of the Scottish National party.

**Mhairi Black** (Paisley and Renfrewshire South) (SNP): In 2016, the Deputy Prime Minister told his constituents in a blog that it was his duty to furnish them “with all the facts that are available”

with regards to Brexit. Today, Brexit Britain faces higher food prices, a lack of workers, a shrinking economy and a decline in living standards. Why is he happy to ignore those facts?

**The Deputy Prime Minister:** We have one of the fastest growth rates in the whole of the G7. In fairness, we all know the policy of the SNP: this weekend, an SNP spokesperson said that we need “to undo Brexit”. If I were them, I would start by undoing the mess they have left Scotland in and start working with the United Kingdom Government, and focus on the priorities of the Scottish people, not the priorities of their party.

**Mhairi Black:** The only thing more deluded than that defence of Brexit is the Labour party's supporting of it. Just today, the world's fourth largest car manufacturer said that Brexit was a

“threat to our export business and the sustainability of our UK manufacturing operations”.

Even Nigel Farage can admit that Brexit has failed, so why can't the Deputy Prime Minister?

**The Deputy Prime Minister:** One of the best ways to get behind industry in this country is to get behind the trade deals that we are striking with many countries around the world, which the SNP has singularly failed

to oppose. I see that last week the SNP promised to build a new Scotland. I do not know if the hon. Lady is aware, but the SNP has been in power for 13 years, so perhaps it should stop its focus on independence and focus on the priorities of the Scottish people.

**Esther McVey (Tatton) (Con):** My constituency has a problem with Travellers pitching on private land and common land and causing a nuisance, currently on Parkgate Industrial Estate in Knutsford. Either the police do not have sufficient powers to deal with this issue, or they do have sufficient powers but they are not using them. Will the Deputy Prime Minister get the Government to speak with Cheshire police to ensure that they have the powers to deal with this blight on our local community and that they use them?

**The Deputy Prime Minister:** My right hon. Friend is absolutely right to highlight the misery caused by unauthorised encampments. I have seen this in my own constituency as well. I understand that Home Office officials regularly liaise with the National Police Chiefs' Council on this, but my right hon. Friend the Home Secretary will have heard my right hon. Friend's representations and I trust she will act on those.

**Sir Jeffrey M. Donaldson (Lagan Valley) (DUP):** The Deputy Prime Minister will be aware of the ongoing concerns of Unionists in Northern Ireland about our ability to trade freely within the United Kingdom and its internal market, given the continued application of EU law on the manufacture of all goods in Northern Ireland. We now have proposals for a future border operating model that could potentially create further barriers to trade between Northern Ireland and Great Britain. Will the Deputy Prime Minister give me an assurance that the Government will in law protect Northern Ireland's ability to trade freely within and with the rest of the United Kingdom?

**The Deputy Prime Minister:** We have already shown a willingness to legislate to protect Northern Ireland's place within the Union, and we are committed to providing exactly the protections to which the right hon. Gentleman has referred in respect of its unfettered access to the whole United Kingdom market. I can give those assurances, and of course we stand ready to work with the right hon. Gentleman and representatives across Unionism to reflect the further steps that are required to strengthen our precious Union.

**Q10. [904979] Angela Richardson (Guildford) (Con):** Throughout the early hours of Saturday morning I was out with Kathy, Peter, Jo and Tim, who volunteer as Guildford Street Angels. I pay tribute to them, and to all the volunteers who are out every weekend and in all weathers. However, it is an absolute disgrace that the Liberal Democrat-run council has shut the public loos. At night there are no single-sex spaces for our young women, and they are seeking out dark, secluded areas when they are caught short, which is dangerous because they are at increased risk of sexual assault. Will my right hon. Friend join me in calling for the immediate reopening of the town centre loos in Guildford?

**The Deputy Prime Minister:** I thank my hon. Friend for raising that important issue. I am afraid that, sadly, this is what one might expect from a Liberal Democrat-run council. I join my hon. Friend in thanking the Guildford Street Angels for all their efforts, and I am sure that they, and she, will continue to make those views known to Guildford Borough Council.

**Q4. [904972] Gavin Newlands (Paisley and Renfrewshire North) (SNP):** Many of my constituents are struggling to pay the bills and put food on the table. Food prices have risen by more than 19% in the last year, while the cheapest infant formula is up by 45%, gas prices are up by 129%, and electricity prices are up by 67%. Many people report borrowing more money than they did this time last year. Car manufacturers are threatening to move production, the Office for Budget Responsibility says that £100 billion has been lost from the economy forever, and wages are falling further and further behind basic living expenses. Does the Deputy Prime Minister really still believe that his Government's kamikaze Brexit is delivering for the people of these isles?

**The Deputy Prime Minister:** I certainly do believe that. Let me say to those on the SNP Benches that it is only because of the strength of our United Kingdom that we are able to afford interventions to deal with, for instance, the cost of living, providing more than £3,300 for every single family in our United Kingdom which was paid for by a 75% windfall tax on oil and gas companies. That is a United Kingdom delivering on the cost of living.

**Q12. [904981] Daniel Kawczynski (Shrewsbury and Atcham) (Con):** In 2016 we secured more than £300 million for the modernisation of accident and emergency services in Shropshire, but six years on, the money has still not been spent and construction has not started. The fact that this decision has not been taken leads me to feel real concern about the quality of managers in our local NHS trust. What can my right hon. Friend do to help us in Shropshire to ensure that, finally, this £312 million is spent and A&E services are modernised? There is nothing more important than the safety of constituents who go into A&E units.

**The Deputy Prime Minister:** I pay tribute to my hon. Friend for raising this issue. I know that his constituents are anxious for the building work to get under way as soon as possible, but I also know that the Department of Health and Social Care is working closely with NHS England and the trust to support the development of the scheme. The trust is due to submit plans to the Department in the coming months, and the Department will work apace to review those plans.

**Q5. [904973] Marsha De Cordova (Battersea) (Lab):** Leaseholders in Battersea are trapped in an outdated and unfair leasehold system. The Secretary of State has said that the Government will "absolutely" maintain a commitment to abolish the leasehold system and will "bring forward legislation shortly", but we now know this is no longer the case. Why have the Government done yet another U-turn and broken yet another promise to leaseholders by scrapping their plans to end the outdated leasehold system?

**The Deputy Prime Minister:** I assure the hon. Lady and the House that the Government are committed to reforming the leasehold system to give homeowners more control and cheaper access to leasehold renewal, including a 990-year extension with zero ground rent. We will set out plans for further reforms later in the Parliament.

**Q14. [904983] Sir Desmond Swayne (New Forest West) (Con):** What would be a reason for extending the general election franchise to settled EU citizens, a population of voters equal to the number in Wales?

**The Deputy Prime Minister:** I think that my right hon. Friend is referring to the plans from the Labour party. It is quite interesting that this week, while we are pushing ahead with legislation to break the smuggling gangs, Labour's big idea is to give foreign nationals a say in our elections. So there we have it. While the Conservatives will stop the boats, Labour will rig the votes.

**Q7. [904975] Matt Western (Warwick and Leamington) (Lab):** I was concerned to read last week that the Prime Minister had to be airlifted to a pharmacy in Southampton after suffering electoral dysfunction. Several weeks earlier he flew all the way from Lancashire to Yorkshire by private jet. Meanwhile, angry rail commuters face the reality of cancellations and longer journey times and are unable to get to work on time as operators shed services. The public think that the Prime Minister has his head in the clouds. They are right, aren't they?

**The Deputy Prime Minister:** It is quite extraordinary to take lectures from the Labour party about the railways when the head of the train drivers' union sits on its national executive committee and was described by the right hon. Member for Ashton-under-Lyne (Angela Rayner) as "one of us". No wonder Labour will not stand up to the militant rail unions; it literally lets them drive its policies.

**Mr Simon Clarke (Middlesbrough South and East Cleveland) (Con):** Incredible regeneration work is taking place on Teesside, led by our Mayor, Ben Houchen. Sadly, we have seen a shameful attempt, led by the hon. Member for Middlesbrough (Andy McDonald), to whom I have given advance notice of this question, to smear the amazing Teesworks project. Will my right hon. Friend confirm that it was always an integral part of the business case that the private sector should co-invest alongside Government and that the Teesworks arrangements have been checked and approved by the Government? Will he reconfirm his full support for the Teesworks project, reassure investors and join me in calling for the Labour party to apologise for talking down Teesside?

**The Deputy Prime Minister:** My right hon. Friend is absolutely correct to raise this issue. This is the UK's first freeport and it continues to attract billions of pounds of private sector investment, creating jobs and supporting the local economy. I think the whole House will see through the inexcusable attempts by the Labour party to talk down those successes on Teesside, where local leaders are working tirelessly to improve that region for the first time in a generation.

**Q8. [904976] Clive Efford (Eltham) (Lab):** In 2011, the first year that the Tories came into government, 61,000 people received emergency food parcels from food banks. In 2022-23, that figure had gone up to nearly 3 million—1 million of them children. It has gone up every year that the Conservatives have been in power, bar one. Is that a record that the Deputy Prime Minister proudly defends?

**The Deputy Prime Minister:** I am very proud of the fact that this Government have given record numbers of people the opportunity to have jobs and employment, which is the surest route out of poverty. I believe that up to 3.6 million new jobs have been created under this Government.

**Mr Robin Walker (Worcester) (Con):** It is truly excellent news to see England rising up the international league tables for reading to become the highest performing country in the western world. That is testament to the hard work of our teachers and the dedication of the Minister for Schools, my right hon. Friend the Member for Bognor Regis and Littlehampton (Nick Gibb), to following evidence-based policy, but this progress will only be sustained if children are in school regularly and able to learn. Can I strongly commend to the Deputy Prime Minister and the Government the ten-minute rule Bill presented by my hon. Friend the Member for Meon Valley (Mrs Drummond)? It has cross-party support and delivers on key recommendations of the Education Committee and the Children's Commissioner. The Government should adopt it as soon as possible.

**The Deputy Prime Minister:** My hon. Friend is absolutely right to highlight those brilliant figures, which show that we have now jumped to fourth best in the world for reading. I certainly see this in schools; it is much more demanding than it was in my day, and that is a tribute to the ministerial team who have done a fabulous job. I will of course examine the details of the ten-minute rule Bill to which he refers.

**Q9. [904977] Tommy Sheppard (Edinburgh East) (SNP):** It is an open secret that many in the Conservative party would wish to roll back the democratic gains of devolution, either in part or completely. The noble Lord Frost, a former Minister and the architect of the disastrous Brexit agreement—I believe he is now seeking a safe Tory seat in this Chamber—recently let the cat out of the bag when he said that the Government should "review and roll back some currently devolved powers."

Does the Deputy Prime Minister agree with him?

**The Deputy Prime Minister:** The only thing that will destroy devolution is a vote for independence in Scotland, as advocated by those on the SNP Benches.

**Matt Hancock (West Suffolk) (Ind):** I congratulate my right hon. Friend on a brilliant first performance at Prime Minister's questions. Will he keep the Government laser-focused on the issues that matter to people, such as the cost of living and the NHS, and on the issues of the future, such as artificial intelligence, which needs regulatory attention? And will he ignore the reactionary voices, no matter where they come from?



**The Deputy Prime Minister:** My right hon. Friend is absolutely right to highlight this. I am incredibly optimistic about the future of this country in industries across the piece, including digital and, indeed, film and television in my constituency. We are genuinely world leading, creating the high-quality jobs that we want for our children and grandchildren.

Q11. [904980] **Chi Onwurah** (Newcastle upon Tyne Central) (Lab): Half the children in Newcastle upon Tyne Central are growing up in poverty. Over the last five years, the delivery of food parcels to north-east children has risen by 250%. The number of north-east children who are homeless rose by 50% last year, and on average their parents' wages have fallen by £1,000. If any of this affects a child's mental health, they face a five-month wait for treatment. Why are his Government making it so hard for our kids?

**The Deputy Prime Minister:** I really think this House needs a correction on the facts, given what we have heard from the Labour party. Because of our national living wage, which is defined as being at least two thirds of the median income, poverty is at its lowest point for years. We have lifted 1.7 million people out of absolute poverty altogether. That is the track record of this Government.

**Jonathan Gullis** (Stoke-on-Trent North) (Con): The people of Longport and Burslem, as well as the people of Porthill in the neighbouring constituency of my hon. Friend the Member for Newcastle-under-Lyme (Aaron Bell), are suffering because of cowboy waste disposal companies such as Staffordshire Waste, which has again been done for having waste on site after being given a notice by the Environment Agency. What support can I get to hold these people to account and to make sure their retrospective planning application for a site they are already using is rejected by Stoke-on-Trent City Council?

**The Deputy Prime Minister:** My hon. Friend is right to raise this issue. Such people are often associated with fly-tipping, which is a blight on our landscape. I will

ensure that I raise all the issues he has raised with me with my right hon. Friend the Secretary of State for Levelling Up, Housing and Communities, who has ministerial responsibility.

Q13. [904982] **Rachael Maskell** (York Central) (Lab/Co-op): Crisis mental health services are in crisis, and patients and families are being gaslit and put at risk. This week is Mental Health Awareness Week, but there is no Government awareness to ensure that my constituents are safe, and that funding and workforce needs are met. Why are the right hon. Gentleman's Government sitting on their hands? A devastating report is sitting on the Health Secretary's desk while patients in York and across the NHS are being failed. Can the trust and I have an urgent meeting?

**The Deputy Prime Minister:** I am sure that a ministerial colleague in the Department of Health and Social Care will be happy to have that meeting. I would just say that this Government have put more money into mental health services, and we are funding 150 wider capital schemes. This Government have made mental health services a priority.

**Virginia Crosbie** (Ynys Môn) (Con): This week is Wales Tourism Week, an opportunity to celebrate one of Wales's most important sectors, which represents 10% of all jobs, supports Welsh farmers and food producers, and generates £6 billion of economic activity each year. Will the Deputy Prime Minister join me in thanking all those who work in the Welsh tourism sector? Does he agree that the UK Government's Employment (Allocation of Tips) Act 2023 demonstrates their commitment to supporting the tourism sector, unlike Labour's proposed tourism tax in Cardiff, which will undermine visits and jobs?

**The Deputy Prime Minister:** Of course, I am most happy to give my hon. Friend that commitment. I have spent many happy family holidays in Wales and plan to do so again next year.



## UK Car Industry

12.35 pm

**Justin Madders** (Ellesmere Port and Neston) (Lab) (*Urgent Question*): To ask the Secretary of State for Business and Trade if she will make a statement on the future of the UK car industry.

**The Minister of State, Department for Business and Trade (Ms Nusrat Ghani)**: The automotive industry is vital. It is a vital part of the UK economy and it is integral to delivering on levelling up, net zero and advancing global Britain. After a challenging period where covid and global supply chain shortages have impacted the international automotive industry, the UK sector is bouncing back. Production is increasing, and in 2022 the UK's best-selling car was the Nissan Qashqai, built in Sunderland.

The automotive industry has a long and proud history in the UK. We are determined to build on our heritage and secure international investment in the technologies of the future, to position the UK as one of the best locations in the world in which to manufacture electric vehicles. We are leveraging investment from industry by providing Government support for new plants and upgrades to ensure that the automotive industry thrives into the future. Companies continue to show confidence in the UK, announcing major investments across the country, including £1 billion from Nissan and Envision to create an electric vehicle manufacturing hub in Sunderland; £100 million from Stellantis for the site in Ellesmere Port; and £380 million from Ford to make Halewood its first EV components site in Europe.

We will continue to work through our automotive transformation fund to build a global, competitive EV supply chain in the UK, boosting home-grown EV battery production, levelling up and advancing towards a greener future.

**Justin Madders**: Thank you for granting this urgent question, Mr Speaker, and I thank the Minister for her response.

The warnings from Stellantis overnight are deeply concerning, not just for my constituents who work at Vauxhall Motors in Ellesmere Port, but for the automotive sector more widely. She will know of the huge efforts put in over recent years to secure the future of the plant and to move to electric vehicle production; significant contributions have been made from the management, the workforce, the local authority and the Government themselves. So it is beyond frustrating that just a couple of years later we find ourselves once again in a position where there is a threat to my constituents' livelihoods.

We know what needs to be done to secure jobs in Ellesmere Port and in the wider automotive sector, because the sector has been telling the Government, as have we, that there needs to be a proper industrial strategy. So where is that strategy? Indeed, where is the Secretary of State? The EU is pumping billions into manufacturing as part of its green industrial plan, the US is investing trillions with the Inflation Reduction Act and we are being left behind. Every day this Government sit on their hands, that mountain to climb gets a little higher.

So we need urgent action, but I am afraid that all I have heard this morning is complacency. We need those gigafactories with spades in the ground this year, because we know the timescales that the industry invests across are long and it needs to see progress now. So will the Minister tell us what steps the Government are actively taking to increase the proportion of vehicle parts manufactured in the UK? We need to make sure our trading relationship with the EU is updated to reflect the global supply chain difficulties that all manufacturing industry is facing. So does she plan to make a formal request to reopen negotiations with the EU on the trade and co-operation agreement? It has been made repeatedly clear that without changes to the future trading arrangements, and without a proper industrial strategy, the UK car industry is at risk. What assurances can she give to my constituents that their futures matter to this Government? The UK car sector is the jewel in the crown of our manufacturing industry. If we lose it, it will not be coming back. So please, Minister, take action now.

**Ms Ghani**: The hon. Gentleman will know, when I respond to this question, just how seriously I take the sector, as he does—he and I have worked on this previously. I agree that the automotive industry is a vital part of the UK economy and I will go on to explain all the work we are doing there; if we add it all up, it is more or less a very strategic strategy. We know that it is integral to delivering on our levelling-up agenda, which is why it matters to so many constituents and why there are so many MPs in the Chamber today. We know that it matters to net zero and to advancing Global Britain. We also know how important this is to Members of Parliament because of the number of people who work in the sector.

The automotive industry employs around 166,000 people and includes major manufacturers, such as Jaguar Land Rover, Nissan, Toyota and BMW. We are leveraging investment from industry by providing support for new plants and upgrades to ensure that the UK automotive industry continues to thrive into the future. This includes Nissan's £1 billion north-east electric vehicle hub, Ford's £380 million investment in Halewood to make electric drive units, and Stellantis's £100 million investment in Ellesmere Port for EV van production.

We work closely with the sector through the joint Government and industry-led Automotive Council, of which I am the co-chair, which discusses opportunities for growth, competitiveness and future opportunities. We also meet regularly with individual long-standing and new automotive companies to discuss a range of issues, including future investments.

On Government support, the Government and industry have jointly committed approximately £1.4 billion in innovative projects through the Advanced Propulsion Centre to accelerate the development and commercialisation of strategically important vehicle technologies, strengthening our competitive edge internationally. We also work on the automotive transformation fund, which puts the UK at the forefront of transition to zero-emission vehicles.

Of course, I must not forget the Faraday battery challenge, which, with an overall budget of £541 million since 2017, worked to establish the UK as a battery science superpower. This is what keeps us at the forefront as we try to adapt and use a new technology.

[Ms Ghani]

I wish to put it on the record that there are regular reviews of the EU-UK trade and co-operation agreement, but, as the hon. Gentleman will know, that responsibility sits with the Foreign, Commonwealth and Development Office and is not something that I can respond to on its behalf. However, I can provide assurances—[*Interruption.*] I am just about to do so, if Members will allow me to continue. I can provide assurances that I and the Secretary of State for Business and Trade have raised these issues with our colleagues across Government and have had productive conversations with our counterparts in the European Union. We are aware of the concerns of UK and EU car makers about the challenges and, of course, we continue to make strong representations.

**Mark Pawsey (Rugby) (Con):** The automotive industry has been a huge success story for the west midlands and can be so in the future as we transition to electric vehicles. However, with 40% of the weight and cost of an electric vehicle being made up in the battery, it is vital that we get a battery manufacturing site in the west midlands. A site has been allocated at Coventry airport, immediately adjacent to the Battery Innovation Centre, where some innovative and brilliant work is taking place. Will the Minister provide Government support for the proposed gigafactory at Coventry Airport?

**Ms Ghani:** I am grateful to my hon. Friend for raising this issue. He and I worked together on the Business, Energy and Industrial Strategy Committee. He has always been a passionate advocate for his constituency. It is indeed a fantastic proposal and we are keen to make sure that we can support as much investment as possible and that sites are set up for gigafactories. We know how important it is to ensure that the supply chain is as reliable as possible. If my hon. Friend would like to meet me, we can go through the proposals in further detail.

**Mr Speaker:** I call the shadow Secretary of State.

**Jonathan Reynolds (Stalybridge and Hyde) (Lab/Co-op):** I thank my hon. Friend the Member for Ellesmere Port and Neston (Justin Madders) for securing this urgent question on an area of fundamental importance not just to his constituency, but to the prosperity of the whole country.

For months now, Labour and industry have been warning the Government that this cliff edge was coming. It is a statement of the blindingly obvious that the lack of battery-making capacity in the UK, combined with changes to the rules of origin, was a car crash waiting to happen. It is a fact that, without domestic batteries, there will be no domestic automotive industry in the UK, yet the Government have no strategy to bring in the investment and infrastructure needed, and the rules of origin just make that even more compelling. This deadline to conform with the rules of origin has not been a secret, but where is the urgency, the ambition and the determination to keep our world-class automotive industry in the UK?

Once again, industry has been treated to a Government who are fond of big-state, top-down targets, but completely missing in action when it comes to how to deliver on those targets. Dare I say it that, despite warning after

warning, it is clear that this Government are asleep at the wheel. Labour has a plan, through our industrial strategy—which Members can read as it is published—not just to protect the industry and the jobs that we have, but to deliver even more. We will part-finance those eight gigafactories, create 80,000 jobs and power 2 million electric vehicles, matching the incentives on offer from our rivals.

This is not just about public investment; it is about planning reform, changes to business rates, domestic energy security and supply, and more. That is the action that is needed. With respect, the Minister has not really answered any of the questions from my hon. Friend the Member for Ellesmere Port and Neston yet, so will the Government outline how they will secure the battery-making capacity that we desperately need in the UK? What is the Government's view on the suitability and application of the rules of origin as they currently stand? Finally, will the Government wake up, grab the steering wheel and get control of the situation before it is far too late?

**Ms Ghani:** It is a good to hear that the Opposition are expecting businesses to make decisions on promises that may or may not come down the line, and on promises of sums of money that have been allocated and reallocated a number of times by the Labour party. This is not just my view: look at the figures from the Society of Motor Manufacturers and Traders, showing that British commercial vehicle production grew by 39% in 2022, the best since 2012, with exports surging by 63%. We are determined to make the UK the best location for export-led automotive manufacturing.

I am going to talk not about a promise, but about the programmes that are in place to ensure that supply chains and gigafactories are here to support the whole automotive sector. I have spoken about the Advanced Propulsion Centre—perhaps the Opposition do not understand how important that is—the Faraday battery challenge and “Driving the electric revolution”. We must not forget the Envision AESC announcement of its investment in a gigafactory in Sunderland or Johnson Matthey confirming its investment in the construction of a factory in Hertfordshire for proton exchange membrane fuel cell components for use in hydrogen vehicles.

Discussions are constantly ongoing with other potential investors into gigafactories in the UK. We are not doing this by ourselves in Government, making decisions that seem good on paper; as I said, I co-host the Automotive Council and just this week—possibly on Monday or Tuesday, I cannot remember—I caught up with Aston Martin, Bentley Motors, BMW, Ford, Jaguar Land Rover, McLaren Automotive, Nissan, Stellantis, Tesla, Toyota and the Volkswagen group. They are keen to continue working with us to ensure that we have supply chains here in the UK.

**Greg Clark (Tunbridge Wells) (Con):** To secure the future of our vital automotive sector, we need to manufacture batteries in the UK. The industrial strategy in 2017, which my hon. Friend the Minister referred to, established the Faraday challenge to build on our cutting-edge research capability. The battery innovation centre was set up to develop manufacturing capacity. While the strategy is vital, and must be refreshed and continued, it is necessary but not sufficient; we need activism.

When Mrs Thatcher lured Nissan and Toyota to this country, she travelled to Japan to make the case for locating here. Does that level of activism exist in the Government, and will the Minister commit to ensuring that we have those investments from companies around the world in the UK?

**Ms Ghani:** I believe that my right hon. Friend was the Secretary of State for Business, Energy and Industrial Strategy when the decision on the Faraday battery challenge was taken. He made sure that £211 million of funding was in place, so that technology could be developed to make batteries as efficient as they can be. That is just one part of our trying to secure investment into the UK. I can confirm that meetings are constantly taking place, including at Secretary of State level, with companies based in the UK and overseas, meeting with chief executive officers and chief financial officers to ensure that the UK is seen as an attractive place to manufacture cars. There is a global challenge around supply chains—it is not just a domestic issue—and we are keen to ensure that the UK continues to be seen as the best place to manufacture cars.

**Mr Speaker:** I call the SNP spokesperson.

**Gavin Newlands** (Paisley and Renfrewshire North) (SNP): The Minister is sticking her fingers in her ears and burying her head in the sand on this question. The Government were told time and time again about the rules of origin issues, and the car industry seems to be another casualty of the Government's damaging Brexit. Increasing the uptake of low-emission vehicles is vital to meeting our net zero goals, but the UK's disastrous trade deals are making the domestic manufacture of those vehicles impossible.

Stellantis has warned:

"If the cost of EV Manufacturing in the UK becomes uncompetitive and unsustainable operations will close."

Has the Minister made an estimate of how many job losses it would lead to if the world's fourth-largest carmaker closed its UK factories as a result of Brexit? Andy Palmer, a former chief operating officer, said that we are "running out of time" to get battery manufacturing in the UK, and that a failure to address the issues caused by Brexit will lead to the loss of 800,000 jobs in the UK. Car manufacturing has fallen sharply since the UK chose to leave the EU, from more than 1.5 million in 2016 to just 775,000. Does the Minister accept that the only way for Scotland to stop the decline of our industries is to gain independence and rejoin the world's largest single market?

**Ms Ghani:** I would not expect anything less than a rerun of the conversation on Brexit. Fundamentally, the hon. Member does not like Brexit, does not like any trade deal, and does not even like the most integrated single market between England and Scotland, so I know that he has nothing appropriate to say.

Let us talk about the situation as it is: confidence in the UK automotive sector, and in the whole supply chain, has meant that Stellantis has invested more than £100 million in the Vauxhall plant in Ellesmere Port. That will see the plant transition to become the first mass-market all-electric plant in the UK, producing electric vans from 2023. That shows the confidence that that particular firm has in the UK.

We know that the production of electric units will go up, whether for private or commercial use, and we are doing everything we can to provide support on some of the more challenging issues in car manufacturing, such as access to energy and the cost of energy, which we have been working on as well. It is internationally challenging—I accept that—but the UK continues to be incredibly attractive for car manufacturing.

**Andrew Selous** (South West Bedfordshire) (Con): Many of my constituents work at the Vauxhall Luton van factory, which makes the incredibly successful Vivaro, so this issue really matters to them and to me, and it matters for our industrial future. Will the Minister flesh out in a little more detail the plan to get more battery manufacturing capacity here in the United Kingdom? When will there be announcements? What number of battery plants does she believe the United Kingdom needs to have a successful car manufacturing industry?

**Ms Ghani:** I thank my hon. Friend for that incredibly sensible question. I have talked about all the programmes of work we have in place to attract gigafactories to the UK and to ensure that we are using the best technology that we can. We have the automotive transformation fund, which is building globally competitive electric vehicle supply chains, and I have spoken about the Faraday project, which will unlock a huge amount of research and development. We have Envision, too. We are working with and we constantly talk to other investors to help them come and establish gigafactories in the UK. We know how important it is to have supply chains to deal with the remarkable amount of cars being manufactured here.

My hon. Friend will be pleased to know that we also published in the integrated review an updated report on critical minerals to ensure that we are able to access to those minerals and are not relying on a particular nation, but can diversify. As I have said, I co-chair the Automotive Council, and that will provide a huge amount of assurance to his constituents that we are working hand in hand with the sector.

**Mr Speaker:** I call the Chair of the Business and Trade Committee.

**Darren Jones** (Bristol North West) (Lab): The story overnight came from written submissions to my Committee's inquiry on the future of battery manufacturing in the UK. Stellantis will be here in Parliament next Tuesday to give further evidence. The Minister will know two things: that she and her departmental officials are in ongoing negotiations with other car manufacturers in the UK beyond Stellantis, and that all the car companies are raising exactly the same issues and are asking for a step up in activity from the Government and an end-to-end industrial strategy to show that the UK is serious about the future of UK production of electric vehicles. Will the Minister confirm for the record that those assertions—that the Department is in negotiations right now with other car manufacturing companies and that they are raising exactly the same issues as Stellantis—are indeed correct?

**Ms Ghani:** I am grateful to the Chair of the Select Committee for being here. I was once on his Committee. Overnight, I went through the transcript and some of



[Ms Ghani]

the submissions to that inquiry, and I noticed the submission from Nissan. I know that nobody wants to pick out all the positive things that were said, but there was a great point on page 4:

“The UK has strong promise as an EV battery production location due to strong demand, a skilled workforce, and attractive manufacturing sites.”

We somehow seem to be forgetting all the positive things that are said in submissions by the automotive sector.

We are working with those in the sector, as I have said. I meet them regularly and was with them just this week to deal with a number of challenges, whether to do with the Inflation Reduction Act or gigafactories. I can, of course, confirm that we are working with industry to do everything we can to ensure that there is greater commitment to gigafactories here in the UK.

**Holly Mumby-Croft** (Scunthorpe) (Con): Manufacturing and industry in this country are definitely an ecosystem, and when we start to lose chunks of it, that not only devastates communities but affects wider supply-chain businesses. The Minister will know that steel is crucial to car manufacturing. Can she reassure me and my constituents that she is considering those supply-chain businesses and doing everything she can to ensure that we have a level playing field in this country, not just for the steel industry but for manufacturing more widely?

**Ms Ghani:** My hon. Friend is once again the lady of steel, raising the topic on behalf of the whole industry across the UK. She will know about our recent work to look at procurement and the whole lifecycle of supply chains, and to ensure that we are doing everything we can in the UK. She knows about our commitment to the steel sector—we have provided billions of pounds-worth of support for energy costs, and now there is a huge amount of support for decarbonisation—and because of her work, steel will not be left out of any conversation when it comes to advanced manufacturing.

**Ian Lavery** (Wansbeck) (Lab): Recharge Industries, the organisation that bought out Britishvolt, is committed to building a gigafactory on the Britishvolt site in Cambois in my constituency. However, there is a huge issue with Northumberland County Council relating to a buyback proposal on the land of the proposed gigafactory. Will the Minister please intervene to facilitate discussions between all parties to ensure that we are not let down again at the site in Cambois, and that Recharge Industries gets every support it needs from the Government to build that gigafactory and bring 9,000 jobs to the north-east?

**Ms Ghani:** We are pleased that Britishvolt has been successfully acquired. We know that investment supports high-quality jobs in industries of the future, and we are determined to ensure that the UK remains one of the best locations. We look forward to learning more about the Recharge Industries plans, and we continue to work closely with the local authority—it is not a Government decision—to ensure the best outcome for the site. Because I am so keen to ensure that we continue to have good news in this sector, I will commit to meeting the hon. Member this week so that he can ensure that the information

I am getting from my officials is absolutely correct. If there is anything more I can do in relation to the local authority, I will do my best.

**Rachel Hopkins** (Luton South) (Lab): I am very proud to have the Vauxhall van plant in my constituency. I was going to ask the Minister whether the Government accepted that setting ambitious targets, such as the zero emission vehicle mandate, without a plan, alongside the issues with the rules of origin, was simply reckless, but I want to impress upon her that what we are debating impacts on people's lives and livelihoods. Will she accept an invitation to Luton South to visit the Vauxhall van plant and speak with workers there, and their representatives, to see how Government decisions impact on people's lives?

**Ms Ghani:** We are very much aware of how this impacts on people's lives. I can tell by the number of Members in the Chamber. I co-chair the Automotive Council, so I know how incredibly important it is that we are sensitive to the needs of the industry while delivering on our other ambitious targets, including net zero. For the meeting this week with the sector, I took a delegation over to the Department for Transport to explain a little further the challenges of the ZEV mandate. There is a huge commitment to delivering electric vehicles, but there are also challenges if we want to ensure that the UK automotive sector continues to be as competitive while delivering on our net zero ambitions. Of course, if the opportunity arises, I would be more than happy to visit the hon. Member's manufacturing site when she is available. I will do my very best to try to make that happen.

**Sarah Olney** (Richmond Park) (LD): In a written answer to me in November last year, the Minister said:

“The Government is committed to securing investment into the automotive sector, which will play an important role in levelling up across the UK and driving down emissions to net zero by 2050.”

In the light of that, today's intervention by Stellantis is extremely worrying. If the Government cannot get an agreement to keep the current rules until 2027, what assessment have they made of the effect that the 10% tariff will have on the UK car manufacturing industry?

**Ms Ghani:** The hon. Member's premise is wrong. I can list all the investments that have taken place in the sector, including £100 million from Stellantis in Ellesmere Port. That is taking place because there is confidence in the UK and in the supply chains. There has been a £380 million investment in Halewood. We have £1 billion of investment in the north-east hub between Nissan and Envision. That is all investment in the UK. Bentley announced £2.5 billion of investment in 2022 to produce its first battery-electric vehicles by 2026, securing 4,000 jobs at its Crewe plant. None of that was in the hon. Member's script as she stood up.

We are aware of the rules of origin issue and it is raised with the Automotive Council, of which I am a co-chair. As I said earlier, the FCDO leads on this issue, but my Secretary of State is in constant contact to ensure that we get the best deal we can.

**Mick Whitley** (Birkenhead) (Lab): Stellantis' warning that it might be forced to close its UK factories will be greeted with dread by the large number of my constituents



who work in the Vauxhall car plant in Ellesmere Port, where I myself was employed for many decades. The automotive sector now faces an existential threat as a result of the Government's recklessness in setting such ambitious rules of origin targets, with no clear plan on how they would be delivered. With 800,000 jobs hanging in the balance, can the Minister confirm that the Government are prepared to sober up, get real, and work with the EU to revisit the rules of origin requirements in the trade and co-operation agreement?

**Ms Ghani:** Stellantis gave evidence to the Select Committee on a number of issues, and it seems peculiar that just one particular point has been raised, which has been in process for quite some time. The confidence that the hon. Member can give his constituents is that Stellantis has invested over £100 million in the UK—that is the confidence that employees have as well. A series of submissions were made to the Select Committee, and I am sure that the Chair, the hon. Member for Bristol North West (Darren Jones), will see a lot of activity on the website going forward. I read out the submission from Nissan expressing the confidence it has in the UK, as well as in us being able to deliver a huge amount of technological advancement in providing net zero vehicles. I ask the hon. Member for Birkenhead (Mick Whitley) to read the submission in full, not just the snapshot that was in the news.

**Mrs Sharon Hodgson** (Washington and Sunderland West) (Lab): As the Minister will be aware, Sunderland is home to Nissan—it is in my constituency—and there are thankfully already shovels in the ground for the Envision AESC's battery gigafactory, but we need more than one gigafactory. The sustainability of other UK manufacturing operations is at massive risk, as we have heard today, because the Government are incapable of seeing through any strategy. They knew this day was coming. When will the Government renegotiate the trade and co-operation agreement?

**Ms Ghani:** The hon. Member is absolutely right: there is a fantastic project with Nissan and Envision that will support 6,200 jobs in that supply chain, with more than 900 new Nissan jobs and 750 new jobs at the Envision gigafactory. By 2025, that site will see a projected 100,000 battery electric vehicles produced each year by Nissan; it is the first in the UK at that scale. All the other programmes of investment that I explained, whether that is the automotive transformation fund or the Faraday battery challenge, are what we are using to attract further investment in the UK, especially in gigafactories. That is exactly what we are working on—it is what I am working on as the co-chair of the Automotive Council.

**Dame Nia Griffith** (Llanelli) (Lab): The transition to electric vehicles means not only new battery and engine factories, but significant investment in car component factories such as Gestamp in my constituency, which has developed lighter, tougher car body parts. Multinational companies such as Gestamp are currently making crucial decisions about where to site the production lines of the future, so with the US Inflation Reduction Act and the EU refining its response, what are the Government going to do to reduce energy costs both now and in the long term, to provide a coherent industrial vision and strategy, and real incentives for companies such as Gestamp to invest their new lines here in the UK?

**Ms Ghani:** Those are the exact conversations that we have been having for quite some time with manufacturers in the UK. Of course, IRA is not just a challenge for us, but a challenge internationally—the hon. Member has no doubt seen the response from Europe. We are also putting together a response collectively for all the manufacturers within the UK. It is important to note all the support we have given to energy-intensive industries, including the energy bill relief scheme, and now we have the supercharger coming down the line as well. Fundamentally, we also have the critical mineral refresh that is in the integrated review, which will provide further assurance that we can get hold of the basic goods—the critical minerals—that are needed to ensure that supply chains are reliable for manufacturers in the UK.

**Matt Western** (Warwick and Leamington) (Lab): Never has an industrial strategy been more needed, and never have a Government been found more wanting. We have just 2.5 GW in production currently with Envision, and as the right hon. Member for Tunbridge Wells (Greg Clark) said, it needs activism, but I am afraid the signals just are not there. As Chancellor, the Prime Minister gave a keynote speech to the automotive industry last May. He spoke for just one minute and 46 seconds, and the delegates were left feeling disrespected by his lack of commitment. Unfortunately, this does affect international corporates that are looking to invest, and between the US with its IRA and the investments in Europe—in Germany, France and Spain—we are in serious danger of losing out. As such, will the Minister please convene a cross-party meeting with the Automotive Council to discuss what the plan is to address this real crisis?

**Ms Ghani:** If Madam Deputy Speaker allows, I will be more than happy to go over the allowed one minute in my response, but I do not want to lose favour with her. The constant requests for the strategy are peculiar because I can tell Members exactly what we are doing. The Chancellor identified five key growth sectors for the UK, which of course include advanced manufacturing, and the Government have announced £500 million per year for a package of support for 20,000 research and development-intensive businesses. We have 12 new investment zones and we are saving £1 billion yearly by cutting red tape that is burdensome for big employers.

But the point is this: there are a number of challenges around supply chains. We are looking at that issue with the Automotive Council, and also through the integrated review and the critical minerals refresh. There was a challenge internationally when it came to energy costs; we had the EBRs and now we have the supercharger. I am the co-chair of the Automotive Council. I am sure that, if the hon. Member for Warwick and Leamington (Matt Western) wanted to attend, he could write to the co-chair and ensure there could be time for him to be there as well. That work is done collaboratively with all the automotive CEOs, CFOs and leading managers across the UK. I do not determine who comes to that meeting and represents the automotive sector; that is for them to decide.

**Kerry McCarthy** (Bristol East) (Lab): In the UK, we have the largest queue to connect to the grid of any country in Europe, which is affecting the car manufacturing

[Kerry McCarthy]

industry, including when it sets up new plants. One manufacturer that wanted to put solar arrays on its plant was quoted 2031 for grid connection and a £9 million cost; another one was quoted 2037. That is clearly hindering our chances of securing a prosperous car industry in this country and attracting more investment. What conversations is the Minister having with her colleagues to ensure that grid connectivity is resolved?

**Ms Ghani:** I thank the hon. Member for that question, because it shows that we have to work across Whitehall. Access to the national grid is a major issue for any of the large manufacturers and of course, as their plans grow, they need to have greater access over a faster timetable than one would have previously thought National Grid would make available. Conversations are taking place, in particular with colleagues who were previously in the Department for Business, Energy and Industrial Strategy, who are now in the Department for Energy Security and Net Zero and are leading that relationship with National Grid. The issue comes up regularly in the meetings that we have with the manufacturing sector, and my priority is to support the advanced manufacturing sector, so the hon. Member can be assured that I am campaigning incredibly hard to make sure that all our advanced manufacturing sites—present or planned—get access to energy at a timetable that suits the business, not just National Grid.

**Dave Doogan** (Angus) (SNP): It is deeply unimpressive for the Minister to come along today and talk about jam tomorrow—investments in future exotic technology and the investments that industry is making in that scenario—when what we actually need is conventional traction battery manufacturing capacity in the UK now. I am invested in this because of the supply chain in Scotland and because the United Kingdom has done everything it can to avoid any of the automotive foreign direct investment coming to Scotland. What will the Minister do to address the emergency of a lack of manufacturing capacity in traction batteries now, not different types of batteries in the future?

**Ms Ghani:** It is not about jam tomorrow: it is about money committed previously and money committed today. The transition to zero-emission vehicles is being supported by up to £1 billion for R&D and capital investments in strategically important parts of the electric vehicle supply chain, building on the £1.9 billion in spending review 2020. The Government have committed £620 million to support the transition to electric vehicles—that is committed today; it is not jam tomorrow. I ask the hon. Member to read all the submissions to the Select Committee, and to respond to the positive comments that have been made about why businesses continue to see the UK as a great place to manufacture cars.

**Andrew Gwynne** (Denton and Reddish) (Lab): If levelling up is to be more than just a slogan, we desperately need an industrial strategy that matches historical skills to new job opportunities. I want to impress on the Minister that, in 2002, Oldham Batteries in Denton closed for the last time. It made car batteries for a long time. It had been a company since 1894, but those skills are still there in Tameside. How do we match up future job opportunities that the green transport revolution brings to those skills that still exist in areas such as Denton and Tameside?

**Ms Ghani:** I am grateful for the hon. Member's point. There is no doubt a huge amount of skills in his constituency and it is absolutely right that he is coming here to represent them today. I have spoken about the Faraday battery challenge, which is about using new technology to ensure that we are producing the best batteries with the longest lifecycle. Forgive me; he is absolutely right: I should have mentioned the national electrification skills framework. That project is being continued by the Faraday battery challenge. It looks at the skills needed today, tomorrow and even further going down the line to ensure that these jobs and opportunities are spread across the UK. If he would allow, I am more than happy to write to him and to make sure, if it does not already, that that part of the Faraday challenge covers his region, too.

**Ruth Cadbury** (Brentford and Isleworth) (Lab): As well as a viable automotive industry, the UK badly needs adequate road infrastructure to drive electric vehicles on. Do the Government recognise that demand for private and commercial electric vehicles is stalling in the UK because there is insufficient charging infrastructure, which makes buyers reluctant to make the move? Will the Minister raise that with Transport colleagues and commit to Labour's policy of implementing mandated regional targets to ensure that all parts of the country get the charging infrastructure they so badly need?

**Ms Ghani:** As I mentioned earlier, I went with a delegation of car firms over to the Department for Transport, and I can see a Minister from that Department, my hon. Friend the Member for North West Durham (Mr Holden) on the Front Bench. As I mentioned, it included Bentley, BMW, Ford, Jaguar Land Rover—I have to read them all out; they will complain if I miss them off—McLaren, Nissan, Stellantis, Tesla, Toyota, Volkswagen and Aston Martin. I think that is everybody. Infrastructure is absolutely key, and we are doing everything we can to put pressure on the Department for Transport as it works with its stakeholders to make sure that the roll-out of charging points, including fast charging points, is kept up to speed to make sure that buying an electric vehicle is as attractive as it can be.

## Buses: Funding

1.12 pm

**The Parliamentary Under-Secretary of State for Transport (Mr Richard Holden):** With permission, Madam Deputy Speaker, I wish to make a statement on the steps that the Government are taking to ensure that bus travel remains accessible and affordable for everyone, while bearing down on the cost of living.

Let me start by summarising the situation as we find it. People across the country are facing massive cost of living pressures following Russia's illegal invasion of Ukraine. That is why we have a commitment to halve inflation this year to ease the cost of living and give people greater financial security. For the bus sector, that comes on the back of a global pandemic that saw passenger numbers drop to as low as 10% of their pre-pandemic levels. However, bus journeys are now recovering to around 90% of their pre-pandemic levels outside of London. Taking the bus remains the most popular form of public transport, and millions of people rely on these vital services every day.

Local bus networks provide great access to work, education and medical appointments, driving economic growth across the country. They can be a lifeline for those for whom travelling by car or other forms of public transport is simply not possible. That is why over the past three years we have invested more than £3 billion to support and improve bus services in England outside of London. That level of investment was a sign of the times, but today, we need to move out from underneath the shadow of covid-19, where the sudden absence of passengers made it necessary for the Government to step in, first through the covid-19 bus service support grant, and later through the bus recovery grant.

We face a challenge to return the network to its pre-pandemic footing while confronting fundamental changes to travel patterns, but buses remain a critical part of our transport infrastructure for many people, especially outside London in suburban and rural areas. Billions in Government funding has been made available to keep fares down and to keep services up and running. Bus routes have been kept alive where they may have proven so uneconomic that they risked being scrapped altogether. Without them, whole communities would have lost out, risking people becoming totally disconnected, especially older and more vulnerable people. While we have seen overall patronage recover to around 90% of pre-pandemic levels, concessionary fares continue to lag significantly behind. We recognise that we can maximise opportunities to bring concessionary passengers back to the bus, and I will return to that point later.

Supporting bus services at their lowest ebb was the right thing to do. However, if the public purse alone props up bus services, that would not be a funding model; it would just be a failing business. It is not the business of this Government to allow our buses to fail. We must reform bus funding in the long term, and we will work with the sector to better understand the impact before moving ahead with any implementation. We must adapt to new levels of patronage, acknowledge that there are extremely challenging financial circumstances and balance the needs of taxpayers, the travelling public, operators and local authorities. All parts of the sector have their role to play.

The Government will play our part. Today, I can announce a long-term approach to protect bus services, keep travel affordable and support the bus sector's long-term recovery. I can announce that the Government will provide: an additional £300 million over the next two years to protect vital routes until April 2025; £150 million between June 2023 and April 2024; and, another £150 million between April 2024 and April 2025.

Some £160 million of that funding will be earmarked for local transport authorities through the new bus service improvement plan plus—a mechanism to improve bus services while empowering local authorities to make the call on how services are planned and delivered. It comes in addition to the existing £1 billion of funding through the national bus strategy that has already been allocated. BSIP+ will be focused on communities that did not previously benefit from BSIP allocations. In addition, a further £140 million will be provided to operators through the bus service operators grant plus mechanism, supporting them with the services they run.

This package means that passengers can continue to rely on their local bus to get around. Alongside it, we will consult with operators and local authorities on measures to modernise and futureproof bus funding for the long term. This is part of the Government's vision to improve connectivity through the bus services that this country relies upon. This funding and our bus vision will grow the economy, creating better-paid jobs and opportunities in every part of the country.

At a time when the cost of living is a challenge for many, we also recognise that price is a key barrier to growth. The more affordable travel is, the more likely passengers are to get on board. We understand that every penny counts. The Government stepped up during the pandemic with support for businesses and their workers with low-cost loans and, most vitally, the furlough scheme. Following Russia's illegal invasion of Ukraine and the knock-on inflation caused by the energy price shock, we again stepped up. We have delivered an energy package of more than £90 billion, literally paying half the energy bills of households across the country, with extra support for the most vulnerable. We will halve inflation this year to ease the cost of living pressures and give people financial security. We will grow the economy, creating better-paid jobs and opportunity right across the country.

In transport, we also understand the pressures placed on people's finances. That is why we cut fuel duty by 5p a litre, kept train fare rises significantly below inflation and introduced the "Get Around for £2" bus scheme nationwide and provided the funding for local authorities in Greater Manchester, West Yorkshire and elsewhere to do the same. The nationwide scheme was initially for three months until 31 March this year. I then extended it until 30 June. Today, I can also inform the House that the Government will provide a further £200 million to continue capping single fares at £2 in England outside London until 31 October 2023. After that, we will continue to support bus passengers with the cost of living. We will replace the £2 cap with a £2.50 fare cap until 30 November 2024, when the Government will review the effectiveness of future bus fares.

Since the £2 cap was introduced, it has saved passengers millions of pounds, boosted businesses and put bums on bus seats across the country. This decision builds on



[Mr Richard Holden]

the Government's help for households initiative and supports everyone through the cost of living increases, especially those on the lowest incomes, who take nearly three times as many bus trips as those on higher incomes. It puts money back into people's pockets and keeps them connected to key local services. It encourages millions of passengers to get back on the bus by knocking close to a third off the average single fare, and more for longer journeys. Taking that forward, my officials will work with the sector to confirm operators' participation in the scheme. We will also undertake a review of bus fares at the end of November 2024 to support the sector in moving to a sustainable, long-term footing.

In conclusion, what I have shared with the House today is part of the largest Government investment in bus services for a generation. It exceeds our bus back better commitments by half a billion pounds, providing certainty to industry, securing value for taxpayers, protecting access to vital public services, delivering our priority to grow the economy, and helping people with the cost of living. All the while, we will work with the sector to reform bus funding in the long term. We will work towards affordable and reliable bus services for everyone, everywhere, all at once. That is what the travelling public deserves, and that is this Government's ambition. I commend this statement to the House.

**Madam Deputy Speaker (Dame Rosie Winterton):** I call the shadow Secretary of State.

1.36 pm

**Louise Haigh** (Sheffield, Heeley) (Lab): Thank you, Madam Deputy Speaker, and I thank the Minister for advance sight of his statement.

Our bus services are in crisis. Bus users across the country listening to the statement today—waiting for a bus that never turns up and robbed of a service they depend on—will be wondering, frankly, whether the Minister is oblivious or in denial, and whether he understands the scale of the Government's failure, even on their own terms. His party made promises that voters were entitled to think would be kept.

Two years ago, in the middle of the pandemic and when its effects were well known, the Conservatives launched their bus back better strategy. With great fanfare, they pledged a great bus service for everyone, everywhere. They promised it would be one of the great acts of levelling up. They pledged buses so frequent that people would not need a timetable. They said the Government would

“not only stop the decline”—

in bus services, but

“reverse it”.—[*Official Report*, 15 March 2021; Vol. 691, c. 50.]

Those promises made long after the effects of Covid were clear, and what has happened since? Last year, services fell by the second fastest level on record. Today, there are fewer buses on the road than at any time on record. Of the 4,000 zero-emission buses the Minister's party promised, just six are on the road. Can that really be what the Prime Minister means by “delivery, delivery, delivery”? For bus passengers across the country, it sounds like “failure, failure, failure.” They are counting the cost of a party that simply has not kept its word and

of 13 years of Conservative failure. In that time, 7,000 bus services have been axed. Those services were indispensable for connecting people to jobs, opportunities, friends and family. These lost connections have held back our economic growth, worsened our community life, and deepened our productivity problem. The Government promised transformation, but they have delivered a spiral of managed decline. Today's announcement does nothing to stop that.

The funding announced to “support services” until 2025 is actually a significant cut—23% less than previous rounds of recovery funding and far short of what the operators have said is needed simply to maintain services. The consequence—whether or not the Minister will admit it—will be hundreds more services on the scrap heap. Even on the Government's own terms, that is yet another extraordinary failure.

The Minister cannot hide from the reality with which so many people are living day to day. A woman in Hampshire told me she has to leave home three hours early for her hospital appointments to ensure she is there on time. There are students in Stoke who do not go into their town centre any more, because the bus back finishes at 7 pm. There are kids in Burnley who no longer have a school bus. What does the Minister have to say to them? Does he think their situation is acceptable after 13 years of Conservative Government? What hope does he have to offer them? This announcement shows that he is content simply to tinker around the edges of the broken bus system, to leave intact a system that gives local people no say whatsoever over the services they depend on, and to leave this country as one of the only in the developed world that hands operators unchecked power to slash routes and raise fares, with the people those decisions affect cut out altogether.

For years, communities have demanded that we fix the situation, and Labour will. Our plans will put communities firmly back in control of the public transport they depend upon. We will give every community the power to take control over routes, fares and services, and we will lower the unnecessary legislative hurdles that the Tories have put in their way. We will back the evidence showing that areas with local control and public ownership deliver greater efficiency, increased passengers and better services. Bold reform is needed, and 13 years into this Conservative Government, bus services are locked in a spiral of decline that communities are powerless to stop.

Today's announcement shows that the Conservatives' answer to this failing status quo is more of the same. After more than a decade of broken promises, the public will once again rightly conclude that the Conservatives cannot fix the problem, because the Conservatives are the problem.

**Mr Holden:** It was delightful to hear the shadow Secretary of State's prepared attack lines, because I do not think she actually listened to the statement. We are exceeding the bus back better commitment by £500 million. I note that the hon. Lady did not mention the fact that Sheffield city region is getting £3.15 million today—[*Interruption.*] If the hon. Lady would let me speak, rather than shout at me from a sedentary position, she might actually learn something. Stoke, which she mentioned, has already had £31.6 million in BSIP funding. Hampshire, which she also mentioned, is also getting £3.6 million today.



The hon. Lady talked about her plan for the devolution of powers, but we have already done that. She does not seem to be paying any attention to what is happening in her own area of South Yorkshire, which has received £570 million. Greater Manchester is receiving over £1 billion over five years. That was never delivered by Labour in government, but delivered by this Conservative party right across the country. There are sustainable transport schemes and city region sustainable transport settlements—all delivered with money from this Government—*[Interruption.]* She shouts that this is about Labour Mayors, but we have done deals with Conservative Mayors and Labour Mayors. I do not care about party politics; I want to deliver for bus users right across this country.

That is different from the ideological approach taken by the hon. Lady, who seems to think that if everything was under total state control, everything would be better. We know from the past that that is not true. We want to deliver for people up and down the country. That is why we are extending the £2 bus fare, delivering for people on the lowest incomes right across the country. I know that the hon. Lady is in the pocket of the train drivers' unions, but I suggest that she stand up for working people right across the country, the majority of whom use bus services.

Today, we are delivering £500 million of extra support and for an extra two years, not only for the cost of living, but for bus services right across the country. I think the hon. Lady would do well to follow our example and think of the long term, rather than ideological and political attacks.

**Madam Deputy Speaker:** I call the Chair of the Select Committee on Transport.

**Iain Stewart** (Milton Keynes South) (Con): I warmly welcome this announcement, not least because the Minister has taken on board the recommendations made in the Transport Committee's March report on the national bus strategy. It is right to focus on the necessary longer-term reforms, and I particularly welcome the intervention on BSIPs, which the Committee found were a mixed bag across the country. Some are working very well, but other authorities were not able to deliver a good plan. Will the Minister assure me that his officials will work with local authorities to design good new bus strategies for the areas that do not have one?

**Mr Holden:** I thank the Chair of the Select Committee for his question. He is absolutely right to point to bus service improvement plan funding as part of the package. We pledge to work with those local authorities, and will continue to do on delivering enhanced partnerships or franchising, depending on what they would like. My hon. Friend's area of Milton Keynes will be getting £654,000 this year from the bus service improvement plan, which can go towards delivering the local services that are most under threat and protecting them for the future. The area will also benefit from the "Get Around for £2" scheme extension, and the £2.50 fare extension. Beyond that, on top of the money going directly to local authorities—not mentioned by the hon. Member for Sheffield, Heeley (Louise Haigh)—local operators across the country will be provided with money this year and next, including franchise operators in places such as Greater Manchester.

**Madam Deputy Speaker (Dame Rosie Winterton):** I call the SNP spokesperson.

**Gavin Newlands** (Paisley and Renfrewshire North) (SNP): In principle, I welcome today's announcement on fares by the Government. Anything that helps to make bus travel more attractive and drives modal shift is to be welcomed. *[Interruption.]* Just wait—there's more!

In Scotland, we have taken a different approach, and extended free bus travel to include every Scottish resident under the age of 22. The feedback thus far is that we are seeing a big increase in travel among those groups, getting them in the habit of taking the bus and normalising public transport. However, when it comes to real investment and spending on bus infrastructure, I am afraid the DFT is still lagging well behind. Of the 3,500 buses farcically claimed by the UK Government as helping meet their target of 4,000 zero-emission buses for England outside London, nearly a fifth are funded by the Scottish Government, over whom the Minister has zero jurisdiction. He is using the success of the Scottish Government and others to cover for their own failure.

Incidentally, four weeks ago the Secretary of State promised the House that he place a letter in the Library setting out the details of the pledge and of delivery thus far, but we are yet to see that letter placed in the Library.

In Scotland, ScotZEB 2—the Scottish zero-emission bus challenge fund 2—was announced just this week, providing another £58 million to further enhance and improve bus services across the country, including in my own constituency. This will bring Scotland's zero-emission bus fleet up to about the equivalent of 8,000 buses in England. In contrast, of the 1,342 buses in England outside London claimed as funded under the ZEBRA—zero-emission bus regional areas—scheme, only six are on the road. If I looked out of the window of my constituency office in Renfrew, in 15 minutes I would see more zero-emission buses passing by, serving passengers and contributing to the net zero transition, than are actually on the road through this Government's ZEBRA scheme.

Will the Minister do the right thing, unlock the logjam in the ZEBRA scheme in England and at least try to catch up with its success in Scotland, and will he confirm that every penny spent as a result of this announcement will be subject to Barnett consequentials to allow the Scottish Government to continue their investment in our public transport network—investment that builds for an electric future?

**Mr Holden:** I thank the hon. Gentleman for his opening remarks, and I will address some of his later ones. On the Barnett consequentials—just to start off with that—all this money has been found within the Department for Transport. We are cutting our cloth without asking for more cash from taxpayers, which is exactly what we need to be doing in this situation.

It is interesting that the hon. Gentleman concentrated on talking about the ZEBRA scheme, which is not really the topic of today's statement. It is interesting that he did not mention anything else because the Scottish national party is obviously not matching our £2 bus fare right across Scotland, which is quite a surprise. *[Interruption.]* Only people under the age of 22, the hon. Gentleman shouts at me, have free bus

[Mr Holden]

travel. People do not have that in Scotland; actually, it has no £2 fare cap at all. That is something we are delivering this year and will be continuing to deliver next year here in England.

In fact, one of the major bus operators spoke recently about the crisis of buses in Scotland due to the Scottish Government's

"mix of ill-informed emotion and political dogma",

while failing to help them meet the needs of reliant Scots—

**Gavin Newlands:** Let's hear the name.

**Mr Holden:** The hon. Gentleman can look it up online. I can understand why he would want to ask questions of us, but I think he needs to ensure that the Scottish Government get their own house in order first.

**Tracey Crouch** (Chatham and Aylesford) (Con): Today's announcement is welcome, especially given that in my own constituency we have seen a vital rural route—the 155—withdrawn, removing connectivity and unfortunately increasing loneliness, particularly among the older population. There is another route—the 638—which is a school service, that is under threat, causing great angst for those who use it. The extra funding for Kent and Medway is appreciated, but could the Minister confirm when he expects the money to be allocated in order for the local authorities in Kent and Medway to plan ahead for the next academic year and save the 638 from being scrapped?

**Mr Holden:** I thank my hon. Friend for her question. She is indeed right that Kent and Medway will be getting extra support. In Medway, that amounts to over three quarters of a million pounds. Across Kent, on top of the almost £19 million it has already had from its first BSIP, the council will be getting an extra £2.3 million as a result of this announcement. On top of that, she will also see local bus operators receiving similar amounts of money, so she will see multiple millions of pounds for her local bus services. On when the cash will get paid, I will write to her directly. It will come in tranches at different stages, and I will happily lay that out in a letter to her. However, she can reassure her constituents that money is available and that cash is coming in, and that the local council as well as local operators will be able to use that money to fund the vital local services she mentioned.

**Liz Twist** (Blaydon) (Lab): I look forward to discussing these issues in much more detail in my Adjournment debate on Government funding for local bus services this evening. The Minister will know, because we have neighbouring constituencies, how important bus services are to our constituencies and how absolutely essential it is to keep them, and he must know that this money will not be sufficient to maintain those services. This morning, the Minister claimed he was not going to pretend he can save every bus route. Can he confirm how many bus services he is willing to lose?

**Mr Holden:** I would like to thank the hon. Lady for her question, and we will be able to go into this in greater detail later. As she knows, hers was the first ever Adjournment debate I did, and I am looking forward to

doing one with her again tonight. [Interruption.] Well, what has changed, despite the comments of the shadow Secretary of State, is that the north-east has already received £117 million of its £163 million of BSIP funding, and in addition it will also be benefiting today. I spoke to the leader of the hon. Lady's council, Councillor Gannon, earlier today, before I came to the House, and talked him through the BSIP funding for the future. I would say that we obviously cannot protect every route—some routes will need to change—but the funding being delivered today will be hugely important to her and my constituents. Gateshead has had the levelling-up fund bid for more than 50 electric buses, with £100 million already and more to come with the bus service improvement plan across the north-east. Only last week, £1 bus fares were rolled out across the north-east for under-22s, thanks to the funding from the Government. That was never delivered under the last Labour Government, and I would have thought she would welcome more cash being available.

**Jack Brereton** (Stoke-on-Trent South) (Con): I very much welcome the much-needed investment in buses. As the Minister has said, we have developed excellent plans to improve bus services, supported by the £31 million that the Government have committed to improve bus services in Stoke-on-Trent. Does my hon. Friend agree that it is vital that Stoke-on-Trent City Council now gets on and delivers on these plans?

**Mr Holden:** I thank my hon. Friend, who raises a vital point. Some £31.6 million—one of the highest per capita amounts anywhere in the country—was given to Stoke-on-Trent City Council, which now needs to deliver on its plans. My Department stands ready and willing to work with it, including on any flexibilities, as it sees the situation change. His constituents will also benefit from the £2 bus fare cap this year and the £2.50 bus cap next year, and his operators will benefit from the extra financial support over the next two years, providing long-term sustainability for those local bus services.

**Mike Amesbury** (Weaver Vale) (Lab): The Minister will know that the real lived experience in constituencies such as mine is of buses being cancelled, buses not turning up and providers such as Arriva giving very short notice—not only to me as an MP, but to neighbouring MPs—about closing bus depots, and then going cap in hand to other providers such as D&G. There is now a legal dispute over TUPE between Unite and that provider. Other than illustrating the reality on the ground, the question I want to ask is: as Cheshire West and Chester have had no bus service improvement plan investment before, will it be a beneficiary this time around?

**Mr Holden:** As I said in my statement, every area that did not get bus service improvement plan money will be getting it this time, including both Cheshire East Council and Cheshire West and Chester Council. That will amount to more than £2.4 million—almost £2.5 million—for those local authorities to help them with bus services. On top of that, the local bus service operators will be getting BSOG plus, which will help them with route maintenance and expansion, if they feel they can do that. This is really good news for the hon. Member's area, with the Conservatives delivering for the people of Cheshire.

**Edward Timpson** (Eddisbury) (Con): Staying with the theme of Cheshire, may I welcome the £2.4 million announced today to support improvement plans for bus services across Cheshire? There have been issues locally, and that will go a long way to help plug those gaps. Does the Minister agree that this is an opportunity to consider how we start to evolve those bus services so that they meet the needs and demands of our whole population, including in rural areas? In particular, demand-responsive services are a way of trying to ensure that we have a bus network that delivers for people living in places such as Cheshire.

**Mr Holden:** My hon. and learned Friend is absolutely right. We need to look at the needs of buses, and the needs of the communities he serves, particularly rural communities. When bus service improvement plans were brought forward they went to specific areas, but they also ensured that somebody within the Department for Transport was working with local authorities in those areas to ensure a viable plan. I am obviously happy to continue to work with my hon. and learned Friend, especially with the extra money allocated, potentially to consider further interesting and innovative schemes, such as the demand-responsive buses he mentioned.

**Wera Hobhouse** (Bath) (LD): The Liberal Democrats welcome the extension of the bus fare cap, but it will not resolve the fundamental issues. Between 2021 and 2022, 1,100 bus services were cut, including 51 in the south-west, which will badly affect residents in my Bath constituency. Will the Minister remove the ban on local authorities running their own bus services, and give councils more powers over local bus services for local people?

**Mr Holden:** We are always prepared to consider different proposals, and I welcome the hon. Lady's comments about extending the £2 bus fare across England. It is great to get Opposition support for that. I would also point to some of the positives that are happening across the West of England Combined Authority area, such as the £570 million of long-term funding to help improve services. There have been huge upgrades there, and coming over the next few years. A recent £7 million package of improvements in Bath means that buses run every 15 minutes, but we are always happy to look at further developments in the future.

**Mrs Heather Wheeler** (South Derbyshire) (Con): May I put on record my thanks for the £47 million that Derbyshire has already been given for bus services? Will my hon. Friend explain a little more about the benefits of how that £47 million will be used, particularly in South Derbyshire?

**Mr Holden:** I thank my hon. Friend. She is right to say that Derbyshire was one council area that got a significant amount of funding in the initial bus service improvement plan allocations. That will be used to help improve bus services, and I reassure her that that funding is flexible and able to meet needs as they change following the pandemic, and changing patterns of travel. I also reassure her that in addition to that money, all her constituents will benefit from the extension to the £2 fare cap, and the £2.50 fare cap. Bus operators across her constituency will also benefit from the BSOG.

**Mr Clive Betts** (Sheffield South East) (Lab): I welcome any increase in funding, however inadequate. The Minister mentioned Ukraine and covid—of course he has—but the reality in South Yorkshire is that bus journeys have fallen by 50% since this Government came to power in 2010. Given the great promises made by the previous Prime Minister but one about the expansion in bus services that we would see, and given that the Minister will have done an impact assessment on the proposals, will he tell us by what percentage bus journeys are expected to rise by April 2025; or will the measures simply slow the decline that has been taking place for the past 13 years?

**Mr Holden:** I am glad the hon. Gentleman welcomed the more than £3 million extra, on top of the £570 million we have already awarded to the city region, the major £44 million regeneration for South Yorkshire's transport system that we announced, the £16 million for a planned fleet of electric buses for Sheffield and South Yorkshire, and the £8.4 million of ZEBRA funding. With a Labour Mayor running his city region, he will know that it is up to local authority leaders, including an elected leader in his area, to decide exactly how they allocate the money and what they want to do. In South Yorkshire car ownership has risen over recent years, and how that is managed is up to local leaders to determine. We are providing the funding, and it is up to local leaders to decide what they do with it.

**Alun Cairns** (Vale of Glamorgan) (Con): Investing in bus services and protecting routes is obviously a priority for the UK Government, who have that responsibility here in England. That contrasts significantly with the Labour Government in Cardiff Bay, who are cutting grants to bus operating companies. The consequence is that in my constituency pupils cannot get to school, pensioners cannot get to town centres, and people in rural communities are isolated in their own homes. Will the Minister join me in campaigning to challenge the Welsh Government to follow what the UK Government are doing in England, so that my constituents are not exposed in the way they are?

**Mr Holden:** My right hon. Friend will know that there is currently a total cliff edge in Wales on 24 July—no plans for the future; no long-term plan, such as that in England with two years of extra funding; no £2 bus fare; and it is all under the devolved authority for 23 years of the Labour-controlled Welsh Government. I obviously want them to do something similar to what we have done in England, because bus services are vital, particularly for elderly or lower paid people, and for young people and students going to college and university. I ask them to think again about the way they treat not just buses but roads in general. We need proper long-term investment. But again, it is up to them how they spend their money.

**Mary Kelly Foy** (City of Durham) (Lab): A cap on fares is not much use if a bus does not turn up. The Minister even stated on his social media this week that people in County Durham need access to a car or a van to get around. Does he believe that he is improving bus service reliability if providers are slashing routes and services?



**Mr Holden:** I thank the hon. Gentleman for her interest in my local social media posts. This Government, unlike the previous Labour Government, have already provided £117.8 million in bus service improvement plan allocations. I do not know whether she noticed the response I gave to the hon. Member for Blaydon (Liz Twist), but earlier today I spoke to Councillor Gannon, who runs the North East Combined Authority's transport scheme, and he welcomed what we are doing. On top of that there is more money to come, and the £2 bus scheme announced today. But it is not all about that; this is about protecting local services. I am sure that when she—*[Interruption.]* When the hon. Lady looks at the amount of money—*[Interruption.]* She has called me far worse in the past on the House of Commons terrace, as we all know, and I thank her for her unreserved apology for that at the time. We are putting in investment that the Labour party never did, and when she looks at the moneys going into Go North East and Arriva North East over the next few weeks, she will see how much they are getting and how that should benefit local users across the great county of Durham.

**Paul Howell** (Sedgefield) (Con): I welcome today's announcement. As has been said, bus access is fundamental for many of my constituents across a large rural area, and the BSIP that is coming through, and getting around for £1 for the under-21s, is fabulous. As the Minister knows, we have an issue with service levels—he has been working with me to see what we can do. A survey has just gone out in Trimdon that suggests that accessibility is a much bigger issue than cost. Will the Minister continue to work with me to try to find better solutions and different ways of doing this, to get people the access to leisure or work that they deserve?

**Mr Holden:** My hon. Friend is right about accessibility, and I am fully aware of the issues he has raised with Trimdon. On accessibility more broadly, he should be reassured that with audio-visual alerts on buses we really are rolling out those upgrades right across the country to make buses more accessible to as many people as practically possible. He is fully aware of the £163 million pledged to the north-east for the bus service improvement plan, and I am looking forward to working with him, particularly on the cash allocated to County Durham, to see how we can ensure that, in particular, those delisted rural former pit villages really get the services that they need so that opportunity is spread across our beautiful constituencies.

**Andrew Gwynne** (Denton and Reddish) (Lab): The reality, though, is that taxpayers today are paying much more than they have ever done for a smaller bus network. That is because bus operators have been allowed to play a failing system for far too long. I will give the Minister an example. The 375, which once ran in my constituency between Stockport and Ashton, was a marginally profit-making service operated by Stagecoach Manchester, but it played the system by splitting the route into two non-profit-making services and asked the Greater Manchester Passenger Transport Executive, as it was, for not one but two public subsidies. That, in the end, is what happened to save that service. When will he finally get to grips with the bus operators who play the system?

**Mr Holden:** The hon. Member will be fully aware that this Conservative Government have already allocated £94.8 million to Greater Manchester through the bus service improvement plans, on top of £1 billion to Greater Manchester for the city region sustainable transport settlement. On how buses are operated, he will be fully aware of the desire of the Mayor of Greater Manchester to go to a franchising model, which the Government have allowed and are supportive of. I look forward to working with him and any other local authorities that wish to move in that direction. What I will say, however, is that franchising services means that local taxpayers end up carrying a much greater portion of fare box risk. People need to be able to justify that to their local taxpayers.

**James Wild** (North West Norfolk) (Con): Extending the £2 cap is welcome. Does my hon. Friend agree that as well as price, frequency of service is vital and that, thanks to the £50 million granted to Norfolk County Council, there are now more buses going to Castle Rising, Grimston and other parts of North West Norfolk? There is also a travel hub coming to Hunstanton, and there will also be new bus lanes.

**Mr Holden:** I thank my hon. Friend for mentioning Norfolk. It was wonderful recently to visit his fantastic constituency as well as that of my neighbour, my hon. Friend the Member for North Norfolk (Duncan Baker), to see some of the improvements happening in terms of bus funding. I have said to all councils that, if flexibility is needed from their initial BSIPs, we are always willing to look at that. I am grateful to my hon. Friend for raising Norfolk, where there has been a really proactive county council driving forward bus service improvements as well as improving its road network, which is another issue that I know he cares deeply about.

**Darren Jones** (Bristol North West) (Lab): Since 1 March, my constituents have been logging their daily experiences of bus services in my Bristol North West bus survey. Since then we have had over 200 reports of so-called ghost buses: buses that are timetabled but never turn up. What in the Minister's statement will stop that from happening?

**Mr Holden:** The key thing is that we have provided tens of millions of pounds a year for the next few years for bus service operators right across the country. While the Opposition bang on with their ideological battles about who owns the services, I am interested in getting services delivered for the people. Already across the West of England Combined Authority area, £105.5 million has been made available as part of the Government's plan to deliver bus service improvements. I have already said to the hon. Member, as I have said to all the Metro Mayors I have managed to speak to today, that I am willing to look at their bus service improvement plans and to be flexible with them if they want to change how they are operating things.

**Cherilyn Mackrory** (Truro and Falmouth) (Con): I thank the Minister for his statement and for coming to visit us in Cornwall earlier in the year. Bus users in Cornwall are saving £5 million in a given year thanks to the scheme, and sales are actually up, contrary to what we have heard from Opposition Members. The users are



a mix of tourists and locals, with the scheme helping them get back into work as well as stopping loneliness and isolation. It is helping businesses as well. Will he join me in thanking all officers at Cornwall Council who are involved in making this a great success, along with our transport lead, Connor Donnithorne, and the bus operators? It is going very well in Cornwall.

**Mr Holden:** I thank my hon. Friend for mentioning Cornwall. I had a fantastic visit there with her recently to see “Love the bus” and services locally. Cornwall Council has done exceptionally well with its initial £13.5 million bus service improvement plan and it will be getting just under another £2 million as part of this extra allocation. Cornwall is a great example of enhanced partnerships working really well to deliver for people, with more bus users and the £2 bus fare saving millions of pounds for local residents and tourists who visit Cornwall every year. I urge Opposition Members to look at Cornwall as a good example of where enhanced partnerships can really work to deliver for people and local businesses. This is not an ideological approach but one based on delivering for local people.

**Barbara Keeley** (Worsley and Eccles South) (Lab): In our north-west region, bus services have been cut by nearly 16%. It is not just about the funding amounts that the Minister is reading out; it is about the structures, as my hon. Friend the Member for Denton and Reddish (Andrew Gwynne) said. Nowhere else in the developed world do bus operators have so much power over routes and services. In my constituency, that has meant cuts to the point where some constituents cannot even use a bus to get to Salford Royal Hospital or to use other vital services. In Greater Manchester, we are fixing that, but does the Minister agree that only Labour’s plans would give all our communities the control that they need to hold bus operators to account?

**Mr Holden:** My understanding is that there is no plan for more money from Labour, and there was no plan for more money for buses today from Labour. That is just like what we see in Labour-run Wales, with no plan for the future. In fact, it is particularly interesting that the Leader of the Opposition recently stated that Labour-run Wales is a model for the Labour Government. What we see here is a Conservative Government actually delivering for people across the country.

The hon. Lady talks about powers. I am happy to work with the increasing devolution across the country, as I have done with the Mayor of Greater Manchester, which has had more than £1.07 billion in city region sustainable transport settlement funding, £94.8 million from the BSIP and more than £200 million for Transport for Greater Manchester and the commercial bus operators. I have said that I do not mind the model; she is obsessed with it.

**Brendan Clarke-Smith** (Bassetlaw) (Con): I thank the Minister for his excellent and overwhelmingly positive statement, which will be welcomed by many, in contrast with Opposition Members’ doom, gloom and what appears to be uncapped nationalisation. Will he confirm that, without the cap, some single bus fares could have risen to about £6 each, as opposed to £2 thanks to the cap, and that that will benefit people who live in rural and remote areas such as mine in Nottinghamshire?

**Mr Holden:** I thank my hon. Friend for his question. He is absolutely right. In Labour-run Wales and SNP-run Scotland, bus fares are uncapped. In England they are now capped at £2. I point out that on top of £18.7 million of BSIP funding, Nottinghamshire County Council will receive another £1.2 million directly. On top of that, further money will be going to his bus operators locally to enable them to provide and enhance local services.

**Stephanie Peacock** (Barnsley East) (Lab): Will today’s announcement mean more buses in Barnsley?

**Mr Holden:** That is up to the Mayor of South Yorkshire and his decisions.

**Robin Millar** (Aberconwy) (Con): I welcome the announcement. The Minister is right that there is a cliff edge, and operators such as Llew Jones in my constituency can only look on in envy at the levels of support being offered. We face a cliff edge in Wales. In particular, it is estimated that some 15% of routes are at risk of closure. The T19, which joined communities in Llandudno, Dolwyddelan and Llanrwst along the Conwy valley and beyond, closed in February, and that has disrupted lives along the valley ever since. Will he join me in pressing the Welsh Government? Given their generous settlement of £1.20 for every £1 given in England, does he agree that there is space for them to find funding from within their transport budget to support such routes?

**Mr Holden:** I thank my hon. Friend for his question. In England we have found money for buses from within our budgets, so I definitely encourage other parts of the United Kingdom to do the same. In Wales we have sadly seen a far too ideological approach, including changing speed limits across the country at an estimated cost of £32.5 million in implementation alone and potentially with major economic costs knocking on. The 15% that he mentioned in Wales is on top of what has already been lost. Wales cannot be a model for the future, and the Welsh Government really should look to the support that we are providing in England, including those lower-cost fares for young people, to deliver for people across the country.

**Kerry McCarthy** (Bristol East) (Lab): When I speak to the metro Mayor of the West of England about the need to reinstate some of the bus services we have lost in recent years—bus services that might not be commercially viable, but are incredibly important for the people who rely on them to get to school, work, hospital and so on—he tells me that one of the problems is that often the money he is given is ringfenced or specified for particular purposes and he is not free to make decisions on how it is spent. Can the Minister assure me that, with the money going to the West of England Combined Authority today, I can go to the metro Mayor and say, “Please spend this on the buses in my constituency,” and he will be free to do so?

**Mr Holden:** The £2 scheme is England-wide, so that has been allocated by central Government. The cash going to local bus service operators—the bus service operators grant—is there for them to support their services. More broadly, the West of England Combined Authority has had £105.5 million. That is what it bid

[Mr Holden]

for, and it chose the schemes it wanted to do. I am prepared to ensure that there is maximum flexibility to preserve and enhance bus routes wherever possible. If the metro Mayor would like to speak to me further—I tried to call him today; he sent me a message to say that perhaps we would speak later—I would be very happy to speak to him about that and to have my civil servants work with him.

**Andy Carter** (Warrington South) (Con): I welcome the Government's announcement today on the extension to the £2 capped fare. The Minister very kindly visited Warrington earlier this year. He saw the transformation of the new bus depot on Dallam Lane, which was paid for in part by the town deal. However, 18 months ago Warrington Borough Council was given more than £20 million to acquire a new fleet of zero-emission buses. The Labour council is still to place an order for those buses. May I urge the Minister to use his office to put a rocket up the exhaust pipe of Warrington Borough Council and get those buses ordered?

**Mr Holden:** I thank my hon. Friend for his question and the charming way in which he put it. I was delighted to visit Warrington with him recently, and I will continue to work with him to press the local council to get on with the job and deliver for the people of Warrington, just like he does every day.

**Matt Rodda** (Reading East) (Lab): Council-owned bus companies such as Reading Buses provide award-winning services. That has allowed it to grow its business and offer a very high quality of service to many local residents. For example, our No. 17 bus route has a bus every seven minutes and we also have night buses. When will the Minister agree to allow more local councils to run their own bus companies, and when will he agree to more franchising?

**Mr Holden:** The hon. Gentleman asks about franchising. As I have said, I am not ideological about that, unlike the hon. Member for Sheffield, Heeley (Louise Haigh). My hon. Friend the Member for Truro and Falmouth (Cherilyn Mackrory) mentioned her fantastic bus network in Cornwall, which is run by an enhanced partnership. I understand that it is quite difficult for the Labour party not to be ideological about these things. What I would say is this: do what works for your area, just like we are doing in the north-east of England, where we are working with local operators to deliver for local people.

**Dean Russell** (Watford) (Con): I welcome this extensive set of measures to improve buses across the country, and I thank my hon. Friend for visiting Watford recently to talk about the challenges in my area. Does he agree with my recent ten-minute rule Bill on ensuring that bus users everywhere are consulted when timetable changes are planned so that they have their voices heard? Even if we do not legislate on that, will he encourage all operators to follow that process?

**Mr Holden:** I thank my hon. Friend for that question. I was delighted to visit Watford with him recently. I reassure him that on top of the £29.7 million that is going to Hertfordshire more broadly, there will be another

£1.5 million of funding for the council following today's announcement and, on top of that, the bus operators will be getting money to support local services. I encourage them to use the enhanced partnership money as an opportunity to work even more closely with local authorities to ensure that bus service users get to know first about any proposed changes.

**Helen Morgan** (North Shropshire) (LD): I welcome the Minister's statement, in particular his acknowledgement that in rural areas bus services are an essential lifeline for people who do not have access to a car. Unfortunately, in North Shropshire over the last 18 months we have seen bus services cut at the beginning and the end of the day, as well as reductions in frequency. Part of the reason for that is the low amount paid by Shropshire Council for concessionary fares. Will the Minister outline how local councils can be supported to increase the level of concessionary fares, so they are more evenly allocated across England? Will he outline in detail how my constituents will see an improvement in their bus service, rather than a further deterioration?

**Mr Holden:** I visited the hon. Lady's constituency just before she was an MP and I am sure I will be doing so again. The £2 bus fare is operating right across the country. On top of that, we have concessionary fares for retired and disabled people. Those are there across the piece. Bus operators in Shropshire will be getting significantly more money. Shropshire Council did not get the initial round of BSOG funding, but I am delighted to let her know today that it will be getting £1.5 million to support local bus services. I hope she will use her offices to ensure that that is spent on local people so that they get the services they deserve.

**Peter Gibson** (Darlington) (Con): I welcome the content of my hon. Friend's statement, with the extension of the £2 fare and the news of additional funding for Darlington and the wider Tees Valley. Will the Minister join me in applying some pressure on Arriva North East, which operates the majority of services in Darlington, to further improve the reliability of essential routes and service punctuality?

**Mr Holden:** I thank my hon. Friend for his question. Again, it was a delight for me to visit his constituency. In fact, I visit it quite regularly on the way up to my constituency. He is quite right. I spoke to the Mayor of Tees Valley Combined Authority today. He was delighted with the £1.53 million extra that will be coming this year as part of the new BSOG allocation for Tees Valley, and he wants to work with local operators to see where it can be best used to support local bus services. On top of that, Arriva North East will be getting a funding settlement. I look forward to working with my hon. Friend and other colleagues to ensure that that cash supports not just current bus services but potential new ones in the right places.

**Jonathan Gullis** (Stoke-on-Trent North) (Con): Bus services in Stoke-on-Trent have halved since 2009-10, in large part due to covid, as has been reported by Richard Price, the local democracy reporter for *The Sentinel*. Of course, another challenge we face is that First Bus in particular has been doing a bad job of delivering good routes and reliability, which has meant that passenger

confidence has plummeted across Stoke-on-Trent. We are grateful for the £31.5 million that has come in through the bus service improvement plan. What we now need is for the Minister to come to Stoke-on-Trent—he seems to have toured everywhere else across the United Kingdom—to put pressure on Stoke-on-Trent City Council to deliver on the plans the Government have funded and hold a summit to talk about creating a north Staffordshire transport authority to better connect places like Kidsgrove and Talke to the great city of Stoke-on-Trent.

**Mr Holden:** I thank my hon. Friend for welcoming the cash that is there and ready to go in Stoke-on-Trent for bus service improvement. I would be delighted to visit him and to speak with the council. On my recent visit to Stoke-on-Trent, I visited Stoke-on-Trent Central rather than Stoke-on-Trent North, but I will remedy that at the earliest possible opportunity.

**Marco Longhi** (Dudley North) (Con): I thank the Minister for his excellent statement and all the measures contained therein, in particular the £2 fare cap, which many of my Dudley constituents will benefit from, just as they will benefit from the new transport interchange when it is built by this Conservative Government. Building on the point made by my hon. Friend the Member for Watford (Dean Russell), will the Minister use his good offices to ensure, together with the excellent Mayor Andy Street and Dudley Council, that the timetabling by bus operators is looked into? There is a suspicion that a little gaming is happening, especially in respect of the timetabling of buses in the late afternoon and evening.

**Mr Holden:** I spoke to Mayor Andy Street late last night and will have further conversations with him in the near future. I will raise that issue with him to see if we can make more progress in that area.

One of the most interesting elements of the £2 fare is that it is for long bus routes too. Some of the cross-border routes from Dudley out into Staffordshire will benefit from it. It is not within region. One of the most important aspects of what we are trying to deliver is that it is for people who are travelling a distance right across the country.

**Paul Bristow** (Peterborough) (Con): The £2 bus fare cap in Peterborough has been an enormous success, and I thank my hon. Friend for that. He will be aware that the leader of Peterborough City Council, Councillor Wayne Fitzgerald, and I are keen to start the electrification of bus services in the city. Unfortunately, the Labour Mayor of Cambridgeshire and Peterborough Combined Authority only seems to have eyes for Cambridge. Will my hon. Friend continue his support for me and the Conservative-led city council to make our plans to electrify our bus services a reality?

**Mr Holden:** Again, I was delighted to visit Peterborough during the recent local election campaign, and I congratulate my hon. Friend on his local successes. Today, we are providing Cambridgeshire and Peterborough Combined Authority with an extra £2.3 million to support local bus services, on top of the support that will go to operators. I was delighted to meet council leader Wayne Fitzgerald recently in Parliament at my hon. Friend's invitation. I look forward to working with him and my

hon. Friend as we try to get the local combined authority to wake up to how important Peterborough is, as my hon. Friend never fails to mention.

**James Daly** (Bury North) (Con): I thank the excellent Minister for his statement today. Let me give him a practical example of how the announcement is levelling up not just in my area but throughout the country. For £2, someone can travel from Accrington in the constituency of my hon. Friend the Member for Hyndburn (Sara Britcliffe), through Rossendale and Darwen to Ramsbottom in my seat and into central Manchester. That is creating opportunity and jobs, and it is a fantastic announcement. I know that behind the figures, a lot of people will thank the Minister for making travel affordable and increasing individual opportunity for people throughout the country.

**Mr Holden:** I thank my hon. Friend for his point. I want to see people travelling not just from Accrington to Manchester but to Ramsbottom and Rossendale and out to Hyndburn and Burnley with the £2 bus fare. It is about driving connectivity, particularly for those on lower incomes, right across our country. I thank him for welcoming the scheme and I look forward to seeing him on the X43 soon.

**Anthony Mangnall** (Totnes) (Con): I shall not take it personally that I think mine is the only constituency that the Minister has not visited. He is welcome whenever he wants to come down. We have launched a bus route in co-operation with GWR, which goes through Tally Ho. The 164 goes all the way from Totnes, through Kingsbridge, to Salcombe. It is a perfect example of services being joined up.

I welcome today's decision on the £2 cap and the extension into November 2024, but I implore the Minister to use that time to create the landscape to allow more bus routes to be created. Within that, we need to look at deregulation and at more co-operation. On top of that, we need to launch the demand responsive transport pilot scheme in more areas across the country. Finally, we need to find a way not to charge 16 to 18-year-olds to go to school, because we want to keep them learning.

**Mr Holden:** I have huge sympathy for my hon. Friend's comments about 16 to 18-year-olds. It was a decision made by the last Labour Government, when they increased the school leaving age, not to also increase the age of free bus travel. Sadly, that is a matter for the Department for Education. I encourage him to take it up with that Department, and I would be delighted to support him in doing so. Devon County Council will receive an extra £1.7 million outside the latest allocation, on top of the £14 million it has already had. I hope that it uses that extra money in the way my hon. Friend suggested: to bring together local services. Finally, I congratulate him on getting married at the weekend.

**Paul Holmes** (Eastleigh) (Con): I declare an interest, as the Minister has visited my constituency too. Elderly residents who rely on bus services to Eastleigh town centre to do their shopping have had bus services disappear. That means that the town centre has struggled in the last couple of years. Will the Minister outline the support that the Government are giving Hampshire County Council? Can he advise me how I can lobby for a



[Paul Holmes]

joined-up approach between bus operators and the county council to ensure that bus services return to Eastleigh town centre?

**Mr Holden:** It is true that I get around. It was great to visit my hon. Friend, too. The local authorities in Hampshire are getting £3.6 million for local bus services. I hope that that money, plus the money that we are giving to the bus operators, will bring them together through the enhanced partnership model that the Government are pursuing, to look at how they can better serve his constituencies. He is a real champion of transport in his area. I have visited not only the buses on his patch but the very noisy motorway. I hope to see progress on that before too long.

## Points of Order

2.15 pm

**Barbara Keeley** (Worsley and Eccles South) (Lab): On a point of order,

Madam Deputy Speaker. Following Eurovision, the Department for Culture, Media and Sport put a news story on the Government website with a joint comment piece from the Culture Secretary and the Ukrainian Culture Minister. The piece claims that the Government have been

“proud to lead global support for Ukrainian culture, sport and arts since the invasion”

and is

“assisting the National Symphony Orchestra of Ukraine to share their music as they tour the UK this year.”

This last claim appears not to be correct. I have been told by the manager of the National Symphony Orchestra of Ukraine’s tour to the UK:

“we’ve had no contact with the Government whatsoever in response to our enquiries about how best to manage the visa applications for the orchestra”.

The Government could do so much to assist the National Symphony Orchestra of Ukraine and the Ukrainian Freedom Orchestra in upcoming tours to the UK. Tour managers for both orchestras have raised with me the heavy administrative and logistical burden of applying for UK visas from war-torn Ukraine, including the difficulties of travelling to visa application centres in Ukraine or Poland and the prohibitive costs of visas. I intend to raise these issues with the Culture Secretary, but I seek your advice, Madam Deputy Speaker, about how I can get the Government to correct the story on the website, and how to ask the Culture Secretary not to make claims of assisting the National Symphony Orchestra of Ukraine to tour the UK when they appear to have had no contact whatsoever.

**Madam Deputy Speaker (Dame Rosie Winterton):** I thank the hon. Lady for her point of order and for giving me notice of it. She will appreciate that I am not responsible for Government websites, but I hope that, as the Government Whip is listening intently, what she has said will be reported back to Ministers and if any corrections can be made, they will do so. On the other issues she raised, I am confident that she will continue to pursue them. She might want to seek advice from the Table Office but she is a very experienced Member of the House, and I am sure she will continue to pursue the matter in the ways that she knows she can.

**Rachel Hopkins** (Luton South) (Lab): On a point of order, Madam Deputy Speaker. The Government have continually repeated the inaccurate statement that crime has halved on their watch, as the Deputy Prime Minister did earlier. It is quite the contrary. They have wrongly excluded fraud and computer misuse from those figures, despite fraud now being the UK’s most commonly experienced crime. That does a disservice to millions of victims. Could you please advise how we might encourage the Deputy Prime Minister to correct the record?

**Madam Deputy Speaker:** I am grateful to the hon. Lady for letting me know that she would raise a point of order. Obviously, the accuracy of information provided

to the House is an important matter. I believe that her point has been raised on a number of occasions. She is lucky that the Minister who has some knowledge of this is here and has heard her. Just to reiterate, if any mistake has been made, I am sure that it will be corrected in the usual way and as soon as possible. As I said, I have a feeling that the issue has been raised before and there is some going backwards and forwards about whether those figures should be included or not. The House has heard her views and I am sure those on the Treasury Bench will feed back her comments.

## BILL PRESENTED

### RENTERS (REFORM) BILL

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

Secretary Michael Gove, supported by the Prime Minister, the Chancellor of the Exchequer, Secretary Mel Stride, Secretary Lucy Frazer, and Rachel Maclean, presented a Bill to make provision changing the law about rented homes, including provision abolishing fixed term assured tenancies and assured shorthold tenancies; imposing obligations on landlords and others in relation to rented homes and temporary and supported accommodation; and for connected purposes.

*Bill read the First time; to be read a Second time tomorrow, and to be printed (Bill 308) with explanatory notes (Bill 308—EN).*

## Artificial Intelligence (Regulation and Workers' Rights)

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

2.20 pm

**Mick Whitley** (Birkenhead) (Lab): I beg to move,

That leave be given to bring in a Bill to regulate the use of artificial intelligence technologies in the workplace; to make provision about workers' and trade union rights in relation to the use of artificial intelligence technologies; and for connected purposes.

The pursuit of fairness, dignity and security in work is the founding purpose of the labour movement, from its earliest beginnings amid the turmoil of the first industrial revolution to the present day. As Sir Patrick Vallance warned when he appeared before the Science, Innovation, and Technology Committee on 3 May, we are now living through an AI revolution that will be every bit as far reaching as the first industrial revolution. Alongside the climate crisis, it will create the most profound social changes of any of our lifetimes.

For too long, the rapid advances in artificial intelligence have gone unremarked upon by policymakers, but the speed of progress in this field is now gaining such momentum that it is impossible to ignore. The pace of change is exceeding even the expectations of AI's most enthusiastic supporters. Technologies that experts speculated only recently were a decade away from fruition, are now a reality. It is time that our laws caught up.

This technological revolution will impact every aspect of our society. The potential of AI to be used by malign actors to disseminate dangerous misinformation has serious implications for our national security. We also need to consider how to protect our constituents from fraud—the most commonly reported crime in the UK—when artificial intelligence can imitate banks and even loved ones with increasing sophistication.

The rise of AI will force us to rethink our long-held assumptions about the labour market. Research commissioned by the then Department for Business, Energy and Industrial Strategy suggests that 7% of all British jobs could be automated out of existence within just five years because of AI, rising to 30% within the next 20 years.

To ready ourselves for a world where machines can increasingly do the jobs of humans at a fraction of the price, we need to be prepared to break with old orthodoxies. That must mean considering the role that universal basic income has to play in a labour market that will see jobs becoming scarcer, as well as the necessity of investing in lifelong education and training in a world where few people can count on having a job for life.

The Bill I am introducing to the House today does not attempt to address all the issues relating to the uses and misuses of AI. I do not believe that Parliament is capable of even beginning to do that yet. If we are going to make sure that AI works in all our interests, we need to see genuine collaboration between government and civic society, including the trade unions and the communities that we represent, and the fostering of an environment in which everyone's voices and interests can be heard.

The central purpose of the Bill is simple: it seeks to protect the rights of those who are working alongside AI in their shops, offices, factories and services, and to

[Mick Whitley]

preserve those rights for future generations to come. Fundamentally, it is about recognising the importance of people in a world increasingly run by machines.

Artificial intelligence is already transforming many people's experience at work. A growing number of employers are incorporating AI-powered technologies into their workplaces, often without their workers being consulted or even informed. According to Government statistics, 68% of large companies in the UK and 15% of all British businesses had adopted at least one form of AI by January 2022. With these technologies becoming more sophisticated and readily available, that number is set to soar.

The TUC's AI working group has been at the forefront of exploring the implications of using AI in the workplace. Its report into the worker experience of AI is perhaps the most comprehensive and insightful study into the impact of artificial intelligence on workers ever conducted in this country. It provides a valuable insight into how AI-powered technologies are increasingly being used to monitor, evaluate and manage workers.

The report highlights how the responsibilities of human managers are being replaced by AIs. Such technologies are technically capable of performing management functions, but they lack a human's capacity for empathy, their understanding that every person is different or their ability to contextualise behaviour. The TUC report shows all of that is too often being done without any meaningful consultation with or input from the workers themselves. As a result, workers are increasingly being forced to navigate workplaces in which their autonomy and privacy are being eroded, the distinctions between home and work life blurred, and substantial quantities of workers' data is being stored and used with little or no transparency.

This technological revolution also poses a profound challenge to the hard fought for right to equality at work. Employers are relying ever more frequently on AI to make decisions about hiring and employee performance. The problem is that these technologies can all too often perpetuate very human prejudices. In one of the most high-profile cases, Amazon was forced to scrap an AI tool that had been used to sift through the CVs of job applicants after the tool had learned that the majority of previous hires in this disproportionately male industry were men and had taught itself to downgrade applications from women. In another case highlighted by the TUC, disabled job applicants felt that they had been unfairly discriminated against by an AI based on their voice and facial expressions.

I want to make it clear that I am not opposed to artificial intelligence. Just as I recognise that AI has the awesome potential to improve our lives for the better in creating positive health outcomes and driving economic growth, I also believe that, when applied correctly, AI can make our working lives easier and more fulfilling. If I am a luddite, it is only in the truest meaning of that often-misunderstood word, in that I believe that we need to critically engage with rather than blindly accept the technology that surrounds us.

I also believe that in the workplace, as in wider society, we must guarantee that artificial intelligence works in the interests of the many, not the few. That is

why, for the first time, the Bill would give workers specific protections to mitigate against the harmful application of AI.

I regret that I have been unable to print the Bill in time for the debate, but it will shortly be available for all Members to consider. I want to be clear: I do not intend this Bill to gather dust in the House of Commons Library. While I am realistic about its chances of becoming law, I hope that it can at least begin a much-needed conversation in this place about the steps that we need to take to better protect workers.

In the meantime, I will highlight some of its key provisions. My Bill is rooted in three key principles: first, that everyone should be free from discrimination in the workplace; secondly, that workers have the right to have a say in the big decisions that affect them; and finally, that we all have a right to understand how our data is being used at work.

Drawing on the recommendations of the TUC manifesto, "Dignity at Work and the AI Revolution", the Bill establishes that "high-risk" use of AI should be targeted for further regulation and requires the Secretary of State to produce sector-specific guidance on the meaning of high-risk AI, with full input from trade unions and civil society. The Bill would ensure workers' themselves can shape a world being ever more frequently run by machines, by introducing a statutory duty for employers to meaningfully consult with employees and their trade unions before introducing AI into the workplace.

The Bill would strengthen existing equalities law to prevent discrimination by algorithm. This includes amending the Data Protection Act 2018 to explicitly state that discriminatory data processing is always unlawful; amending the Employment Rights Act 1996 to create a statutory right, enforceable in employment tribunals, that workers should not be subject to detrimental treatment as a result of the processing of inaccurate data; reversing the burden of proof in discrimination claims that challenge decisions made by AI; and making equality impact audits a mandatory part of the data protection impact assessment, which employers would also be obliged to publish.

The Bill would establish a universal and comprehensive right to human review of high-risk decisions that have been made by AI, as well as a right to human contact when high-risk decisions are being made. Finally, it would protect workers from intrusion into their private lives by establishing a right for them to disconnect—that cause, I know, is also being championed by my friends on the Front Bench—and would require the Government to publish statutory guidance for employers on how both article 8 of the European convention on human rights and data protection law should be applied in workplaces, so that they have enough clarity about the steps they need to take to protect the privacy and work-life balances of their employees.

In short, the Bill seeks to forge a people-focused and rights-based approach which will guarantee that workers are protected in all decisions made by employers and the Government.

*Question put and agreed to.*

*Ordered,*



That Mick Whitley, Kim Johnson, Jon Trickett, Kate Hollern, Ian Byrne, Mike Amesbury, John McDonnell, Ian Mearns, Richard Burgon, Zarah Sultana, Rebecca Long Bailey and Andy McDonald present the Bill.

Mick Whitley accordingly presented the Bill.

*Bill read the First time; to be read a Second time on Friday 24 November, and to be printed ( Bill 309 ).*

## Point of Order

2.31 pm

**Jeremy Corbyn** (Islington North) (Ind): On a point of order, Madam Deputy Speaker. During Prime Minister's Question Time earlier today, when the right hon. Member for Hertsmere (Oliver Dowden) was responding on behalf of the Government, he made a number of erroneous references to me. I seem to be living rent-free in his head, alongside the Prime Minister. He did not inform me that he would be raising these issues during Prime Minister's Question Time, to which I would have thought the normal courtesy of the House should apply. I should be grateful for your guidance, Madam Deputy Speaker, about what opportunities there are for the right hon. Member for Hertsmere to correct the record in the House.

**Madam Deputy Speaker (Dame Rosie Winterton):** I thank the right hon. Gentleman for his point of order. Obviously, as Mr Speaker has said on a number of occasions, it is important for information given by Ministers, Deputy Prime Ministers and Prime Ministers to be accurate. I am sure that those on the Treasury Bench have heard the right hon. Gentleman's views and that they will be conveyed to the Deputy Prime Minister, and if any corrections need to be made, I hope that they will be made quickly.

## Digital Markets, Competition and Consumers Bill

*[Relevant documents: Fourth Report of the Business, Energy and Industrial Strategy Committee, Post-pandemic economic growth: State aid and post-Brexit competition policy, HC 759; the Government and CMA responses, HC 1078; and the Office for the Internal Market response, HC 1302.]*

*Oral evidence taken before the Business and Trade Committee on 16 May 2023, on the Work of the Competition and Markets Authority, HC 1369.]*

*Second Reading*

2.33 pm

**The Parliamentary Under-Secretary of State for Business and Trade (Kevin Hollinrake):** I beg to move, That the Bill be now read a Second time.

Digital technologies are a 21st-century miracle. They bring us closer together and connect us to the world. Today it is difficult to remember a time without answers at our fingertips, or the ability to buy goods and services from across the globe in just a few clicks. Technology has hugely increased our choices of goods and services and how they are delivered to us. It allows us to work in entirely new ways when we are on the move or in far-flung places abroad.

Just as digital technologies have profoundly altered our lives, they have also transformed the UK economy. We now have more tech unicorns than any other country in Europe: indeed, we have more than France and Germany combined. Eight cities in the UK are home to at least one unicorn, and this success continues. Last year, our tech start-ups and scale-ups also attracted more investment than those of France and Germany combined, creating jobs and opportunities throughout the United Kingdom. It is clear that tech will be key to achieving the Prime Minister's priority of driving economic growth across the UK. Our figures forecast that the digital sector could expand by an additional £41 billion by 2025. However, the UK's continued tech success depends on markets that are fiercely competitive, where the best companies can thrive and create innovations that spur growth.

Over the last decade, the UK's digital markets have developed at an exponential rate, but our competition framework has failed to keep up. Its last legislative overhaul took place nearly a quarter of a century ago, when the internet was in its infancy and smartphones had not yet been invented. Since then competition across the broader economy has declined, and in the tech sector a small number of firms exert immense control across strategically critical services with practices such as self-preferencing, restricting operability, and exclusivity requirements.

Competitive markets are, of course, the best way to provide the best outcomes for consumers, and Governments and regulators should step in only when we see market failure or excessive market power. The International Monetary Fund has found that market power in the tech industry increased significantly between 1995 and 2016, which included increases of more than 30% in mark-ups and more than 10% in concentration globally. The Competition and Markets Authority estimates that in 2021 alone, Google and Apple made excess profits of more than £4 billion in the UK. Apple and Google

determine which apps are in the App Store, how they are ranked and how they are discovered. They often charge significant levels of commission, up to 30% of revenue, and require all transactions to be made through in-app systems—which, as we all know, means that at the end of the day, all charges, commissions and taxes are paid for by consumers.

Dominance of display ads for Facebook and Google cost UK consumers about £2.4 billion a year. Between 2009 and 2019, GAFAM—Google, Apple, Facebook, Amazon and Microsoft—made more than 400 acquisitions without any regulatory intervention or referral through the voluntary mechanisms.<sup>1</sup> This is why in recent years there has been an increasing acceptance of the need for new legislation that is fit for these dynamic and rapidly evolving markets. The Digital Competition Expert Panel, led by Harvard's Professor Jason Furman, and the Digital Markets Taskforce have conducted independent assessments of how digital markets operate, noting that they have specific features which can allow them to tip in favour of one particular firm.

Colleagues on both sides of the House, including my hon. Friend the Member for Weston-super-Mare (John Penrose) and the hon. Member for Bristol North West (Darren Jones), have called for more to be done to allow consumers to benefit from greater competition in these markets. However, there is also a growing consensus that in a market which functions well, competition must work hand in hand with consumer protections. People must know that they can spend their money with confidence, safe in the knowledge that they have the right information and support if something goes wrong. That is critical, because when consumers feel that they risk losing their hard-earned cash, they also risk losing trust in markets as a whole. The Bill seeks to achieve all these goals and unleash the full opportunities of digital markets for the UK, so that every part of the country can reap the rewards. All told, under these measures we expect consumers to benefit to the tune of almost £10 billion over the next 10 years.

My right hon. Friend the Chancellor of the Exchequer recognises this legislation's significance to the UK economy and its importance to consumers, particularly during a cost of living crisis, which is why he announced the earlier introduction of the Bill in his autumn statement. I should remind the House, however, that the majority of the Bill's measures have been thoroughly scrutinised and analysed by experts and businesses over a number of years. This included a consultation in 2021 and a careful consideration of the responses.

I will now speak to the Bill's measures in greater depth. Part 1 sets up a new pro-competition regime for digital markets, which will be overseen and enforced by the Competition and Markets Authority's Digital Markets Unit. This legislation gives the DMU the ability to tackle the causes and consequences of market power, ensuring that people and businesses large and small are treated fairly by the most powerful tech firms. By encouraging greater competition, this work will lead to lower prices for everyday online goods and services and give consumers more choice and control.

The measures in part 2 will refine the CMA's competition enforcement work so that it is better targeted, faster and more effective, allowing the free market to operate more efficiently.

1. *[Official Report, 5 June 2023, Vol. 733, c. 7MC.]*

**Damian Collins** (Folkestone and Hythe) (Con): My hon. Friend got through part 1 a bit quicker than I thought he would—I have a question relating to part 1. Clause 38 creates a final offer mechanism for dispute resolution. The news media industry has been waiting for this legislation for a long time but it is not expressly referenced in the Bill. Can he confirm that the news industry and other industries could benefit from this final offer mechanism?

**Kevin Hollinrake:** My hon. Friend makes a good point. I wish him the best of luck in the election this afternoon. It is for a very important Committee that will scrutinise this legislation. The final offer mechanism is innovative and represents a positive way forward, in that it will bring parties to the table and they will both have to make sensible offers relating to how they see a fair resolution. This will avoid them putting unrealistic claims on the table, and it could well help the news industry and many other sectors.

**John Penrose** (Weston-super-Mare) (Con): Like my hon. Friend the Member for Folkestone and Hythe (Damian Collins), I was concerned that the Minister might be moving on from part 1 a fraction early. This is a welcome Bill that will do an enormous amount of good, and it has allowed me to tick off a large number of the recommendations that I made in my report, which he referenced earlier. The concern about the Digital Markets Unit's powers is not that they are not good enough; it is that they might over time add more and more of a regulatory burden as *ex ante* powers build up over the years. Does he have thoughts on how he can ensure that, after those *ex ante* powers have been in place for a couple of years as regulations, the CMA can analyse whether they could perhaps be replaced by pro-market reforms?

**Kevin Hollinrake:** I am grateful to my hon. Friend for his engagement on this. We have discussed this at length many times, both in my role as a Minister and in my previous role as a Back Bencher, when we looked at the best form of regulation. I think we both agree that *ex post* regulation is preferable to *ex ante* regulation, as is a pro-competitive environment, as I said earlier. We should step in only when there is market failure. Of course we should look at the powers and ensure that they are being used wisely, and I have confidence that the CMA will do that. There are a number of checks and balances on the CMA and the DMU, not least through the competition appeal tribunal and the courts, which ensure that decisions are valid and worthwhile, but we should also have a good debate on how we scrutinise the DMU and CMA generally. Obviously they report to Parliament every year, and the Select Committee work is also important. I think that my hon. Friend and I would agree that the best way to regulate markets is through competitive environments, and that is what we should always favour in this discussion.

**Andy Carter** (Warrington South) (Con): I echo the comments of my colleagues who have welcomed the Bill. The Minister will know that the DMU will be regulating a highly specialised area and that detailed knowledge of the sector will be critically important. Can he assure me that the DMU will have sufficient powers to recruit people who really understand the sector? Will it be able to pay accordingly in order to

recruit those people, and not be bound by civil service contracts and pay bands that might limit its ability to recruit very experienced people?

**Kevin Hollinrake:** My hon. Friend makes an important point. The tech industry is clearly very powerful in terms of its resources and its ability to recruit the best people. My experience of the CMA is that there are good people within it, and I expect that to be reflected in the DMU as well. People who have been connected to the CMA, including former chairs, have spoken highly of its abilities, but my hon. Friend makes the important point that we need to have the best people so that we can hold those powerful entities to account.

The legislation will be delivered through making market inquiries more efficient, focused and proportionate, updating the merger regime and amending existing legislation concerning anti-competitive conduct and abuse of a dominant position. The measures in parts 3 and 4 make important updates and improvements to consumer law. The UK is currently the only G7 country without civil penalties for common breaches of consumer protection such as unfair trading. Part 3 creates a new model that will allow the CMA to act faster, tackle more cases and protect consumers' interests while creating a level playing field for businesses.

Part 4 tackles the subscription traps that cost consumers £1.6 billion a year. We expect there to be a £400 million saving for consumers as a result of the measures we have proposed. I am sure that many Members know constituents—

**Craig Whittaker** (Calder Valley) (Con) *rose*—

**Kevin Hollinrake:** I think I am going to hear about one in a moment. Many Members will know constituents who have received shock charges for a subscription or faced difficulties when trying to cancel one. The Bill contains new rights to subscription reminders and easier cancellations, so that those who want out can get out.

**Craig Whittaker:** The Minister is not going to hear about a constituent, but I would like to point out that charities' lotteries, which are great fundraisers for great causes that put so much back into all our communities, are already heavily regulated by the Gambling Commission. Will my hon. Friend look at schedule 19 to see whether subscription-based charity lotteries can be excluded?

**Kevin Hollinrake:** That is an interesting point and I would be happy to look at the matter in detail. It is not something that I have considered thus far but perhaps we can have a discussion about it at a later stage. We will certainly pick it up if we can and make sure that it does not cut us across anything that my hon. Friend is concerned about.

This legislation includes other measures to help consumers to keep more of their hard-earned cash, including a power to add to the list of banned practices. We intend to use this power first to tackle the wild west of fake reviews, which can dupe customers into buying shoddy goods and services. There are also new protections for consumer prepayments to consumer saving schemes, so that devastating cases such as the collapse of the Farepak Christmas savings club, which left vulnerable consumers out of pocket, can never be repeated. Together,



[Kevin Hollinrake]

these measures deliver on our manifesto commitment to tackle consumer rip-offs and bad business practices, demonstrating that this is a Government who back consumers.

**Alun Cairns** (Vale of Glamorgan) (Con): I recognise that the Bill would introduce enhanced competition and protect significant areas of consumer policy, but it would also extend the powers of the CMA significantly. May I draw my hon. Friend's attention to the regulatory reform group that my hon. Friend the Member for Hitchin and Harpenden (Bim Afolami) and other hon. and right hon. Members have sat on, which is seeking a cultural change among regulators to ensure that they have an interest in the wider industry as well as in consumers? For business and industry to be sustainable, the CMA must be able to respond in a proactive, business-friendly way.

**Kevin Hollinrake:** My right hon. Friend makes a strong point, and it is one reason why we are reviewing the economic regulators. The work has been ongoing for 18 months, and we are due to produce our thoughts this spring. It is important that regulators focus on consumer outcomes and, as others have said, a more competitive environment produces the best outcomes, so he is right to draw attention to that issue.

**John Redwood** (Wokingham) (Con): Briefly, what will be the direct impact of the Bill on the cost to the state and to business?

**Kevin Hollinrake:** The annual cost to business is £178 million, which we must consider carefully when we bring forward new regulatory burdens, but most people will think that the measures are needed because there is a huge consumer benefit of roughly £1 billion a year over 10 years, so it is important that we strike that balance. I am not aware that the cost to the state has been calculated, but my right hon. Friend and I are probably most concerned about the cost to business.

**John Penrose:** I thank the Minister for his generosity in giving way again.

The Minister's response to the question about regulatory burden mentioned the welcome, necessary and important review of economic regulators. However, he will understand that enormous regulatory burden is created by other regulators. There are only eight economic regulators, but there are dozens of other regulators, many of which create vastly more regulatory burden than the economic regulators, although the economic regulators are not exempt. What plans does he have to address those regulatory burdens, which are much broader and cover much more of the economy?

**Kevin Hollinrake:** My hon. Friend makes a very good point, and it is why only a few days ago we published a framework for better regulation to look at these things in the round and to make sure we have regulators that serve the public, rather than the interests of the regulator. We do not want to see regulatory creep for any purpose other than consumer benefit, and he and I will continue to have significant dialogue on those issues.

Some Members will argue that we should legislate more like the EU's Digital Markets Act, by using this Bill to create sweeping, one-size-fits-all measures. However, our Brexit freedoms mean we can draft legislation that drives innovation without placing blanket obligations on firms or creating unnecessary regulatory burdens. Some will respond to the Bill by saying that we should go harder against big tech, but I remind them that the Bill's primary purpose is to reduce economic harms, to boost competition, to create a fair and level playing field, and to give consumers greater choice and better prices.

We need to act, but we must act proportionally because tech firms make a valuable contribution to the economy and our lives. Big does not equal bad. A war on tech will not create growth. It has already been argued in this debate that the CMA has enough power, and my response is that technology is changing rapidly and our watchdogs need to be equipped to fully support businesses and consumers in this competitive world.

I look forward to engaging with colleagues as the Bill makes its way through the House, and I hope Members will give it their backing so that the Government can continue our work of protecting consumers, increasing competition in all markets and growing the UK economy.

**Madam Deputy Speaker (Dame Rosie Winterton):** I call the shadow Minister.

2.53 pm

**Seema Malhotra** (Feltham and Heston) (Lab/Co-op): It is a pleasure to speak on the Second Reading of this important Bill on behalf of His Majesty's Opposition. The world has changed enormously, as has technology. I thank my hon. Friend the Member for Bristol North West (Darren Jones), the hon. Member for Weston-super-Mare (John Penrose) and other colleagues for their important and influential work in the development of this Bill, which Labour welcomes, having led the way in calling for large tech companies to be properly regulated to ensure competition in digital markets. We have long called for measures to protect consumers, enhance innovation and promote competition in digital markets, to unlock growth and level the playing field for innovative smaller businesses.

In the midst of a cost of living crisis, the Bill could not be more important. As the Minister alluded to, fairer markets will save billions of pounds for consumers. This important Bill updates the UK's competition and consumer rules, in line with a changing economy and changing consumer behaviours, through three main areas of reform.

First, it creates a new pro-competition regime for digital markets by putting the Digital Markets Unit on a statutory footing and establishing a process for designating the "strategic market status" of firms that meet specific criteria in relation to certain specific digital activities. These firms will be subject to regulated behaviour regarding such digital activities, in the form of conduct requirements to help ensure fair competition.

Secondly, the Competition and Markets Authority will have new powers on market investigations, enforcement of existing competition rules and enhanced mergers and anti-trust activity. Thirdly, there are updates to consumer law, reforming consumer policy to increase consumer protection.

As long ago as 1950, the Labour manifesto written by Michael Young promised:

“An independent Consumer Advice Centre will be set up to test and report on the various consumer goods on the market. Good manufacturers will be protected and unscrupulous advertising exposed.”

Since then, Labour has certainly been the champion of consumers. Consumer rights are a proud part of the Labour and Co-operative tradition and values.

The Government needlessly delayed this Bill as a result of infighting and the changing of Ministers and Secretaries of State. Since the Bill was announced a year ago we have had three Prime Ministers, four Business Secretaries and four small business Ministers. I congratulate the Under-Secretary of State for Science, Innovation and Technology, the hon. Member for Sutton and Cheam (Paul Scully), who has done a full circle. He was the first Minister I shadowed in my role, and he will be winding up this debate.

It has been a year since this Bill was promised and five years since the Government established their digital competition expert panel. With these delays, we have fallen behind our European neighbours in this vital policy area, so this is an important Bill and we will support its Second Reading.

I thank the Under-Secretary of State for Business and Trade, the hon. Member for Thirsk and Malton (Kevin Hollinrake), and his officials for their meetings with me and my hon. Friend the Member for Pontypridd (Alex Davies-Jones). I hope this is the spirit in which the Bill will be considered in Committee and in which we constructively debate the gaps we believe there to be in the Bill, which I will highlight today. I also thank those who have been involved in the development of this important policy and legislation, from the CMA, Which?, UKHospitality, the Chartered Trading Standards Institute, Citizens Advice, techUK and smaller enterprises.

In digital markets, a small number of large technology companies have an ever-increasing dominance. The subsequent lack of competition and regulation has acted as a barrier to entry and expansion in digital markets, preventing new entrants from bringing innovation and choice to the market. The seriousness of this for our economy and consumers has become apparent in the billions of pounds in penalties levied for anti-trust violations.

Legislators around the world are catching up with the challenges we face in relation to this abuse of dominance in digital markets. Indeed, the OECD's global forum on competition highlighted this five years ago, outlining how many digital markets

“exhibit certain characteristics, such as low variable costs, high fixed costs and strong network effects, that result in high market shares for a small number of firms... Firms in these concentrated markets may possess market power, the ability to unilaterally and profitably raise prices or reduce quality beyond the level that would prevail under competition.”

In the UK, the Furman report concluded in 2019 that competition in digital markets needed a “new approach,” and in December 2020 the CMA convened a taskforce that recommended the creation of the Digital Markets Unit with a new regime for regulating digital firms with strategic market status.

The Office for National Statistics reports that, between 2008 and 2020, the percentage of adults reporting having shopped online in the previous 12 months increased from 53% to 87%. This ongoing trend has increased

consumer exposure to the harms associated with the digital economy, including the use of consumer data, harmful online choice architecture and misleading information.

Those are reasons why the Bill needs to deliver on being a pro-competition, pro-consumer and pro-growth Bill. We welcome steps to address consumer harm resulting from monopolisation of our increasingly digital economy, while making sure that innovation is not stifled and that we are realising the benefits of new technology for social and economic progress. The interests and rights of consumers, and the enforcement of those rights through effective competition in this new, complex and evolving digital marketplace, need to be at the core of this legislation, which is vital for all of our constituents.

The challenge now is to get the legislation right. It is important that the new powers given to the CMA to ensure competition in digital markets are not watered down as the Bill progresses. Powers are needed to crack down on unfair practices. That means there must be clarity on how the new powers will be used, along with the right scrutiny, transparency and accountability, both of the CMA and of the Government to Parliament. In addition, there must be clarity on thresholds and the process of appeals. I am sure we will discuss the checks and balances in detail in Committee, not least because 35 new Henry VIII powers are in the Bill, as listed in the delegated powers memorandum. The November 2021 House of Lords Delegated Powers and Regulatory Reform Committee report noted:

“Henry VIII powers are controversial and for good reason. Every such power; and its scope, must always be fully justified.”

Let me say a few further words about what we welcome in this Bill. We support the approach taken to the legislation, which seeks to be targeted to specific anti-competitive digital activities and is arguably more flexible than the reforms brought about in the EU. If that allows a more proportionate and targeted set of interventions, that is welcome. Legislators across the world are all learning, and we all want to see this be an effective regulatory framework that helps innovation, rather than hinders it, and protects consumers.

An example of how this is beginning to work is how the CMA has worked with Google on its digital Sandbox. An issue relating to third-party cookies emerged during the CMA's digital advertising market study and a Competition Act 1998 case was then opened. Google's proposed changes could have had privacy benefits, but they could also have given Google an anti-competitive advantage, strengthening even further its position in digital advertising markets. The CMA reached legally binding commitments with Google to address these concerns. It is important to say that both sides continue to work together and with the Information Commissioner's Office. This is about working in partnership with business, and in the public interest, and this Bill represents a pragmatic step towards achieving that. We also welcome the inclusion of proposals such as monetary penalties for failures to comply and making undertakings directly enforceable, which were raised at the consultation. We welcome the strengthening of the alternative dispute resolution provisions, although we believe they could be strengthened further.

However, there are notable gaps that we are concerned about—areas where we are surprised and concerned the Bill does not go further. Such areas include subscription

[Seema Malhotra]

traps, tackling fake reviews and other consumer harms. First, on subscription traps, it is always to be welcomed when the Government decide to adopt a Labour party policy, which seems to be happening increasingly often. In April, we announced Labour's plans to crack down on rip-off subscription traps, which trap people into subscriptions they no longer want. We want to legislate to ensure that customers must opt in to, rather than opt out of, subscriptions that automatically renew. That will end automatic renewal as the default option, ensuring that consumers are offered an alternative. Instead, businesses would have to offer customers a default option without automatic renewal, with the option for customers to seek automatic renewal if they prefer. At present, consumers only need to be informed about their continued subscription, not given a genuine choice. That means they can end up trapped into contracts they no longer want or use. Citizens Advice estimates that £306 million per year is spent in the UK on unwanted subscriptions.

This Bill goes part of the way to addressing that by introducing new requirements to remind customers at the end of a trial and the beginning of an auto-renewed subscription charge. But it does not go far enough in tackling these traps and adopting Labour's full proposals, which stakeholders also support. We will be seeking to strengthen the legislation in this area to make subscription auto-renewals opt-in, rather than opt-out.

Secondly, the Government, with much fanfare, announced that this Bill would introduce provisions outlawing fake reviews. News headlines last month trumpeted the Government's briefing, saying:

"Buying, selling or hosting fake reviews will become illegal as part of changes planned in new laws."

Fake reviews cause huge damage, both by encouraging consumers to buy unsafe or poor-quality products, and by ruining the reputation of hospitality venues in the UK. Such reviews are utterly unfair for honest businesses, which have no means of redress, but banning fake reviews is not mentioned in this legislation once. What has been lauded as a huge step in banning fake reviews appears to be a clause allowing the Secretary of State to add to the list of unfair trading practices in schedule 18. This is quite vague and so it could be very weak. I would therefore welcome clarification from the Minister on why this has been left out, and whether he is able to expand on what banning fake reviews will look like in practice?

On broader consumer harms, the Bill represents an opportunity to take action on a number of issues affecting consumers in the digital economy. That includes taking action against drip-pricing and misleading green claims, and requiring online marketplaces and social media platforms to make buyers aware of the status of a seller, none of which are dealt with in this Bill. Do we need stronger statutory consumer advocates? I ask the Minister: why does the legislation stop where it does? Should it not go further in addressing further consumer harms in the digital economy?

Finally, on delay, it has been a year since this legislation was promised in Parliament. The Government's own impact assessment acknowledges:

"The Bill's impacts are expected to begin in 2025 once the package of Bill measures has been implemented".

That is the earliest it could be, but action is needed now. We are prepared to work with the Government not only to ensure effective scrutiny of the Bill, but to get it on to the statute book as soon as possible. That includes ensuring speed on guidance and codes of practice, and sufficiency of resources. There should be no more delays.

This legislation is welcomed by the Opposition but it is well overdue. It is a welcome step in creating a new competition and digital markets regime that will enable the competition authorities to work closely and fairly with business to ensure fair competition, and promote growth and innovation. Labour welcomes competition, consumer choice and protection as signs of a healthy, functioning market economy. We are committed to making the UK the best place in the world to start and grow a business. We believe there is a pro-business, pro-worker, pro-society agenda to be built for Britain, and that consumer and competition law play an essential part in that. I look forward to the Minister's response.

3.8 pm

**John Redwood** (Wokingham) (Con): Competition is by far and away the best regulator, and I pay tribute to all those in the House, including my hon. Friend the Member for Weston-super-Mare (John Penrose), who have pointed that out; I am delighted there is cross-party agreement. The point he made needs stressing: we are dealing with a limited number of regulators here today, but there are many other regulators and much of their task could be better done by following competition as the prime means of enforcing choice. I should say that I have declared my business interests in the register and none of my comments relate to financial services as a result.

The regulators would be well advised to heed that advice and, instead of intervening in detail and trying to make very difficult distinctions and definitions that affect a complex marketplace, with the interplay of so many different consumers and suppliers, just stress that if there is effective choice and challenge in the market, normally there can be no harm.

Labour has said that it could be that an online supplier of goods and services was not offering a good deal, but I am less worried about that if there are shops in my local high street, because I do not have to use the offer by the online provider. The online provider themselves will anyway be subject to the challenge of other online providers. One advantage that the online retailer has is that the cost of entry is so much less than that required by those who wish to set up a formal shop with a property. If an online retailer, however large they might become, starts to offer very poor deals or offers, there will be plenty of challenge to that emerging in the marketplace.

In a fast-changing world where the market is extremely good at challenging, developing and changing offers overnight, we need to be careful about becoming too prescriptive. We may come up with a perfect solution to perceived problems of some suppliers at the moment only to find that, tomorrow, there are very different problems from different suppliers and that much of it can be taken care of by that pursuit of competition.

My main concern about all of this for our country is that competition only works, in the benign way that we know it can, if we have sufficient capacity. There is a danger, encouraged by the Opposition and pursued by



the Government, that today we are so keen to regulate, to intervene and to tax anybody who makes a good profit; to provide a subsidy to anybody who has a failing business; and to decide that the Government know best about what consumers ought to buy and ought to want, that we end up with too little capacity in a number of crucial areas. That means that, instead of helping the consumer, we hinder them. Instead of having moderate prices with few rises, we have even higher price rises because there is insufficient capacity to meet the market demand. Instead of providing that perfect background for entrepreneurial businesses, which Labour and Conservatives are united in wanting, we send a hostile message to businesses. Those businesses then find other places with greater freedoms and lower taxes as the ideal place in which to experiment, to set up and to seek to export from, rather than from the United Kingdom.

**Bim Afolami** (Hitchin and Harpenden) (Con): I thank my right hon. Friend for giving way. In relation to his very good point about capacity, what is his view about the need to ensure that we remain open for business internationally and remain an attractive place? Moreover, what is his view about the role of the regulators in that context, particularly the CMA, because of course capacity can come from other countries into our own market?

**John Redwood:** Indeed. I do not wish to go into the details of a recent case, because I have not studied all the documents, which would be necessary to do justice to both sides of the argument. Thinking back to when I was competition Minister—a good while ago now—when I was acting for the then Secretary of State, there was a difficult issue that arose over media challenge to the then existing limited number of media players where two of the new services wanted to merge together. I recommended, and we decided, that the two should be allowed to merge because they made a more effective competitor to what was already there, rather than taking the narrow pro-competition view that we needed to have two new challengers. The danger was that they would both fight each other to the death and leave the main media institutions—ITV and the BBC—unchallenged by alternative services.

The regulator has to understand that competition is not always furthered by blocking something; sometimes it can actually be furthered by encouraging the new. The main issue in competition law is often the definition of what is the market. I have already mentioned retail. If the market is online retail, we might want to stop a successful online retailer growing by acquisition, but if the market is retail, we might want a strong online competitor in order to challenge the previously dominant shop retailers. However, it is now coming to the point where it may be the other way around—where we need to be worried about the adequacy of the conventional retailer response.

Let me illustrate the importance of the central issue of capacity to the debate. One thing that has been extremely scarce—this has been blamed by many for the worst part of the inflation we have been experiencing—is energy. If the United Kingdom persists in saying that we do not want to get our own gas out of the North sea, we will not automatically transfer to green electricity; we will import gas from somewhere else. By doing so, not

only will we damage our economy, as we forgo the jobs in the North sea and the cheaper gas, because the imported gas will be dearer; it will also be much worse for the environment, because by delaying or blocking the gas that we could get out, we will automatically import more liquefied natural gas. LNG generates at least twice as much CO<sub>2</sub> as burning our own gas down a pipe because of all the energy entailed in compressing a gas, liquefying it, transporting it and then converting it back to the gas that we need to use. It is therefore a doubly foolish policy.

We need to expand our capacity in energy where it is available and we need to understand that there are huge economic gains to producing our own. We also need to be worried about national resilience. If we wish to say that we can defend our country and its allies, it is terribly important that we produce enough for ourselves. Having energy self-sufficiency is always critical to having a country with resilience and strong defences.

The electrical revolution seems to be popular in most parts of the House of Commons, with people urging the Government to achieve a faster electrical revolution, switching more and more people from being predominantly users of fossil fuel—most of us predominantly use fossil fuel with a petrol or diesel car and a gas boiler—to using electrical means for our main energy uses. If we are to pursue that electrical revolution, there needs to be a massive expansion in grid capacity and in cable capacity into everybody's homes, offices and shops. It is simply not possible at the moment to generate the competition that we want for electricity against fossil fuels, and within electricity for renewables against more traditional ways of producing electricity, because the new renewable ways are so grid intensive and need so much more grid and cable capacity—we have to time shift them because they are often not available—that we are not going to get very far.

Already, I have helped with a major investment in my constituency, which was very welcome. One possible stumbling block was that the electricity companies could not offer enough power for the particular business development. There had to be an agreement over how much power the development could have available, because there was not limitless power for it to buy. The issue was to do with grid capacity. We will find that that becomes more and more common if we do not get on with dealing with this particular issue.

A very topical issue today is capacity in motor vehicles. If we are to have a full range of choice and enough domestic production, it is not a good idea to ban the sale and therefore the manufacture of petrol and diesel cars as early as 2030, when no other major country in the world is doing so and when there will still be quite a lot of buyers who want petrol and diesel cars. I urge the Government to understand what competition choice means. It means that people will buy electric cars when they want to buy them. They will buy electric cars when they are cheaper and better, and when they believe that the range is right and that the necessary back-up facilities are in place. I have no doubt that electric vehicle sales will grow, but it would be quite wrong to have an artificial injection of policy to ban older cars and prevent capacity and choice.

If the UK does not have battery production capacity, all we will do by banning petrol and diesel cars is destroy the successful industry that we have, which

[John Redwood]

makes extremely good petrol and diesel cars, without having the replacement industry in place. It is not a simple matter of switching the production line from a diesel car one day to an electric car the next; it is a totally different product, built in a totally different way. An electric car needs a battery, which may be 40% of its value, and currently we cannot produce those batteries in any numbers to replace the capacity that we wish to cancel. I urge the Government to think again about consumer choice, competition and investment flows, because there is no way that people will want to invest serious money in the UK motor industry if its regulatory environment is more hostile than those elsewhere.

I was pleased to see my right hon. Friend the Prime Minister take a great personal interest in food production. I believe he held a very successful seminar yesterday and asked the Secretary of State for Environment, Food and Rural Affairs to go away and work up a series of measures. I do not doubt the enthusiasm of my right hon. Friend the Secretary of State, which I fully share and have often promoted, for us to grow much more of our own food in this country and to offer that much more choice to people in our supermarkets. However, when I look at the package of measures the Department has brought forward, there is hardly anything in it that would carry that ambition through.

The Department still intends to spend most of its subsidy money, most of its exhortation and a great deal of its regulation on encouraging farmers not to produce food, to wild their land and to achieve great things on managing the landscape for us all. That is all very nice, but it is possible to have perfectly attractive fields growing food, and that is clearly what we need rather more of.

We need to back the new robotics, artificial intelligence and electromechanical technologies that could transform the production of fruit and vegetables and other market garden products, as they used to be called, where we have allowed our market share to fall dramatically in the last 30 or 40 years. We are now reliant on imports, which limits choice, drives up prices and puts our national food resilience more in doubt because, were there to be problems with the supply from our normal suppliers abroad, I am sure we would be towards the back of the queue when it came to getting to what we needed.

I am conscious that others wish to speak in the debate, so I will not go into every sector, but the Government need to review sector by sector what they are doing that could help to increase capacity. Can they not reposition their subsidies, grants and direct investments, which they are making around the place on a pretty colossal scale, in a way that promotes that capacity and thus eases the position for competition? There is a particularly worrying trend at the moment—one that is bad for public spending and bad for business—that we make so many confused interventions that we need another intervention to deal with the previous intervention.

I will finish on the issue of high energy usage industries—steel, ceramics and other similar industries—which are gravely at risk. We have lost colossal capacity and market share under Governments of all parties since I have been around watching such things. The danger is that that loss will accelerate from here because we decide to impose the highest carbon taxes of any advanced-world country, as far as I can see—another

major problem for the cost base of industries that are struggling to compete—and we then draw back in horror when we see that there could be closures and job losses, so the Government put some subsidies back in and we have a subsidy trying to countervail the tax. However, the subsidy is usually not as much as all the taxes combined, because when we add the 31% corporation tax—should there be any profits, and unfortunately there often are not—on top of the windfall taxes on the energy companies and on top of the carbon taxes on the steel and ceramics businesses, the tax burden is colossal and would be punitive were businesses to succeed and start making money. The demand for subsidy then becomes greater.

To have a competitive market would be extremely welcome. We have a market that is not nearly competitive enough. I ask the Government to look at what they are doing, because I think they are in danger of doing counterproductive and contradictory things: taxing too much, subsidising not quite enough and then inventing rules that stop people doing business.

**Madam Deputy Speaker (Dame Rosie Winterton):**  
I call the SNP spokesperson.

3.23 pm

**Richard Thomson (Gordon) (SNP):** The SNP welcomes very much the aims and objectives of the Bill, which broadly speaking fit well with the enhanced protections we have been calling for in the online space for some years.

For markets to be effective, they need a number of things, chief among them good market information for those participating, low barriers to entry, trust, the rule of law and a means of enforcing contracts where they are made. As the Minister alluded to, when the online marketplace emerged, there was always a risk—especially as it deals with entities that span several jurisdictions—that, for all its opportunities, it would become if not exactly a dystopian wild west, then certainly a less well-regulated space than physical trading spaces, which are more visible and more easily influenced by existing regulations. Given all the leaps and bounds that there have been in e-commerce, there is a need for the regulation of that marketplace to catch up and to rebalance it in the interest of consumers.

The Minister was correct to say that big does not always equal bad, but it is past time that we recognised that large digital entities with a significant public affairs presence can go around and say the right things, and even if their practices are not at variance with that, they can appear to be beyond the reach of and unbound by the obligations placed on other smaller market actors outside the digital space. That has long been an issue of concern, and anything that helps to rebalance that situation is a good thing.

We believe that conferring powers and duties on the Competition and Markets Authority to regulate that competition responsibly; updating powers to investigate and enforce both competition law and consumer protection law, where needed, and to resolve disputes; and enhancing protections in respect of unfair practices such as subscription traps and prepayment savings schemes, are good things in and of themselves and we welcome them.

To set out the scope of why those powers are necessary, recent figures from Action Fraud estimate that elderly people lose £1 million a day in the UK through online

scams. The consumer organisation Which? estimates that one third of people in the UK experience at least one problem with a product or service each year, at an estimated cost of £54 billion, which is a tremendous drag on the economy. It prevents that money from being spent more productively in the economy, it reduces confidence and in many ways it reduces the competition that we would all like to see.

It is important to ensure that when people engage in the online market space they can do so with confidence, and we must recognise the role that the state has to play in that. No amount of competition can ever replicate what the state can do to act as the referee where necessary in this space, using a light touch. We very much welcome what the Government are setting out, particularly in defining organisations that have strategic market status and the additional responsibilities that will accompany that status.

The Bill goes a considerable distance to achieving those things but, given the scale of scams and unfair practices that, sadly, we witness on a daily basis, we think more needs to be done and that the Bill needs to go further in some respects. Like those on the Labour Front Bench, we believe that there are other areas where the Bill needs to go further.

At the risk of being criticised for making an unfavourable comparison with the Beelzebubs at the European Commission, there are many provisions in this Bill regarding firms with strategic market status that are broadly similar to those in the EU's Digital Markets Act. The Bill falls short in that it does not explicitly include an equivalent to the EU's right to redress, which would allow consumers to be paid with damages where they are misled by traders. Although the Bill gives the Secretary of State the power to do that in future through secondary legislation, it leaves a gap now, and there is the risk that that right will, over time, be watered down or removed entirely because there is no commitment to introducing it. If the ministerial team offer me some assurance about that, we can maybe explore it further in Committee, but that matter threatens to leave UK consumers behind.

The dangers there ought to be clear. Just last month, it was revealed that thousands of people from the UK who found themselves stranded in Dover following delays in coach trips faced losing their entitlement to compensation amid what was being billed as the "bonfire" of EU regulations. Rocio Concha, the director of policy and advocacy at Which?, noted that it is clear—or it was at that point, at any rate—

"that the government does not...have a firm enough grip on the extent of legislation which is at risk of simply slipping off the statute books by mistake."

I welcome the Government's change in tone last week, but right to redress is nevertheless an important consumer protection, and we certainly do not want to be in a position where our consumers have less leverage in that sense than their counterparts elsewhere in Europe.

Another area in which we believe the Bill should be getting its feet wet is greenwashing. It is not just in financial losses or deficient goods and services that consumers can be badly let down; it is also in goods marketed under misleading pretences, particularly when it comes to their environmental credentials. The Bill does not set out standards and practices that should be adhered to when making environmental claims. To give

an example, in February, the Corporate Climate Responsibility Monitor found that many companies were involved in making misleading claims about their plans to tackle global warming and climate change. Sustainability is increasingly important for consumers choosing where to spend their money—particularly younger consumers—so it is vital that measures are put in place to ensure that people can have confidence in the claims being made for products, rather than being misled, wittingly or otherwise.

In terms of how the European Union is tackling that, around 230 separate sustainability labels and 100 green energy labels are commonly used across the EU, each with vastly different levels of transparency. Half of them offer weak or non-existent verification and 40% have no supporting evidence at all. The situation in the UK will be similar. Ensuring that labels and claims can be treated as credible and trustworthy would allow consumers to make better-informed purchasing decisions and boost the competitiveness of businesses that want to play a responsible role in the marketplace in terms of driving up standards to meet consumer demand. I urge Ministers to look at what the Commission is doing in that respect because this is a sufficient deficiency and a missed opportunity to make the Bill better than it already is.

The next point that I wish to endorse is one that was made by the right hon. Member for Calder Valley (Craig Whittaker) about charity lotteries. They do an awful lot of good, they give people an awful lot of enjoyment and they raise an awful lot of money for good causes. They are already in a very highly regulated marketplace, but we are concerned that the legislation could, in its present form, have a detrimental impact on their ability to raise funding and to give money to good causes. That concern applies in particular to clauses 148 to 253, which would—at least in my reading of them—introduce a significant number of new requirements on subscription products and pre-contract information. Schedule 19 already rightly contains a number of operators in the economy that are deemed sufficiently well regulated to be exempt from the requirements that the Bill would place upon them. I suggest that charity lotteries also fall into that category, and I urge Ministers to give that due consideration and make the necessary changes to schedule 19 to make it crystal clear that charity lotteries are exempt.

Another missed opportunity is on drip pricing, whereby companies add additional fees and costs that were not clearly stated at the beginning of a transaction. That tactic is commonly used by some airlines: the price given at the start bears little resemblance to the price that appears at the end, once the consumer has paid for everything that they assumed would come automatically with stepping on an airliner. The US is planning a crackdown on that through the Junk Fee Prevention Act. It would be a missed opportunity if the UK Government did not follow suit in the legislation before us.

I welcome the commitment to tackling fake reviews, which can cause a great deal of distress and harm. Many can be absolutely malicious—not on a personal level but in trying to discredit competitors and therefore reduce competition. That practice certainly requires a different approach in legislation, but it is unclear at this stage how the Bill would seek to deter it. If any ban is to work, it will have to be enforceable, it will need to have teeth and there will need to be appropriate redress.



**John Redwood:** I think we are all united in wanting to stop fake and damaging reviews, which are so unfair, but has the hon. Gentleman thought about how we would actually do it? Defining them, and deciding who judges that they are such, is not easy.

**Richard Thomson:** The right hon. Member is absolutely right that it is not easy, but that does not mean it is something that we should avoid trying to tackle, or that we should not try to come up with a way of improving the competitive environment. I am certainly more than happy to engage on an open and constructive basis with anyone about how we might do so.

**Kevin Hollinrake:** Will the hon. Gentleman therefore support our approach, which is to consult in parallel with the passage of the Bill through both Houses about things like drip pricing and fake reviews, so that we can have that open dialogue and make sure that we get the answers right, including to the questions posed by my right hon. Friend the Member for Wokingham (John Redwood)?

**Richard Thomson:** I thank the Minister for his intervention. Indeed, I would be quite happy to see what comes back from that consultation, because there are areas of real concern. If we can find consensus on how those matters can best be tackled—we might not be able to please everybody, but we can address them as best we can—that would be a welcome step forward.

In closing, the Bill is important for growth and competition, but also for consumer protection. The exchange that we collectively had just now on those matters was encouraging, and I would certainly like that spirit to continue in Committee. I do not think I have ever managed to successfully get something passed in Committee; I look forward to that changing.

**Alex Davies-Jones (Pontypridd) (Lab):** Good luck!

**Richard Thomson:** I hear the hon. Member for Pontypridd say “Good luck”, but we will see how it goes. The Bill certainly does much that it needs to, but there are quite a few things that it misses; let us see what we can make it hit over the period ahead. As the Bill progresses, I look forward to working with others where it is possible to do so, in order to do precisely that.

3.36 pm

**Damian Collins (Folkestone and Hythe) (Con):** I rise, as other Members have done, in support of the Bill. It is a very important piece of legislation that has been long discussed and much looked forward to. It is now safely on the Floor of the House and we wish it a safe passage as it goes through Parliament. The debate we are having is not dissimilar to debates being held in Parliaments around the world. In the United States Congress, there are very lively debates about what it calls anti-trust legislation in the tech sector. The European Union, as has been discussed, has already created its Digital Markets Act. In Australia, there has been a lot of concern about competition within digital markets and a lot of work to improve it.

I agree with other Members who have spoken so far that competition is often the best guarantee of higher standards for the consumer, lower prices and a more vibrant market economy. The reason we are concerned

with regards to digital markets is that, in many of those strategic markets, there is evidence of a lack of competition—a lack of choice—that is restricting routes to business and will increase prices for customers. In his opening speech, the Minister rightly pointed to the market impact studies that the Competition and Markets Authority has done, looking at app stores and the mobile advertising market, which show a consumer detriment of over £6 billion. Those are just two market studies that the CMA has done and it is not surprising that that should be the case.

The app store market is important because most people, including most people in this Chamber, have a smart device that runs on one of two operating systems. There are two app stores, and most of what happens on those devices—not exclusively, but most of it—is not interoperable. There have already been investigations showing inconsistent pricing in the commission taken by those operating systems from app developers who sell through their devices. In a market such as that, it is not surprising that there might be constraints or evidence of overcharging, because there is simply nowhere else to go—there is no choice. When the ad tech market is dominated by two companies, Google and Meta, it is not surprising that there may be higher pricing in that market; there is certainly a great lack of transparency. Even some of the world’s biggest advertisers, such as Procter & Gamble, have raised concerns about this issue, but none of the advertisers themselves has enough market power within that market to challenge those incumbents.

**Bob Stewart (Beckenham) (Con):** Does my hon. Friend agree that we should fully support what my right hon. Friend the Member for Wokingham (John Redwood) has suggested as a model for competition? Competition itself does require to be amended.

**Damian Collins:** I thank my right hon. Friend for his question, and my right hon. Friend the Member for Wokingham (John Redwood) made an excellent opening speech from the Back Benches. My concern is that in digital markets we have an imperfect market. We are at a point in time where the strategic nature of digital markets has developed to such an extent that people cannot not use these systems to reach their customers. For a business looking to sell online, yes, the world is its customer base, but it is using a relatively small number of tools to try to reach those customers, and those tools are controlled by a relatively small number of people. App-based businesses are selling through one of two operating systems. Someone buying ads is doing so largely from one of two companies that dominate the global market. If people are looking for cloud storage, they are probably buying it from Amazon or Google.

Booksellers are a good example. Many book publishers will say that, when they come to their contract renewal with a company such as Amazon, they can be offered very unfavourable terms, but such is the volume of their business that they put through that one retailer that, while in theory they could go elsewhere, in practice they cannot. No shareholder would understand why a business would just walk away from that particular market. In such situations, it is right that the regulator should have the power to say, “Are companies abusing their strategic market status? Is that leading to higher prices for consumers? Is that leading to unfair competition?”

Companies have been quick already to threaten denial of access to the market to people who challenge their status. The Australians have already created their news media bargaining code for the news industry, where the big Facebook-owned and Google-owned platforms have to pay compensation to the media industry for the distribution of its articles for free across their networks. That is now negotiated—there is a negotiation mechanism to make sure it happens. In response, Facebook threatened to withdraw news from the market. During a series of bushfires in Australia, Facebook cancelled all news distribution on its platforms. Such was the popular reaction, it withdrew and has now done these deals, but they would not have been done without the requirement for final agreement and independent arbitration. A book retailer cannot not do a deal with Amazon.

In terms of big app developers, there was a company called Vine. Many Members may be old enough to remember that app. Vine was a popular short-form video app, largely built on the back of the Facebook operating system and the Facebook Graph API. Facebook decided arbitrarily that Vine was requiring too much Facebook user data, and therefore might be a threat to Facebook itself, so it claimed Vine was in breach of its data policies and just kicked it off the platform. It did that for competitive reasons. In these digital markets, we see companies following an aggressive strategy. Where they see competitors, they look either to acquire them or to deny them access to the market and close them down. This is not unlike the debate that was had more than a century ago, particularly in America around the railways.

There was the big test case that President Theodore Roosevelt had against JP Morgan over his railway monopoly. We can imagine lobbyists for Morgan saying, “We may have a monopoly in the rail market, but the price is quite cheap. People do not spend very long on the trains, and you can always walk or use a horse and cart. It doesn’t really matter that we have this monopoly, because people can choose to travel in other ways.” Of course, Morgan’s railway monopoly gave him massive powers of self-preferencing when it came to moving coal and steel around and denying others access to the market. It gave him massive market power and the monopoly was broken up for that reason.

We should be concerned that, if we allow the major tech platforms to control access to the market and people’s ability to trade, that will lead to a constrained market and higher prices. The tech sector is looking to develop more all-encompassing systems, such as the metaverse for Meta, where people will have a VR experience where they can buy and sell and do everything, and we see smart devices now playing an increasingly central part in almost every service that we access. The amount we are charged to access those services and the ability to access that market are extremely important for having competitive markets in the future. That is why I think these elements are important.

In finishing, I will talk a bit about the news industry. We see how these new marketplaces are changing the distribution of traditional products so much that their business model may completely collapse. The collapse of regional journalism is because of the massive disruption of the localised ad market. It has taken advertising out of those products. It is not just transferred online; it is transferred to completely different methods of distribution.

Now, that is market economics. That is changing consumer behaviour and businesses must adapt to that. If a news publisher is being told, “Your product can be distributed for free through our systems,” but you get more ad money in the long run if you do not. The distributor collects the advertising revenue and the data, and the publisher benefits little. If the product is being used to attract users to the platform, but the platform monetises it and the publisher does not, that is an unfair and unbalanced level of competition that could have significant detriment in other areas. If journalism is hollowed out because it cannot access the market fairly for its products and services, journalism will die, and democracy and society will be the loser as a consequence.

We want competition to flourish. We want competition to be the best guarantee of high standards and lower prices, but we must recognise that digital markets involve a series of markets in which companies are not really competing against each other, because they create controlled monopolies or business environments with very limited access to competition. If we allow that to continue unchecked, it will be to the detriment of us all in the long run. That is why I welcome the Bill.

**Several hon. Members rose—**

**Mr Deputy Speaker (Mr Nigel Evans):** Order. I will now announce the result of the ballot earlier today for the Chair of the Select Committee on Culture, Media and Sport. A total of 384 votes were cast, one of which was invalid. There was a single round of counting. With 383 valid votes, the quota to be reached was therefore 192 votes. Dame Caroline Dinenage was elected Chair with 198 votes. She will take up her post immediately, and I congratulate her on her election. The results of the count under the alternative vote system will be made as soon as possible in the Vote Office and published on the internet.

I call the Chair of the Business and Trade Committee.

3.46 pm

**Darren Jones (Bristol North West) (Lab):** I declare my interest as set out on the Register of Members’ Financial Interests. I am grateful to the Government for having reflected in the Bill so many of the recommendations in my Committee’s report on post-Brexit competition and consumer law policy. Although I am grateful to the Minister and shadow Minister, my hon. Friend the Member for Feltham and Heston (Seema Malhotra), for thanking me for my work, I should humbly put it on record that there would be no report were it not for my colleagues on the Committee, my Clerks, and the witnesses who gave evidence.

I will not test the patience of the House by listing all the Committee’s achievements in this respect, but I will focus on one area that our report talked about—oversight of the Competition and Markets Authority and other regulators that operate in the digital market space—where provisions are missing from the Bill. The CMA is an independent regulator, but it is directly accountable to Parliament for the performance of its functions and duties. Only yesterday, we welcomed its chair and chief executive officer to the Business and Trade Committee to answer questions on topical cases, its annual plan, the draft strategic steer from the Department and, indeed, this Bill.

[Darren Jones]

In practice, Committees such as mine only really scrutinise regulators, agencies and arm's-length bodies on their day-to-day performance perhaps on an annual basis at best, or once there has been a failure. We recognised that ourselves in respect of issues at the energy regulator, Ofgem, which we only uncovered once there had been a multibillion-pound failure in the market. We gave ourselves an action in that report, as well as in our post-Brexit competition and consumer law report, to enhance our oversight of the CMA and other regulators to avoid this happening again.

It is not a new problem. As many Members will know, the noble Lord Tyrie, who chaired the Treasury Committee during the banking crisis, has written and spoken extensively about this issue. It is a challenge for most Committees. Gov.uk helpfully lists the number of agencies and public bodies sponsored by each Department, and that of my Committee has 21, including the Competition and Markets Authority, the Land Registry, Companies House, the Insolvency Service, ACAS, the Financial Reporting Council, the Trade Remedies Authority, and the Pubs Code and Groceries Code Adjudicators. That does not even include the Post Office or the British Business Bank.

**Bim Afolami:** I agree with everything the hon. Member has said so far. Does he agree with the proposal of the Regulatory Reform Group, which I chair, that there should be a specialist Committee to look at the regulators on an ongoing basis, in addition to the work that his and other Select Committees do in this House?

**Darren Jones:** If I answered shortly with the word “Yes” it would ruin the rest of my speech, so I am going to keep reading through my notes. However, the hon. Member, having asked that question, will understand the direction of travel.

The Minister was pointing at himself, I think noting for the House that he of course has responsibility for all those organisations. He will know, from our Committee perspective and the role that Parliament has in the oversight and scrutiny of the Minister's performance and that of his Department, that we can have capacity challenges. Other Committees have the same problem: the Culture, Media and Sport Committee covers 42 agencies and public bodies, while the Environment, Food and Rural Affairs Committee covers 33, and so on. The Bill before the House, which I welcome, is a great example of an agency being given new powers, a wider remit, more work to do and the job of taking ever more wide-ranging decisions, but there is nothing in the Bill about enhanced accountability and oversight of the CMA. The challenge there is that we have to get the balance right.

Parliament will want the CMA to be effective in its core duty of promoting and delivering competition. In our evidence session yesterday, there was an interesting tension about whether we deliver effective competition by regulation and intervention, or by deregulation and getting out of the way. I think that illustrated the interesting tension between oversight of the Competition and Markets Authority and its independence. While the regulator must take clear decisions based on its legal duties and the required technical assessments, what will

Parliament think if, over time, a number of interventions taken together paint a picture of the UK as not being a good place to start, scale up or exit a business? How will we know in this House if that is the case, and how can regulators be held to account for the impact of their decisions over time?

This friction came up again only today. We took evidence yesterday on the Microsoft and Activision case, which is a major intervention by the Competition and Markets Authority, and I understand the Chancellor has said this afternoon, about the Competition and Markets Authority, that

“I do think it's important all our regulators understand their wider responsibilities for economic growth.”

If the regulator does not already understand that and if the Chancellor does not have confidence in the regulator, we have a problem. What view should Parliament therefore take in the context of this Bill going through the House?

Clearly, independent regulators should not be interfered with by Parliament in making their day-to-day decisions. Parliament should be crystal clear that it is not our job to take those decisions. Expert regulators should not be told what they should do or think by, with the greatest respect to many colleagues in the House, generalist Members of the House of Commons. However, with increased powers and responsibilities—not least following our exit from the European Union, where there was inbuilt enhanced scrutiny in the European Parliament of these decisions—it is crucial that this Parliament steps up to provide the enhanced accountability required.

In short, the right to exercise independence and the requirement to be accountable are not mutually exclusive. As we have heard, there is a certain cross-party support for this position and an increased demand for reform, but there is not much in the Bill or from the Government that I have heard to facilitate that. There have been suggestions, which I generally support, that either we have enhanced capacity and resources for existing Select Committees to do more work in holding regulators and arm's length bodies to account for their day-to-day work, or that we set up a new specialist Select Committee that takes on the job of having oversight of regulators across Whitehall. Some people will be concerned by the suggestion of additional Committees, either because of the perceived need for regulators to have to engage, inform and appease parliamentarians on a day-to-day basis and the amount of time that may take, or because of the influence that lobbyists may have on a fixed number of parliamentarians on the Committee tasked with oversight of the regulator.

**John Redwood:** Is there not a clear distinction? We and the Government should not intervene in individual decisions that under the law are in the regulators' remit, but Parliament and Ministers should take a timely and regular interest in the overall achievement—the cost, whether they need more resource or less resource, and whether we need to change the legal framework under which they operate—which should be a regular review item.

**Darren Jones:** I find myself in the unusual situation of being in complete agreement with the right hon. Gentleman, and perhaps that shows the cross-party support for the points I am making about the Bill.



**John Penrose:** I echo the points about the need for a careful balance between not interfering from this place, while also ensuring accountability. I believe—parliamentary historians will put me right if I am wrong—that about a decade ago there used to be a Regulatory Reform Committee in this place. It was rarely attended and was basically dropped because it failed to command much interest—let me put it that way. May I caution the hon. Gentleman that more committees might not always be the right answer? Perhaps tightening up some of the statutory duties that we apply to economic and non-economic regulators could be a way to ensure that the powers we are handing over, which as he rightly points out can mushroom, are properly applied. That would give Parliament a clear a brief to say “We want you to use these powers in this way,” and Select Committees would have a clear way to gauge whether such powers were being used in the way that Parliament has set.

**Darren Jones:** I do not claim to be a parliamentary historian, but the Regulatory Reform Committee is very modern history. About two years ago I got a call from the Government Chief Whip, telling me that the Government were collapsing the Regulatory Reform Committee and merging it with mine, but that I should not ask for any additional resource. The Business and Trade Committee now holds, by legacy, responsibility to scrutinise good regulation across the whole of Government. That is the problem. We do not have capacity to do that effectively beyond the remit of our own Department for Business and Trade. The hon. Gentleman is right that if we were to end up with a new Select Committee, being clear about what good outcomes or performance means, how that should be measured, and how regulators should be held to account against those measures, is an important conversation for us to have. If there were to be a new committee, there should be a requirement for it to meet and do that work, and it should be clear about how it was performing those duties.

The concerns that some have expressed about additional Committee oversight, administrative demand on regulators, or the influence of lobbyists, can be anticipated and mitigated. As we have discussed, the House is perfectly capable of drafting Standing Orders that make clear the powers and remits of a Select Committee, and the Committee would not be able to change or interfere with decisions of the Competition and Markets Authority. That clarity would, in turn, reduce the impact of lobbying that some people might be concerned about, and Members would need to declare their interests in the normal way. Even if a Joint Committee of both Houses—I will come to that in a second—were tasked with the oversight of regulators and other agencies across Whitehall, its capacity would be limited to a certain extent because of how many bodies and agencies it would need to look at. The amount of inevitable workload for an individual organisation would be fairly self-contained.

If there were to be a new Committee, I would have the normal expectation of collaboration and co-operation between Committees. Departmental Select Committees would still be able to call and engage with regulators when looking at particular issues, but we would be able to work with it to extend the scope of day-to-day co-operation. I am therefore most worried about whether the House, and by extension the Government, would support establishing such oversight and giving it sufficient

resource to do the job properly. We would need additional budgets for additional staff and specialists to do that work; some have suggested that a smaller version of the National Audit Office could be one solution.

It is not only the Competition and Markets Authority that operates as a regulator in the digital market space. That is why a number of regulators have created the digital regulation cooperation forum, which is a welcome intervention and allows for co-ordination between digital regulators. Some have called for that to be on a statutory footing, but my Committee thought that was not necessary. Which Committee of this House is the DRCF directly accountable to? I do not think there is a clear answer. What is the cumulative impact of regulatory interventions in digital markets across digital regulators who are collaborating on their interventions? When I served on the pre-legislative scrutiny Committee for the Online Safety Bill, we recommended that the House should consider a Joint Committee of both Houses. A number of noble Lords in the other place have great interest in this topic, and that could provide a space to consider such issues.

As I have mentioned on a number of occasions, any such enhanced scrutiny to assist Parliament in understanding the consequences of broader remits and decision-making regulators would require the support of Government, because we would need additional capacity to do so. I hope that when he sums up the debate, the Minister might be able to share the Government's view in that regard.

While I have said that there is insufficient capacity and I have called for additional capacity, of course my Committee and I take our work on behalf of the House seriously. To mark our own performance, in recent years we have taken evidence from 11 of the current 21 and three of the previous additional 14 agencies and public bodies within our remit. I hope that hon. Members concur with my conclusions and that we can persuade the Government to take further action in this space.

4 pm

**Matt Warman** (Boston and Skegness) (Con): I enjoyed the Minister's opening gambit about how much the internet has changed our lives over many years. He is right, but the House has now been regulating the internet and its effects for many years as well, and this is in some ways a long-overdue Bill. When I was the Minister, my great fear was that Back Benchers would treat it like a Christmas tree and try to add many great ideas of their own. Now that I am on the Back Benches, that is precisely the approach that I intend to take.

I hope that the Minister—and you, Mr Deputy Speaker—will indulge me on a few issues that are somewhat in the weeds of the Bill as well as on two broader points. This is fundamentally a welcome Bill. It is hugely consequential in the effects that it will have on the digital landscape and Britain's ability to regulate in a new and different, fundamentally pro-competition way in an age that will be affected by markets that operate very differently online from those that we have been used to regulating.

There are a couple of relatively small issues. First, on subscription traps, we have heard a little from other hon. Members about auto-renewal. I think that it should simply not be the default. That is worth looking at. The Minister may take the view that it is for the

[*Matt Warman*]

CMA or the DMU to look at that rather than for the Government to take a view, but that fundamentally could protect consumers.

Secondly, the Minister has made really welcome moves on protecting consumers from online scams. Such scams operate fundamentally differently from the scams of the past, so his new approach is welcome. There is, however, a key interaction in scams and unsafe goods. People who knowingly sell unsafe goods online are surely, by some definition, scammers, yet the Bill does not appear to do quite the whole job. He may be able to offer reassurance on that.

**Kevin Hollinrake:** My hon. Friend raised a fair point. A fair and level playing field is important for our wider economy and opportunity. Alongside the Bill, we are keen to bring forward the product safety review, which looks at online marketplaces and how they sell and distribute products compared with our normal high-street locations, which have far more stringent product safety requirements. So a body of work is going on alongside this one.

**Matt Warman:** I welcome that. The Minister will know that that body of work has been going on in parallel with this one for some time. It is welcome, and I hope that its results will be presented relatively quickly.

The new judicial review standards for CMA and DMU decisions have been welcomed by the Coalition for App Fairness, which is a good and credible group. But, simultaneously, this is a big shift and we need to be confident that it will genuinely protect both larger operators in the right way and smaller operators. I think we will hear more about that from hon. Members in this place as well as in the House of Lords.

I have two larger points. First, it is DMU mission creep, which we heard about briefly from my hon. Friend the Member for Weston-super-Mare (John Penrose), that we should fundamentally be most nervous about. It was certainly my concern a little while ago that the Bill gives the regulator the flexibility it needs to deal with the modern world in the right way. That is absolutely the right approach and I am pleased that it has persisted, but it is important that it is appropriately regulated—if I can use that word about a regulator—so that it does not end up potentially going further than any Minister or Government might wish. It is important that the CMA and the DMU operate in the way that this House intends, with all the independence that this House also intends.

My final broader point is that the Bill does some excellent work on interoperability of software. What it does not do, at least on the face of the Bill, is consider that interoperable software is fundamentally linked to interoperable harm. If I can try to turn that into real terms, it is obviously great that operators such as Apple are able to build their own superb and unique ecosystems. The same goes for Android and so on—there are other equivalent versions. What would be useful to try to guard against, probably via the DMU rather than directly via Government, is the current situation whereby, to take one example, the way we use iMessage or video calls is fundamentally limited if we seek to do it on a different platform. We have all seen the different blue and green bubbles on Apple iMessage. That is partly

because of the interoperability of hardware and software. I am somewhat conflicted about whether that should be a point of differentiation for Apple, Android, WhatsApp or other operators, or whether we see it as part of a problem within emerging monopolies. I therefore suggest it is exactly the sort of thing that an independent regulator might wish to take a view on.

We heard, furthermore, about the metaverse. What we do not want, surely, is a series of emerging and conflicting metaverses—if that were to be the case—that fundamentally embed monopolistic behaviour, because they will be some of the largest economies of the future. Again, it is potentially hugely beneficial to have a unique and brilliant metaverse under the personal command of Mark Zuckerberg and one under the personal command of Tim Cook, as a competitor. However, a regulator may take a different view and it is important that we think through these emerging opportunities. The Bill is a place where we may start some of that work. It is right that it seeks to be future-proofed against some of those interesting challenges, but at the moment there are a small number of potential opportunities that the Minister may yet seek to seize—shall we put it like that?—rather than allow them to pass by and have to address them later on.

Fundamentally, I welcome the Bill. It already embodies some huge opportunities to make real progress and there are some more that we may be able to take forward. I look forward to supporting its passage through the House.

4.7 pm

**Mrs Sharon Hodgson** (Washington and Sunderland West) (Lab): As co-chair of the all-party parliamentary group on ticket abuse, I believe the Digital Markets, Competition and Consumers Bill has real potential to overhaul the secondary ticketing market, which is rife with fraud and scamming, affecting consumers every day.

The Minister will be aware of the issues in the ticketing market. They are far from being rectified by current legislation, with tickets being obtained in large quantities from the primary market using specialised software and fraudulent means, and regular consumers missing out before then being fleeced on the secondary market. That is why I was concerned last week to read that the Department for Business and Trade had, after sitting on it for 19 months, decided not to implement the proposals from the CMA's 2021 report, which would have improved its capacity to enforce legislation and made life much harder for professional touts, and made the CMA's consumer enforcement powers sufficiently strong enough to tackle illegal bulk-buying and speculative selling. But instead, sadly, the Government effectively gave the bad actors a free pass, ignoring the overwhelming evidence of the uncontrolled black market, with unlawful practices still rife on websites such as Viagogo and StubHub.

There is enough available evidence to indicate that consumers are still being ripped off and harmed as a result, and still will be, sadly, after this Bill becomes law in its current form. For example, three particular Viagogo sellers attempting to speculatively sell thousands of festival tickets that they had not bought; or the Golden Circle, an online rent-a-bot group illegally buying masses of tickets for Eurovision, Beyoncé and others, resulting

in less availability at face value for genuine fans, who are then priced out when the touts put these ill-gotten tickets for sale on the secondary platforms—blatant profiteering.

The Government's recent approach, ignoring the recommendations of the CMA, seems to rely on the conviction of just two touts some three years ago as a deterrent. This conviction—important and groundbreaking though it was—actually relied upon the Companies Act 2006 and the Fraud Act 2006, not the purpose-built Consumer Rights Act 2015 that I was involved in, or the Digital Economy Act 2017. That suggests that the actual enforcement of legislation is insufficient—something that this Bill must surely look to fix. I will say more about that later in my remarks.

Even in a negative outlook whereby we might believe that ticket toutting will never be completely eradicated, the fact that artists and fans are equally appalled by how toutting goes unchecked must surely put fire behind the need for policymakers to take further action. Otherwise, we should assume that the Government want to control the loopholes, corruption and profiteering that is rife within this marketplace.

The Government are failing consumers, as bad-faith actors and harmful practices continue to harm them with industrial-scale toutting. I worry that this is because of a widespread lack of knowledge of the industrial scale of touts and the bad-faith actors engaged in the practice. The fact is that between 1,200 and as many as 1,600 professional touts still operate, committing the exact same offences that those two were convicted for. That is an appalling track record, and not at all evidence that the current laws or law enforcement in this area are working, regardless of what the Minister would have us believe.

Consumers face an unfair market in primary sale, before then being ripped off in the secondary market. Most of us in this House will know the injustice that fans feel. At times, we are those fans who miss out when we try to get tickets. As MPs, we see the often heartbreaking letters from constituents who have been ripped off. This is genuine consumer detriment—exactly what this Bill is supposed to try and fix. It is detriment and harm that this Bill will not help or bring to an end in its current form, as the Government have refused to implement the small but much-needed proposals requested by the CMA in this area.

It is important to point out that these activities also pejoratively affect the live music industry and the value chain, with knock-ons for not only consumers but that vital part of the UK economy. Toutting is not limited to live music or theatres; it affects sporting events too. Take football, for example, where toutting is already supposed to be illegal. There are, on average, 20 to 30 active touts selling tickets for premier league fixtures with impunity. This is illegal. Let us bear in mind that the inconspicuous nature of toutting means that this number is likely to be a large underestimation. According to Home Office figures, yearly arrests of football ticket touts have been decreasing, dropping from 107 arrests in 2011-12 to only 28 in the 2019-20 season.

What real assessment would the Government make of the capacity of enforcement agencies, such as National Trading Standards, Action Fraud or even the police, to clamp down on this malpractice? Two prosecuted touts is hardly the bragging rights that the Minister thinks.

**Kevin Hollinrake:** I certainly do not ask for any bragging rights. May I thank the hon. Lady for the work she does on the all-party parliamentary group on ticket abuse? On the case she refers to, she is right to say that it is three years since the conviction took place, but the confiscation order, which was for £6.1 million, took place only in December last year. Does she think that sends a strong message to the cohort of people she refers to that there are strict and strong penalties for people who engage in that kind of activity?

**Mrs Hodgson:** We would all like to think that it would with right-minded people, but I do not think professional touts think like the Minister or any of us in this House, so they probably have not seen it as a deterrent. From what I am hearing from the experts I work with, it is still going on—it is business as usual for the touts. We really need more enforcement in this area. More laws are good, but laws without enforcement just do not work.

The UK is rightly proud of its live event industry, but do the Government really know what the consumer experience often is? I would be interested to learn which experts, campaigners or live music representatives the Government worked with or consulted when they rejected the CMA's advice so firmly. I have written to the Minister to ask him that, so he can respond in writing if he does not have that information to hand or in his memory from those meetings.

The Minister rejected the advice on this area, saying that resale sites like Viagogo may “still provide a service of value to some consumers”.

The many tens of thousands of victims of Viagogo may disagree. That misses the point entirely. Resale sites allow touts to commit fraud every single day and permit them to charge inexplicably high prices for such tickets. Illegal activity is happening on those sites right now, as we sit here discussing the issue. Such sites are profiting from that, and the CMA has no power to do anything about it, which is why the Bill needs additional measures. I hope the Department for Science, Innovation and Technology will take a different approach to its forerunner Department, because the Bill is a perfect and timely opportunity to rectify the situation.

If, as the Minister has said, broader changes to consumer law are the priority, I look forward to learning what changes to the proposed legislation his Government will allow. At present, despite the enhanced consumer protection in the Bill, which he spoke of in his opening remarks, it will not be able to tackle all the problems in the online secondary ticketing market, as the enforcement is just not there. Speak to any National Trading Standards officer: they want to go after the touts, but their budget of circa £16 million is for everything they need to do and is not sufficient. I am sure they could spend that on enforcement against illegal ticket toutting alone.

The Bill looks to provide the CMA with stronger tools to investigate competition problems and take faster, more effective action, including where companies collude to bump up prices at the expense of UK consumers. Is that not exactly the case in the secondary ticketing market, where sites like Viagogo allow individuals, as well as themselves, to profiteer from a manner of resale that contradicts legislation? As part of the Bill, will the Government take the necessary steps to make sure that laws, including those in the Bill, are upheld and enforced properly?



[Mrs Hodgson]

I look forward to hearing the Minister's response on this matter. Our cross-party group, the all-party parliamentary group on ticket abuse, would be delighted to work with him and his Department to strengthen the legislation and to protect consumers from the abomination of ticket abuse.

4.18 pm

**Andy Carter** (Warrington South) (Con): It is a pleasure to be called to speak on Second Reading of this important and much anticipated piece of legislation.

I will start by making one or two comments from a consumer perspective. I particularly welcome the steps to address rip-off scams and rogue traders. For too long, they have been allowed, and in some cases encouraged, by platforms that have not always policed this area in a proactive manner. They have been able to post fake reviews online and to tie people into subscription contracts when they simply did not know that they had signed up. Every Member will have received correspondence from constituents who have been caught in such traps, and I welcome the steps that the Bill takes to address this issue.

I am keen for us to improve consumer rights and, at the same time, the enforcement of those rights, which I hope will drive competition and spur growth. I see the Bill as a welcome addition that will facilitate the right market conditions to encourage innovation, while protecting consumers from modern harms. This morning, I met representatives of Amazon here in Parliament, and I was struck by the fact that although it has been in the UK for only 25 years, over that period it has transformed retailing in the digital space and people's engagement with media on digital platforms. However, its impact on global dominance has consequences, and it is therefore right that we introduce legislation to respond to that changed market.

As chair of the all-party parliamentary media group, I want to say a little about how the Bill addresses issues in the media publishing industry. I was very struck by the comments of my hon. Friend the Member for Folkestone and Hythe (Damian Collins), but I do not intend to repeat them because he made them incredibly well, and that will allow me to shorten my speech somewhat. The media publishing sector has for some time considered the need for legislation, and I have chaired a number of sessions examining the Digital Markets Unit and the impact that it can have within the sector.

I should make it clear that I welcome much of what is in the Bill. I want it to be passed without delay and, crucially, without any watering down of its provisions. It is needed to ensure that British businesses and consumers do not remain at the mercy of super-companies which, while providing services for consumers, can stifle growth and innovation in the UK economy. The Competition and Markets Authority estimates that Google and Meta together made excess profits of about £4 billion in 2021 alone, and I am sure that the figure for 2022 will be even higher. Big tech platforms extract these excess profits not by being the best businesses on the basis of free-market competition, but by leveraging their market power.

Digital markets are particularly susceptible to tipping, whereby one firm becomes dominant and entrenched with little prospective challenge. I am therefore pleased that the Bill allows the Digital Markets Unit to designate the very largest digital firms with substantial and entrenched market power as having strategic market status. The DMU will be able to enforce conduct requirements tailored to the business models of those strategic market firms, which will ensure that big tech firms act in a way that ensures fair dealing, trust and transparency in their interactions with smaller businesses and individual consumers who rely on their services.

It would be helpful if the Minister could provide further clarity on a couple of specific points. I am keen to explore the interaction between news publishers and organisations such as Google. As my hon. Friend the Member for Folkestone and Hythe pointed out, local newspapers are particularly challenged. The final offer mechanism will allow the DMU to select bids from a strategic market firm and a publisher for the value of news content. That will be a very protracted process. Will the Minister consider introducing interim measures to avoid the risk of local newspapers going bust before some form of resolution is agreed? Will he also consider a requirement to ensure that the final offer mechanism is initiated and completed at an early stage?

I urge the Government to look at ways of expediting the processes, which would enable the DMU to prioritise platform-publisher disputes in the interests of ensuring a sustainable news media industry. In other jurisdictions, platforms have either restricted or threatened to restrict news content to avoid payments, and there is evidence that Google has reduced the share of domestic news sources on its platforms, particularly when the content can be replaced with English language alternatives, as is the case with international news. Will the Minister provide an assurance that the fair dealing objective and the conduct requirements that allow the DMU to prevent a service from being withdrawn in a discriminatory way could be used to prevent Google or Meta from withdrawing or reducing the volume of UK news to reduce the value of deals with news publishers?

Getting really into the weeds, it is important that the countervailing benefits exemption in clause 29 should not be drawn too broadly. The exemption allows designated SMS firms to continue conduct that contravenes the conduct requirements if they can prove that it has an overriding public benefit. I gently suggest to the Minister that if the exemption is too broad, SMS firms will be able to regularly avoid complying with conduct requirements by citing things such as security and privacy claims, as well as, frankly, by spamming the CMA with numerous studies, thus diverting resources to addressing those studies rather than tackling the issues at hand. This would undermine the entire regime by severely limiting the efficacy of the conduct requirements.

I am keen to ask the Minister if he would be willing to consider placing a non-exhaustive list of acceptable grounds for exemptions in the Bill. While the great advantage of the Digital Markets Unit is its agency and ability to write tailored conduct requirements for SMS firms, that leaves it open to regulatory capture. Can the Minister can give me an assurance that there are adequate provisions requiring the DMU to consult third parties so that SMS firms are not able to write their own conduct requirements or construct their own remedies in cases of conduct requirement breaches?

I welcome the measures the Government have brought forward in the Bill. This is strong, forward-looking digital market regulation and it will ensure that digital markets can live up to their potential, allowing consumers to enjoy the full benefits that technology can deliver. It is also important that we look at this Bill alongside the media Bill, because so many of the issues that are addressed across the wider digital industry are covered in the two Bills and it is good that this legislation is coming through hand in hand with that Bill. By giving the Digital Markets Unit new powers to tackle the dominance of monopolistic big tech platforms, we will be able to unlock the growth and innovation that have been stifled by a severe lack of competition, which will hopefully give start-ups and smaller firms proper access to markets and consumers.

4.27 pm

**Rebecca Long Bailey** (Salford and Eccles) (Lab): I want to limit my comments on the Bill to how it affects journalism. The National Union of Journalists has long called for the enforcement of levies on tech giants that unfairly consume editorial content without contributing to its production. That point was highlighted in the Cairncross review:

“Publishers frequently complain that the relationship is excessively weighted in favour of the online platforms. In most cases, the latter do not directly remunerate news publishers for placing their content on their platforms, although there are some exceptions.”

The review went on to state:

“Platforms are not subject to the same press rules of accuracy and fairness as news publishers are. And in all these ways, argue publishers, the increasing grip of certain platforms over news distribution channels is threatening the future of high-quality news.”

Without adequate regulation of news provision beyond the regulated news titles or compensation for publishers whose content is used, we risk a wild west of news provision that is chopped, coiffured or skewed without a publisher's consent and outside the scope of normal news regulation. That should worry us all, because journalism is critical to upholding democracy, to holding local and national politicians like myself to account, and to holding Government and local government to account.

None the less, the Bill's provisions that will provide a mechanism for payments to publishers from tech giants are welcome. They have been called for by the NUJ, including in its news recovery plan. I also welcome the Bill's efforts to provide publishers with data that allows for a better understanding of how content performs on platforms. I stress that these provisions must be implemented without any further delay or weakening of conditions, but I fear that the Government will already be under pressure. Indeed, Google and Meta have attempted to ward off similar negotiations in Australia and Canada by restricting or threatening to restrict access to trusted domestic news.

The News Media Association has said:

“Denying citizens access to reliable information to avoid payment serves only to emphasise the primacy that these firms place on profits rather than citizens' interests. The government should not give in to similar threats in the UK.”

I stress that the Government must not bow to pressure to water down these provisions—in fact, quite the opposite. There are a number of areas where they could strengthen

the Bill or provide much-needed clarity. The hon. Member for Warrington South (Andy Carter) highlighted a few areas where we are on the same page, so there is clearly cross-party support.

First, there appears to be a protracted process to reach the final offer mechanism in the Bill that allows the Digital Markets Unit to select bids from a strategic market status firm and a publisher for the value of a news contract. That means that, even if an SMS firm has no intention of complying with a conduct requirement to negotiate with a news publisher, it could take years from the issuing of such a conduct requirement for the final offer process to be initiated and completed. What will the Government do to expedite this process?

Secondly, as I have already mentioned, in other jurisdictions, platforms have restricted or threatened to restrict national news content to avoid payments. What assurances can the Minister give today that the fair dealing objective and the conduct requirement that allows the Digital Markets Unit to prevent a service from being withdrawn in a discriminatory way, could be used to prevent a platform from withdrawing or reducing the volume of UK news sources to reduce the value of payments to UK publishers?

Thirdly, the hon. Gentleman gently suggested it, but I am strongly suggesting that clause 29 is not satisfactorily drafted. It allows for a firm with significant market status to continue conduct that contravenes a conduct requirement if it can prove the conduct has an overriding public benefit, but that overriding public benefit is not defined in the Bill. This presents a glaring loophole that could be significantly abused. I hope this is just an oversight on the Minister's part, and that the clause is not deliberately drafted in that way, but will he clarify this by adding a clear list of acceptable grounds for exemption?

Finally, as we have heard, there is a concern that, although the DMU is able to write tailored conduct requirements for firms with significant market status, not consulting a wider stakeholder base risks leaving it open to regulatory capture. Like the hon. Member for Warrington South, I would be grateful if the Minister considered adding provisions to the Bill to require the DMU to consult third parties to avoid such risks.

The Bill will go some way towards rectifying a murky quagmire, but there is much more beyond the scope of this Bill that needs to be addressed. Members will no doubt be aware that BBC members of the National Union of Journalists will walk out on strike on 7 and 8 June over plans to cut local radio provision. Cuts to local news provision matter because local journalism is vital to democracy by enabling people to hold local government and public services to account at a time when national news outlets primarily focus their attention on the latest Westminster scandal. Local journalism matters because it helps to build strong, happy communities by allowing local people to hear about the things that matter in their area and by giving them a voice to raise things about which they are unhappy. Local journalism matters because it supports local economic activity by celebrating local businesses and giving young journalists a chance to cut their teeth and gain the skills they need for a career in broadcasting.

Sadly, we know what happens when local news services are eroded. We have watched as the local, community-driven newspaper sector has collapsed over the past 10 years.

[Rebecca Long Bailey]

In my constituency, we no longer have a dedicated Salford newspaper, and when publicly funded news providers such as the BBC also start to curtail their local offering, there is a risk of there being no democratic scrutiny or local news coverage at all. So the Government must recognise that, although the Bill is a welcome step forward, they must urgently turn the tide and act upon the local journalism sustainability recommendations made this year by the Digital, Culture, Media and Sport Committee. If they do not do so, we risk continuing centralisation of news coverage and erosion of democratic scrutiny, where only the most sensational—

**Andy Carter:** Will the hon. Lady give way?

**Rebecca Long Bailey:** I am coming to the end of my comments—I do apologise. Where only the most sensational news stories that drive the most clicks make it to our computer screens.

4.35 pm

**Bim Afolami** (Hitchin and Harpenden) (Con): It is an honour to follow the hon. Member for Salford and Eccles (Rebecca Long Bailey) and I cannot think of a subject that would generate more clicks than digital markets and the CMA. With that in mind, I mention that David Lloyd George, a long-serving and respected Member of this place, was known to remark to young Members who asked him in his later years how they should get on, make a speech and behave, that he had one main rule: Cabinet Ministers can make three points in a speech, junior Ministers can make two and Back Benchers can make one. So I shall try to make one fundamental point in my speech, which is about the accountability of the CMA.

Many Members, on both sides of the House, including the Chair of the Select Committee, have said—there was a session for Members of Parliament earlier this week at which I made similar points to the Ministers on the Treasury Bench—that, when we give power to an arm's length body, we have to be very careful about the use of that power. Members of Parliament, and the Government, must make sure it is exercised in the right way, as intended by primary legislation and by the policies of the Government of the day, in broad strategic terms. I do not mean we should do that day-by-day, decision-by-decision, where we second-guess our regulators. If we were to do that, we would get the worst of all worlds. Nobody sensible thinks that that is a good idea.

I chair the Regulatory Reform Group and I refer to my entry in the Register of Members' Financial Interests. In recent weeks and months, my colleagues on that group and I have been thinking seriously about the broader regulatory system and how it can be improved to get the best outcome for our economy, and for individuals and businesses in this country. This is a good Bill. It does important things. I welcome the more flexible, less dogmatic, less box-ticky approach embodied in the Digital Markets Unit. That is a good thing. The Government are right to have taken into account a lot of work and thinking that has been done by many different people, both in this House and outside, over the past 18 months or so, and they should be commended for that.

However, I am worried about giving a lot more power to the CMA, if it is not checked. If it is not held to account more by this House and by the Government, we could inadvertently—the CMA has brilliant people who are trying to do their best job for the country—create an image of this country, or indeed of digital markets or any other market, that is not to the overall benefit of this country in comparison with our competitors.

In particular, I am thinking of the appeals mechanism. The Bill contains an appeals mechanism that is given a judicial review standard. That will mean—I can see two former Lord Chancellors next to me, who will correct me if this is wrong—that any appeal has to be broadly on judicial review grounds, which are on process, illegality and various other aspects that do not relate per se to the merits of the decision. In effect, if the Competition and Markets Authority has made a decision, having followed the correct process, not been irrational or done something illegal, and a party or parties do not agree with that decision, that decision cannot be challenged on its merits.

This suggestion has been pushed back in previous Bills that have come to this House when there has been discussion about whether the appeal standard should be a judicial review or a merit standard. In previous iterations, the House has always decided to take a merit standard. In this instance, we have taken a judicial review standard. That sends a subtle, but very important, signal to companies and investors outside of this country. They will say, "If something goes awry with the regulator in Britain, what is our appeal right?" They may feel that that appeal right is not sufficient compared with, say, the European Union, Singapore, the United States or wherever it is they are also thinking of investing. If they compare the two and we come off unfavourably, that will have a damaging impact on this country. That particular aspect of the Bill—the accountability—is very important.

**Sir Robert Buckland** (South Swindon) (Con): I apologise, Mr Deputy Speaker, for not being able to join the debate until now.

Does my hon. Friend agree that one problem is that there seems to be a bit of a misreading from Ofcom to this appeals mechanism? The Government will have to look again at merit-based appeals, because judicial review principles are just too narrow, in order to deal with the potentially powerful and wide remit of the CMA. On the point about undertakings and breaches of undertakings, it seems that, on the current reading of the Bill, this will have a retrospective effect on undertakings prior to this legislation coming into force. I support the legislation, but does he agree that this needs very careful reading to make sure that we do not have either unintended consequences, or too big a reach for what will be a very important process?

**Bim Afolami:** I thank my right hon. and learned Friend for those points, which he made incredibly well. Retrospective decision making is worrying—reaching back to decisions that have already been made, notwithstanding whatever the future holds. That, again, goes to my central point about the impact of the Bill and the impression of this country as somewhere to invest and to do business in areas where the CMA will have considerable power.



To go back to the Lloyd George maxim and the one point that I want to make in this speech on accountability, a key part of the work of the Regulatory Reform Group, to which the Chair of the Select Committee referred, is to point out that this Parliament—both Houses—needs to have an enhanced view in looking at our regulators. We need to consider, on a day-by-day basis, how the regulator is performing. Is it applying the strategic policy statement that the Government have given it? Is it doing things in the right way? How is it dealing with stakeholders? We should not just have what happens currently: a Select Committee gets involved and calls the big boss—the chief executive officer, or the chair—when there is a big mistake, a mess-up, and it is in the newspapers. That is not sufficient. We need to enhance that. Both Houses should be involved. We have made some detailed proposals as to how to do that in our first report and we will continue to do that.

This point of accountability may seem academic, it may seem legal, and it may even seem political at times, but it is fundamentally about the economy and the competitiveness of this country. If we can have greater accountability, our excellent regulators' authority will be enhanced because they will know, business will know, people will know and consumers will know that we have a better functioning system. In that context, with those changes, I strongly support the Bill.

4.44 pm

**Sarah Olney** (Richmond Park) (LD): The Liberal Democrats warmly welcome the measures in this Bill that will enable the Competition and Markets Authority to counter the dominance of big tech firms and encourage real competition and dynamism across the sector. It is a real pleasure to speak in such a good debate on well-drafted legislation that has broad support from across the House. Credit is due not only to the hon. Member for Weston-super-Mare (John Penrose) and the hon. Member for Bristol North West (Darren Jones), who are not in their places but who have worked very hard on this Bill, but to the Competition and Markets Authority for all its work throughout the consultation stages and in designing this pro-competition regime.

I am pleased the Government have acted on the CMA's recommendations and are introducing this Bill to the House. The Liberal Democrats want to see a thriving British tech sector, where start-ups can innovate, create good jobs and launch new products that will benefit consumers, and a strong competition framework that pushes back on the dominance of the tech giants is essential for that.

For too long, smaller, dynamic start-up companies have been driven out of the market or swallowed up by big tech firms that see the existence of other players in the market as a potential threat. We are therefore pleased to see greater powers awarded to the CMA to investigate the takeover of small but promising start-ups that do not meet the usual merger control thresholds, as well as the other key pro-competition interventions. The update to the competition framework provided for in the Bill is also particularly important for growth industries such as artificial intelligence and virtual reality, which are in their infancy but have great potential both for positive contributions to our economy and for competition disadvantage.

Consumer protections form another part of the Bill; the new rules and powers awarded to the CMA to protect consumers in parts 3 and 4 of the Bill are well overdue and will benefit many of our constituents. In particular, like many hon. Members who have spoken already, the Liberal Democrats are pleased to see the measures designed to tackle subscription traps by increasing transparency, making it easier for consumers to end those sorts of contracts and clamping down on fake reviews.

While we are glad that most of the CMA's recommendations are included in the Bill, we have concerns over certain aspects that would benefit from further consideration and clarification. I think I join with the hon. Members for Warrington South (Andy Carter) and for Salford and Eccles (Rebecca Long Bailey)—we have proper cross-party agreement here—when I say that I am very concerned about the Bill's countervailing benefits exemption. It might allow some large tech firms to get away with anti-competitive practices and to evade conduct requirements by arguing that the benefits to users outweigh the negative consequences for competition. The broad nature of the exemption risks significantly undermining the entire regime by limiting the efficacy of the conduct requirements. We will therefore seek to tighten the definition of what benefits are valid as the Bill progresses through the House.

The Liberal Democrats are also concerned that the Digital Markets Unit will designate firms as having strategic market status based on an assessment of their entrenched market dominance five years into the future. Future dominance is hard to predict and we have seen rapid change in the tech sector over the past 20 years. We would never have imagined in the late '80s or early '90s the dominance that firms such as Google and Apple would have in the market at the turn of the century.

We are concerned that that ambiguity could allow firms wide scope to challenge their SMS designation and fall outside the Digital Markets Unit's regulatory framework. Above all, we urge the Government to resist pressure to water down the measures in the Bill, which could allow tech giants to continue anti-competitive behaviour. In other countries such as Canada and Australia, we have seen how firms such as Google have responded to tougher regulation of big tech by restricting access to domestic news on their platforms. It is imperative that the UK Government do not bend to any such pressure and reject attempts to water down legislation or weaken it through loopholes.

As the Bill progresses, we must also ensure that there is no ambiguity in its drafting that could be open to exploitation. It is important to remember that it is not only tech companies that require a level playing field to operate in the digital economy; small businesses across the country are increasingly moving their operations online, and many now rely on digital platforms such as online marketplaces, yet current unfair market practices mean that many find themselves vulnerable to exploitation, causing economic harm and stifling innovation. Unlike larger firms, many small and microbusinesses do not have the resources to take action when they are treated badly, and Trading Standards is powerless to act on their behalf due to a significant lack of resource and an outdated operating model still based on local authorities.

[Sarah Olney]

One key concern of small businesses operating online, and the best example of that power imbalance, is infringement of intellectual property rights. Intellectual property rights are absolutely central to the success of small businesses and individual creators, protecting the integrity of original work and ensuring that individuals are fairly compensated. However, IP theft is all too common in the digital environment, which causes significant economic harm.

Yasemin Guzeler, a constituent of mine, has been a victim of such infringement and has allowed me to share her story. Yasemin owns her own small business, Blooms of London, which sells bespoke umbrellas featuring trademarked designs. Around October last year, Yasemin noticed that the manufacturer of her products, based in China, had copied her designs and was selling the items directly via online platforms at half the price of the original items. Yasemin has since faced a momentous battle with online platforms such as Amazon to try to remove counterfeit links. After months of emails, complaints, referrals and untold financial and emotional distress, there remain almost 40 counterfeit links on Amazon. Yasemin's business is now facing bankruptcy, and there is seemingly nowhere else she can turn for help and no mechanism through which she can effectively enforce her rights against Amazon.

I am therefore pleased to see

“effective processes for handling complaints and disputes with users”

listed under

“Permitted types of conduct requirements”

for SMS firms, but much more must be done to protect our small businesses and individual creators and uphold their intellectual property rights when they engage in digital activity. I would like an explicit reference to “intellectual property theft” in the Bill, and for reducing economic harm on their service to be included in the list of permitted types of conduct requirements for SMS firms in clause 20. I would also welcome further comment from, and engagement with, the Minister on how we can best protect small business owners such as Yasemin when they operate online. It is essential that we get this right to support our entrepreneurs and small businesses, and allow them to remain competitive in the digital economy.

The Liberal Democrats are pleased that the Government are finally acting on the CMA's recommendation and bringing forward measures that will allow the regulator to prevent tech giants from putting our digital sector in a stranglehold. We hope that the Government will be robust in their defence of the Bill against lobbying by tech giants, and we hope to see the Bill progress through the House without being watered down or weakened through the addition of loopholes that might be ripe for exploitation. I hope that the Minister will also reflect on my comments about the additional measures needed to support small businesses online. I would welcome further opportunity to engage with the Government on that. Although competition is crucial for Britain's tech sector, we hope that the Government will move to tackle the fundamental issues that are holding it back, such as the skills gap, a shortage of skilled workers and weak investment.

4.52 pm

**James Wild** (North West Norfolk) (Con): I am pleased to have the opportunity to talk about the Bill, which will drive innovation, growth and productivity by reforming digital market regulation, the competition regime and consumer protection.

Let me begin with the digital market elements. Technology permeates every aspect of our lives. The businesses that develop and apply new technologies—be they social media platforms, online marketplaces or innovation-driven firms—create huge benefits for consumers and make a major economic contribution. As the Chancellor frequently reminds us, the UK is the only country outside the US and China to have a tech sector with companies valued at more than £1 trillion—companies that have developed their businesses and attracted customers.

We must always be mindful that regulation and intervention in markets come at a cost. My starting point is to trust the invisible hand of the market as much as possible to drive competition, but markets require rules, and where those rules exist, they need to be enforced. We must be careful in how we approach regulation, and not penalise firms for being successful.

As has been said, digital markets have features, including the importance of data and network effects, that tend towards a few large players. It is certainly not the case, however, that having a small number of players with large market power is in itself a bad thing—it can represent the reward for innovation and investment. However, the CMA concluded in its review of online advertising that Facebook and Google's market position meant that consumers and businesses faced increased costs, there was less innovation, and consumers had unfavourable terms imposed on them owing to competition.

The Bill will give the CMA the tools to designate firms with that strategic market status and apply conduct requirements for fair dealing, open choices and trust, which all sounds reasonable—for example, ensuring that there is a clear appeal process if a user's marketplace access is terminated, or giving consumers choices and the ability to easily switch between services. However, it could easily become a burdensome requirement, so we must ensure that the regime is proportionate and that the cumulative impact of such requirements is regularly reviewed. Perhaps the Bill could be further improved by including something on its face to require the CMA to do so.

As a member of the Regulatory Reform Group, ably chaired by my hon. Friend the Member for Hitchin and Harpenden (Bim Afolami), I share his concern about the accountability of regulators and the systematic underperformance that we see. Given the significant power that regulators wield and the impact of their decisions on the lives of our constituents, they must be accountable for those decisions. My hon. Friend set out very clearly and powerfully the case for our first report's recommendations to promote greater accountability, as well as introducing standardised metrics so that we can judge regulators' performance. I hope those recommendations will be taken forward.

I will briefly focus on the consumer regulation part of the Bill. Where companies breach consumer protection rules, there should be swift and proportionate action, but currently that does not happen, as the CMA lacks the powers to rapidly act: it has to go to court when it

considers there has been a breach of consumer law. *Which?* has pointed out that a lack of powers meant that it took nearly six years to get the online secondary ticketing market to change its practices, although as we have heard from the hon. Member for Washington and Sunderland West (Mrs Hodgson), there are still problems in that sector. That is why the new powers in the Bill are to be welcomed: there will be a direct enforcement regime, so that the CMA can investigate suspected breaches and issue enforcement notices and fines. That brings us into line with other major jurisdictions.

Others have referred to subscription services. About £30 billion is spent annually on those services, and consumer groups have identified that as another area of potential abuse. We will all have had different experiences: in some cases, it has been simple to unsubscribe from a service, and in others, it has been far more difficult—perhaps deliberately so, to make customers stick. Sky has raised concerns about the level of prescriptiveness on the face of the Bill regarding this issue, and has pointed out that in some cases, the requirements are more onerous than those that apply in regulated sectors. I hope the Minister will carefully consider those concerns, while ensuring that it is simple for customers to unsubscribe from services they no longer wish to pay for.

The final element I will focus on is that of fake reviews, and the detriment they cause to consumers and businesses. According to research by *Which?*, fake reviews make consumers more than twice as likely to choose poor-quality products, and people can be put off from making choices, whether about restaurants or about somewhere to stay. That is a particular issue for my constituency of North West Norfolk, which has a vibrant tourism and hospitality sector. UKHospitality welcomed the Bill's helping to deliver fairness for hospitality venues and customers in that area, so I would be grateful if the Minister confirmed when the consultation he has referred to, which will get into the detail of how we tackle fake reviews, will be published so that we can act rapidly to close down those unfair practices.

To conclude, I support the intention of the Bill: to give the CMA powers to act rapidly against breaches of consumer law, to strengthen competition, and to crack down on abuses.

**Mr Deputy Speaker (Mr Nigel Evans):** I call John McDonnell.

4.57 pm

**John McDonnell** (Hayes and Harlington) (Lab): Thank you, Mr Deputy Speaker; I will be relatively brief. Like my hon. Friend the Member for Salford and Eccles (Rebecca Long Bailey), I am a member of the National Union of Journalists' parliamentary group—in fact, I am its secretary. It is really pleasing that there have been so many references to the issues around journalism and publishing from the hon. Members for Warrington South (Andy Carter), for Folkestone and Hythe (Damian Collins) and for Richmond Park (Sarah Olney), as well as my hon. Friend the Member for Salford and Eccles.

The NUJ welcomes the Bill wholeheartedly; Members who may not have been interested in the journalistic or publishing side of this issue will want to understand why. My hon. Friend the Member for Salford and Eccles has described the way in which there has been erosion of local media and local press, as well as national

cutbacks. While journalists have been losing their jobs, what has infuriated them is that where they are producing work—quality, reliable, regular news—that news is then being effectively ripped off on to other platforms and used to attract customers to advertising, and they get no recompense whatever. Members can understand why there is a depth of anger that has built up, and why the NUJ welcomes the Bill. We have been working with the News Media Association as well, which also welcomes it, because we see it as restoring some elements of the balance of power between the big tech giants and the journalists and publishers themselves.

To a certain extent, I agree with the hon. Member for Hitchin and Harpenden (Bim Afolami) about the importance of the accountability of regulators and ensuring that they can play their role effectively. Part of the problem on regulation at the moment is the forest of regulators that we have and their accountability. About five years ago, my hon. Friend the Member for Salford and Eccles and I commissioned a report from Lord Prem Sikka. I will send the hon. Member for Hitchin and Harpenden a copy, because it identified something like 50 different regulators in the finance sector stumbling over each other, not being held particularly to account by this place. I see the solution as being more about shifting the balance of power not to regulators, although they should be held accountable, but to the journalists and publishers themselves. That is why part 3 of the Bill is key for us. It demonstrates a firmness of purpose by the Government in ensuring proper regulation and the restoration of the balance of power, but the devil will be in the detail of the implementation of these regulations and clauses in particular.

I am anxious, like others, about clause 29. It just looks like a gaping loophole that could emerge in the coming period. The NUJ stands ready to engage in any discussions and consultations on the implementation of all the clauses in part 3, particularly in regard to guidelines, the final offer mechanism, the issues around timescales of the implementation and, if necessary, the sanctions that could be brought forward for any individual organisation that is dragging its feet and delaying an agreement on the final offer so that people are properly rewarded.

The hon. Member for Richmond Park raised the issue of intellectual property. That is an issue not only for journalists and others, but for performers. It has been raised with Equity, and Equity stands willing to engage in the discussions with the Government on these matters.

Overall, the significance of this legislation, for us and for the NUJ in particular, is that it could be another brick in the wall of restoring some of the infrastructure and architecture that we had for quality journalism in this country. In that sense, that is why we welcome it. I agree with my hon. Friend the Member for Salford and Eccles that it is one part and much more needs to be done, including investment in the BBC and elsewhere, such as local radio services. Instead, we have this dispute.

We also need to ensure proper investment in local journalism. There have been some developments under this Government to support local journalism. Money has been hived into particular support for community journalism, but there is a lot more to do, and that is why the union wishes to engage in a full consultation with the Government about the long-time future of quality



[John McDonnell]

journalism in this country. With those few remarks, I welcome the legislation. We will work on the detail. As I say, we and the unions stand ready to involve ourselves in the consultation on the guidelines for implementation.

**Mr Deputy Speaker (Mr Nigel Evans):** I call the shadow Minister.

5.2 pm

**Alex Davies-Jones (Pontypridd) (Lab):** As ever, it is an honour to close this debate on behalf of the Opposition. I thank colleagues from all parts of the House for their contributions in what has been a genuinely interesting and insightful debate. I thank in particular my hon. Friends the Members for Washington and Sunderland West (Mrs Hodgson), for Bristol North West (Darren Jones) and for Salford and Eccles (Rebecca Long Bailey), and my right hon. Friend the Member for Hayes and Harlington (John McDonnell), but also the hon. Members for Hitchin and Harpenden (Bim Afolami), for Boston and Skegness (Matt Warman), for Warrington South (Andy Carter) and for Folkestone and Hythe (Damian Collins) for their contributions. The strength of cross-party feeling in the House today shows that there is a lot we can do together to enhance the Bill, to make it work and to make it effective, and I look forward to pressing further in Committee many of the issues that have been raised this afternoon, with cross-party support from all Members.

We all know that there is a need for change and that regulation of the digital market is vitally needed. That is why Labour supports and welcomes this Bill in principle, delayed though it may be. Since the intentions of this Bill were first mooted in the Queen's Speech back in May 2022, we have seen the digital world continue to change, to grow and to expand at an incredible rate. We have seen sustained growth in AI technology hitting the mainstream, and tech continues to be a central feature of our homes, workplaces and social lives. At the same time, stories depicting the dominance of social media and online platforms continue to hit headlines on what feels like a daily, if not weekly basis. This Government have failed to keep up, let alone rise and face the challenges of competition in digital markets, and consumers and businesses are left in a state of flux.

Just last year, Google was hit by the largest-ever fine by a European court for thwarting competition and pre-installing its Chrome search engine and apps on handsets as a condition for carrying its Google Play app store. The penalty was colossal, amounting to over €4 billion—the largest ever fine for an antitrust violation.

This failure to encourage more competition in our online space is having a significant impact on both businesses and in terms of stifled opportunities for innovation and consumers, who are now paying the price of online scams and fraud becoming a persistent risk. The cost of this Government's inaction is significant. That is why Labour broadly welcomes this Bill and will support its progression. If pro-competition legislation is done correctly, the Bill could change the online space for the better, but it is crucial that we first dismantle our understanding of exactly what the digital market even is.

As we have heard this afternoon, businesses operating in digital markets range from social media platforms, such as Meta and Twitter; marketplaces, such as eBay, Tripadvisor and Amazon; and tech-driven companies, such as Google and Apple. We can all agree that we are living through a digital and tech revolution, and the digital economy is transforming how we live our lives. In fact, I am confident in saying that all of us in this place regularly interact with these companies on a daily, if not hourly, basis—it is almost impossible not to. While their business models and innovations change at pace, it is vital that our legislation keeps up too.

Make no mistake: Labour recognises that our lives are clearly enhanced in many ways through digital developments. For one, consumers can seemingly make more informed decisions with greater access to information, and businesses can easily reach mass markets at lower cost. But we are also clear that competition is vital to ensuring that companies continue to innovate, and that markets do not become saturated by monopolies. Ultimately, we all want to ensure that consumers can access legitimate information about, and fair prices for, the goods they buy online.

Businesses operating in digital markets contribute a significant amount to the UK economy each year. They are market leaders, and have more often than not been at the heart of historic innovation and modernisation. Indeed, the Government's own impact assessment suggested that the UK's digital sector accounted for more than 1.8 million jobs in 2021 and contributed over £150 billion to the UK economy in 2019. We also know that online platforms typically seek to attract consumers by offering their core services—whether a Google search or a profile on a social media platform—for free. Once they have attracted a significant number of users, or consumers, these businesses then seek to make money from users on another side of the platform, commonly through advertising revenues. It is here that the significant dominance and subsequent need to regulate these digital markets is most obvious.

The CMA's own research into online platforms and digital advertising from 2020 found that around £14 billion is spent on digital advertising each year in the UK. In the search advertising market, which encompasses search services such as Google and Microsoft's Bing, Google enjoys more than 90% of the £7.3 billion UK market. It is a similar picture across the display advertising market, where Facebook has more than 50% of the £5.5 billion market. Those incredibly high figures present a clear picture when it comes to the significant market dominance that a few companies have and maintain in the digital space, yet these are relatively unsurprising truths.

I see from my own behaviour, and from talking with colleagues and constituents, that all of us are spending more and more time online and that includes our shopping habits, such as buying tickets. I pay tribute here to my hon. Friend the Member for Washington and Sunderland West for all the work on fair ticketing that her all-party parliamentary group on ticket abuse has done. I look forward to pressing the Government further on some of her points, because there is a definite need to act in this space.

The Under-Secretary of State for Science, Innovation and Technology, the hon. Member for Sutton and Cheam (Paul Scully), will know that I have a lot to say when it comes to the Government's failures to keep us all safe

online, but perhaps I will keep those comments for another day when the Online Safety Bill finally returns to this House. Unfortunately for him, much of Labour's frustration with this digital markets Bill are similar to those that we have with this Government's approach to regulating the online space more widely. Change and regulation of digital markets is much needed, because the current model, which sees tech giants able to dominate across multiple fields, is entirely unsustainable. I urge the Minister to consider what message this Government are sending to start-ups that are struggling to break through in the market. In fact, I do not need him to consider it, because I can tell him directly now.

As I have grappled with this overly complex Bill over the past few weeks and months, I have, like the Minister, met with a huge range of stakeholders. A common theme is that many of the small and medium-sized enterprises that currently have no option other than to rely on the market opportunities afforded to them by the likes of Amazon and Google fear negative consequences if they are seen to be speaking out against them. That is an incredibly unique situation, but ultimately it points to the real dominance that certain companies have over a huge range of sectors. From Amazon's power in the book, e-book and audiobook market, to Apple's stronghold on gaming and app development, we certainly do not have to look far to see examples of exactly how dominant a few of the big giants truly are.

In 2021, the CMA found that Apple and Google were able to earn more than £4 billion of profits that year from their mobile businesses in the UK over and above what was required to sufficiently reward investors with a fair return. That is an incredible figure and—make no mistake—it is only going to get worse as these companies seek to dominate new industries well into the future. That is why Labour welcomes this Bill, and it is good and right that it is making progress today.

However, we do have significant concerns that the legislation could be watered down later on, as has been expressed by hon. Members on all sides of this House. First, we know the dominance that big companies have in our markets and economy, but their dominance absolutely should not extend to writing our legislation. As with so many other policies announced by this Government in recent years, I have genuine concerns that this Bill will be watered down during its passage, and that small businesses and consumers will continue to pay the price because the Government are simply too scared to do the right thing.

I share the concerns of Members on both sides of the House—namely, my hon. Friend the Member for Bristol North West and the hon. Member for Hitchin and Harpenden—about parliamentary scrutiny and oversight of the regulatory body. It is absolutely vital that the CMA has a direction from this Parliament of what policies should be in its primary focus, and I am keen to explore that further in Committee. I hope the Minister can give us some reassurance on this particular point, because I know it is a concern that, as I have said, is shared by many Members.

Secondly, I am also keen to seek some reassurance from the Minister that the Digital Markets Unit will be empowered to draw on the work that has been done in the past few years, so that once this Bill is finally on the statute book, it can hit the ground running. As the shadow Minister, my hon. Friend the Member for Feltham

and Heston (Seema Malhotra), stated, the Government first established a digital competition expert panel tasked with examining competition in digital markets way back in 2018, which is over five years ago. None of us wants to see any more time wasted, so I hope the Minister can assure us all that he will work hard to enable this regime to get going from day one.

Thirdly, there is some ambiguity in this Bill about how effective the appeals process is in its current form and whether it will actually force change at the heart of big tech companies. I am keen to hear why he has chosen not to place a statutory time limit on the appeals process. We know that the big tech companies are often able to buy time for themselves, so I am interested to hear why the Bill has failed to introduce a formal time constraint to ensure total compliance by those at the heart of Silicon valley.

Lastly, thanks to the Government's delay in bringing forward this Bill, the sector is unlikely to see any real change for some time to come. Even once this is over the line having reached Royal Assent, the regime will likely take another 12 months, as a minimum, to truly start having an impact. This cannot be news to the Minister. Given how much time has passed and how much this Government have previously pandered to top bosses in Silicon valley, he must do more research and do more to reassure us that this Bill really will have the teeth to change and dismantle the digital monopolies. We recognise that this is difficult—it is a difficult balance—but a pro-competition regime is urgently needed, and that need not be mutually exclusive of an appreciation and understanding of the huge contributions that platforms such as Google and Amazon have had in our daily lives.

To conclude, as with issues related to online harm and data regulation, it is a shame it has taken so long for the Government to act on yet another issue that we all knew of many years ago. This Bill is needed, but we need to make sure that it looks to the future and is sufficiently well future-proofed and flexible to deal with the incredibly fast-paced industry that it seeks to look at. I look forward to working with colleagues to address some of these serious shortcomings in Committee, and I look forward to working with Ministers as the Bill progresses.

5.13 pm

**The Parliamentary Under-Secretary of State for Science, Innovation and Technology (Paul Scully):** It is a pleasure to follow what has been an excellent debate. We have had some great contributions from the hon. Member for Feltham and Heston (Seema Malhotra), my right hon. Friend the Member for Wokingham (John Redwood), the hon. Member for Gordon (Richard Thomson), my hon. Friend the Member for Folkestone and Hythe (Damian Collins), the hon. Member for Bristol North West (Darren Jones), my right hon. Friend the Member for Calder Valley (Craig Whittaker)—he made an important intervention, which I will come back to in a minute—my hon. Friend the Member for Boston and Skegness (Matt Warman), the hon. Member for Washington and Sunderland West (Mrs Hodgson), my hon. Friend the Member for Warrington South (Andy Carter), the hon. Member for Salford and Eccles (Rebecca Long Bailey), my hon. Friend the Member for Hitchin and Harpenden (Bim Afolami), the hon. Member for Richmond Park (Sarah Olney), my hon. Friend the Member for North

[Paul Scully]

West Norfolk (James Wild), the right hon. Member for Hayes and Harlington (John McDonnell) and, of course, the hon. Member for Pontypridd (Alex Davies-Jones).

I will cover some of the issues, but I just want to say that it is great that we are holding this debate on the 100-day anniversary of the formation of the Department for Science, Innovation and Technology—and indeed on the Secretary of State's birthday. That gives us the sharp focus we need as we bring in this important legislation, which I am glad to say has been welcomed right across the House. It is no exaggeration to say that the world is looking on at us in this forum. Yes, the European Union has the Digital Markets Act, but we have a less prescriptive, more flexible approach that other countries are looking at. If we get this right—it is important that we get it right, but also that we bring the Bill in quickly so that we get its effects quickly—hopefully there will be fewer regulatory environments around the world and we will give businesses certainty, rather than having 120 different regulatory environments, which makes it even more confusing for companies in adhering to them.

We heard Labour's position on subscription traps, and my hon. Friend the Member for North West Norfolk gave the other side of the argument in saying that our approach to subscription traps was a little too prescriptive. The Government analysed consultation responses from last year, and we believe we are implementing measures that best balance the benefits to consumers and the associated cost to businesses. We have drawn the delegated powers as tightly as possible, and any broad or major change to the law will be subject to the draft affirmative procedure and must be laid before Parliament and approved by both Houses—we have been careful about that.

The hon. Member for Gordon raised a couple of measures including the right to redress. A range of consumer-related measures come under the scope of the Retained EU Law (Revocation and Reform) Bill, but the core protections in the Consumer Rights Act 2015 continue to apply. We have been careful and clear that we maintain measures that are necessary to fulfil our international commitments, and that will definitely apply to consumer protection. We have always set the highest standards for consumer protection.

The hon. Gentleman also talked about greenwashing and drip pricing. Under current legislation, the CMA is able to tackle those harms, and it is committed to doing so. For example, it has issued guidance to help businesses comply with their existing obligations under consumer protection law when making environmental claims, and in recent years it has acted on drip pricing, particularly in the holiday and travel sectors. The Government are undertaking research to understand the prevalence of drip pricing and its impact on UK consumers. The power to add to the list of banned commercial practices in the Bill will allow us to act swiftly to tackle specific online harms should there be sufficient evidence to warrant further action on specific practices in future.

My right hon. Friend the Member for Calder Valley, who is not in his place, intervened to ask about charity lotteries. In that instance, because a consumer donates regularly to a charity but does not have receipt of a good, a product or digital content in return, that will

not meet the definition of a subscription contract. Therefore, those charitable donations do not need to be included in the exclusions set out in schedule 19, as they are not in scope in the first place.

The hon. Member for Bristol North West spoke about growth duties. Driving innovation, investment and growth should be at the heart of what our regulators do. The growth duty does not currently apply to Ofwat, Ofgem and Ofcom, which regulate sectors that account for 13% of annual private UK investment. As I announced on 10 May, in the coming months the Government intend to consult on reforms to regulation with economic regulators, and on how best to promote growth with utilities regulators. That might include consideration of a growth duty, or it may be done via other routes. The hon. Gentleman also asked about the digital regulation cooperation forum, and regulators that comprise the DRCF are already accountable to the Government and Parliament on an individual basis. We engage closely with them at every level through official channels to understand and inform its strategic priorities and identify opportunities for collaboration and knowledge sharing.

My hon. Friend the Member for Boston and Skegness spoke about the possibility for mission creep at the CMA and about interoperability. I agree that interoperability is important for making digital markets more competitive. Conduct requirements in the Bill could be used by the DMU to set clear expectations about interoperability and to prevent an SMS firm from restricting it between designated digital activities and products offered by other firms. If there is evidence of a specific competition problem, pro-competitive interventions will allow the DMU to design targeted interventions. It could, for example, require an SMS firm to allow app stores other than its own to be downloaded and used on its mobile devices.

**John Redwood:** Do Ministers as a matter of course invite in leading regulators for at least annual reviews of corporate plans, budgets and performance?

**Paul Scully:** Many of the regulators will be under the remit of the Under-Secretary of State for Business and Trade, my hon. Friend the Member for Thirsk and Malton (Kevin Hollinrake). Indeed, that is something that I did—

**Kevin Hollinrake** *indicated assent.*

**Paul Scully:** I just heard the verbal nod from him to say that he continues to do that.

I will come to the CMA in a second. In answer to the hon. Member for Washington and Sunderland West, whom I congratulate for the APPG's work, the CMA is continuing to monitor the online secondary ticketing market, including the issues that have been reported about refunds and cancellations as a result of the pandemic. The Government welcome the CMA's report, but we believe that we have the measures in place to ensure that consumers have the information that they need to make informed decisions on ticket resales. The Bill will give the CMA significant new civil powers to tackle bad businesses ripping off consumers, so we do not see the need for additional regulatory powers. However, I agree with her that enforcing the existing regulations is key. I thank her for her work in this area.



I will briefly cover some of the other issues. On judicial review, which was raised by my hon. Friend the Member for Hitchin and Harpenden, we have heard that the entire purpose of the Bill is to ensure that we tackle an area where a small number of companies have dominance in many parts of our lives. That is not necessarily a bad thing, so this is not an attack on big tech. None the less, some of the challenger firms mentioned by the hon. Member for Pontypridd, although they may be household names, are rightly scared because of the relationship they have with big tech. We must get the balance right by ensuring that there can be an appeal on judicial review standards, but it must not be something that a company with deep pockets can extend and extend. Because the harms happen so quickly in a tech business, the remediation needs to take place as quickly as possible.

**Bim Afolami:** Will the Minister give way?

**Paul Scully:** I will finish the point and then I will happily give way. Judicial review will still subject decisions to careful scrutiny. The CMA will have to justify how it arrives at its decisions, and the competition appeal tribunal will be able to quash decisions if there have been flaws in the decision making or if processes have not been adhered to. There will be a participative approach to regulating the sector, with SMS firms being consulted formally and informally to help ensure that actions are reasonable and proportionate. The CMA will also be required to publish guidance on how it will take major decisions and publicly consult before making decisions such as designating a firm with SMS, making PCI orders and imposing conduct requirements. Indeed, companies will be able to make a full merits appeal should there be a penalty. Does my hon. Friend wish to intervene?<sup>1</sup>

**Bim Afolami indicated dissent.**

**Paul Scully:** The CMA remains accountable to Parliament. That will not change. The CMA already has to present its annual plan to Parliament following a consultation, and that will continue. The CMA's board and staff may also be called to give evidence before parliamentary Select Committees. The Government will continue to appoint the CMA's key decision makers, including its board, as well as providing the CMA with a strategic steer, highlighting key areas of focus. It will continue to be accountable for its individual decisions via appeals to the competition appeal tribunal, the specialist judicial body with existing expertise, and, in relation to its new powers to inform consumer protection laws, via appeals to the High Court. I have talked about how the CMA is operationally independent, but if the DMU is seen or felt to be going off track, the CMA's board is accountable to Parliament, so it will be responsible for all decisions in the new regime.

**Dominic Raab** (Esher and Walton) (Con): I certainly support the Bill. The Minister is talking about the importance of checks as well as agility in how the CMA operates. It is unclear, and there are different views about, whether AI will increase concentration in the digital and tech sector or increase competition. Is he confident that the CMA will have the tools to deal with whatever effect AI has on the market in five to 10 years' time?

**Paul Scully:** Indeed, we have to keep this under review because AI is moving at such a pace. The AI White Paper is under consultation at the moment, and we are looking at its impact and how we will regulate it. The Bill has the flexibility to be able to cope with a number of issues, but clearly we must keep this area under review. Indeed, the DMU must be able to cope with that as well. Many people asked about that.

There are currently about 70 people working in DMU roles, with many more working on digital markets issues across the CMA. The CMA itself will continue to assess what level of staffing it will need. It has the data, technology and analytics unit, which is a world leader in technical expertise and has invested heavily in building its capability ahead of the new regime coming into force. I therefore think it has the expertise, know-how and wherewithal to be able to respond to AI and so on.

Finally, I will quickly address some of the other issues that have been raised. One question from a number of Members was whether technology giants could avoid anti-trust action if they proved that their behaviour benefits consumers and whether the DMU is being given sufficient powers. The DMU will combine a participative approach with the use of formal enforcement powers. The conduct requirements are tailored rules that govern how the most powerful tech firms designated with SMS are expected to behave. The conduct requirements will prevent practices that exploit consumers and businesses, or exclude innovative competitors. Where urgent action is needed on a suspected breach of conduct requirements, the DMU will have the power to make an interim enforcement order to protect consumers before irreversible harm occurs, so a court injunction is not always necessary. If a firm fails to comply, the DMU will be able to use a robust toolkit of financial, reputational and legal mechanisms to deter and punish non-compliance, so we do not have to stretch out the timescale right to the very maximums.

I think we have the balance right, but I look forward to working with colleagues throughout the passage of the Bill. We want to get it right, but we have to get it in place as quickly as possible so we can operationalise it and really see the benefits. There is innovation that is at risk of being lost if we do not allow, as best we can, challenger techs to have a level playing field to proceed in the years to come.

*Question put and agreed to.*

*Bill accordingly read a Second time.*

## DIGITAL MARKETS, COMPETITION AND CONSUMERS BILL (PROGRAMME)

*Motion made, and Question put forthwith (Standing Order No. 83A(7)),*

That the following provisions shall apply to the Digital Markets, Competition and Consumers Bill:

### *Committal*

- (1) The Bill shall be committed to a Public Bill Committee.

### *Proceedings in Public Bill Committee*

- (2) Proceedings in the Public Bill Committee shall (so far as not previously concluded) be brought to a conclusion on Tuesday 18 July.

- (3) The Public Bill Committee shall have leave to sit twice on the first day on which it meets.

*Consideration and Third Reading*

(4) Proceedings on Consideration shall (so far as not previously concluded) be brought to a conclusion one hour before the moment of interruption on the day on which proceedings on Consideration are commenced.

(5) Proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion at the moment of interruption on that day.

(6) Standing Order No. 83B (Programming committees) shall not apply to proceedings on Consideration and up to and including Third Reading.

*Other proceedings*

(7) Any other proceedings on the Bill may be programmed.—*(Julie Marson.)*

*Question agreed to.*

### DIGITAL MARKETS, COMPETITION AND CONSUMERS BILL (MONEY)

*King's recommendation signified.*

*Motion made, and Question put forthwith (Standing Order No. 52(1)(a)),*

That, for the purposes of any Act resulting from the Digital Markets, Competition and Consumers Bill, it is expedient to authorise the payment out of money provided by Parliament of:

(1) any expenditure incurred under or by virtue of the Act by the Secretary of State or the Competition and Markets Authority; and

(2) any increase attributable to the Act in the sums payable under or by virtue of any other Act out of money provided by Parliament.—*(Julie Marson.)*

*Question agreed to.*

### DIGITAL MARKETS, COMPETITION AND CONSUMERS BILL (WAYS AND MEANS)

*Motion made, and Question put forthwith (Standing Order No. 52(1)(a)),*

That, for the purposes of any Act resulting from the Digital Markets, Competition and Consumers Bill, it is expedient to authorise:

(1) the charging of a levy by the Competition and Markets Authority in connection with the regulation of competition in digital markets; and

(2) the payment of sums into the Consolidated Fund.—*(Julie Marson.)*

*Question agreed to.*

### DIGITAL MARKETS, COMPETITION AND CONSUMERS 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 Digital Markets, Competition and Consumers Bill have not been completed, they shall be resumed in the next Session.—*(Julie Marson.)*

*Question agreed to.*

## Business without Debate

### DELEGATED LEGISLATION

*Motion made, and Question put forthwith (Standing Order No. 118(6)),*

#### HIGHWAYS

That the draft Strategic Highways Company (Name Change and Consequential Amendments) Regulations 2023, which were laid before this House on 24 April, be approved.—*(Julie Marson.)*

*Question agreed to.*

*Motion made, and Question put forthwith (Standing Order No. 118(6)),*

#### CONSUMER PROTECTION

That the draft REACH (Amendment) Regulations 2023, which were laid before this House on 20 April, be approved.—*(Julie Marson.)*

*Question agreed to.*

## Local Bus Services: Funding

*Motion made, and Question proposed, That this House do now adjourn.—(Julie Marson.)*

5.27 pm

**Liz Twist** (Blaydon) (Lab): I am pleased to have secured this debate on Government funding of our local bus services. Millions of people rely on bus services every day to get to work, to seek healthcare or even just to visit the shops for a day out. This affects very many parts of the country, not just my constituency of Blaydon or the north-east. The state of bus services is an issue that comes up repeatedly, particularly post covid. It matters to individuals and communities, which is why I have raised this issue in Westminster Hall, in a previous Adjournment debate and at Prime Minister's questions. I will continue to do so in the future.

The purpose of the debate, when I applied for it, was to ask the Government to address the fundamental issue of how we move from a series of welcome but short-term funding extensions, principally through the bus recovery grant, to a more stable and long-term plan to ensure that we do not see further reductions in bus services. That plan should take us through to the introduction of bus service improvement plans and the actions needed to make positive improvements to our bus services.

We cannot afford cliff edge after cliff edge at quarterly intervals, with bus operators issuing notices of service reductions and constant uncertainty for passengers about whether or not they will get to work or college or visit family, as has been the situation recently. Funding continues to be impacted by low bus patronage, which is still at less than 80%, with a particular reduction in bus pass users. I note that, in this morning's statement, the Minister said that patronage rates were back up to 90%. That is not a figure I recognise for the north-east, having checked it.

The impact of low patronage is both reduced income to bus operators and costs for local councils, via local transport authority support to maintain those vital bus services. I think of the maintained service to Kibblesworth in my constituency, which would have lost its only bus link had our local transport authority not stepped in. Kibblesworth is only five miles from Newcastle city centre—the same distance from Westminster to Canary Wharf—but it could have been left isolated by bus operator proposals. The Minister will know of many other instances of services affected, as we share a number of bus routes through our constituencies. Buses through Blaydon run through other parts of County Durham. What a coincidence that we had an oral statement on this issue this afternoon, before this debate.

I remind the House of the practical effects of the bus reductions. Jen and Frances are two constituents who have been in touch regularly because their lives have been drastically affected by recent changes to the bus services. They have told me how they used to get on the first bus that came into the terminal to have a day out in a random area and get to know the region better. Sadly, following the recent changes, that is no longer a possibility, as cuts and short-term cancellations have left them with no confidence in the bus services matching up and taking them where they want to go.

Eleanor, a student midwife, has told my office of her difficulties getting to and from work with a reduced service, meaning that no buses are running when she starts or finishes her shift. Another constituent, an older woman, used to travel between Consett in the Minister's constituency and Greenside in mine, changing buses in Chopwell, to visit her grandchildren. Now the bus times are so far apart, her only option is to rely on lifts or not travel at all.

For all those people, I was grateful to have the opportunity to raise those issues directly in the House on previous occasions. But problems still affect bus services all over the country. Without further intervention, they could lead to drastic cuts to services across the entire bus network. Bus companies and local authorities need to be able to plan effectively. We need proper solutions so that customers can have confidence in their bus services, and we need a plan that allows the sector to thrive and to move forward. On top of that, we need to superimpose the work to be taken forward through bus service improvement plans.

In the north-east, we have successfully bid for bus service improvement plan money. Changes are already happening in the north-east, through the work that Transport North East is doing with the bus service improvement plan funding. We were successful in a bid for £163.5 million, of which an initial £117.8 million has been received. Transport North East has begun to use that money to transform the local transport offer in the north-east. It has already implemented a £1 fare for travellers who are 21 and under, as the Minister will know, and a £3 day ticket allowing people to travel across all Tyne and Wear, Northumberland and Durham in a cost-effective manner. It is working on plans to introduce park and ride facilities, improved fares for all travellers and bus priority measures to speed up journey times and improve reliability. We know that good work is going on, but there is no getting around the fact that the Government have presided over a spiral of decline in our bus services that has failed communities.

In "Bus Back Better: national bus strategy for England", published in 2021, the Government promised

"great bus services for everyone, everywhere"

and services

"so often that you don't need a timetable."

But the total number of miles driven by buses has plummeted by 175 million in the last five years, with 1,000 services lost in the last year alone. That is the context in which we received the Government's statement earlier today, which laid out a new two-year funding settlement. So instead of continuing with my planned speech, I would like to take the opportunity to ask the Minister a series of questions about his statement.

**Mrs Sharon Hodgson** (Washington and Sunderland West) (Lab): Before my hon. Friend moves on to her questions, can I intervene?

**Liz Twist:** Of course.

**Mrs Hodgson:** I am grateful to my hon. Friend. Does she agree that, once we get the combined authority and the elected Mayor for the whole region, one of the things we might be able to do is to re-regulate the integrated transport services, as the Mayor of Manchester has



[Mrs Hodgson]

done? That might be what we eventually need to do to be able to fix some of the problems we see with our bus services.

**Liz Twist:** I thank my hon. Friend for her comments. Yes, absolutely, that is the case. Although in Transport North East we have currently opted for an enhanced partnership, with the way that bus services are developing and routes are being dropped, that may well be something that we should look at in the future.

First, I note that the Minister stated that he spoke to Councillor Martin Gannon, chair of the North East Joint Transport Committee, prior to making his statement in the House this afternoon. He will be aware then of Councillor Gannon's concerns that the amount being provided nationally to protect bus services seems to have shrunk significantly. While capped fares are welcome, they will not be much use to people if they cannot actually get on a bus in the first place, which is too often the case for many of the Minister's constituents and mine. And once bus services are cut, it is practically impossible to get them reinstated, so I agree with Councillor Gannon.

Of course, capped fares are welcome, not least as a means of driving up bus patronage again, which in itself will sustain bus services, but will the Minister explain how the money announced this afternoon will be distributed? What is the plan after 2024, once the review mentioned in the Minister's statement has been carried out? What criteria will be used?

What projections does the Department have for the number of services that are likely to be lost over the course of the new two-year settlement? How many of those will be in the north-east? The Minister will know—indeed, he said as much this afternoon—that that level of bus recovery grant and local transport authority support will not sustain all the bus routes we currently have. We need those bus routes. I note from his statement that the additional funding to local transport authorities will be to those that did not receive bus service improvement plan funding. Will he confirm whether that is correct? How will that affect Transport North East?

On the £140 million announced for the bus service operators grant, to be delivered over what I believe is one year and nine months, the Minister will be aware that that is not enough to maintain services at current levels, including in our region. I asked him this afternoon how many routes he would be prepared to see go. Can he confirm how that money will be allocated to bus operators and what criteria will be used to determine the distribution? How will the operators and passengers in my constituency, and indeed in his and across the north-east, be affected by the funding? How will local transport authorities be able to cover the gaps in essential services that will follow those cuts? I should make it clear that I am not here to argue the corner of private bus operators; I am here to argue for reliable, quality bus services for my constituents who rely on buses to get about.

Finally, let me ask the Minister this: do not the changes announced today leave the national bus strategy in tatters? Money that was earmarked for proposed new infrastructure, fare pricing and routes appears to have been subsumed into a plan for just keeping our bus

services going, rather than a plan to make bus services a really attractive option. I am, of course, very glad that Transport North East was successful in its bid for BSIP funding, but I am disappointed that we will not now see some of the positive improvements for which we had hoped and planned.

As I have said, my constituents want to see a bold and transformed bus offer with improved reliability, improved fares and better connectivity, but I fear that the funding announcements made today will not produce that result. We need to build a plan that helps every community to move forward with reliable transport, and, as the Minister knows and as he heard earlier today, Labour has a plan to do just that. We are promising the biggest reform to the bus system in 40 years, which would put the power back where it belongs—in the hands of the communities who depend on buses the most. The Government must follow suit if they are to revive confidence in bus ridership and help to build that bold and transformational plan for the future.

I look forward to hearing the Minister's response to my questions. I hope very much that he will note the concern that is felt for our bus services, and explain how he intends to ensure that our constituents do not lose any more vital services.

5.41 pm

**The Parliamentary Under-Secretary of State for Transport (Mr Richard Holden):** Let me first thank the hon. Member for Blaydon (Liz Twist) for her speech. I did not quite gather whether or not she was in favour of our plan, but I will certainly address the points that she made. She asked whether it was a coincidence that I made a statement earlier today. I think the truth is that the Government were quaking in terror at the prospect of the Adjournment debate, and she has definitely driven this forward. However, I am genuinely grateful to her for her continued work on this issue, and for pushing the Government as well. It is nice to see someone on the other side of the House and from the same area who is as passionate about buses as I am, and I congratulate her on securing a debate on an issue that is important not just to our constituents, but to many constituents throughout the country.

The hon. Lady has often mentioned the importance of local transport services, not just in Adjournment debates to which I have responded but on many other occasions in the House. I fondly remember my first appearance at the Dispatch Box as the Minister for Roads and Local Transport, responding to an Adjournment debate on bus services in her own constituency. I am therefore delighted to have the opportunity to speak this evening about the support that the Government are providing for local bus services, especially in the light of my earlier statement.

As I think every Member would acknowledge, local transport networks and local bus services in particular are vital to ensuring that communities can stay connected, to helping many industries to operate, and, more broadly, to levelling up the country by giving people access to jobs, services and leisure activities throughout the country. That has never been more important than it is now, as we see recovery from the pandemic move slowly but inexorably in the right direction. The Government have provided unprecedented levels of support for bus operators

and local transport authorities to mitigate the impacts of the pandemic—a total of more than £2 billion since March 2020, initially through the covid-19 bus service support grant and then through the bus recovery grant to help protect bus services—and that exceptional support will continue until 30 June, when we will move to a new formula.

Over the last few years, when patronage has been at a fraction of pre-covid levels, with passenger numbers across the country dropping as low as 10% on average, support for the bus sector has been crucial to significantly limit service reductions. The sector used to rely on roughly 40% support from taxpayers via concessionary fares, bus service operator grants and local support, but that increased to 60% for two years as commercial revenues took a huge hit.

Long-standing support of £250 million is provided every year to bus operators and local transport authorities through the bus service operator grant, to help keep fares down and services running that might otherwise be unprofitable. That will continue, as well as supporting council spending of around £1 billion a year to allow older and disabled people to travel on buses throughout England for free. We have ensured, as we have come out of the pandemic, that local councils have continued to pass that money on; otherwise, we would have seen far more service reductions.

While patronage by fare-paying passengers has recovered significantly, it remains significantly lower for concessionary passengers. There has been a strong recovery overall, though, in bus passenger numbers compared with some of the other public transport sectors. The London underground network, for example, is at roughly three quarters of where it was before. We have to accept, however, that travel patterns have changed to some degree since the pandemic, altered by emerging societal norms such as online shopping. It is therefore right that local bus networks adapt, but, as I made clear in my statement to the House earlier, the Government will not let our bus services fall by the wayside as this transition occurs.

We have always been clear—and I think the hon. Lady and I agree—that the cycle of short-term Government funding to prop up the sector is not sustainable for bus operators, local transport authorities or, most importantly, taxpayers and the travelling public. That is why the Government have taken action to deliver a longer-term approach that will ensure that we no longer talk about the sector's recovery from the pandemic, but instead move on to its renewal.

I therefore confirm that the bus recovery grant will end as planned on 30 June. In its place we will provide approximately £300 million of new funding from June 2023 to April 2025 to help protect and maintain bus services and ultimately to deliver improved services for passengers. Of that funding, £160 million has been earmarked for local transport authorities through the BSIP+ mechanism, ensuring that local decision makers have the resources they need to work with bus operators to deliver better bus services for passengers, which is the central aim of the Government's strategy.

That funding is in addition to the £1 billion allocated to 34 local areas to deliver bus service improvement plans, including £163 million for the North East and North of Tyne combined authorities, which will benefit the hon. Lady's and my constituents. Some of those

plans are already kicking in, as we saw a few days ago with the £1 single bus fare for the under-22s, which I am delighted that the Government have been able to support. The north-east plan is the biggest to have been funded in England—bigger than those of Greater Manchester or the west midlands. When the Government first awarded funding to help local areas to deliver their bus service improvement plans, we were unable to provide funding for all English local transport authorities outside London. In deciding how we should allocate additional funding under the BSIP+ mechanism, we have focused on local transport authorities that did not have large BSIP allocations. The remaining £140 million from that further package of investment in the bus sector will be provided directly to bus operators through our BSOG+ mechanism. This will benefit our area directly, because it will affect everybody in the country.

The package of funding that we have announced today will help to ensure that local communities who rely on their local bus services to live, work and travel can continue to stay connected and access the opportunities they need. We will be laying out more details of exactly how that will work. It is slightly different from the old BSOG, acknowledging that the pressures have been on rural and suburban areas, including pit villages in the hon. Lady's and my constituencies, as well as on urban services. There is a slight change, and I will publish more information in the near future on the funding that individual areas will receive. Today we have given some allocative funding indications on the local authority side through BSIP+. BSOG+ is slightly different because there is so much more complexity when it comes to individual operators, but I will make that public as soon as possible because operators such as Go North East, which operates in both our constituencies, are keen to know.

Whether people are travelling to school, work or the shops, this Government are committed to helping them get around, and we know how important local buses are to delivering on our priorities in growing the economy. Today's positive news is about the long-term support for which the sector has been asking, as the support for local authorities and bus companies will not end. Members who followed today's statement closely, as I know the hon. Lady did, will know that we are extending the popular "Get Around for £2" bus fare cap. The scheme was introduced at the start of the year both as a cost of living measure and to promote bus services. It is showing positive signs of increased bus usage, with a recent Transport Focus survey of more than 1,000 people reporting that 11% of respondents are using buses more as a result of the cap. The scheme is also helping people to save on their regular travel costs, with the same survey showing that around 80% of respondents agree the fare cap will help people with the cost of living.

On a recent trip to Reed in Partnership in my North West Durham constituency, I was particularly struck that not only were the staff directly benefiting from the fare cap when travelling into Consett but the £2 cap was enabling long-term jobseekers to travel further. The £8 journey from Newcastle to Middlesbrough is currently capped at £2, so people can travel much further for much less outlay, helping them to reach jobs and opportunities beyond their local area without incurring significant extra costs. The cap was due to end on 30 June, but I am pleased to confirm again that it will now be extended to

[Mr Richard Holden]

31 October. To create long-term certainty on fares for passengers and operators alike, we will be introducing a £2.50 fare cap from 1 November 2023 until 30 November 2024, at which point we will review bus fares to support the sector in moving to a sustainable long-term footing.

We saw an increase in bus routes during the scheme's first three months, from around 3,700 to 4,000. Around 95% of operators are currently taking part, and I hope to get closer to 100% now that it is a long-term scheme. I am grateful to the operators for working with us on the scheme, and I look forward to working with them over the next year and a half. My officials will work to confirm operators' participation in the scheme as we continue to deliver measures that help passengers to save money, that encourage people to travel by bus and that help to grow the economy. This is just one of three schemes on road, rail and buses. With 5p off a litre for cars, vans and motorbikes, with this support for buses and with significantly below-inflation rail fare rises, we are doing what we can across the transport piece to help people with the cost of living.

The hon. Lady made a broadly cross-party speech, but it is not fair to suggest that the national bus strategy is in tatters. When the scheme was announced in 2019-20, the Government committed to spending £3 billion on the sector. Today's announcement takes that up to £3.5 billion, which is a huge quantity of money to support the sector through what has been an incredibly difficult time. On the BSOG, I am happy to outline these things in more detail. On money distribution, the BSIP+ indicative numbers will be on the Government website within the next couple of days, if they are not there already. The hon. Lady raised an important question: what will happen to that post-2024? As I said in my speech, we will be looking at that in the long term.

As for projections of bus service numbers, we will have to see how the sector responds to the big announcements we have made today, particularly now we are securing money for the long term. On the north-east, with more than £163 million—more than £117 million of which has already been confirmed—I hope we will not need to see the reductions in bus services that she mentioned. We should, we hope, be able to see more services made available, given the extra cash provided for the area, again in a multi-year settlement. I hope to see more of the great things that were part of that plan brought forward in the near future, as we have seen in the past few years with the £1 fare and the £3 daily fare cap for under-22s.

**Liz Twist:** I want to press the Minister on this point about the BSIP. We all had great hopes about developments that we could make with that money. We can argue all day about the money, but a lot of us think that more money was promised at the start than has been available—nevertheless, it is there. But there is a concern that more of that money will go in preserving current services, in effect, at a higher cost, as local transport authorities have to put out the bids to run services. That was not allowed in the original BSIP. Is it correct to assume that it is allowed under this system?

**Mr Holden:** I do not want a situation where we are trying to play around with services in local areas; I want us to be flexible on the BSIP, at a time when there is

huge pressure on bus services, particularly following the pandemic and the way they have recovered since. I am willing to speak to all transport authorities. Many may wish to modernise their schemes because of people's changing travel patterns, for example. I will not hold a gun to their head and make them waste taxpayers' money on things that will not achieve what they originally planned in their BSIP before the pandemic—that would be insane. I am definitely up for modernisation of some of their plans, but they will have to go through the Department, proper scrutiny procedures and officials. Equally, I do not want to hold people to plans that may no longer be viable.

Having said that, the hon. Lady can see from what we have done in the past few days, with that £1 fare, that some of the plans that we had at the start of the BSIP are coming through. I do not want to put handcuffs on local transport authorities that ask me whether they can tweak a scheme this way or that. I do not want to say that we will never listen to them and they must stick to what they had. That would not be a responsible use of taxpayers' cash, and as a former member of the Public Accounts Committee, I would certainly call that into question.

**Liz Twist:** On that precise point, of course we want to see plans for our buses, for the infrastructure and for the services themselves—plans that are relevant today because it is 18 months since the original proposals were made. What we also want to see is the whole aim of that plan, which was to make a shift change in bus services for the future, so that our constituents, and people across the country, can step out of their front door and know that they will be able to get a bus and that the bus will be reliable.

**Mr Holden:** The hon. Lady and I are talking the same language. We both want to see improvements and, as we have said multiple times in this debate, one improvement that we have already seen is that lower fare. I hope to see further such things as we go through the plan, which will help to drive service improvements and to drive people on to the buses. Things may have changed in different areas over the past few years and we may have to make some tweaks but, again, I do not want to put a total straitjacket on authorities across the country.

Finally, let me reflect on a few of the hon. Lady's points, which I thought were quite bold. She and the hon. Member for Washington and Sunderland West (Mrs Hodgson) said that Labour had a plan for bus services, which I thought was stretching it a bit. A plan requires cash, long-term funding and knowing what to do with it. Just saying that they might open up the scheme to municipal operators is not a plan, but an ideological step. I am not against municipal bus companies. We have them across the country, including in some Conservative local authorities and in some Conservative constituencies. I am not against looking at those in the future, as the Transport Committee recommended.

However, during the statement earlier today one Cornish Member mentioned how their enhanced partnership had driven up bus usage—probably better than anywhere else in the country—without having a franchise model. If we flip it and look at what has happened in London, we see that the figures are lower than the average in the rest of England with a franchise model. The taxpayer has to bear that risk. I am not sure whether a totally



state-controlled, state-delivered, nationalised approach is always the right answer. That is all I will say to the hon. Lady on that. I am not against it in certain areas. Obviously, in certain areas the Government are working with local authorities to deliver franchising, but that is not a plan; that is an ideological end point. It does not have consumers, bus users and taxpayers at its core, as we can see from the way the Welsh Government have dealt with buses over the past two decades since they have been in office.

**Liz Twist** *rose*—

**Mr Holden:** I am sorry but I will not take another intervention.

In closing, I again congratulate the hon. Lady on securing the debate. I hope that she will agree that the announcement the Government have made today, building

on the £2 billion of bus support that we have already provided since March 2020—taking it to £3.5 billion overall—not only to protect bus services but, with our bus service improvement plan, to enhance them, demonstrates our commitment to support the sector and to address the challenges it faces now and well into the future. I thank hon. Members for their contributions today. I look forward to discussing this further with Members in the coming months as the Government seek to deliver on our ambition for everyone everywhere to have access to affordable and reliable bus services.

*Question put and agreed to.*

6.2 pm

*House adjourned.*



# Westminster Hall

*Wednesday 17 May 2023*

[MR CLIVE BETTS *in the Chair*]

## Public Bodies and VAT

9.30 am

**George Eustice** (Camborne and Redruth) (Con): I beg to move,

That this House has considered public bodies and VAT.

It is a pleasure to serve under your chairmanship, Mr Betts. Hon. Members will be well aware that His Majesty's Treasury tends jealously to guard its primacy on tax matters. Indeed, I remember as a Minister frequently being given a briefing inviting me to respond to questions about tax with the simple words, "This is a Treasury matter." If I ever sent officials to the Treasury to raise an idea or discuss a particular matter, they would go away with a look of trepidation in their eyes and come back looking rather chastened. However, I never accepted that tax is a matter for the Treasury alone. I have always believed that it is a matter for the Government as a whole because tax affects every industry, every public body and every Department. Its effect on all those things means there is also a vital role for Parliament in scrutinising tax policy.

I want to focus on the Value Added Tax Act 1994 and the way we treat public bodies—especially the unfair treatment of further education colleges. The United Kingdom was forced to introduce VAT when we joined the European Economic Community in 1973, and over the years VAT became one of the big three tools used by Government to raise revenue. It has also been the main go-to tool for Governments when they are trying to deal with a crisis. VAT was slashed after the financial crisis of 2008, and again during the covid pandemic.

Under the VAT rules, tax can be levied on goods at either the standard rate—the full 20% tax is levied on sales—or at a reduced rate of 5% for certain items, such as children's car seats. There are also zero-rated goods—principally food and children's clothing. Finally, there is another category—exempt goods. That applies to many services, including insurance, finance and, notably, education.

The 1994 Act established a basis for public bodies to reclaim the VAT on their purchases, even though their services were exempt. That applies in particular to councils, the police, schools or academies and, notably, museums. However, there is an anomaly in the way the tax system works, in that FE colleges are not on the section 33 list that would make them exempt.

**Daniel Zeichner** (Cambridge) (Lab): The right hon. Gentleman is making an important and useful speech. Does he agree that the VAT trap has sometimes been used as a way to lure institutions out of the maintained sector and into academisation and that that is another lever that the Government have used the VAT system to create? That has affected institutions such as Hills Road Sixth Form College, Long Road Sixth Form College and Cambridge Regional College.

**George Eustice:** The hon. Gentleman makes an important point, but academies are included on the exempt list, which the Government amended specifically when academisation started, so that schools would not be placed at a disadvantage by leaving the local authority. Councils are also on the list, so they can reclaim their VAT inputs.

My argument is that His Majesty's Treasury should, at the earliest opportunity, introduce a statutory instrument with respect to section 33 of the 1994 Act to ensure that FE colleges are treated fairly and that this anomaly is corrected. FE colleges would therefore be able to reclaim VAT on their inputs.

The Treasury guards tax policy ferociously, but it also has a duty to be fair and consistent and to at least have defensible policies in these areas. Under the current arrangements, there is a ludicrous situation whereby a school with a sixth form can reclaim its VAT, but an FE college with a sixth form cannot. That makes no sense whatever.

**Vicky Ford** (Chelmsford) (Con): My right hon. Friend is making a really important point. Chelmsford College in my constituency provides an outstanding education to young people from all over Essex, providing skills and training, as well as education. It pays around half a million pounds a year in unrecoverable VAT, which means it cannot pay the same level of remuneration to its staff as a local school with a sixth form can. That is not fair, not just for the college, as compared with a school or academy, but for the young people involved.

**George Eustice:** My right hon. Friend raises an incredibly important point. It is profoundly unfair on the young people who choose to attend an FE college, and perhaps even to do A-levels in its sixth form, that the college is treated differently—almost as a second-rate institution—when a school with a sixth form enjoys the higher funding and benefits that come with being able to reclaim VAT.

**Sir Bernard Jenkin** (Harwich and North Essex) (Con): I apologise to my right hon. Friend and the Minister that I cannot stay, but I will read very carefully what the Minister says. Perhaps she could quantify what she thinks the VAT take from FE colleges is, so that we know what we are discussing.

Does my right hon. Friend the Member for Camborne and Redruth (George Eustice) agree that we are not discussing a free gift to FE colleges? Like Colchester Institute, which serves my constituency, they are suffering an unparalleled financial squeeze at the moment and are having to inflict redundancies and cost reductions against a background of very low pay for most of the academic staff. Unless the Government can resolve that anomaly, FE colleges will face a crisis.

**George Eustice:** My hon. Friend raises an important issue, which is affecting colleges in Colchester, the rest of Essex, Cornwall and the whole country. The cost of having staff at an FE college to run courses in practical skills such as electrical engineering or bricklaying and construction is probably higher than at a university, which can just cram a couple of hundred students into a lecture theatre and simply deliver a lecture. The cost of providing those important skills, which are vital to our



*[George Eustice]*

economy, is higher. My hon. Friend is right that it is incredibly difficult for FE colleges to recruit and retain staff, because of the squeeze on their budgets, so we need to do better.

During the EU era, the Government were able to blame EU law for the fact that FE colleges had to be treated differently. I have done my share of blaming EU law in the past for various things that were my responsibility, but EU law is no longer a barrier and cannot be used as an excuse or a reason for not doing the fair and just thing. We have now vanquished EU law and we have the freedom and power to set a coherent tax policy that is consistent and fair.

Doubts have sometimes been expressed about whether FE colleges are public bodies *per se*, but that has now been settled. I understand that, last autumn, the Office for National Statistics, which has been going through a rather tortuous classification exercise, has deemed that all sorts of bodies that might have been considered private are now public. It has cleared the issue up and said that FE colleges are public bodies, and in my view they should therefore be included in the section 33 list of public bodies that can reclaim VAT.

I have looked at parliamentary questions that have been raised in this area, and Treasury Ministers have sought to insist that the ONS designation does not change anything and, indeed, that it does not change the Treasury's right to set out what it considers the right bodies to be included in the section 33 list. That might be the case, but the House is entitled to a rational answer as to why FE colleges are treated differently. We are entitled to insist on consistency and fairness in the tax system and, therefore, to request and require the Government to bring forward a statutory instrument to remedy this unfair situation.

This issue matters because the FE sector really matters. I declare an interest: as a teenager, I attended Cornwall College, which has a campus in my constituency and is the leading FE college there. My hon. Friend the Member for St Austell and Newquay (Steve Double) is also passionate about the interests of the college, which has a site in his constituency. I learned to arc weld at the college; I was not particularly good at it—indeed, I returned recently and tried my hand at it, and if I was not good then, I am certainly not very good now. I also attended a course on business studies and management, and a second course on farm management, and the skills and knowledge I gained were invaluable to me, not just during my first career, when I went into the farming business, but for things I have done since.

A succession of Ministers in this Government have been passionate about the FE sector and have recognised the importance of apprenticeships. The Government can be proud of the way they have tried to raise the status of vocational courses through apprenticeships. That is one of their great achievements; it started under the coalition Government and has been maintained. That is important, because apprenticeships add real value to the real economy, but we have to put our money where our mouth is, and at the moment FE colleges just do not have a fair financial settlement.

We often point to the success in technical skills of other countries in Europe and elsewhere, and we argue that we want to match that. We have lots of good ideas

about apprenticeships and raising the standard and consistency of the courses, but sadly it feels like we do not follow through by providing the funding offered by countries that have shown us how to do technical skills properly.

Last year, schools were rightly given an injection of about £2 billion to help them with the cost of energy and the pressures on labour charges and wages. We all have schools in our constituencies that are suffering those pressures, but FE colleges, although they had some uplift, received just a fraction of what schools were given. Again, it is difficult to escape the impression that they were treated unfairly.

FE colleges are really struggling to recruit staff. They have the difficulty of running courses that are much more hands-on. There are all sorts of health and safety considerations for courses such as bricklaying, carpentry or electrical engineering, and the tutor-to-learner ratios are probably much higher than in universities, where everyone is just sat in a lecture theatre with their notebooks out. The situation is very different, and it is much harder for FE colleges to cope with fewer staff. Because these are successful parts of the economy—wages have been rising for technical skills such as electrical engineering and construction—it is difficult for colleges to lure people back from the private sector. They often find that people do the work partly out of a sense of duty or public service.

It is important that we recognise that, because the FE sector really matters. It gives us the skills we need for the economy of the future. We increasingly recognise that if we want to level up economic growth around this country, we need to rekindle and start to respect again manufacturing industries and the sectors of the economy that require technical skills. We cannot just get by with people in pen-pushers roles and the service industry; we have to recognise the value of those skills and fund them.

Even in new sectors of the economy, such as computer software and coding, the best way to learn those skills is often in a business, so that an apprentice can actually learn the approach taken by an individual computer software company and really learn on the job, while getting generic training in computer coding from the local FE college as well. As my right hon. Friend the Member for Chelmsford (Vicky Ford) said, we should value young people who have chosen such a career and to train in something that will be of real value to our economy.

The Budget earlier this spring had much in it to welcome. In particular, I welcomed the introduction of investment allowances, which will benefit the manufacturing sector and help it to get tax relief and capital allowances for investments in business, but I must say that it feels like there was a failure to support FE colleges in the Budget. That was disappointing for many Members on the Government Benches, and dozens of us wrote to the Chancellor asking him to take the plight of FE colleges seriously and to look at whether additional funding to help FE colleges could be found, but that appeared to fall on deaf ears. I hope the Chancellor will take the earliest opportunity to put that right and rectify that unjustified omission.

I invite the Minister simply to commit to bring forward a statutory instrument under section 33 of the 1994 Act. I appreciate that she may need to do a bit of a Government write-round before being able to commit fully, but I hope

she will at least express an openness to the idea and give us a clear explanation, if she is able to, of why a school with a sixth form can reclaim VAT, but an FE college with a sixth form cannot. That is the key question, which highlights this terrible unfairness.

In conclusion, many hon. Members on both sides of the House want to see fairer funding for FE colleges. Introducing the change I have set out would help; it would not involve a huge amount of money, but it would probably give FE colleges somewhere in the region of a 2% to 4% respite on their budget. They would probably all use that money immediately to help retain and recruit staff. It is a relatively small amount of money but, like my hon. Friend the Member for Harwich and North Essex (Sir Bernard Jenkin), I am interested to hear what the Minister considers it would cost. Among those who support the change is my hon. Friend the Member for Worcester (Mr Walker), who is Chair of the Education Committee. There is widespread support for this, and I very much hope that the Minister will give us positive news in her response.

**Mr Clive Betts (in the Chair):** We have only one other Member asking to speak, which makes things quite easy this morning.

9.47 am

**Kevin Foster (Torbay) (Con):** It is a pleasure to serve under your chairmanship, Mr Betts. I congratulate my right hon. Friend the Member for Camborne and Redruth (George Eustice) on securing this very worthwhile debate. I agree with much of what he said about the impact this issue has on the further education sector, and that will be the focus of my remarks as well.

For background, there are 10,000 public sector organisations in the UK, the vast majority of which can claim the VAT they pay back from His Majesty's Revenue and Customs, on the basis that that simplifies budgeting. Although public bodies may account for VAT on supplies of goods and services in the same way as any other business, they will often undertake non-business activities, which are outside the scope of VAT. As HMRC's own guidance for local authorities and other public bodies explains:

"the general rule is that where a public body is funded by way of public expenditure (such as grant-in-aid) to do something for the public good, it's unlikely to be engaging in business activities for VAT purposes."

In that context, the term "public body" already includes Government Departments, non-departmental public bodies, NHS bodies, local government bodies, the police and fire and rescue services.

The impact of VAT on further education and sixth-form colleges—in particular, South Devon College in Paignton—is significant. The crucial background to the argument being made today is this: 228 further education and sixth-form colleges, operating from around 850 campuses across England, were reclassified as public sector organisations in November 2022 and are now subject to the same controls as academies and other local organisations, but they must still pay VAT, without having an opportunity to recover it, because they are not part of the refund scheme.

That has significant consequences. It means that money that Parliament voted to have spent on 16-to-19 education is taxed if spent on colleges. Colleges account for the

vast majority of students taking T-levels, and their students in general are more likely to come from disadvantaged backgrounds, so those courses are essential to providing young people with the skills that they will need in a wide variety of sectors, including construction, engineering and health. Those funds would not be taxed in the same way if they were spent on schools, which, as my right hon. Friend the Member for Camborne and Redruth outlined, may similarly provide education for 16 to 19-year-olds on a range of subjects.

As my right hon. Friend will know from discussions in our previous roles, the skills that we are talking about are often those over which there is a debate about the balance between immigration and domestic supply. It is vital that we look to fill more of these skills gaps domestically, and ensure that colleges can step up and provide that training. He touched on his training in arc welding. For many jobs in which there are skills shortages across the economy, it is colleges that will be training people to meet that skills demand, so that they can then access the rewarding salary packages and careers that often come with them.

The impact on South Devon College is clear. Unlike Torbay's schools or others in the public sector, South Devon College pays VAT that it cannot claim back, which gives it an immediate 20% disadvantage in spending power compared with a school. This becomes even more odd when we consider that South Devon College has South Devon High School within it. South Devon College's non-pay spending each year is approximately £15 million, including VAT, so if it could reclaim the applicable VAT, it would have in the region of another £1 million to £2 million each year to invest directly in education, skills and training. That would obviously make a significant contribution to what the college can offer its students and the wider community that it serves across Torbay and south Devon.

Given the impact on South Devon College, I would be interested to hear the Minister's thoughts on a few specific points. First, what assessment have the Government made of the financial impact on the further education sector of not being able to reclaim VAT? Secondly, why was that not changed during the reclassification of organisations as public sector organisations in November 2022? It would be a simple decision for Government to amend the Value Added Tax Act 1994, so that colleges such as South Devon College were included in the refund scheme, in the same way that previous Governments extended the refund rules to cover academies, national museums and various new regulatory bodies. The position of colleges seems even more odd when we consider the decisions taken previously. This is a logical step to take that will boost vital skills training and help provide the opportunities that our next generation needs, so I hope that this decision can be taken very quickly.

**Mr Clive Betts (in the Chair):** We now move on to the Front Benchers, starting with Douglas Chapman for the SNP. There is no time limit; just take the necessary time.

9.53 am

**Douglas Chapman (Dunfermline and West Fife) (SNP):** It is a pleasure to serve under your chairmanship, Mr Betts. I thank the right hon. Member for Camborne and Redruth (George Eustice) for securing this important

[Douglas Chapman]

debate. I think we all want an active, high-skill economy that further education colleges play a leading role in developing, not just in his constituency and south-east England, but across the UK.

I start by talking about some of the general issues we have experienced in Scotland with regard to VAT. The SNP's 2021 manifesto said:

"A re-elected SNP Government will use the fiscal framework review to push for an urgent increase to Holyrood's devolved financial powers, including...Strengthening...Scotland's tax powers with the devolution of VAT, and full powers over income tax and National Insurance contributions."

I can imagine Treasury Ministers squirming at that potential change in taxation across the UK. VAT is a huge part of the UK's tax income, and it is forecast to raise £162 billion in this financial year. Only income tax and national insurance contributions raise more; income tax accounts for £268 billion, and the three represent two thirds of total tax receipts across the UK. We are talking about massive sums of money. Compared with the massive income that comes in through VAT, the right hon. Member for Camborne and Redruth is asking for a tiny speck of financial support for FE colleges.

The Office for Budget Responsibility notes that around half of household expenditure is subject to VAT at the 20% rate, and around 3% of expenditure is subject to the 5% rate. Although public bodies may account for VAT on supplies, goods and services, like any other business, they often make the point that their non-business activities can be outwith the scope of VAT.

HMRC's guidance for local authorities and other public bodies says that the general rule is:

"where a public body is funded by way of public expenditure...to do something for the public good, it's unlikely to be engaging in business activities for VAT purposes."

That definition should include FE colleges, as the right hon. Member for Camborne and Redruth has said. Public bodies such as Government Departments, non-departmental public bodies, NHS bodies, local government, the police and fire and rescue services should all fall within that scope. VAT incurred in the course of non-business activities is not generally recoverable, although special provision is made for local authorities and certain other specified bodies to recover that VAT. I believe that what the right hon. Member is promoting this morning fits with Treasury rules. It even fits with previous EU rules. Indeed, VAT was introduced under the auspices of the European Commission, and public bodies are generally not regarded as taxable persons under EU VAT law for most of their activities.

When it comes to VAT on FE colleges, we in Scotland feel the pain of the right hon. Member for Camborne and Redruth. The Tories' dreadful and shameful treatment of Police Scotland and Scottish fire and rescue services cannot be forgotten. In 2011, the Scottish Tories campaigned to unify the police forces into a single force, supporting SNP policy at the time. However, after that happened, the UK Treasury refused to extend to Scotland's police service, operating under its new name, the same VAT exemptions that it had had for many years prior to the change. The same was true when Scottish fire and rescue services were amalgamated into a single body. Despite emergency services in England having relief from VAT, the UK Government failed to deliver the

same relief for Police Scotland and the Scottish Fire and Rescue Service. That cost Scottish taxpayers more than £175 million over five years.

In 2013, when the services were formed, right through to 2017 when the then Chancellor of the Exchequer, Philip Hammond, finally caved in, in the Budget, those emergency services paid around £170 million in VAT. Maybe this Minister and this Chancellor can also cave in and give that right to England's FE colleges.

Many hon. Members from across the House will remember my former colleague Roger Mullin, who campaigned on this throughout his time in Parliament. It is a shame that there was not immediate action from the UK Government to make sure that the Scottish Fire and Rescue Service and Police Scotland were not disadvantaged. However, it has to be said that 318 Tory MPs, including the right hon. Member for Camborne and Redruth, voted on 26 October 2015 against Roger's amendment to remove VAT from those vital services in Scotland. I regard that as a shameful act. We had to find £170 million in the Scottish budget to make up the difference. That shows that we got through and won the argument eventually, and that SNP MPs stand up for Scotland. Perhaps something similar can be said of the right hon. and hon. Members with us today from the Conservative party: they are standing up for England's FE colleges.

The controls that Westminster retains over devolution are still quite strong. We cannot know with certainty that future decisions will not disadvantage Scotland again. For example, we do not know whether the national care service, which is being introduced in Scotland as we speak, will be VAT-exempt. I hope we get clarity from the Minister this morning on that.

The right hon. Member for Camborne and Redruth talks about the FE sector, and the uneven playing field when it comes to VAT. We in Scotland could say, "Welcome to our world," because we have lots of experience of that. I have great sympathy with his arguments. As I said at the start, FE colleges support skills, young people, small and medium-sized enterprises and, above all, exports. Those are areas we cannot ignore. We should try to give FE colleges every single advantage that we can, so that they can train more people, and work more closely with small businesses across different parts of the country. FE colleges are a critical building block of successful high-skill economies. I hope that the Minister will support the right hon. Member's ambitions, and also ensure that VAT is devolved from the Treasury to other Parliaments across the UK.

10.2 am

**Abena Oppong-Asare** (Erith and Thamesmead) (Lab): It is a pleasure to serve under your chairship, Mr Betts. I congratulate the right hon. Member for Camborne and Redruth (George Eustice) on securing the debate, and raising the issue of the important role that further education colleges play in training the workforce of the future, and upskilling the existing workforce.

I am happy to be here on behalf of the Opposition. I thank hon. Members for their contributions to today's debate, particularly the hon. Member for Torbay (Kevin Foster), and my hon. Friend the Member for Cambridge (Daniel Zeichner). We have heard today about the role that further education plays in the lives of constituents,



and the challenges they face, such as the struggle to recruit staff. As the right hon. Member for Camborne and Redruth has explained, section 33 of the Value Added Tax Act 1994 specifies that special provision is made for local authorities and specified bodies to recover VAT incurred on goods and services purchased in relation to non-business activities. The section sets out a list of public bodies eligible to recover VAT, which the Treasury can amend via secondary legislation. Guidance from HMRC says:

“Treasury will consider applications from bodies that meet both the following criteria—the body must undertake a function ordinarily carried on by local government and have the power to draw its funding directly from local taxation.”

I note that last October, the Office for National Statistics deemed that further education colleges should be public bodies. That is the basis of the right hon. Gentleman’s case that further education colleges should be added to the section 33 list. That will allow them to reclaim the VAT that they are charged in the same way that schools can.

This is a very topical debate, and real concerns have been raised about the financial stability of further education colleges. FE college funding fell by 27% in real terms between 2010 and 2019. In that same period, growth stalled, wages fell and prices rose. That has meant that the cost of everybody’s inputs, from energy to textbooks, have become more burdensome and unmanageable, and things have grown more difficult for colleges across the country.

One of Labour’s missions for government is to break down the barriers to opportunity for every young person. We are determined that every child and young person should have access to excellent education, so that the opportunities open up to help them thrive. Thirteen years of Conservative failure have weakened our education system, meaning that all too often young people are held back, unable to fulfil their potential. With our green prosperity plan, we will make Britain a world leader in the industries of the future and ensure that people have the skills to benefit from opportunities. Institutions such as FE colleges can play a vital role in that endeavour.

As the world’s economy changes, Britain needs to grasp opportunities to get ahead in the race, and we need to give British people the tools and skills they need to succeed. As I have laid out, the Labour party believes very strongly in the role of skills, and believes that FE colleges are key to getting Britain growing. We want the education system improved, and we want skills provision updated for a modern economy.

**George Eustice:** The hon. Lady is making a very strong speech about the importance and value of FE, but can she confirm that it is her party’s policy that further education colleges should be added to the list under section 33, so that they can reclaim VAT?

**Abena Oppong-Asare:** The right hon. Gentleman has raised important matters in this debate. The Labour party will evaluate the situation properly before putting any proposal forward. I look forward to the Minister’s response. It is really important to hear from the Government on this issue, and I hope she will address the points raised by the right hon. Member for Camborne and Redruth.

10.7 am

**The Financial Secretary to the Treasury (Victoria Atkins):** It is a pleasure to serve under your chairmanship, Mr Betts. I thank my right hon. Friend the Member for Camborne and Redruth (George Eustice) for securing today’s debate; I know his great personal commitment to the issue. I was extremely interested in his description of how officials from his former Department viewed meetings with Treasury officials—I do not know whether that is a badge of pride for the Treasury or whether we should take some learning from it.

We are a nation that takes enormous pride in its education system, and rightly so. May I take this opportunity to celebrate the news, which we heard yesterday, that England has risen up the international league tables and is fourth in the world for progress in literacy? That is an extraordinary achievement that has been made possible by the intense concentration that the Government have put on phonics and on driving up standards in schools. It is right that we applaud the teaching sector and everybody else involved in education for their significant achievements, and the students themselves for working so hard.

I note the constructive way in which the SNP has contributed to this debate. I genuinely hope that Scotland will be able to join us in rising up the league table in due course, because we know that sadly it is not there yet. However, I am sure we will have many more discussions about standards of education in Scotland.

Students from around the world flock to our schools, universities and institutions of learning throughout the country, where they have a tremendous diversity of subjects to study and people to meet. For example, a pupil from a disadvantaged background is something like 83% more likely to go to university now than they would have been in 2010-11, because we have put the expansion of life chances at the heart of our education programme.

The further education sector has a huge role to play in preparing young people for university, and indeed for whatever life they wish to live as they leave their teenage years behind. That is an important distinction to make, because the education structure that we have known for decades has undergone significant change in recent years. We now have vocational study, T-levels, technical colleges, academies, state schools, independent schools and free schools all catering to the unique needs of young people and our local communities.

Of course, further education can continue through one’s career when one leaves formal education. I had the great pleasure of visiting Brompton Bikes recently. I saw not just that it had taken advantage of the Government’s super deduction and capital allowance schemes in recent years, but that it was doing wonderful work to train its workforce at various stages of workers’ careers. That has an enormous benefit not just for the individual’s career path but for the business.

I am pleased to be having this discussion with hon. Members today. We want to support the FE sector and ensure that it continues to be able to cater for people’s various needs. If I may, however, I will take a step back, because although our focus today is on a particular provision in the Value Added Tax Act, it is important to look at investment in the FE sector over recent years. We have invested £300 million before the end of the

[Victoria Atkins]

previous financial year to eliminate the current deficit in funding experienced by March each year. That completes a move to a more even profile of funding that better matches the needs of FE colleges, recognising the challenging environment that the sector faces. We have also provided an additional £150 million allocation of capital grant funding in this financial year to support and protect colleges that are planning to invest in their infrastructure or estate.

We have made other changes, including opening a new college capital loan scheme and allowing colleges to continue to retain surpluses and proceeds from asset sales. At the most recent spending review, we announced large-scale investment in skills, including funding to increase the average hours funded in 16-to-19 education by an additional 40 hours per pupil per year, bringing us closer to high-performing countries such as Sweden. We have also committed to increased capital funding in FE, including £1 billion over the spending review period to transform the FE college estate.

**George Eustice:** All that funding is, of course, welcome—indeed, Cornwall College would acknowledge that it has had a very good capital investment settlement—but the real problem is not the capital departmental expenditure limit. Welcome though it is, there is no point in colleges having that capital if they cannot afford to recruit the lecturers and teaching staff to run the courses. The increase in budget to extend the hours of teaching is also welcome, but it still does not address the core problem of the difficulty that colleges are having in properly funding, recruiting and retaining staff to run the courses.

**Victoria Atkins:** If I may, I shall develop my argument. I have taken careful note of the issues raised by my right hon. Friend, and I hope to respond to them through the rest of my speech.

Let me give a little overview of VAT. I think it is fair to say that VAT is the most complicated area of tax law, which itself is pretty complicated, to put it mildly. I have a whole team of very erudite experts who advise me on all aspects of VAT. It is charged on most goods and services. Taxable businesses can recover the VAT cost on their inputs, but public bodies, which generally engage in non-business activity, cannot. That is why there are several VAT refund schemes in the Value Added Tax Act 1994 that allow some public bodies to recover, to differing degrees, the VAT on goods and services purchased in the course of non-business activities. Section 33, to which my right hon. Friend alluded, provides a scheme that allows local authorities and similar public bodies to recover the VAT incurred on purchases of goods and services relating to their statutory non-business activities. Its rationale is to prevent VAT costs from falling as a burden on local taxation.

Funding for maintained schools is channelled via local authorities, which benefit from the scheme. We allow academies to recover their VAT through section 33B, which we introduced in April 2011 to ensure that academies were not disincentivised from leaving local authority control. The hon. Member for Cambridge (Daniel Zeichner), who is no longer in his place, intervened on my right hon. Friend the Member for Camborne and

Redruth, but I was not clear whether he was supporting academies or was agin them. We are certainly very proud of the academy system and the benefits that it provides to our education system. Again, that is a point of contrast between the parties.

Sixth-form colleges and FE colleges are not included in the section 33 or section 33B refund schemes as they do not fit the rationale for either, which is to protect local taxation or encourage academisation. Like many other providers of public services, FE colleges and sixth-form colleges are expected to cover their VAT costs from their funding allocations. Sixth-form colleges have the choice to restructure as academies, enabling the recovery of VAT under the refund scheme, but many choose not to. That is their decision.

My right hon. Friend raised the comparison with a school that has a sixth form. More widely, FE colleges are different from schools and academies in that they provide a range of different services for a broader range of students. In my constituency, Boston College is moving into Horncastle, and we are very excited about it. I fully hope and expect that it will offer a range of services not only to 16 to 19-year-olds, but to a wider field of people. Because FE colleges have a different, more autonomous way of operating, they benefit as eligible bodies from an advantageous VAT exemption when competing with commercial providers of higher levels of training. That is a difference.

**George Eustice:** I think I understand my hon. Friend's argument, but I am not sure that it is a very persuasive one, since academies are independent for all intents and purposes. They run their own ship. They are not funded out of local taxation—if that were the objective of section 33, we would not have protected academies in that way, as they are funded directly by central Government grant. The ONS has effectively now said that FE colleges are public bodies. I really do not see the difference between an independent academy, funded by central grant, and an FE college that is also funded through central Government funding.

**Victoria Atkins:** We have to be a little careful about the ONS argument. The ONS has many attributes, but it is the Office for National Statistics; the eligibility for VAT refunds is not related to ONS classification. There are a number of public bodies and publicly funded activities that make significant contributions to our lives but are not eligible for VAT refunds, such as the Bank of England or university research grants. We are hoping to encourage even more university research with some of the measures set out in the Chancellor's Budget, including through investment zones, but these are not eligible for VAT refunds. These colleges have never been eligible for refunds, regardless of their classification by the ONS. Where public bodies cannot recover VAT, we provide overall funding with the irrecoverable VAT in mind.

My hon. Friends the Members for Torbay (Kevin Foster) and for Harwich and North Essex (Sir Bernard Jenkin) asked for an estimate of the cost of allowing FE colleges to join the section 33 scheme. The estimate is £200 million a year, which is a significant sum. As I always find myself saying when I am at the Dispatch Box or the lectern, there is a balancing act. We have to look at these extremely large numbers in a whole variety

of areas, particularly VAT: I am asked frequently by colleagues to move something out of the VAT scheme, but we have to look at the figures.

It was interesting that when my right hon. Friend the Member for Camborne and Redruth asked the shadow Minister, the hon. Member for Erith and Thamesmead (Abena Oppong-Asare), whether Labour would commit to adding FE colleges to the section 33 scheme, she did not commit. We all recognise that there is a significant cost, but those are the figures that we have to work with. We know, because we believe fundamentally in sound money, that if we allocate £200 million to this scheme, we will have to find that £200 million from elsewhere in our vital public spending priorities such as the schools budget.

**George Eustice:** The Minister is being very generous in accepting my interventions. As you have said, Mr Betts, we have plenty of time, and sometimes these sorts of discussion are better had via intervention.

I want to return to the point about the ONS classification exercise. In most other fields of Government policy, in other Departments, the Treasury allows the ONS tail to wag the Government dog. For example, the ONS has a view about how the Flood Re scheme should be treated in the public accounts; as a result, the Treasury insists on the Department for Environment, Food and Rural Affairs applying all sorts of public sector restrictions, including salary restrictions, to the way it operates. We have seen a similar approach to the Agriculture and Horticulture Development Board and the extended producer responsibility scheme.

With all those schemes, when the ONS says, “These are public bodies,” the Treasury is first in line to tell the Department, “You must now change your behaviour, change your laws and change your approach as a result.” That is what it says to other Government Departments, so what is different here? Now that the ONS has confirmed that FE colleges are a public body, should the Treasury not bring them in line with academies, schools and local authorities?

**Victoria Atkins:** I hope my right hon. Friend will forgive me, but I do not have an intimate knowledge of the treatment of the bodies that he describes. I respect the fact that as a former Secretary of State he knows a lot about those schemes. I do, however, hear him kicking back against the seeming power of public bodies or of those who have a role in our national life in ensuring that statistics, budgets and so on are certified and scrutinised. If he is complaining about that power, I am not sure that that is an argument for extending it.

**George Eustice:** I think what I am trying to say is that it would be a legitimate approach for the Government to say, “We are going to disempower the ONS. It is out of control. It is doing all sorts of things that cause chaos with Government policy and is driving a coach and horses through it. We are not going to allow this to go on, and we will pass emergency legislation to overrule it.” However, in the absence of that—and I have only ever detected intense reverence for the ONS in the Minister’s Department—she has to fall in line with what the ONS says. I think that that requires her to bring FE colleges into line with academies.

**Victoria Atkins:** For the sake of avoiding any headlines, I do not agree with or accept my right hon. Friend’s description of the ONS. As I said, I appreciate that he has a particular set of experiences with ONS classifications; I do not know whether that is replicated in other Departments. I gently point to the range of public bodies that do not have VAT refunds or VAT exemptions, even though they have publicly funded activities. I am not sure that I can improve on that point. If it was not right when he was in the role, I am not sure we should be replicating that on his account going forward.

On the estimated cost, as I say, we know that there will be an impact elsewhere in the Budget, but it is the Department for Education and the Secretary of State for Education who make those decisions. I must not trespass on that Department’s funding decisions, but the funding that we provide does bear in mind the VAT issue.

On VAT, I mentioned that colleagues have a great many helpful suggestions as to how we could improve the VAT scheme. I have had this debate at least once or twice in Westminster Hall already, but we have had requests for more than £50 billion-worth of relief from VAT since the EU referendum. I know colleagues feel passionately about each and every request, but sadly the job of Treasury and of Ministers is to ensure that we keep our tax base in place because, of course, we have to pay for the services we care so much about.

I have very much enjoyed the debate, but I regret to inform my right hon. Friend the Member for Camborne and Redruth that at the moment we have no plans to make changes here. We will, of course, keep the matter under review. He has raised some important points that I will take away and mull over. I thank him for this debate.

**Mr Clive Betts (in the Chair):** As the Chair, I obviously have to be scrupulously independent in these debates, but I just have to say that Angela Foulkes, the principal of the Sheffield College, wrote to me to draw my attention to this issue. I said that I was chairing the debate and could not contribute, and I am not going to.

10.26 am

**George Eustice:** I thank all hon. Members for attending the debate. I appreciate that at 9.30 am on a Wednesday, the subject of the debate—public bodies and VAT—might have felt daunting for many. As the Minister herself said, tax is complicated and VAT is the most complicated part of tax.

I thank everybody for contributing to the discussion. In particular, I am grateful for the support that I received from my hon. Friend the Member for Torbay (Kevin Foster), and for the supportive interventions from my hon. Friend the Member for Harwich and North Essex (Sir Bernard Jenkin) and my right hon. Friend the Member for Chelmsford (Vicky Ford). As a former Minister in the Department for Education, she knows about the issue; it was great to have her support. There were also very good contributions from all the Front Benchers.

A parting thought: the Minister says that it is important for the Treasury to protect its tax base and that that is why it is reluctant to make changes. We all understand the importance of balancing the books and protecting



[George Eustice]

the tax base, but in doing so the Government and the Treasury must seek to have fairness and consistency. My point today is there is an inconsistency. If the Treasury wanted to raise taxes somewhere else and then bring consistency to the VAT system, we would all understand and appreciate that by all means.

This debate will conclude early. The really good thing about debates that conclude early, when you are a Minister, is that they mean a whole half-hour with nothing in the diary. I used to find that when debates wrapped up early, rather than rushing off to the next thing, it was sometimes quite useful to have half an hour to give instructions to the officials—they are currently sat behind my right hon. Friend—about further work in the area. I hope that she will take up that opportunity.

*Question put and agreed to.*

*Resolved,*

That this House has considered public bodies and VAT.

10.29 am

*Sitting suspended.*

## Future of Stoma Care

11 am

**Giles Watling** (Clacton) (Con): I beg to move,

That this House has considered the future of stoma care.

It is an honour to serve under your chairmanship, Mr Betts. In July last year, I hosted a truly inspirational event called Stomas in Parliament, which welcomed participants in a unique relay race from a London hospital to Parliament. For colleagues who might be unaware, a stoma is an opening on the abdomen that can be connected to either the digestive or the urinary system to allow waste to be diverted from the body. The race was led by people of all ages who have a stoma, including a seven-year-old girl called Jessica, and other members of the stoma community, such as incredible nurses and charities, and suppliers of stoma services and products, as well as my hon. Friend the Member for Peterborough (Paul Bristow). Sadly, I did not and do not have the legs for such running, but the event was a symbolic display of the activities that people with a stoma can do when they receive high-quality care and support. I am delighted to see representatives here today. Thank you so much for coming.

The purpose of the race was to deliver a “calls to action” statement, which was passed to me in Victoria Tower Gardens, just outside Parliament. The statement was developed by people with stomas, and it sets out the improvements needed to ensure that everyone with a stoma has access to optimal care so that they can live their life to the full. It was good to see people doing that, but sadly many individuals still receive suboptimal care, which has a significant impact on their quality of life, including their ability to work, as well as placing additional pressure on the NHS through potentially avoidable GP or nurse appointments and emergency admissions.

**Janet Daby** (Lewisham East) (Lab): Will the hon. Gentleman give way?

**Giles Watling:** I would be delighted to give way. The hon. Lady has chosen a great moment to intervene.

**Janet Daby:** I thank the hon. Gentleman for making such a powerful and significant speech to open the debate. I had a stoma in my late 20s, so I understand and recognise the significance of having great care. Does he agree that much more needs to be done to ensure that people get the care and support they need when they have a stoma?

**Giles Watling:** The hon. Lady is absolutely right. This is the message I intend to deliver today: we need more care, and we need to get it right and give it at the right time to the right people. This is about individual cases, as I shall touch on later.

Complications with a stoma can include leakage, which in turn can lead to painful skin rashes, unpleasant odour and isolation, all of which can lead to career and relationship difficulties. I admit that before I was approached about taking part in the Stomas in Parliament event, I had little knowledge or understanding of stomas, or of how many people of all ages across the country are living with stomas. In my Clacton constituency, there

are at least 300 people living with a stoma. In the UK, there are between 165,000 and 205,000 people living with a stoma.

People with a stoma face many physical and emotional challenges in their post-surgery life. However, access to specialist stoma care is highly variable across the health system. In addition, such intimate healthcare conditions are often stigmatised and under-prioritised. That leaves too many people suffering in silence, which should not happen.

As I have learned more from people with intimate healthcare needs, I have realised that patient choice and shared decision making are essential. I have with me a fantastic prosthetic, which gives some idea of what a stoma looks and feels like. People live with the condition day in, day out. Unless people are users of particular stoma care services or products, they will not realise how transformative such positive treatment can be.

That message came across strongly during the Stomas in Parliament event. The attendees gave me a strong understanding of how important personal appliance choice is, and needs to be, to help people to live their life to the full. Of course, everybody is different and bodies change over time, which means that getting the right stoma appliance is vital. I hope my hon. Friend the Minister will commit to ensuring that people living with stomas are able to access the right products for them at the right time. I know that work is continuing on the next stage of the Department's medtech strategy.

The formation of a stoma is a lifesaving procedure for many, but it also produces difficulties. More needs to be done to address those difficulties, and providing equitable access to defined specialist pathways will improve the consistency and quality of care and patient outcomes. Getting that right will support the NHS prevention and self-care agendas while reducing pressure on emergency hospital services and, in the long run, saving the NHS money.

Great work on patient pathways is under way in the stoma community. Just this month, the Getting It Right First Time programme was formed. It is led by the industry and joined by the charities and the surgery lead for the NHS, and its work includes applying an NHS Getting It Right First Time approach. As part of that much-needed work, the group will be undertaking a national audit and developing a best practice and evidence-based stoma care pathway to address the postcode lottery of stoma care, ensure long-term, follow-up services and ensure equity of access to care.

I wish to mention that I have spoken separately with Crohn's and Colitis UK, which is the leading charity for the 500,000 people affected by Crohn's and colitis in the UK; I have with me a briefing note from the charity, which I will be happy to share with colleagues. I have also received representations from the Urostomy Association, which has asked me to highlight, regarding the choice of equipment, that one size does not fit all: we need the choice of a variety of products from different companies. In some cases, people can have serious skin issues with a particular type of adhesive used by one company and may therefore need to change suppliers.

I turn to the issue of access to a specialist care stoma nurse. Ideally, annual checks with a stoma nurse would be useful, but in the main that is not possible. Some people with a stoma may rarely need to see a nurse, but others may have constant leakage problems and would

benefit from more regular specialist nursing advice. Finally, GP surgeries are required to approve prescriptions for stoma supplies but have been known to delete items requested on a cost basis, not realising that doing so will cause suffering for patients.

I turn to my asks of the Minister. First, I would be most grateful if he committed to a meeting with me and the Stomas in Parliament organisers, Colostomy UK, the Urostomy Association, the Ileostomy and Internal Pouch Association, and Coloplast UK, to discuss the calls to action and the possible impacts of the medtech strategy on stoma.

Secondly, many people in the stoma community and the industry are concerned that the UK is sleepwalking into a position in which our science medtech industry is so stretched that it is seriously considering not having the UK as a primary market for research and development investment. Will the Minister commit to discussing those issues with me and the stoma community?

Finally, will the Minister commit to meeting the group working on the first NHS Getting It Right First Time stoma care pathway and ensure equitable care in the UK for every person with a stoma?

11.8 am

**The Minister for Health and Secondary Care (Will Quince):** It is a pleasure to serve under your chairmanship, Mr Betts. I congratulate my hon. Friend the Member for Clacton (Giles Watling), my near neighbour, on securing this important debate. He is a tireless advocate for his constituents and for patients across the country who suffer from conditions such as bowel cancer. They are fortunate to have him as their advocate.

Let me start by touching on the importance of reducing stigma. Stoma care is a topic that not everyone feels comfortable talking about, and as a Minister at the Department for Health and Social Care I want to play my part in reducing the stigma around living with a stoma. I hope that this debate and the event to which my hon. Friend referred will play some part in encouraging people to talk more about stomas and to come forward for services such as bowel cancer screening. I am hugely grateful to him for the opportunity to discuss this important issue in Parliament.

We know how important prevention and early detection are to health. Bowel cancer screening is available to everyone in England aged 60 to 74, and since 2021 we have been expanding the screening offer in England to younger patients so that everyone aged 50 to 59 will be included by 2025. We also know that the early proactive management of bowel disease is far better for patients, as my hon. Friend rightly pointed out. In many cases, it will reduce the amount of surgery resulting from stomas.

My hon. Friend referred to patient choice and the differing quality of stoma products. I know how important patient choice is, not just in this area but in so many areas across our NHS. I also know—my hon. Friend put this point eloquently and articulately—that one stoma product does not always work for all patients, which is why it is so important that there is patient choice. I recognise that having the right stoma product to support patients' quality of life is as important as the medical need itself. My hon. Friend raised a serious point about general practitioners deleting items; I will ask my officials in the Department to investigate that point and write to him.

[Will Quince]

I am grateful for the opportunity to update the House on the levels of NHS spend. Current NHS expenditure in this field is about £350 million every year, which is predominantly used to provide stoma products to patients. Over 9,500 different stoma products are available on the NHS, and these products are prescribed to patients under part IX of the drug tariff. I am pleased to remind colleagues that one area of focus in our inaugural medtech strategy published in February this year, which has been widely and largely welcomed by industry, is medical devices used in the community, which include prescribed stoma products.

We have a stoma products consultation, which I will touch on, and the Department of Health and Social Care is leading a piece of work to review how the tariff operates in order to ensure that appropriate and effective products are prescribed to patients. I acknowledge that it is currently difficult to know the position and to compare the differences between products on the drug tariff. We will work to make things as transparent as possible so that clinicians are far better informed and can provide the right product for each and every individual patient.

We will also continue to support the provision of a range of stoma products through part IX of the drug tariff to ensure equitable access for patients, an issue that my hon. Friend touched on. We do not want a postcode lottery. I want to make sure that patients, regardless of where in the country they live, have a voice in determining the product range available on the tariff, so that the interests of patients are at the heart of how the tariff operates.

**Janet Daby:** I thank the Minister for responding to the questions that have been asked. When the Government are looking to purchase products for people who have a stoma, will there be some consultation with patients so that they can help to make a decision as to the types of product that they feel will work for them?

**Will Quince:** I thank the hon. Lady for her intervention and for sharing her personal experience, which is a hugely valuable part of this debate. As I have said, a large number of products are already available on the NHS. She is absolutely right to say that we should engage with patients, because product selection should always be based on the clinical need of individual patients, not on manufacturing brand, pressure from particular companies or relationships with individual trusts. Yes, patients will be at the heart of the decision-making process, and rightly so. We are currently engaging on that exact point with a number of patient groups and with the industry, which is an important part of this as well. We will launch a targeted consultation over the summer, and I encourage patients, charities, organisations and industry to take part; I think they naturally will. We must ensure that the tariff continues to provide effective products to patients, wherever they live in the country.

My hon. Friend the Member for Clacton touched on patient care. I, too, recognise that the patient pathway for stoma care differs depending on the model of care that commissioners have adopted, hence my reference to a postcode lottery. Stoma service delivery models

have been supported nationally through past NHS initiatives such as the QIPP, the national quality, innovation, productivity and prevention programme—it is a mouthful—which published recommendations on best practice for delivering stoma services. There are already really good examples across the country, such as in Rotherham, Nottingham and the midlands, of stoma services being delivered effectively based on those fundamental principles. It is important that we share that best practice and ensure that it is rolled out across all the country's integrated care systems.

**Giles Watling:** In the rush for equity, which I am asking for so that everybody has equal access to the best possible care, we must not lose sight of the fact that each individual is individual and requires specialist care. There cannot be a one-size-fits-all answer.

**Will Quince:** I totally agree. It has to be based on clinical need and on the choice of the individual patient. However, when we look at the examples of the areas that do this really well and get those pathways so right, we can see that patients are followed up with regularly, receive annual reviews and have a wide range and choice of products. As my hon. Friend rightly points out, it is based on independent clinical advice on the best product for their need that they know best suits them as a patient. That is the exemplar, if you like—the model that we want to see across the country.

My hon. Friend talked about medtech and research and development investment in life sciences, a passion of mine. Colleagues may previously have heard me speaking about the Department's work to ensure that the UK has a flourishing life sciences sector with a focus on innovation. I want to make sure that we always bring the best possible medtech, medicines and therapies to UK patients as quickly as possible.

The Medicines and Healthcare products Regulatory Agency is currently updating the medical devices regulatory regime, which is designed to support innovation and improve patient access to innovative medical devices by improving the regulation of novel and growing areas such as artificial intelligence, which we know will play such a big role. The medtech strategy is a meaty document, but I recommend that hon. Members look at it: it sets out a clear ambition to provide a streamlined pathway from pre-registration products through, ultimately, to adoption within the NHS.

My hon. Friend is right to say that we must work with industry to make sure that the UK is its launch platform or country of choice, because we want UK patients to be the very first to get access to the most cutting-edge and innovative medtech. We work closely with industry and across the system to implement actions to address the barriers to adoption in the UK. That predominantly involves removing duplicative evaluations to ensure that procurement processes are as streamlined as possible for companies, thus making the UK a best-in-class destination.

The medtech community is a key focus area for implementation of the strategy. As part of my Department's engagement with industry and patient groups on its upcoming consultation on part IX of the drug tariff, officials have planned various roundtables and engagement points with stakeholders. That engagement will include industry and patients, which speaks to the point that the



hon. Member for Lewisham East (Janet Daby) made about the importance of putting the patient voice at the heart of everything we do. As my hon. Friend the Member for Clacton knows, the Government's medtech strategy sets out how we will ensure that the health and social care system can reliably access safe, effective and innovative medical devices. I am pleased to assure my hon. Friend that it is absolutely a priority for me, for the Department and for the Government.

I thank my hon. Friend the Member for Clacton and the hon. Member for Lewisham East once again for bringing this issue to the Government's attention and for flagging particular areas. I look forward to continuing to work with charities and hon. Members across the House on the matter. Finally, on my hon. Friend's most significant ask, I would be absolutely delighted to meet him, charities and Coloplast to take this forward.

*Question put and agreed to.*

11.20 am

*Sitting suspended.*

## Eye Health: National Strategy

[CAROLYN HARRIS *in the Chair*]

2.30 pm

**Marsha De Cordova** (Battersea) (Lab): I beg to move,

That this House has considered the potential merits of a national eye health strategy.

It is an absolute pleasure to serve under your chairmanship, Mrs Harris, and I am pleased to have secured today's debate. Let me begin by placing on the record my thanks to the many organisations that have sent through their briefings and shared their knowledge and expertise, including the Association of Optometrists, the Royal College of Ophthalmologists, Specsavers, SeeAbility and the Royal National Institute of Blind People, which have all supported my National Eye Health Strategy Bill as well.

There is no question but that we need the Government to introduce an eye health strategy in England, because there is an emergency in eye care. Huge backlogs, which were apparent before the pandemic, are leading to people unnecessarily losing their sight. The annual economic cost of sight loss is currently estimated at £37.7 billion. An estimated 2 million people are living with sight loss in the UK, and anyone can be affected by it. As Members, we will all have constituents who have been or are being affected, because 250 people begin to lose their sight every day, with a shocking 21 people a week losing their vision due to a preventable cause. On top of that, we know that 50% of all sight loss is avoidable. We should all be asking why so many people are needlessly losing their sight or going blind.

The backlog for ophthalmology appointments in England is one of the largest in the NHS, with over 630,000 people on waiting lists as of 23 March this year—more than 9% of the total backlog. Ophthalmology has been the busiest NHS out-patient clinic for the last three years, with 7.5 million hospital attendances in England in 2021-22. It is shocking that eye care accounts for only 2.6% of NHS consultants and 1% of the total number of doctors.

**Paul Blomfield** (Sheffield Central) (Lab): I congratulate my hon. Friend on securing this really important debate. She is making a significant point about capacity. Does she agree that there is a need to ensure that the long-awaited workforce plan the Government have promised pays proper attention to this area of specialism and takes account of the need to train more people as part of the provision being made for additional medical training?

**Marsha De Cordova**: I thank my hon. Friend for his intervention, and he is absolutely spot on. I will come to the workforce plan and the Government's expectations, but he is absolutely right that it must include this specialism. There must also be an element of training and upskilling.

**Janet Daby** (Lewisham East) (Lab): I, too, congratulate my hon. Friend on securing such a significant debate. I recently visited Greenvale School in my constituency, which is a school for children with special educational needs and disabilities. It is one of the schools involved in the initial roll-out of the special school eye care service, and I have met the ophthalmologists, who do absolutely brilliant work. Does my hon. Friend agree

[Janet Daby]

that if the Government end this service in the summer they will be neglecting children's eye care, and a huge responsibility and onus will be placed on families?

**Marsha De Cordova:** My hon. Friend makes a really crucial point about special schools and about ensuring there is enough capacity to support children who have complex needs with sight loss. What is really troubling is that, in many instances, sight loss is not always picked up, so having specialist ophthalmologists in schools is crucial. There absolutely should be no way of reducing that provision—in fact, we need to build capacity.

To respond to the current crisis in eye healthcare, the Government must commit to a national eye health strategy for England, as set out in my Bill. The strategy would include measures to improve eye health outcomes, remove the postcode lottery of care, reduce waiting times, improve patient experiences, increase the capacity and skills of the workforce, and make more effective use of data, research and innovation. An eye strategy would ensure that, regardless of where someone lives, they can have access to good-quality eye healthcare, which would address eye health inequalities and ensure that there is more equity of access to eye care among different communities and people who are more at risk of sight problems but who may not be accessing NHS sight tests.

**Florence Eshalomi** (Vauxhall) (Lab/Co-op): I thank my hon. Friend for making such an important speech. I pay tribute to the staff in the eye health department at St Thomas's Hospital in my constituency. Figures show that 650,000 people are on waiting lists in England and that 37% have waited for more than 18 weeks. If the Government had a strategy, would that not address the postcode lottery my hon. Friend highlighted?

**Marsha De Cordova:** I thank my hon. Friend, who highlights the fantastic eye care department at St Thomas's Hospital. She is absolutely right: my strategy already sets out how to address the backlogs in eye healthcare, and the Government could just say, "Yes, we are going to take it on, reduce those backlogs and address the workforce issues."

Ensuring that we have equity of eye health must also include people who are homeless and those with learning disabilities, as my hon. Friend the Member for Lewisham East (Janet Daby) mentioned. A strategy would focus on five areas. The first is the eye health and sight loss pathway, which outlines the care and support for those diagnosed with loss of vision. A pathway would focus on the physical and emotional impact of being diagnosed with sight loss. Research has shown that blind and partially sighted people are likely to experience poor mental health outcomes, such as depression and anxiety, in their lifetimes. As part of the pathway, more emphasis should be placed on the provision of non-clinical community support, which would complement the work of community optometrists, ophthalmologists in hospitals and rehabilitation officers. Where is the plan to improve non-clinical and community support as part of the eye health pathway?

The second area the strategy would aim to improve is collaboration between primary and secondary care, and it would emphasise integrated care systems to ensure

timely and accurate referrals. Demand for eye care services is expected to increase by 40% over the next 20 years, so we need to pay more attention to joining up care to meet future demand. Some of the burden on hospitals from that increased demand could be eased through more investment in high street community optometrists and by changing the way services are commissioned, to make more use of resources and infrastructure in our communities.

Two million people attend NHS accident and emergency services each year with an injury to or disease of the eye, and over 65% of those cases could have been treated in primary care optometry, which is not only more accessible but saves money—it costs less. Despite that, only 23 out of the 42 integrated care boards commission a minor eye condition service, or MECS, consistently. Five have no MECS provision at all—patients must attend a hospital eye service either via their GP or A&E. That is unfair and inequitable, and it is a waste of NHS resources to have patients go to A&E when they could access something in the community, which is easier for the patient, improves outcomes and saves us money.

**Janet Daby:** I thank my hon. Friend for giving way. Does she agree that the Government party claim to take care of the public purse, but in this case they are clearly not doing that at all? They are actually doing the opposite—wasting money from the public purse—because they are not making sure that the funds address the right issue.

**Marsha De Cordova:** Again, my hon. Friend makes an intervention that is 100% accurate. We obviously have to ensure that spending is done effectively and properly, and ensuring that resources are allocated in the community and alleviate pressures on hospitals will obviously lead only to better outcomes and savings.

At the most recent meeting of the all-party parliamentary group on eye health and visual impairment, ophthalmologist Dr Seema Verma from St Thomas's Hospital spoke about the importance of MECS and locally commissioned optometry clinics in south-east London, which prevented 32% of referrals from being sent to hospital eye care services. If my hon. Friend the Member for Vauxhall (Florence Eshalomi) does not mind, I would very much like to invite the Minister to visit the eye department at St Thomas's and the MECS community service, if he has not already done so.

Better joined-up care requires spending on infrastructure. Improved IT connectivity for two-way transfer of patient and clinical data would enable better patient care, and improved use of clinical skills and facilities in primary care, enabling more patients to be seen and treated closer to home. Everyone can get the theme here: community, community, community.

The eye care sector has been championing a single national electronic eye care referral system or EECR—there are so many acronyms—that would facilitate direct optometry to ophthalmology referrals, without people having to go through their GP. That would reduce the administrative burden on GP services, devolving some of the lower-risk cases to optometry and addressing unwarranted variations in referral and follow-up pathways.

**Paul Blomfield:** I thank my hon. Friend for giving way again, and she really is making a powerful speech. She made the point about the single route of referral in

that relationship between primary and secondary care. Does she recognise that that is not only better for patients but—reflecting the comment my hon. Friend the Member for Lewisham East (Janet Daby) made a moment ago—for the NHS, saving it an estimated £2 million a year?

**Marsha De Cordova:** That is exactly the point. Joining up services, which is what my Bill seeks to do, would essentially save the state money, which is crucial.

I have mentioned devolving services and supporting the pathway. When the Minister responds, will he provide an update on where the Government are up to in creating this referral and joined-up pathway system, or EECR, to be specific?

The third area of the strategy would be workforce expansion. There is a significantly uneven distribution of ophthalmology workforces across England, and a quarter of the profession is nearing retirement age. That is extremely concerning, because nearly 80% of eye care units already do not have enough consultants to meet current demand, with over 50% finding it more difficult to recruit for consultant vacancies. In the last year alone, 65% of units had to use locums to fill those consultant vacancies. What do the Government plan to do to respond to this workforce crisis? They say they are bringing forward their plan, but when will it be published?

At the APPG meeting in April, we addressed the challenges of the eye care workforce. Speakers from the Royal College of Ophthalmologists, the College of Optometrists and the Association of Optometrists all made strong recommendations and put forward credible solutions. Again, I would be happy to facilitate a meeting if the Minister is yet to meet those trade bodies. He would hear first hand their strong and credible recommendations, which seek to address some of the workforce challenges.

The Government must make better use of existing workforces while expanding capacity to meet future needs, including by adopting Labour's call to double medical school places to 15,000 a year. That needs to be complemented with investment in training for wider eye care and multidisciplinary teams and with an expansion in the number of non-medical roles.

The fourth area would be health intelligence and data. For too long, population data has not been utilised effectively to pinpoint the location of need and the places where opportunities for change can be found. A strategy would solve that by focusing on robust data collection to inform decisions and improve the delivery of service. The UK has no national data to identify people at risk of sight loss. There is potentially a case for looking at how registration for the certificate of vision impairment system works to see whether it could be used to map out an evidence base to show where people with sight loss are living. The lack of data means there is likely to be unmet need in the system, with some people who experience visual impairment not being treated, and some developing conditions that could be avoided if they were treated earlier—as I said earlier, 50% of all sight loss is avoidable.

Without that data, we do not know whether public expenditure on eye health is meeting people's needs, because that expenditure is not based on any evidence. Where there are still no treatments for certain conditions,

the Government should increase spending on eye research, which gets a fraction of the investment it desperately needs. According to UK Research and Innovation, the Government, charities and other public bodies invested £1.4 billion in medical research in 2018, but only 1.5% of that was invested in eye research. To put that in context, only £9.60 was spent on research for each person affected by sight loss in the UK. That is worrying, given that 250 people begin to lose their vision every day.

The fifth area would be improving public awareness. As I said earlier, 2 million people each year turn up to A&E or try to get a GP appointment for a problem that could be dealt with by a community optometrist. A strategy would involve campaigns on the importance of maintaining good eye health, educating the public on the difference between eye screening and eye tests, and improving signposting to where people need to go for help.

England is the only country in the UK without an eye health strategy. Strategies can deliver positive outcomes, as has been the case in Scotland. In England, there are health strategies for other conditions, so why not for eyes? The benefits would transform lives, alleviate pressure on health services and reduce economic costs. Our goal should be to ensure that no one loses their sight unnecessarily. Most people in the Chamber know that I have a condition called nystagmus. I have been living with my sight loss all my life, but those who come to sight loss later in life face even more barriers and challenges.

I would like the Minister to address the following questions. He will get fed up of me saying this, but why will the Government not commit to an eye health strategy for England? Will they appoint a Minister—it could be this Minister—whose sole responsibility is eye healthcare? What are they doing to ensure that every integrated care board has a MECS and that their commissioning is consistent with that of the 23 that already have such services? Five ICBs have no form of MECS provision at all, so what will the Minister do to ensure there is consistency in our communities? When will the Government publish their overdue long-term workforce plan? Will there be a focus on ophthalmology? As I have highlighted, only 1.5% of the £1.4 billion going into medical research involves eyes, so will the Government increase spending on eye health research?

**Carolyn Harris (in the Chair):** I remind Members that if they wish to speak in the debate, they should bob. I call Dr Rupa Huq.

2.49 pm

**Dr Rupa Huq** (Ealing Central and Acton) (Lab): It is a pleasure to serve under your chairmanship, Mrs Harris. I congratulate my hon. Friend the Member for Battersea (Marsha De Cordova) on a stunning speech and securing a debate on such an important subject.

Visual impairment is, in many ways, illustrative of so many of the problems that the wider NHS faces, but it is often underacknowledged and goes unnoticed. The Minister responded to my Adjournment debate on Monday, when I went through a lot of documents from our local ICB and council on the NHS. I was scouring them for mention of eye disease, but it did not seem to be anywhere in them—it tends to fall off the radar.



[Dr Rupa Huq]

My hon. Friend gave some powerful statistics. There are 2 million people living in this country with sight loss today, and it is expected to be 2.7 million people by 2030 and 4 million by 2050. There are 600,000 people with age-related macular degeneration. Every six minutes someone is told they are going blind, and every day 250 people start to lose their sight in the UK. Some of these problems are intrinsic to our health service, such as the lack of joined-up-ness that she talked about between primary and secondary care, the fact that services are a postcode lottery and the pre-existing backlogs that were worsened by covid.

With 11 million out-patient appointments a year, ophthalmology is the biggest out-patient speciality in the NHS, yet it is forgotten and is often a Cinderella service. Locally, diabetic eye disease, glaucoma and age-related macular degeneration are all big issues. In Ealing, type 2 diabetes is 3.5 times more prevalent among black, Asian and minority ethnic populations than the wider population. The level of diabetes is very high in our borough, at 8.4%, and it is even higher next door in Harrow, at 9.5%—nearly one in 10 people. Diabetic eye disease is a consequence of that, and it is sight-threatening, as my hon. Friend said.

The odd thing is that primary level optometry is private practice. Specsavers is the biggest provider in the country—it sent us all a briefing for the debate—and there is Boots. In Ealing, there are also great local independents such as Eyes on the Common and Hynes Optometrists. But there seems to be a mismatch with the eye hospitals. I was lucky enough to go to Central Middlesex Hospital recently and be shown around its eye department. I also went to the A&E at Western Eye Hospital last year when I had shingles, which was interesting to see. It was a very long wait of half a day on the weekend. They were very good, but I am sure we could join all these things up better, because there seems to be a disconnect for things such as referrals.

That is why I support and am a signatory to my hon. Friend's private Member's Bill, the National Eye Health Strategy Bill. Having a national eye strategy is crucial to reversing a situation that has seen eye care become a Cinderella service. It was a step forward when the first ever national clinical director for eye care, Louisa Wickham, was appointed last year, but unlike with other big issues—for example, I talked on Monday about mental health, dementia and cardiovascular issues—there is no national plan for eye care. It is hit and miss, as my hon. Friend says, and the lockdowns have exacerbated all the waiting lists.

I want to flag the work of my constituent, Judith Potts. For seven years, she has been a one-man band with her charity Esme's Umbrella, looking at the unusual—actually, it is more prevalent than we think—Charles Bonnet syndrome. The disease affects people who are losing their sight, and they see vivid hallucinations of often quite specific images—they can be swirly patterns and shapes, and they can also be gargoyles, world war one soldiers or boys in sailor suits. When that was described to me, I had never heard anything like it. We have had two receptions just across from this Chamber, in the Jubilee Room, for Esme's Umbrella, which is now becoming constituted as a proper charity.

It was Judith's mother, Esme, who suffered from Charles Bonnet syndrome. Judith has managed to persuade the World Health Organisation to recognise it as a condition in the ICD-11—the eleventh edition of the “International Classification of Diseases”—but there is no training for it at medical school and it is seen as a side effect of sight loss. It is estimated that the number of people who suffer from the condition is in six figures—some estimates say there could be a million sufferers in this country—yet people do not even know what to google because it is so unheard of. There are no pathways, no magic pill that can make it disappear and most people have never heard of it. More research is needed to cure the condition and to help people cope with it. There is a job to be done.

“Coronation Street” has played a big role, with the actor Richard Hawley, who was at our last reception in the autumn—I think my hon. Friend the Member for Battersea was there as well—playing the character Johnny Connor, who is a sufferer. That has done something to put the condition on the map, but I appeal to the Minister to recognise Charles Bonnet syndrome as part of a comprehensive eye strategy. Proper research needs to be funded. The trustees of the Esme's Umbrella charity, as it has now been constituted, are highly respected people from Great Ormond Street, Moorfields and the Francis Crick Institute. They are all top consultants, but as the condition is not a recognised thing, they have to do the research on the side. That is not satisfactory. We need to persuade people, take them with us and fund the proper research.

In March, the *Health Service Journal* reported on a survey carried out by the Royal College of Ophthalmologists, which found that independent providers—my hon. Friend referred to this too—are having a negative effect on patient care. I mentioned this on Monday, so I hope Members will forgive me if they have a sense of déjà vu. Patient choice sounds good and we have backlogs that need clearing, but the independent sector creams off all the stuff aimed at cutting the cataract waiting list, which is low-risk, routine work—and I have to say that those patients are usually from majority white populations—when it could do out-patient appointments or follow-ups too. The NHS is left with serious and costly cases of high complexity, in which patients—typically BAME ones, I have to say—are at risk of going blind.

The Royal College of Ophthalmologists found significant staff shortages in NHS ophthalmology capacity. That is set to worsen in coming years unless immediate action is taken. Seventy-six per cent.—over two thirds of NHS eye units in the UK—do not even have the consultants to meet current demand and 80% have become more reliant on non-medical or allied professionals in the past 12 months. The capacity is missing. The equation has gone all wrong. Twenty-five per cent. of consultants plan to leave the ophthalmology workforce in the next five years. That includes those planning to retire, but we also have a mismatch, with doctors being trained in hospitals where the easy cataract stuff is gone. They are meant to get their teeth into that first and then do the complex stuff; it has all gone the wrong way.

As well as the training issue, there is an issue with the sustainability of the NHS. Tackling the backlogs is a priority, but so is sustainability and training in our health service. Dr Evelyn Mensah, an inspirational woman at Central Middlesex Hospital, argues that the

status quo is leading to the destabilisation of hospital services. The inequity that has flowed means that the foundational principle of the NHS at its launch in 1948—the whole point that it is free at the point of need—has gone wrong. In other words, if patients have the easy stuff, they will be dealt with, but if they have the sight-threatening, dangerous stuff, they languish.

Dr Mensah says that the direction of travel towards the private sector, instead of

“resourcing and supporting the NHS is undermining our comprehensive free service and will exacerbate inequality.”

She asks for additional funding to support independent recovery as, right now, private providers cherry-pick the low-risk cataract work and people are in danger of going blind if they are not seen in time. These are very uncomfortable procedures on the delicate eyeball, which is susceptible to discomfort and infection. We need to save sight, as well as the low-risk stuff. As a business case, the status quo is not good value for the taxpayer; we need to do both.

The College of Optometrists argues for more mixed-mode referrals. There are record numbers in the surgical backlog, but there are also out-patient delays with glaucoma reviews, medical retina reviews and all the follow-up stuff. Diseases such as glaucoma are silent, so it is easy to put them off forever and ever, but people's sight is threatened; we cannot postpone these things.

We need to spread the load. The whole point of ICBs is that they are meant to provide integrated care, so let us share the load, with proper guidance. In an ideal world, the work would be universal, standardised and consistent. There would be data sharing and all the systems would be joined up at the touch of a button. We could deliver eye care in a modern way, working together and contributing to the system.

Joy Hynes from Hynes Optometrists on Northfield Avenue told me:

“I would like to understand why the urgency for controlling our increasing numbers of myopic patients is not being taken seriously. The Government has no strategy for prevention of this myopic epidemic. Myopia sadly often leads to blindness and that in itself is a problem with scant resource. Understanding the gravity of this situation we have for years been successfully running a specialist clinic for myopia management. This should not be the domain of the well off but should be available to every myopic child.”

In conclusion, we cannot rewind the clock to February 2020 overnight, but let us hope that the jolt of covid is a wake-up call to connect all the different bits of community eye care, optometry and hospitals. Let us go for diversity and inclusion in the workplace, as well as equality of outcomes, so we can join up the different systems and institute a national eye health strategy. I am so proud of my hon. Friend the Member for Battersea and her Bill. Clearing the backlog is only part of the picture. Let us go for a systemic approach with a national strategy, so that sight can be saved.

3.2 pm

**Dr Matthew Offord** (Hendon) (Con): It is a pleasure to serve under your chairmanship for the first time, Mrs Harris. I congratulate the hon. Member for Battersea (Marsha De Cordova) on securing today's debate. She knows that I feel strongly about eye health and sight-related issues. On one hand, I am pleased to come along to support her. On the other hand, I am disappointed to be

having to speak in this debate, because it was not long ago—in fact, it was 11 January last year—that we had the previous debate.

That debate, introduced by the hon. Member for Strangford (Jim Shannon), was on eye health and macular disease. As well as the hon. Gentleman, we heard from the hon. Member for Rutherglen and Hamilton West (Margaret Ferrier), my hon. Friend the Member for Sedgefield (Paul Howell), the hon. Member for East Londonderry (Mr Campbell), my hon. Friend the Member for Darlington (Peter Gibson), the hon. Member for West Ham (Ms Brown), the right hon. Member for Hayes and Harlington (John McDonnell), my hon. Friend the Member for Great Grimsby (Lia Nici), the hon. Member for Coatbridge, Chryston and Bellshill (Steven Bonnar), my hon. Friend the Member for Gillingham and Rainham (Rehman Chishti) and the hon. Member for Denton and Reddish (Andrew Gwynne)—and we all came to the same conclusion.

There were a lot of kind words from the Minister in that debate, and a lot of sympathy for our enthusiasm for a national eye strategy. However, I never actually heard the Minister say that she would agree to an eye strategy. That was surprising considering that, during the debate, we learned that over 2 million people currently live with sight loss, and 350,000 people are registered blind or partially sighted. We also learned that age-related macular degradation is a leading cause of blindness. That can be averted with more accessible healthcare provision. We also learned that more people suffer from macular degradation than dementia. Considering the political priority we give dementia, that seems quite shocking.

During that debate, people took the opportunity to talk about sight loss. I do not use the Chamber as a confessional, but I admit that when I first had macular degradation, I had a conversation with my wife to ask whether life would really be worth living if I lost my eyesight. That has always stayed with me. It is an important issue, and not only to me. When I first experienced the problem, I was amazed at how many constituents told me that either they or their families also had sight loss problems. It is a big issue for many people.

During the previous debate, the Minister was keen to stress the additional £2 billion provided through the elective recovery fund. She also mentioned the additional £5.9 billion of capital funding to support elective recovery diagnosis and technology. I was left mystified about how many people would actually be treated for issues relating to their sight, be it cataracts, macular degradation or anything else. A week later, on 18 January last year, I asked the Department how many cataract operations would be performed as a result of the £2 billion allocated to the NHS through the elective recovery fund. The response was:

“This information is not held centrally, as this funding will not be distributed through set allocations.”

So the answer is none.

I have asked several other questions of the Department. I was most disappointed when I realised that the Minister had no intention to introduce a national eye strategy—something that I called for in last year's debate—so I asked the Secretary of State, straightforwardly, “if he will introduce a national eye care strategy.”

[*Dr Matthew Offord*]

The response was:

“There are currently no plans to introduce a national eye health strategy. However, NHS England and NHS Improvement are recruiting a National Clinical Director for Eye Care to lead improvements in eye care services.”

That came on 17 January 2022, a week after last year’s debate. If there is a national clinical director for eye care, what are their achievements so far? Will the Minister provide an update on that?

I went back to the Department on 3 March to ask why its policy is that a national eye care strategy is unnecessary. The answer was:

“Regionally based National Health Service commissioners are responsible for commissioning secondary care ophthalmology services, out of hospital services from primary eye care providers and the NHS sight testing service. These services are put in place to meet local identified needs, which vary across the country. It is therefore important to allow local areas to set their own priorities.”

I have to ask the Minister: is it the case that we will not get a national eye strategy following today’s debate?

I attended an event with the hon. Member for Battersea where the person who I thought was the eye Minister, my hon. Friend the Member for Colchester (Will Quince), said that he would think again about a national eye strategy. I thought that this issue was probably important to him, and I asked him some questions in Parliament. I asked him for his assessment of the impact of ophthalmology waiting times on patient outcomes. I did so to try to understand whether he felt that this was an important issue and that we needed to establish a national eye strategy. His response was:

“No formal assessment has been made.”

I asked the Secretary of State yet another question:

“what assessment his Department has made of the potential economic benefits of additional funding in sight loss research.”

For Conservatives, that would be good fiscal policy, because we could ensure that people are not dependent on the state and are not a burden through increased taxation on others, but the answer came back:

“No specific assessment has been made.”

So the answer is that we simply do not know, and we are not going to get any answers by asking the Department.

I ask the Minister to say today that this is an important issue. It is important, especially for people who have gone through the process of thinking that they may lose their sight—they may even question whether it is worth living. As I said, I have certainly been through that. I would like to see greater provision, because the impact of eyesight loss and partial sightedness is huge.

**Janet Daby:** I thank the hon. Gentleman for talking about his personal experience. Among children who have special educational needs and disabilities, sight loss often goes undetected, which is why it is so important to have ophthalmology treatment within SEND schools. Does he agree that if the Government are going to introduce a national eye health strategy, that issue should be one of their priorities?

**Dr Offord:** I certainly do, as the hon. Lady would expect. The implications of having problems at an early age are much longer term, so we will find people without access to education and, ultimately, to employment,

and their quality of life will certainly be much reduced if that provision is not implemented. I believe that it should be a major component of a national eye strategy.

In conclusion, I simply say to the Minister that he should make a national eye strategy his legacy, before it is too late.

3.10 pm

**Siobhain McDonagh** (Mitcham and Morden) (Lab): It is a pleasure to serve under your chairmanship, Mrs Harris. I thank my hon. Friend the Member for Battersea (Marsha De Cordova) for securing this debate, which is about such an important issue. I know that the debate is about a national eye health strategy, and I agree with all the important points raised by my hon. Friend, who continues to be an inspirational campaigner on disability rights. I would go so far as to agree with all hon. Members who have contributed to the debate so far. But I want to focus on something more specific.

In April 2021, the NHS started a scheme that provided sight tests and dispensed glasses to children in special schools in the familiar surroundings of their own schools. The NHS special school eye care service was created after a shocking statistic came out: children with learning disabilities are 28 times more likely to have a sight problem than other children. Four out of five children with a severe learning disability attend a special school, and decades’ worth of studies and reports have all identified higher levels of sight problems in children who attend special schools. We found out that 40% of children in such schools need glasses, but because children have complex needs, they are often unable to get a check-up. Their behaviour makes it hard, and families are hard pressed to attend all the appointments.

**Dr Offord:** The hon. Lady is entirely correct that children with special educational needs often have sight problems, but such problems affect not just those children but children with behavioural problems. They often have behavioural problems simply because they cannot see, and so learn, in the classroom.

**Siobhain McDonagh:** The hon. Member is absolutely correct, and we know from the special school eye care service that so many pupils’ behaviour improves as a result of having glasses.

As I have already said, many people with severe learning difficulties find it very challenging to go to appointments or have their eyes examined. We have learned that attending an eye care appointment has been such a stress that 55% of children with special needs miss the appointments that they have had booked. That is not just an extra and unnecessary stress on the NHS, which certainly does not need that at the moment; it also means that the children are not getting the eye care that they need.

That is where the NHS special school eye care service comes in. It was just common sense: bringing eye care into special schools solves the problem of missed appointments and ensures that thousands of children who would have had their eyesight disability ignored get the healthcare that they deserve. That value cannot be overstated. Children with special needs have enough on their plate; if they also suffer from eyesight problems, but cannot explain what is wrong and can never get the problem checked out by a doctor, it must be awful.



Parents and special schools have praised the scheme, because school is a familiar place for children and the service is also cost effective for the NHS. It is one solution to many of the problems in eye care: it helps to get children out of hospital services, and it addresses health inequalities for this patient group for just tens of pounds. In 2015, I visited my local school for children with severe special needs, Perseid School in Morden—an all-through school for three to 18-year-olds led by the inspirational headteacher Tina Harvey, who retires after 20 years in July. I thank her on behalf of all her pupils and families and our entire community for her tireless and brilliant work in her school, which is rated outstanding by Ofsted.

At the school, I met Alyson, a mum, who told me that her daughter Ellie was getting used to eye care in the familiar environment of her school, and not having to take time out for hospital eye clinic appointments. That gave Alyson one less thing to worry about as a parent, and had greatly reduced Ellie's anxiety. I invite the Minister to come to the school to see the work being done there; his predecessor has visited. It is important that I can show him how the scheme looks on the ground.

After the scheme was extended to 83 special schools, giving 9,000 children eye care that they might not otherwise have had, the further roll-out of the scheme was halted in August 2022 for an evaluation, which has not yet been published. The NHS now says that the scheme is just proof of concept, and that the proof-of-concept service will end in July—in two months' time.

Parents, schools and eye care providers are absolutely gutted. More than anything, they are confused about what will happen next. There is still no sign of the evaluation, so there is a very real prospect that there will be no eye care services at all in schools after September 2023. I hope that will not be the case. I know that the Minister recently met charities and eye care bodies to hear about the service, but it still is not clear what NHS England will do.

I do not have many huge asks of the Minister today. I just want a very simple fix that will give certainty to parents. Will he publish the evaluation as a matter of urgency? If he can make sure that the evaluation is published, I have no doubt that it will provide evidence of the clinical need for such a service. Once we have the evaluation, we can start to look to the future of the scheme. I am convinced that NHS England should continue the day school service after July; I hope that he can see why that is absolutely common sense.

I conclude with a quote from a new special school, Kingsley High School, which has used the service. Reshma Hirani, assistant head, says:

"This service should be part of the NHS core offer so that it never stops. My pupils have struggled to access eye care in the community and now they have, quite rightly, something that is going to transform their lives. Well done NHS England for thinking about schools like Kingsley and our children. As a Qualified Teacher of Children and Young People with Vision Impairment I can now put in the support that children need, with the confidence that I have all the right information to hand. It really is the gift of sight."

I reiterate that NHS England's evaluation still has not been published. Given that there are only a few weeks before the service will have to start making staff redundant, I urge the Minister to publish the evaluation as soon as possible, so that parents, children and everyone involved has the certainty that they absolutely deserve.

3.18 pm

**Karin Smyth** (Bristol South) (Lab): It is a pleasure to serve under your chairmanship, Mrs Harris. I pay tribute to my hon. Friend the Member for Battersea (Marsha De Cordova) for bringing forward this debate. I agree with my hon. Friend the Member for Mitcham and Morden (Siobhain McDonagh) that my hon. Friend the Member for Battersea works tirelessly as a great ambassador and advocate, not just on the subject of eyesight, but for people living and working with disabilities. She has offered me lots of advice for people I work with. We all want to be exemplars, and to make sure that we give people opportunities for employment. She keeps us all on our toes, and does it with superb grace and compassion.

As my hon. Friend knows, living with sight loss from birth, and as many others find out, sight loss can be devastating—it affects work, how we travel through the world and how we interact with those around us. There is not only the physical impact, but the effect on our mental health, and on confidence, which is crucial for how we live our life. The RNIB estimates that there are more than 2 million people living with sight loss in the UK. Shockingly, at least half of that sight loss might be avoidable.

Those who have treatment for sight loss and eye conditions often find it transformative and life-enhancing; however, people with sight loss are waiting too long for that vital treatment, with more than 24,000 ophthalmology patients waiting over a year for treatment in 2022. Last year, the then Minister stated, as we have heard, that the national eye care recovery and transformation programme remained a top priority. As my hon. Friend the Member for Ealing Central and Acton (Dr Huq) has said, it does not seem to be the case locally in our plans that it is a top priority, so we would appreciate an update from today's Minister.

Findings from the recent workforce census of the Royal College of Ophthalmologists found that 63% of eye units estimate that it will take at least a year to clear their backlogs, and a quarter estimate that it will take over three years. As we have heard, the demand for ophthalmology services has risen rapidly, and is set to increase again by 40% over the next 20 years. The current estimated economic cost of sight loss is around £36 billion, as my hon. Friend the Member for Battersea said. We really cannot afford not to address that.

Prevention is key. The role of optometrists in primary care is essential in supporting good eye health. Regular eye tests can help to catch and treat conditions such as glaucoma, which is the leading cause of irreversible blindness; however, as we have heard, the report last year showed that 17.5 million adults had not had their eyes tested in the past two years, as recommended. My hon. Friend the Member for Battersea spoke about the importance of raising awareness of eye health by creating better public health messaging. Again, we need an update from the Minister on that.

I praise the hon. Member for Hendon (Dr Offord) for making a really important point about macular degeneration. Many people will recognise that feeling. It is something that I have in my own family: people feel that they do not know what it will mean for them. I pay tribute to my constituent, a former Member of Parliament for Bristol West, Valerie Davey, who has macular degeneration. When she was a Member of Parliament

[Karin Smyth]

15 years ago, she felt that perhaps she could not do the job. The then Secretary of State Lord Blunkett said to her very firmly, “I have not campaigned for services for disabilities all this time for you to give up because of that. We need to find ways to support you.” She continues to be a great supporter of me and a very avid campaigner, keeping me well up to date with the issues around macular degeneration.

Two thirds of eye units are finding it more difficult to retain consultants and over half are finding it harder to recruit. It is not just about consultants. Non-medical staff are indispensable in eye units, and that has to be recognised if we have a strategy. That really is the key question for the Minister: whether the workforce plan, if we ever see it, will include a commitment to fund the workforce that we need to meet patient demand.

The next Labour Government will take eye health seriously. Sticking plasters are simply not enough. We need a Government who will grasp the root causes of the staffing crisis in the NHS, which is why we will end tax breaks for non-doms and use the money raised to expand our NHS workforce. The next Labour Government will train a new generation of doctors, nurses and midwives to treat patients on time again, doubling medical school places to ensure that we have the workforce that we need, including across ophthalmology.

It is essential that everyone can access the right care when and where they need it. Moving more care to the community will help to support those suffering from sight loss, focusing on the provision of non-clinical community support to complement the work of community optometrists, ophthalmologists in hospitals and rehab officers. My hon. Friend the Member for Mitcham and Morden made an excellent point about the specialist service that we need for children and those with special needs particularly.

If opticians could refer patients to eye specialists themselves, patients would be seen faster and it would free up time in A&E and GP surgeries. As an NHS manager before coming to this place, I was involved in setting up a project to do just that over 10 years ago. It grieves me somewhat to see that across the country such schemes are still not happening, because we need to use all our resources and capacity across the NHS and private health services to bring down waiting lists in the short term. Ophthalmology is an area where the private sector can do more to address waiting lists for some of those procedures. That can skew the rest of the system, but commissioners need to take note of that. We need to make full use of that capacity, as we did when we were in Government last time.

As my hon. Friend the Member for Battersea said, data is vital to ensure that we are targeting strategies to address the problem in the right places. Minor eye conditions services provide eye care for patients who have had sudden changes to their eyes, but only 23 integrated care systems commission them, with five having none at all. What is the Minister doing to address disparities in eye care across the country? Many of my constituents are affected by sight loss. They and people around the country need to have reassurances from the Government that the Government are doing everything possible to address the concerns of healthcare leaders, staff and patients. We all welcome the thoughts of the Minister on the matter.

3.24 pm

**The Parliamentary Under-Secretary of State for Health and Social Care (Neil O’Brien):** It is a pleasure to serve under your chairmanship, Mrs Harris. I must begin by thanking the hon. Member for Battersea (Marsha De Cordova) for bringing forward this very important debate. She is a very strong advocate for improving eye health in England. Likewise, I thank other hon. Members who made important points in the debate, including the hon. Members for Ealing Central and Acton (Dr Huq), for Lewisham East (Janet Daby), for Vauxhall (Florence Eshalomi), for Mitcham and Morden (Siobhain McDonagh) and for Sheffield Central (Paul Blomfield) and my hon. Friend the Member for Hendon (Dr Offord). I will try to address the points that have been made as I go through my speech.

I am haunted by the point made by my hon. Friend the Member for Hendon about wondering whether life would be worth living. To address the question directly: yes, of course. This is a hugely important issue for us, for exactly the reasons he set out. As the Minister for both primary and secondary eye care services, I reassure the whole House that I am working actively on the issue.

Since we last debated the topic in December, I met with the hon. Member for Battersea to discuss how we can make progress on all those things. Although I am unable to say exactly in what form the output of that work will come out, I reassure her that we are looking at pace at absolutely all the different issues she raised, both previously with me directly and in this debate.

I also met with Louisa Wickham, the new national clinical director for eye care—the lady who my hon. Friend the Member for Hendon asked about—to talk about NHS England’s eye care transformation programme. To address another question that was raised, I also met directly with the eye care sector, which talked passionately about how it is ready to deliver more out-of-hospital care to alleviate secondary care pressures. That is an exciting opportunity that we are keen to seize.

Although it is not the main topic of today’s debate, the future of sight testing in special schools is a very important area of concern to a number of hon. Members present, and to me as well. I recently convened a roundtable of experts to discuss the future of sight testing in special schools, and I will continue to engage with NHS England on their proposals for the future. I hope that it will not be too long before I am able to update the House on that.

I am absolutely seized by the arguments I have heard today—and earlier—from the hon. Members for Lewisham East and for Mitcham and Morden, and from the experts and people in special schools who have seen the advantages of the service. I join the hon. Member for Mitcham and Morden in paying tribute to Tina Harvey for her work. Some of the people in those special schools are just totally inspirational.

**Janet Daby:** I thank the Minister for seeking to address special educational needs ophthalmology in schools. Can he say when the outcome of the roundtable on what the future will be like for ophthalmology in schools is expected? It is due to come to an end in July but, in actual fact, in previous years there were promises that it would be a long-term service.

**Neil O'Brien:** I expect that to be something we can come back on imminently.

I will come back on to the main topic of today's debate. While I acknowledge that we must go much further to address the current and future capacity challenges facing eye care services, I highlight some of the excellent work already being done by doctors and nurses across the NHS. Our existing prevention and early detection measures are already playing a key role in preventing avoidable sight loss, and there has been progress over recent years.

One of the most important things we can do in terms of prevention is take action to reduce obesity and smoking, which are both massive risk factors for sight loss. We have made good, long-term progress in reducing smoking rates among adults, which have come down from about 21% in 2010 to 13% now—the lowest on record. Of course, that still means that we have one in seven adults smoking, which is why on 11 April I announced a package of new measures to achieve our ambition to be smoke-free by 2030. We are also working with the food industry to ensure that it is easier for people to make healthier choices, and supporting adults and children living with obesity to achieve and maintain a healthier weight.

In terms of the vital screening services raised by various hon. Members, I have talked previously about the success of the diabetic retinopathy screening programme, which provides screening to over 80% of those living with diabetes annually. Between 2009-10 and 2019-20, the number of adults aged between 60 and 64 registered annually as visually impaired due to diabetic retinopathy fell by 20%. That is real progress. The success of our screening programme has also been recognised by the World Health Organisation as a service that other countries should aspire to achieve.

As Members have heard me say before, one of the best ways to protect our sight is by having regular sight tests. That is why the NHS continues to invest £500 million a year in delivering over 12 million NHS sight tests, and provides optical vouchers to help with the cost of glasses for eligible groups.

As for secondary care services, when an issue with eye health is detected, it is vital that individuals get timely diagnosis and treatment. The pandemic had a huge impact on ophthalmology, as it did right across the NHS. We set ambitious targets to recover services through the elective recovery plan, supported by more than £8 billion between 2022 and 2025, in addition to the £2 billion through the elective recovery fund and the £700 million targeted investment fund last year. That will drive up elective activity and get through the backlog more quickly.

We know that NHS eye care teams continue to work hard to provide care as quickly as possible. The average waiting time is reducing; it was down to 11.3 weeks in March, compared with 12.9 weeks in September last year. Progress has also been made in reducing the number of patients waiting the longest for ophthalmology treatment. The number of patients waiting 78 weeks or longer was reduced by more than 85% between September 2022 and March this year.

A large proportion of the patients who are waiting for more than 78 weeks are waiting for corneal grafts. NHS England is working with NHS Blood and Transplant

to increase the supply of corneal graft tissue. For patients who are waiting more than 52 weeks, NHS England's elective recovery team are working hard to support local systems to increase capacity and provide care as quickly as possible. Surgical hubs and the independent sector are also being used to increase delivery, particularly of cataract surgery. In 2021-22, nearly 500,000 cataract procedures were provided on the NHS—more than pre-pandemic.

The hon. Member for Ealing Central and Acton made a point that I felt a bit ambiguous about, in so far as she raised the use of the independent sector. As she knows, Opposition Front Benchers also support the use of the independent sector to try to plough through the elective backlog. On the other hand, there is an important point about ensuring that trainees can get sufficient cataract surgery training and can have a broad range of clinical experiences as they are trained. The NHS has been working with the Royal College of Ophthalmologists to support that, because there is a genuine issue. We are working on that, even though we think it is right to use the independent sector to get through the backlog more quickly and save more people's sight.

One of the most important points that the hon. Member for Battersea made was about more fundamental reforms to eye care services. She mentioned that ophthalmology is the busiest outpatient speciality and has a number of capacity and workforce challenges that are likely to grow. Predictions from the Royal College of Ophthalmologists say that demand for services will increase by 30% to 40% over the next 20 years, in line with an ageing population. In the light of those predictions, consideration has been given to how we can increase capacity to ensure that we have sustainable eye care services fit for the future. No one should have to face losing their sight due to delays in accessing care.

NHS England's transformation programme has been considering what services could be safely moved out of hospital. The hon. Member is right to say that image sharing between primary eye care providers and secondary care specialists, through telemedicine hubs, could allow more patients to be seen in the community, which is a very exciting opportunity. A pilot that we are running in north-central London has already shown the potential for that model to improve the triage of patients into secondary care. NHS England plans to support a number of other integrated care systems to adopt the eye care referral model, aligned to their local commissioning arrangements.

**Marsha De Cordova:** On the way in which we can join up primary and secondary care and ensure that MECS are being commissioned across all ICBs, does the Minister agree that that measure should be consistent and must take place, so that across all our ICBs, MECS would be available in the community?

**Neil O'Brien:** The hon. Lady has read my mind, because I was about to come on to MECS. We will produce standard service specifications for MECS to reduce the variation that she rightly raised, as well as driving forward the integration of those new technologies into local ICSs.

As well as making the best use of our clinical capacity, we have to invest in growing the future workforce, as the hon. Member for Sheffield Central (Paul Blomfield) said.



[Neil O'Brien]

That is why we have taken steps to increase the ophthalmology workforce. We increased training places in 2022, and more places are planned for this year. In addition, there will be improved training for existing ophthalmology staff so that they can work at the very top of their clinical licence to further increase capacity and support the flow and delivery of care.

I recognise the important role of research and innovation in understanding sight loss and making available new treatments—a point that several hon. Members raised. That is why we continue to invest significantly in vision research. As I highlighted in a previous debate, the National Institute for Health and Care Research has invested more than £100 million in funding and support for eye conditions research over the past five years, and the NIHR Moorfields Biomedical Research Centre was awarded £20 million last year for another five years of vision research leadership.

**Marsha De Cordova:** I know that the Minister is coming to the end of his speech, but I do not want to let him sit down without pressing him for a timeline for the workforce plan. Will it cover ophthalmology and eye care? He said that he met Louisa Wickham, the eye care transformation lead, but will he confirm that all the investment in that space will continue and will not come to an abrupt end?

**Neil O'Brien:** I am happy to confirm that the workforce plan should be out pretty shortly, and that it will look across the entirety—

**Marsha De Cordova:** You have been saying “shortly” for a while.

**Neil O'Brien:** Until there is a date, there is no date, but it will be fairly soon.

**Dr Huq:** The Minister says he is open to the idea of more research. Charles Bonnet syndrome is recognised by the NHS, but it is seen as a side-effect of sight loss. Will he commit to some proper research on that?

Just to correct the record, I agree that it should be all hands on deck to clear the backlogs. I was not saying that it is either/or; it is about joining forces on cataracts.

**Neil O'Brien:** Very good. As a first step towards the research that the hon. Lady calls for, I commit to doing my own research on the syndrome that she describes, which sounds incredibly disturbing for those who suffer from it.

I hope that the range of work that I have outlined reassures hon. Members that we acknowledge and take seriously the hugely important challenges faced by eye care services. We are working at pace on these issues, and we will be doing more. I thank all hon. Members who have taken part in the debate for raising these important issues.

3.37 pm

**Marsha De Cordova:** I thank all hon. Members for their contributions. This has been a healthy debate, but it is deeply worrying that we continue to debate the need for a national eye care strategy for England.

I thank my hon. Friend the Member for Ealing Central and Acton (Dr Huq) for her fantastic speech and the work she is doing locally. As a campaigner, I learned so much from the incredible work of my hon. Friend the Member for Mitcham and Morden (Siobhain McDonagh) and her massive support and campaigning for special schools in her constituency. My hon. Friends the Members for Vauxhall (Florence Eshalomi) and for Sheffield Central (Paul Blomfield) are no longer here, but they both made very good contributions, as did my hon. Friend the Member for Lewisham East (Janet Daby).

I want to say a special thank you to the hon. Member for Hendon (Dr Offord) for sharing his experience of macular, and for his tireless campaigning on this issue. I hope that we can continue to champion eye health and raise the need for a national plan to tackle the challenges that people with sight loss face.

I take the Minister's point; I know he is trying, but we need action. We need to see fundamental changes, particularly on the workforce, the pathway, the joining up of primary and secondary care, research and public awareness. He said that all the areas that we have discussed on a one-to-one basis and that I have raised here are being looked at. Can we have another meeting so he can update me on all the work that is going on? I want to ensure that none of this is in vain and that we actually see some sort of plan—some sort of strategy—that delivers for people living with sight loss and prevents more people from losing their sight.

*Question put and agreed to.*

*Resolved,*

That this House has considered the potential merits of a national eye health strategy.

3.40 pm

*Sitting suspended.*

## Food Price Inflation and Food Banks

4 pm

**Carolyn Harris (in the Chair):** I will call Beth Winter to move the motion and then the Minister to respond. There will not be an opportunity for the Member in charge to wind up, as is the convention for 30-minute debates.

**Beth Winter (Cynon Valley) (Lab):** I beg to move,

That this House has considered food price inflation and food banks.

It is a pleasure to serve under you, Mrs Harris. I am pleased to be able to put some points to the Minister for Food, Farming and Fisheries, the right hon. Member for Sherwood (Mark Spencer).

I would like to raise a number of points, so I hope the Minister will indulge me, even if I do stray into the Treasury brief. I sought this debate because of the growing concern about food price inflation and food poverty. It is a year since I conducted a cost of living survey in my constituency about people's experience of the cost of living crisis. There was a major concern about the growing cost of energy—not then at its peak, but still a dominant issue at the time. The survey also showed that people were worried about the cost of food, with 36% of respondents, including 61% of those on benefits, skipping meals last year. Almost 50% of those asked said they would be cutting down on essentials, such as food, in the months ahead. It seems that that has been the case in the past 12 months.

The Trussell Trust food bank covering Merthyr and Cynon Valley, which opened in 2011, has been helping families since that time. In the past year, it provided a record 2,800 emergency food parcels to people in Cynon Valley—a 31% increase. That included more than 1,000 emergency food parcels for children, which is a disgraceful 33% increase. There has been a long-term increase in need over the past five years. Food banks in Cynon Valley have seen a 61% increase in need since 2017-18.

The Trussell Trust is not the only local food bank. The Salvation Army food bank in Aberdare has helped more than 1,600 people in the past year, and the numbers are growing. Those people often live alone, are elderly or have lost their jobs. Running food banks is getting harder and they need more support, including from local supermarkets. A volunteer at another food bank at Fernhill in my constituency recently told me about how they had to provide kettle packs—yes, kettle packs—for those reliant on a kettle when they cannot afford to cook. Women also regularly come in to pick up sanitary products.

The rise in food bank use can be seen across the United Kingdom. The Trussell Trust reported that it gave out 1.3 million emergency food parcels in 2017-18, but almost 3 million in 2022-23. What are the reasons? The Trussell Trust has said that the growth in the need for food banks is about a shortage not of food but of money: a long-term cut in pay, a long-term cut in social security, and bills accelerating ahead of incomes. That is a political choice.

Between April and August 2022, over half of food banks surveyed by the Independent Food Aid Network found that 25% or more of the people they supported had not used their services before. They are increasingly people in work in social care, the public sector and across sectors. Work does not pay, and that is the reason for in-work poverty.

**Mary Kelly Foy (City of Durham) (Lab):** I thank my hon. Friend for securing this important debate. Yesterday it was reported that desperate parents are having to steal baby formula to feed their children. It is seen as stealing but, of course, it is survival. Does she agree that the Government should consider price controls on essential items such as baby formula?

**Beth Winter:** I certainly do. My hon. Friend makes an extremely important point—we are the fifth richest nation in the world and people are being forced to take such steps. It is absolutely disgraceful and shocking. I will come to food prices in a moment, so I thank her for that intervention.

It was also only yesterday that the Office for National Statistics reported another monthly fall in real-terms pay. For 17 months in a row, pay has risen below the rate of inflation. That is a pay cut. Indeed, the TUC says that workers have lost more than £1,000 from their pay over the last year. What is clear—beyond doubt—is that wages are not driving inflation; if anything, they are a drag on it.

In a new poll for More in Common UK published today, 75% of those polled said that the cost of living is one of the biggest issues facing the country and 45% said they are shopping around more for groceries; when looking at those bills going up, it is increasingly the weekly food shop. The Office for National Statistics reported earlier this month that food and non-alcoholic drink inflation was at 19.2% and that around half of adults are buying less food when they go shopping.

**Matt Rodda (Reading East) (Lab):** I am grateful to my hon. Friend for giving way and for her work on this important issue. One piece of analysis has even shown that the prices of some basic food items are rising by 30%. My hon. Friend is right about the scale of the challenge facing many families. Is she aware of the pressure facing those in work in addition to the pressure for those on benefits? In my area, many people living in the suburbs—people who have jobs—are now attending food banks to keep their families from falling into terrible poverty.

**Beth Winter:** Yes, I am very aware of those people. I work closely with food banks in my community, as I know other Members do, so I know that there has been a significant increase in the number of people in work who are accessing food banks, which is completely unacceptable. It is unacceptable for anybody to be using them.

Why are prices going up? We have to be clear that there are multiple causes. Droughts, climate disaster, fuel costs and the Ukraine war have all had an impact. However, as Unite the union has set out in real detail in its research on profiteering, which looks at the profits of companies in the FTSE 350, all of this has been made worse by profiteering along global supply chains, from agribusiness multinationals to high street supermarkets. It is not just Unite saying that. The European Central Bank recently said:

“Profit growth remained very strong, which suggested that the pass-through of higher costs to higher selling prices remained robust.”

The top eight UK food manufacturers made profits of £22.9 billion in 2021, with both profits and margins up 21% on 2019, with Nestlé, Mondelēz and Unilever

[*Beth Winter*]

all benefiting from double-digit growth in profit margins. In the supermarket sector, Tesco, Sainsbury's and Asda—the top three UK supermarkets—nearly doubled their combined profits to £3.2 billion in 2021 compared with 2019.

Supermarkets are turning over hundreds of millions of pounds and handing dividend payments to wealthy investors, who are obviously not the people struggling to eat. In 2021–22, a total of £704 million was paid by Tesco in dividends and last July the company also paid shareholders £1 billion in its share buyback scheme.

The problem is that people who are reliant on low pay and social security are funding these exorbitant dividend payments and I really do not understand how the Government can justify that; I am interested to hear what the Minister has to say. People who cannot even afford to go to supermarkets are going to food banks. This is a crisis—a cost of living crisis—and it should not be allowed. We have taken action to control energy prices. When are we going to take action on the cost of food?

In Wales, where the Labour Government are in touch with ordinary people's concerns, we are doing what we can, despite our underfunding by the UK Government. The Welsh Government are rolling out universal free school meals, which are now available in reception and years one and two, and they have a timetable to roll them out to all children in primary school. Think how much more quickly they would be rolled out in Wales if there was a fair, needs-based funding formula for central funds to the Welsh Government.

**Ian Byrne** (Liverpool, West Derby) (Lab): I thank my hon. Friend for the fantastic work that she does in her community on the issue. Does she agree that the Minister should follow Wales's lead and introduce universal free school meals? The Government should introduce a free school breakfast and lunch for all children in state education and, alongside that, enshrine a right to food in law, so that all children and adults have enforceable food rights, and we tackle the scourge of hunger in our communities.

**Beth Winter:** I congratulate my hon. Friend on the sterling work that he does on the Right to Food campaign in Liverpool. I totally agree that the UK Government need to follow the Welsh Government's lead and roll out universal free school meals to all children. I thank him for his intervention.

Universal free school meals could be rolled out across the UK if supermarkets and suppliers were not allowed to pay such enormous dividends to shareholders, and instead paid a windfall tax. Imagine that—food retailers taxed to provide free school meals. It is an obvious thing to do. Elsewhere around the world, other Governments are taking action. In France, the Government have announced an anti-inflation trimester, during which supermarkets are expected to make discounts on food that will cost them, according to the French Prime Minister, hundreds of millions of euros. That appears to be a voluntary scheme. Carrefour and Casino supermarkets have made cuts. We need more information on the scheme's impact and the benefit for families, but I hope that the Government are watching and discussing the matter with their French counterparts. Will the

Minister respond to that point? Another example is Switzerland, where food is subject to price regulation. Prices there grew at a rate of 4% in December last year, compared with nearly 12% in the US and nearly 17% in the United Kingdom. Have the Government considered how Switzerland regulates its food pricing?

Sadly, this Tory Government are not taking action. I looked at the outcomes of yesterday's food summit, which was renamed the Farm to Fork summit—no reference whatsoever to food inflation or food poverty. I note that the union most heavily involved in the food sector and agriculture, Unite the union, and the Bakers, Food and Allied Workers Union were not invited to the summit. Why?

The Environment, Food and Rural Affairs Committee “is to investigate how profitability and risks are shared through the food supply chain and the existing government system of monitoring and regulation of these.”

On Monday, the Competition and Markets Authority announced

“the stepping up of our work in the grocery sector to understand whether any failure in competition is contributing to grocery prices being higher than they would be in a well-functioning market.”

Will the Government commit to learning from those processes, and will they look at other Governments' interventions in their food markets? The crisis is such that the Government must act now, even while those investigations go on.

What should the UK do? First, we must inflation-proof incomes. Many of us on the Opposition Benches have been calling for that for a long time. That means an end to the Tory low-pay agenda that cuts public sector workers' pay in real terms. Secondly, the Government should adopt the Trussell Trust and Joseph Rowntree Foundation's call for an essentials guarantee. That would mean an independent process to determine the level of that guarantee, ensure that universal credit meets that level, and ensure that deductions do not take it below that level.

Thirdly, we need a windfall tax on food profits for supermarkets and, where possible, suppliers. If we can have such a tax on fossil fuel suppliers, why not food suppliers? It is incumbent on the UK Government to engage with that proposal, for which they have set a precedent, given what they have done on oil and gas. The tax revenue could be used to expand the provision of free school meals, as my hon. Friend the Member for Liverpool, West Derby (Ian Byrne) just said. Fourthly, we need controls on food speculation, as the former shadow Chancellor, my right hon. Friend the Member for Hayes and Harlington (John McDonnell), said in a debate yesterday. Finally, have the Government explored any mechanisms for a price ceiling on a core basket of goods? People are struggling in this cost of living crisis, and this Government are standing by as they suffer.

I will finish with some personal commentary. Prior to entering this place, I volunteered at a local food bank for a long period. It will never leave me: when I looked into the eyes of the people coming into the food bank, I saw despair, but also a sense of embarrassment and shame at having to access a food bank in the fifth-richest nation in the world. It is an absolute disgrace. The answers are there; this is a political choice. It is extremely urgent that immediate action be taken by the UK Government to resolve this issue.



4.16 pm

**The Minister for Food, Farming and Fisheries (Mark Spencer):** It is a pleasure to serve under your chairmanship, Mrs Harris. I thank the hon. Member for Cynon Valley (Beth Winter) for securing today's important debate. I also pay tribute to her efforts in her constituency, and in her previous roles before joining this House.

We have seen food price inflation continue to rise. As the hon. Lady said, it was 19.2% in March 2023, up from 18.2% in February. That is the highest rate that we have seen in 45 years. I certainly recognise the impact that high food prices are having on household budgets and on tackling inflation, and this Government's No. 1 priority is to lower—to halve—that inflationary rate this year. Yesterday, as she identified, the Prime Minister hosted the first UK Farm to Fork summit, which focused on how Government and industry can work together to bring great British food to the world, build resilience and transparency across the supply chain, strengthen sustainability and productivity, and support innovation and skills.

**Ian Byrne:** Can the Minister inform the House—my hon. Friend the Member for Cynon Valley (Beth Winter) touched on this—whether any trade union representatives were invited to the UK Farm to Fork summit held at Downing Street yesterday? I have tabled a written question on that, but the response was not very clear.

**Mark Spencer:** I am not privy to the whole guestlist, but of course there is a limit to the capacity in No. 10 Downing Street. There are lots of people who would have liked to be there whom we were not able to accommodate. However, it was important that we drew together industry leaders—retailers, processors, and primary producers—so that they could work together on delivering innovation in the sector, and so that they could try to lower food prices and not only make our great British food producers competitive across the world, but benefit our constituents.

Following that summit, we announced a package that includes a broad range of actions to strengthen the resilience of our farming sector and drive long-term sustainability. That includes a new set of principles to protect farmers' interests in future trade deals, more funding to help producers export, plans to reduce red tape for farmers looking to diversify their income streams, and making it easier to build glasshouses in the UK.

Last week, the Chief Secretary to the Treasury met supermarkets to discuss the cost of food, and the Chancellor is meeting them again shortly to discuss how we ensure that consumers have access to a range of affordable food, in recognition of the pressures that people and producers are feeling. We have also provided significant support this year, worth an average of £3,500 per household. That includes direct cash payments to the most vulnerable households, as well as our uprating benefits and the state pension by 10% in April.

Food banks are a great example of the generosity of spirit of communities across the country. The Government do not have any role in the operation of food banks, as they are independent, charitable organisations that bring people in local communities together to support one another. However, recognising that good work, the Government will provide over £100 million of support for charities and community organisations in England.

It will be targeted at supporting critical frontline services for the most vulnerable people—services that are struggling to meet increased demand.

**Beth Winter:** The Minister has not yet addressed the idea of a windfall tax on supermarkets. Are the Government looking at that? Is the Minister saying that food banks are acceptable? That is what I took from what he just said. Surely we should be ending the use of food banks in the fifth-richest nation in the world. It is appalling that they exist.

**Mark Spencer:** I am grateful for the hon. Lady's intervention. What I was saying was that I recognise the great work that those in food banks do. I recognise the work that the charitable sector does to support the most vulnerable. I am not saying that food banks should be the model for the future; I am saying that the great work they do should be recognised. The best way to get out of poverty should be through work and opportunities to earn a fair wage, so that people can afford to buy their own food.

**Ian Byrne:** On that point about wages, the Bakers, Food and Allied Workers Union found that four in 10 food workers are forced to skip meals. Over 60% of respondents to its recent survey said that wages are not high enough for them to meet their basics needs. The people who produce food cannot afford to buy and eat it. What does the Minister say to that?

**Mark Spencer:** We are slightly straying into the area of the Department for Work and Pensions and the Treasury, as the hon. Member for Cynon Valley indicated at the beginning of the debate, so I hesitate to comment too much. What I would say is that that is why the No. 1 priority of the Government is to get inflation under control. As the hon. Gentleman identified, the people who are most vulnerable and who are struggling to make ends meet are the people who are damaged by high inflation. In '21-22, 93% of UK households were food-secure; that is virtually unchanged from '20-21, when it was also 93%. In '21-22, 3% of individuals, or 2.1 million people, lived in households that had used a food bank in the previous 12 months.

My Department is working across Government to ensure that we have the right support in place to address rising food price inflation. More than 8 million households are eligible for means-tested benefits. Some will receive additional cost of living payments totalling up to £900 in the '23-24 financial year. Over 99% of the first cost of living payments this year have already been made. For those who require extra support, the Government are providing an extra £1 billion of funding, including Barnett impact, to enable a year-long extension of the household support fund in England from April. That is on top of what we have provided since October 2021, bringing total funding to £2.5 billion. From April 2023, we increased the national living wage by 9.7% to £10.42. That represents an increase of over £1,600 to the annual earnings of a full-time worker on the national living wage; estimates suggest that could help over 2 million low-paid workers.

I once again thank the hon. Member for Cynon Valley for introducing this debate. I reassure her that the Government take food prices seriously. We will continue to work across Government.

**Wendy Chamberlain** (North East Fife) (LD): I apologise to the Minister and the hon. Member for Cynon Valley (Beth Winter) for missing the first 30 seconds of the debate. The Minister talked about working on a cross-departmental basis. He knows that I have asked this question before. I am very pleased to see that the Government have not taken the Home Secretary's approach to the seasonal agricultural workers scheme and the 45,000 visas. Will we get some security and certainty about the extension of that scheme over a longer period, so that farms can invest in the equipment they need to deliver different ways of picking our fruit and vegetables, and can train people?

**Mark Spencer:** I am grateful for the hon. Lady's question. I hope she recognises that yesterday was a huge step forward in guaranteeing those 45,000 visas for next year. That allows farmers to plan for the future and organise next year's staff rota. She also recognises the importance of innovation and investment in new tech. That is why the Government are investing millions of pounds in new technology and the development of agritech, including robotics and equipment to help farmers become more efficient. We will continue to work across Government and with industry to ensure that everyone has access to affordable food. I thank hon. Members for participating in the debate.

*Question put and agreed to.*

4.25 pm

*Sitting suspended.*

## Council Tax and Stamp Duty Alternatives

4.30 pm

**Simon Fell** (Barrow and Furness) (Con): I beg to move,

That this House has considered the matter of alternatives to Council Tax and Stamp Duty.

It is an honour to serve under your chairmanship, Mrs Harris; we have spent a lot of time together today. I will address the problems with our property taxes, discuss previously suggested remedies and present a solution that cuts taxes for 77% of households, generates a surplus and garners popular support. I do not intend to speak for long. A lot of colleagues are present, and I want to hear their views, and hear from the Front Benchers.

I realise that this area is fraught with danger. My first political memory is of the poll tax riots. We all know the consequences of trying to shake up the domestic rates system, but our current property taxes unfairly favour the wealthy, burden lower-value homes, discourage efficient housing use, under-tax larger properties and penalise homebuyers and sellers. Those issues affect us all, and all our constituencies. Property taxes fund our important local services and infrastructure. They impact owners and renters alike. When these taxes are ineffective, society suffers. Council tax and stamp duty are the main culprits.

Council tax was introduced three decades ago, in 1993, as a replacement for the unpopular community charge—the poll tax—but over time council tax has come to mirror many of the characteristics of its disliked predecessor. Surveys reveal public dissatisfaction with it. Only 29% of people consider council tax calculations fair, and 33% support maintaining the status quo. It places the greatest burden on the young, low earners and residents in less prosperous regions, while greatly benefiting wealthy homeowners and property investors. As property prices have soared, average incomes have stagnated. Research by the think-tank Onward shows that households spend between 0.8% and 4.5% of their income on council tax, with the highest payments in the north-east and south-west and the lowest in London. That is not the mark of a fair tax.

It is unfair for two reasons. First, it relies on outdated property valuations from almost 30 years ago, disregarding substantial house price growth, especially at the top end of the market. That means that those who benefited the most from house price rises have also been the biggest beneficiaries of the council tax system. Secondly, the band structure creates a disproportionate burden, as all properties within a band pay exactly the same amount. Consequently, lower-end properties in each band bear a higher proportionate tax load than high-end ones. Those flaws sever the link between council tax and property values. For example, a person in a £100,000 property pays roughly five times more tax relative to property value than someone in a £1 million property. Here in Westminster, a £30 million mansion pays £1,828 in council tax, while a family in a modest band D home in my constituency of Barrow and Furness pays £2,068. How in the world can that be fair?

Stamp duty, council tax's accomplice, compounds the problem. While stamp duty is progressive, with higher rates for larger transactions, it still exacerbates the housing crisis by hindering efficient property use. Taxing transactions discourages homeowners from moving,

whether it be an older couple downsizing or a growing family upsizing. The economic impact extends to job opportunities rejected due to moving costs. The Chancellor's stamp duty holiday gave the UK property market a much-needed boost during the pandemic, but it also highlighted the merits of abolishing it altogether. Stamp duty hampers housing stock utilisation and residential mobility. Abolishing stamp duty on owner-occupied properties would unleash transactions and alleviate the housing crisis. Stamp duty should, however, remain in place for second home and non-residential buyers. In communities such as mine in Barrow and Furness and in Cumbria more widely, with villages being hollowed out by owners of second homes and holiday lets, that just makes sense.

Our country's property taxes, unpopular and unfair, demand reform. Proposed remedies so far have included new council tax bands, local income tax, higher stamp duty thresholds and capital gains tax on primary homes, but they are just band-aids. Fundamental reform is required to address the inequity and inefficiency of our property taxes.

**Mary Robinson (Cheadle) (Con):** I congratulate my hon. Friend on bringing forward this debate and on the eloquence of his speech; this is an important subject. Does he agree that one of the issues with council tax is that it is very much subject to the vagaries and the whims of whichever political party is in charge of the town hall? The Liberal Democrats in Stockport said that they wanted to freeze council tax, but when in power they put it up by 4.3%. That is an extra burden on taxpayers, and they do not necessarily get any value for that money.

**Simon Fell:** My hon. Friend makes an excellent point; I am sure that her electorate in Cheadle will have been listening hard. As I have said, only 33% support keeping council tax as it is. I am sure that that number is even lower in my constituency, where the administration has put up council tax by 3.9%. They are very unhappy with the current situation.

I and many of my colleagues support a move to a proportional property tax system, which is a methodology put forward by Fairer Share. It offers a concrete solution to replace the current convoluted band system with a simple flat tax of 0.48% of property value, and a 0.96% surcharge for second homes, empty homes and non-residential properties.

The benefits of moving to such a system would be significant. Some 18 million households would experience a tax reduction, with an average annual tax saving of £556 per household. Council tax payers outside central London would save £6.5 billion annually, providing a substantial boost to local communities and economies. Over 750,000 house buyers each year would be exempt from paying stamp duty and navigating exemption paperwork, simplifying and reducing the cost of house buying. Increased housing market activity would contribute to a £3.27 billion boost in GDP per year.

Some 1.4 million second homes, empty homes and undeveloped properties would finally contribute their fair share of tax, with the revenue used to lower bills for all taxpayers. That would incentivise owners to rent, sell or develop those properties and increase the housing supply. The calculation is that over the span of five years, 600,000 homes would be released. That includes 250,000

one and two-bedroom homes, which we know young people desperately need right now. The reform would generate an annual surplus of £5.4 billion through surcharges on second, empty and foreign-owned homes. I am sure the Treasury can think of inventive ways to spend that sort of money. Finally, shifting the tax burden to owners, aligning with broad international practice, would also ease administration for councils.

However, it is rare—perhaps impossible—to propose a wide-ranging reform where there are not winners and losers. After all, we are proposing to rebalance the property tax system based on principles of fairness. However, there are several mitigations that could be implemented to soften the blow of any change for those who might have to pay more. First, during the transition to a proportional property tax system, any rise in local property tax could be capped at £100 a month for primary residences. That transitional protection would cease upon sale, but buyers could benefit from the removal of punitive stamp duty. Secondly, a deferral mechanism could be put in place, allowing owners who are genuinely unable to pay to defer their tax payments with a modest interest charge. That deferred amount could be paid later on the sale of their property or home, avoiding any debt-related issues associated with council tax collection. Those measures aim to alleviate the impact on individuals while ensuring a fair and manageable transition to the new system.

Of course, there would also be impacts on local government finance. For councils that would generate less revenue from a proportional property tax compared with their current council tax, the shortfall would need to be supplemented through central Government grants or funds redistributed from councils generating higher PPT revenue. The arrangement is not new, and it is a long-standing feature of local government finance. It could be seamlessly incorporated into the proportional property tax system with the following principles.

First, the Government could fully recognise how the proportional property tax affects the revenue-raising capacity of councils when formulating the funding arrangements for local government. Secondly, councils could be granted new powers to independently generate additional revenue. Some councils may experience a decrease in revenue-raising capacity, but there are opportunities to introduce new revenue-raising powers, such as planning reforms and charging more for increased house construction. Again, that would be beneficial for counties such as Cumbria, Devon and Cornwall that are facing the accommodation and short-term let issues that I mentioned earlier.

Thirdly, while some councils might be sceptical about the transition to proportional property taxes because it could result in severe revenue-raising capacity issues, it is important to note that it is the residents in such areas who will benefit most from a decrease in property tax bills. Finally, the policy may also create incentives for companies and individuals to relocate to areas with lower proportional property tax rates, benefiting those communities and eventually increasing the revenues for local authorities. The measure rebalances the local economy and helps level up left-behind areas in one fell swoop.

If taken up, the measures would address the impact on local government finance by ensuring a balanced transition, exploring new revenue sources and considering the overall benefits and adjustments that can be made



[Simon Fell]

to accommodate different council circumstances. The reform is crucial for my constituents in Barrow and Furness. It will benefit 96% of the households there, with an average annual saving of £600. It is no surprise that 58% of voters in my constituency support the policy, with only 9% opposing it, according to polling by J.L. Partners. Nationally, voters overwhelmingly back the policy by a ratio of 3:1—in the north it is 9:1. A majority of voters in every constituency support the reform. I fundamentally believe that we should lead with policy and not follow polls, but those are numbers that are worth paying attention to.

Council tax and stamp duty are fundamentally flawed, and many of us recognise that. Politicians from most of the parties represented in this Chamber, along with think-tanks such as Bright Blue, the Institute for Fiscal Studies and the Institute for Public Policy Research, and campaign groups such as PricedOut, Generation Rent and the Intergenerational Foundation, have endorsed the transition to a proportional property tax. Prominent economists from respected publications, including the *Financial Times*, *The Daily Telegraph*, *The Economist*, and *The Guardian* have also endorsed the reform.

The policy would significantly increase the disposable income of individuals across the country, directly benefiting households and improving the quality of life in local communities. It would free up properties, encouraging efficient use, and, crucially, it is based on the principle of fairness. It represents a genuine and impactful stride towards levelling up and advancement for all. I look forward to listening to what my hon. Friends and colleagues have to say.

**Carolyn Harris (in the Chair):** I remind Members that they should bob if they wish to speak. I intend for the first Front Bencher speech to start at 5.08 pm, so I would be grateful for brevity in speeches and interventions.

4.43 pm

**Aaron Bell** (Newcastle-under-Lyme) (Con): It is an honour to serve under your chairmanship, Mrs Harris. I congratulate my hon. Friend the Member for Barrow and Furness (Simon Fell) on securing this debate and putting forward the case so adeptly in his opening remarks. I do not intend to repeat them. I have spoken in favour of Fairer Share's proposals in the past, and I think there are more things that we can do besides. I also note that the Housing, Communities and Local Government Committee report from July 2021—I think my hon. Friend the Member for Cheadle (Mary Robinson) was on the Committee at the time—suggested that the Government look at this area.

I welcome all the refugees from the Finance (No. 2) Bill Committee who are in the Chamber. It is a pleasure to support the Government on that, but what we are trying to do today is steer them towards ways in which they can improve our tax system in the future. I am sure the Minister will be taking notes.

I pay tribute to Fairer Share, Andrew Dixon and the people behind that campaign, for the work they have done devising the policy and producing the straight-forward numbers at the top of it, as well as for thinking incredibly hard about its implementation challenges. They have addressed the issue of valuation, which my hon. Friend

the Member for Barrow and Furness referred to, and thought about how to phase it in, how to manage the revenue flows and how to manage the impact on councils. That work has been done in advance of the Treasury considering the policy. I am sure that the Treasury would look favourably at the various reports commissioned by Fairer Share, as ways in which the policy could not only be brought in but implemented in a practical way.

I will quote a few figures that reference my constituency of Newcastle-under-Lyme. Under the proposals, the average household in Newcastle-under-Lyme would gain about £600 per year, and 97% of my constituents would be better off under this regime. We know that council tax hits constituencies such as mine and those of many hon. Members here today harder, partly because it relies on that 1991 valuation. There has been a disproportionate property boom. Prices have risen everywhere, but disproportionately in the south of the country. Therefore, people in constituencies such as mine and that of my hon. Friend the Member for Barrow and Furness are paying a far greater proportion of their property's value in their annual council tax.

I do not want to go through all the details, because I am mindful of your strictures on brevity, Mrs Harris, but I think that moving the burden of council tax to the owner of the property rather than renters is a sensible step, not only to take a little bit off the renters' plate, but to make life easier for councils' collection departments, because the house is sold far less frequently than the lease changes. It is a difficult job for council collection units to keep up with those changes and ensure that people do not fall behind with their council tax when they move into a property. We all have constituents who have fallen behind with their council tax, and it can be very difficult for them to recover.

This policy would complement the Government's levelling-up agenda. Newcastle-under-Lyme has been very fortunate, receiving more than £35 million through the towns fund and the future high streets fund to level up. I always say that levelling up is not just about nice new buildings and transport links; it is also about jobs and skills. We have to get the tax part right for levelling up, too. A policy like this would mean levelling up across the country for anyone in those poorer, lower-middle-income households. It would mean a £556 annual tax cut for 19 million people in those households. It would mean the Treasury's approach dovetailing with that of the Department for Levelling Up, Housing and Communities, in terms of the direct support given to communities such as mine. This would give direct support to families living in those communities, and families living in lower-priced houses throughout the country. It would be genuinely levelling up across the country.

Finally, I will say a quick word on stamp duty, which my hon. Friend the Member for Barrow and Furness did not cover quite so much in his speech. We hear a lot about the housing crisis and the need to build more houses to address that. In my view, downsizing is key to solving our housing crisis in this country. Obviously, people live in houses, but, in a real sense, people live in bedrooms, because someone needs a bedroom to sleep in. We have an appalling allocation of bedrooms in this country. Understandably, many people, including retired couples, still live in the house where they brought up their children. That might be a four-bedroom house in they are using only one bedroom. There are so many unoccupied bedrooms in the private sector.

This reform to stamp duty would address the impediment of stamp duty itself being a reason that people do not want to move home—it is expensive to move, even if downsizing, particularly in the south-east. The reform would also provide a strong incentive for people to downsize to a lower-value home. For all those reasons, I hope that the Treasury is listening to my hon. Friend's proposals. I am fully in support of the motion.

**Several hon. Members** *rose*—

**Carolyn Harris (in the Chair):** Unfortunately, I will have to impose a three-minute limit. The next speaker is Tim Farron.

4.48 pm

**Tim Farron** (Westmorland and Lonsdale) (LD): It is a pleasure to serve under your guidance this afternoon, Mrs Harris. I offer massive thanks to my neighbour and friend, the hon. Member for Barrow and Furness (Simon Fell), for bringing this important issue to the House. It is important for all parties, as they put their manifestos together for the next election, to think about this matter very seriously. I pay tribute to Andrew Dixon and his team.

The proposal for a proportional property tax is worthy of serious consideration. Council tax—basically a back-of-a-fag packet alternative to the poll tax dreamed up quickly in the early 1990s—is a bad attempt at a wealth tax, which fails miserably. It is regressive: someone can live in a £20 million mansion in Westminster and pay less in council tax than someone living in a social rented home in Kendal, Windermere, Grasmere, Appleby or Kirkby Stephen. The most a very wealthy person could pay in council tax is three times more than the least wealthy person pays.

A solution is needed, and a proportional property tax potentially provides it. It would help us to move away from a council tax that pushes people into poverty, makes them pay bills they cannot afford, adds to the cost of living crisis in my communities and others and distorts a housing market that is already not normal, exacerbating the problem. In an area like my constituency, where there are 6,000 people on the council house waiting list and a minimum of 7,000 second homes, we can see that problem. I am proud that Westmorland and Furness Council took up the Government's new permission to double council tax on second homes, but that is still a minor blip for somebody who can afford a £750,000 extra home in the Lake district.

This new tax would allow us to use sliding scales and surcharges to ensure that people pay a fair amount for the property that they have. A wealth tax would take account of their ability to pay and would therefore allow a massive majority of my constituents, and everybody else's, to pay a more reasonable amount. In my community, the average house price is about 12 times the average income, so the average person is completely snookered when it comes to getting into the market. This new tax would allow us to do something about the distortion that council tax brings about by encouraging people to live in homes for which they do not pay a fair value, while a massive majority pay far too much. I agree that encouraging downsizing is a really important way of at least alleviating the housing crisis, but because the proportional property tax would be payable on undeveloped

land with planning permission, it would bring into use predominantly brownfield sites so that we could actually get homes built.

We want to tilt the scales against second homes and towards first homes in communities like mine. If levelling up is to mean anything, we surely want to shift towards a system that disincentivises multiple home ownership and property investment, and incentivises people to have homes as homes.

4.51 pm

**Jill Mortimer** (Hartlepool) (Con): It is a pleasure to serve under your chairmanship, Mrs Harris. I thank my hon. Friend the Member for Barrow and Furness (Simon Fell) for securing this important debate. Hartlepool has one of the highest council-tax-to-property-value ratios in the country. I pay three times more in council tax for my home in Hartlepool than for my rented London work flat, despite that flat being worth many times more than the Hartlepool home. That high cost is simply unfair on my constituents, and there is an urgent need for reform.

Reform based on a proportional property tax such as the one proposed by the Fairer Share campaign would save my constituents £950 on average. The question must be asked, though, why council tax is so high in Hartlepool and so comparatively low in Westminster. It is fair to concede that we have a larger number of band A properties in Hartlepool and more deprivation, so arguably bringing prosperity to the town will help to ease the council tax burden. Sadly, we also have many children in care, and Hartlepool Borough Council spends many thousands of pounds per week per child in care. That accounts for a large proportion of our council tax. I have also been told that the council spent over one third of a million pounds in one year with just one taxi company running children around.

The Conservative-independent coalition has been in power for only the past two years, and a ship as cumbersome as Hartlepool Borough Council takes more time than that to turn around. However, the local Labour party's recent success in the local elections was based largely, I suspect, on its manifesto pledge to freeze council tax this coming year. I support council tax in Hartlepool being frozen, just as it was by the newly elected Conservative-led coalition in 2021—interestingly, that was not supported by the Labour group at the time, but now it has decided that it should be frozen. If the Labour group thinks it can freeze it, I think the Conservative-led coalition can do better. I will work with the new Conservative leader, examine Hartlepool's accounts, sharpen our pencils and find a way to cut it. This is not an empty, unicorn promise to put on a local election leaflet; the local election is done. It is something that I believe should be done for the good of the people of Hartlepool.

**Peter Grant** (Glenrothes) (SNP): The hon. Lady clearly blames the previous Labour administration in Hartlepool for the high council tax rates there. Why does she think that in Westminster the council tax on a typical band D property is over 50% higher than in Fife?

**Jill Mortimer:** I am not here to comment on comparisons between Westminster and Fife, but clearly huge amounts of money have been squandered in Hartlepool without any care. It has been the usual Labour spending of

[Jill Mortimer]

other people's money—very sadly, as that money belongs to the hard-working families I represent. However, cutting council tax in Hartlepool is something for the short term. Looking further forward, we must find a fairer way for communities like mine. Councils must not be allowed to see this as *carte blanche* to go on careless spending sprees.

Councils run by Conservatives, with better fiscal responsibility, invest their money wisely. They do not fritter it away on vanity projects. They keep a rein on their public spending. They also invest in order to have other income streams than just asking for more handouts from their council tax payers and the Government. We have seen that in Hartlepool in the two short years of the Conservative-led coalition, which has worked with me to secure investment in the town and provide more jobs, for example at the Northern Studios and the production village led by the internationally acclaimed Northern School of Art. A proportional property tax would enable us to continue to deliver good services and to invest in prosperity-generating projects, while lowering the financial burden on the local community.

4.55 pm

**Mary Kelly Foy** (City of Durham) (Lab): I thank the hon. Member for Barrow and Furness (Simon Fell) for securing this important debate. It is good to see cross-party consensus; I hope the Minister will note that it is not a party political issue. I also pay tribute to my hon. Friend the Member for Easington (Grahame Morris) for his work in highlighting the problems with council tax.

We all know that council tax is flawed. Our constituents know it, we know it and the Government know it, too. The reality of council tax is that it is making councils overly reliant on locally raised revenue streams in order to offset Whitehall cuts. What makes the situation even worse is just how regressive council tax is. It baffled me when I was a local councillor, as it still does, that council tax is based on property valuations made in 1991, over 30 years ago. It was supposed to be revised periodically, but that has never happened in England. Housing inflation since 1991 has made those valuations nonsensical. Crucially, it means that the richest households, who live in the most expensive houses, are not paying their fair share. Billionaires in London will pay the same tax as someone occupying a modest property. Council tax has become like the “community charge”—the poll tax—that it was supposed to replace.

I appreciate that the Minister could not announce a policy change here in Westminster Hall today even if he wanted to, but can he give us a sense of what is happening in the Department on this issue? Last November, at a sitting of the Levelling Up, Housing and Communities Committee, the Secretary of State said that the Department was looking into local government finance. Where has that process got to? When are we likely to hear again from the Secretary of State? Will we see a Green Paper? More broadly, can the Minister share his thoughts on re-evaluating property prices? As I said, the current valuations are over 30 years old. I would appreciate an answer from him on those points.

The cost of living crisis is affecting all our constituents. It is leaving people with extremely difficult choices to make. In many cases, their choice is between heating or eating. These are the families who desperately need our

vital public services. Replacing council tax with something progressive, as well as adequate funding from Whitehall, would ease the burden on those families and strengthen our public services locally. We need to do this as a matter of urgency.

**Several hon. Members** *rose*—

**Carolyn Harris (in the Chair):** Order. Unfortunately, we are now down to two minutes for each speaker.

4.57 pm

**Peter Gibson** (Darlington) (Con): Thank you, Mrs Harris, for calling me to speak. It is a pleasure to serve under your chairmanship. I congratulate my hon. Friend the Member for Barrow and Furness (Simon Fell) on securing this debate.

The council tax system is fundamentally flawed. As we have heard from the hon. Member for City of Durham (Mary Kelly Foy), the property values are from 1991 and are in many cases entirely hypothetical, leading to individuals paying a higher share of their property value and an ever-increasing share of their income.

Analysis by Fairer Share computes that almost 99% of the 50,000 homes in Darlington could benefit from a reduction of approximately £750 a year in their local council tax. That is a significant saving for every home in my constituency. We cannot ignore the potential savings for that community.

I draw the House's attention to my entry in the Register of Members' Financial Interests, and I declare an interest: I was a high street solicitor prior to being elected to this place. I saw on a daily basis the adverse effects on the housing market of stamp duty, which is putting a barrier in the way of home ownership and home moves, causing a bunching of pricing where tax levels change and, basically, using the legal profession as an unpaid tax collector.

A reform to local council revenue and housing market taxes is overdue. Some 30 years since its introduction, we must consider alternatives to council tax. There is the potential to make the system significantly fairer for some of our poorest communities across the country, and we should not dismiss the idea of a proportional property tax too quickly. I look forward to the Minister's considered responses and thoughts on the matter.

5 pm

**Richard Burgon** (Leeds East) (Lab): I congratulate the hon. Member for Barrow and Furness (Simon Fell) on securing this important debate on alternatives to council tax and stamp duty.

The Government need to look at more progressive alternatives to council tax, which is very regressive, as has been said. I draw hon. Members' attention to the work of the Fairness Foundation. Its important research on this very issue, which is out later this week, makes the point that low-income households spent two to four times more on council tax, as a percentage of their income, than richer households. The research also makes it clear that people want the Government to do more to tax the richest in society. Council tax is deeply regressive, so the Government must lay out alternatives. Some 68% of people think that the Government should be doing more to tax high net worth individuals—those with £10 million or more—and 79% of people worry that the



wealthy do not contribute their fair share. It will be no surprise to hon. Members that I encourage the Government and the Minister to consider real wealth taxes on the very richest.

I also draw hon. Members' attention to a campaign that is being run by the community union ACORN, which argues that when the Levelling-up and Regeneration Bill becomes law, councils should implement a 100% council tax premium on second homes and empty homes to help to fund important expenditure on council housing. I have lent my support to the campaign, and I will support that proposal if and when the Bill becomes law. We have heard about the issue of second homes and holiday homes, which could be looked at. I encourage the Minister to look at the Fairness Foundation's research when it comes out later this week; it is about what can be done to move to a more progressive taxation system in which the super-wealthy pay their fair share.

**Carolyn Harris (in the Chair):** I call Mary Robinson.

**Mary Robinson (Cheadle) (Con):** Thank you for calling me, Mrs Harris, but I was intending only to intervene in the debate, so I will leave the time for the other speakers.

**Carolyn Harris (in the Chair):** Thank you very much. I call Chris Loder.

5.2 pm

**Chris Loder (West Dorset) (Con):** Thank you so much for calling me to speak in this very important debate, Mrs Harris. I pay tribute my excellent colleague, my hon. Friend the Member for Barrow and Furness (Simon Fell), for bringing this debate to Westminster Hall.

West Dorset has one of the highest council tax rates in the country. Council tax for the average band D property is in the region of £2,300 per year, which is absolutely outrageous. There are many different components to that: council tax is one, but the revenue support grant—I have lobbied long and hard for its review—also needs to be considered. It is fundamentally wrong that London boroughs, which are often Labour-led, have revenue support grants of £24 million-plus, yet in Dorset we have a revenue support grant of virtually zero.

We do not have to go very far to understand why council tax is higher in rural Britain than in urban Britain. We should pay tribute to the Fairer Share campaign. Its work is excellent; I wholly support it and shall continue to do so. West Dorset, for example, has one of the highest average ages: a third of my population is over 65. That has an associated social care requirement, which is funded through council tax. The burden on local people is therefore much higher than it may be in other areas, such as the London Borough of Wandsworth. That London borough has one of the lowest average ages in the country, yet it receives tens of millions of pounds in revenue support grant. That is wrong, and it needs proper review.

I hope that the Minister hears my message loud and clear. We all expect a full review of council tax and the different levers that contribute to it, as many of us have argued long and hard in debates on local government finance motions.

5.4 pm

**Robbie Moore (Keighley) (Con):** It is a pleasure to serve under your chairmanship, Mrs Harris. I thank my hon. Friend the Member for Barrow and Furness (Simon Fell) for securing this important debate. Like other hon. Members, I feel that council tax needs to be reformed, but I want to limit my contribution to the nuanced empty homes premium that exists in the current council tax structure, which is unfairly disadvantaging many of my constituents in Keighley and Ilkley and many people across the country.

Since 2013, local authorities in England have had discretionary powers to charge additional council tax on properties that are unfurnished for two years or more, with more tax being charged the longer the property is unfurnished. In my constituency, Bradford council charges 200% after two years, which rises to 300% after 10 years. The policy might have been introduced for all the right reasons at the time: discouraging individuals from banking multiple properties, and encouraging empty homes to be brought back into the fold. However, that tax hike has had unintended consequences.

As the housing market is being squeezed and young families struggle to get on the housing ladder, that additional tax on home buyers—particularly on young families who might want to buy an empty property, renovate it and do it up, but are unable to do so in the two years of free time that they have before the 200% kicks in—makes it unachievable. When many are struggling to get builders and contractors in, and might find difficulties because the home is not in the condition they thought it would be in and they have to make it adequate and fit to live in, the 200% increase through the empty homes premium is having a negative impact on the many householders who want to do up their properties.

There is also an impact when individuals want to sell a property but cannot sell it within the period of time that the home is vacant. The Treasury has indicated that that is something that it is likely to review; the levelling-up White Paper is also looking at reviewing it. My plea to the Minister is that he look at the negative consequences of the empty homes premium when carrying out a further report.

5.6 pm

**Kirsty Blackman (Aberdeen North) (SNP):** Thank you for your diligence in chairing the meeting this afternoon, Mrs Harris. It has been a busy debate, so it has not been the easiest job.

I congratulate the hon. Member for Barrow and Furness (Simon Fell) on securing this debate. It is important that we discuss and think about the future of tax policy. Too often, there are only seven of us in the Chamber when tax policy is being discussed, so it is nice to see such a full room talking and thinking about the future of tax.

The situation in Scotland is similar but different: we have council tax and we have stamp duty, but it is now called the land and buildings transaction tax and is structured slightly differently. We introduced the LBTT in 2015, and it has been in place since then. The charge we pay in Scotland is more proportionate to the property price than stamp duty is in England, and we have a slightly different system that means that 40% of people

[Kirsty Blackman]

who buy houses—it is separate from the additional dwelling supplement—do not pay any LBTT. Also, if a property is under £175,000—the majority of first-time buyers buy at that level—the LBTT is not payable at all.

**Helen Morgan** (North Shropshire) (LD): On the point about stamp duty and similar taxes, does the hon. Lady agree that there is an opportunity to graduate those taxes to reflect the energy performance of a building so that we might encourage people to retrofit buildings and use the tax regime in a way that would meet some of our carbon targets?

**Kirsty Blackman:** I had not considered that before. It is very novel, and a good idea that should definitely be considered.

We are looking at council tax reform in Scotland. We agree that the system is not currently as fair as it could be. The Scottish Greens, along with the SNP and the Convention of Scottish Local Authorities, are planning short-term reforms and looking at how to approach long-term reforms to council tax. We also have a more proportionate system in Scotland for council tax. The hon. Member for Westmorland and Lonsdale (Tim Farron) talked about the amount that the highest payers pay, compared with the lowest payers. It is different in Scotland, where it is higher for those at the top.

Council tax is significantly less in Scotland, as my hon. Friend the Member for Glenrothes (Peter Grant) mentioned. Our properties are £600 less for a band E property on average across Scotland compared with England. The Scottish Government have committed to abolishing council tax for anyone under the age of 22. That flies in the face of what the UK Government are doing, which involves paying young people less, giving them less in benefits and, basically, disadvantaging them at every opportunity.

We also have a situation whereby people who were looked-after children on their 16th birthday will be eligible for a council tax reduction to zero until their 26th birthday. We have put that in place because we recognise the hardship that young care leavers feel in many areas of life, so things are slightly different in Scotland. We still do not have as fair a system as we would like, and we are still looking to reform it, but we are committed to making those changes.

5.10 pm

**James Murray** (Ealing North) (Lab/Co-op): It is a pleasure to speak in the debate with you as Chair, Mrs Harris. I thank the hon. Member for Barrow and Furness (Simon Fell) for securing it, and I particularly thank my hon. Friends the Members for Leeds East (Richard Burgon) and for City of Durham (Mary Kelly Foy) for their contributions.

I am sure we will shortly hear from the Minister about whether the Government have any plans to introduce a new system of property taxation. However, if they were to agree to develop and implement a new system, it would clearly take some time. They could already be helping working families by freezing council tax this year, which could be funded by strengthening the windfall tax on oil and gas producers. As the Minister will know, I and my colleagues have been deeply concerned about the increase in council tax that the Government have

forced on local authorities and households this year. That tax rise has taken the bill for a typical band D property above £2,000 for the first time. It comes in the middle of a cost of living crisis and from a Government who have been responsible for 24 tax rises and for making the tax burden the highest in 70 years. At the same time, they have refused time and again to close gaps in the windfall tax on oil and gas producers' unexpected and excessive profits. We have long said that it cannot be right for the Government to leave money on the table like that while pushing up taxes yet again for working people across the country.

The debate is focused on stamp duty as well as council tax. The last time the Government made significant changes to stamp duty was in autumn last year. The main change was to increase the nil rate threshold for stamp duty payments on residential properties, effectively by removing the lowest band. The changes were introduced by the previous Chancellor, the right hon. Member for Spelthorne (Kwasi Kwarteng), under the brief premiership of the right hon. Member for South West Norfolk (Elizabeth Truss). They were continued by the current Chancellor and Prime Minister—albeit on a time-limited basis—at a cost to the public finances of £1.7 billion a year. We opposed those plans and made it clear at the time that it would not have been right or responsible to support them. Given that our economy was reeling from the long-term damage the Government had done, with current and future homebuyers facing a Tory mortgage penalty, this was not the time to spend £1.7 billion a year on that tax cut. Despite that, the Government pushed ahead. So when it comes to stamp duty, it is clear that they do not have a record of spending public money wisely.

**Aaron Bell:** I am interested in what the hon. Member just said. Would a Labour Government put the stamp duty limit back to where it was—a tax penalty for millions of Britons?

**James Murray:** As I said, we opposed the stamp duty cut because it is not a way to spend public money wisely. We are clear that a Labour Government would spend public money wisely, making sure that we eased the burden on working people, who are suffering the highest tax burden in 70 years. I will be interested to see whether the Minister attempts to defend the mini-Budget stamp duty changes. Will he also defend the Government's council tax rise and their failure to strengthen the windfall tax?

I will conclude, because I am conscious of the time. The Opposition believe that our country needs a tax system that is fairer, not one in which an ever greater burden falls on working people, and that is what we will continue to fight for.

5.13 pm

**The Economic Secretary to the Treasury (Andrew Griffith):** It is a pleasure to see you in the Chair, Mrs Harris, and to serve under you today. Let me join others in congratulating my hon. Friend the Member for Barrow and Furness (Simon Fell) on securing this well-attended debate. I note the largely cross-party nature of the contributions—with the exception of the speech by the hon. Member for Ealing North (James Murray)—and I will try to reflect that in my tone. We welcome this

opportunity to discuss the important issue of property taxation, including the current status of council tax and stamp duty. I have heard the concerns that have been articulately put on behalf of Members' constituents in many different parts of the country, and those concerns have been thoughtful and constructive.

For many people, council tax is the most fundamental tax: we pay it every month, it is highly visible, it has an impact on all sorts of important decisions and, when we pay it, we know what services we are getting for it. It has the strength unique in the taxation system of being local and personal. That is not to say that it is perfect, and we have heard today about some of the difficulties manifested in some communities.

Importantly, council tax is set, collected and retained by democratically elected local authorities, and I ask colleagues to think about that as we think about potential reforms. It ensures that households contribute to the cost of local services, whether that is fire and rescue, refuse collection, transport, libraries or—this is a particular passion for my constituents in Arundel and South Downs—dealing with potholes.

Council tax is a well-understood tax and has a high rate of collection and a stable base. It does not, for example, go up and down with property prices, as some potential alternatives might. Therefore, it gives local authorities a strong degree of certainty in their financial planning. On aggregate, it raises about £36 billion for local councils in England. That is about 57%—very importantly, the majority—of their core spending power. Council tax is the largest single source of revenue for local authorities. To ensure fairness, it is mitigated—we heard a little about this—through a range of reliefs, such as support for those on low incomes, a reduction for those with a disability and an exemption for students.

Stamp duty is an efficient tax to administer and collect. It raises a really substantial sum—£14 billion that the Government use to pay for essential services, such as the NHS, schools and police.

So these are not easy issues. For all of us thinking about the best way forward and about how to chart a course for reform, this issue does pose questions that are worth thinking about. Notwithstanding the advocacy of the proposal from many hon. and right hon. Members in the debate, neither the Opposition Front-Bench spokesman, the hon. Member for Ealing North, nor the distinguished hon. Member for Westmorland and Lonsdale (Tim Farron) actually went to the point of committing to make this change, so I would contend that there is a little more work to do.

**Peter Grant:** Will the Minister give way?

**Andrew Griffith:** Although the hon. Member does not represent England, perhaps he would like to make that commitment.

**Peter Grant:** At least we agree that we are no longer a United Kingdom—I am pleased to agree with the Minister on that.

Given the increasing complexity and scale of services that local government in Scotland and England has to provide, does the Minister see any benefit in giving councils the power to raise taxes based on something other than simply property values? Is it time to broaden the base so that they can raise their own incomes tax,

VAT, sales tax or tourist taxes—or are the Government obsessed with the idea that their core tax will always be based on imaginary property values?

**Andrew Griffith:** In the interests of trying to reflect the views of hon. Members, I will not be distracted by that interesting idea. Again, the proposal that has been put forward does acknowledge the opportunity for local authorities to diversify their sources of revenue. One of the issues that, as a democrat, I find most problematic with this proposal is the impact it would have on local authorities. Their ability to raise revenue for themselves would be taken away, which would be one of the single biggest—and adverse, in my view—issues for local government. The system is often accused of being overly centralised, but this proposal would absolutely remove any ambiguity whatever, and that is something that the advocates of this proposal may want to think about.

**Helen Morgan:** Will the Minister give way?

**Andrew Griffith:** I will give way—sparingly.

**Helen Morgan:** I am grateful to the Minister for giving way. On the point about stability, surely a simple step to address some of the inequality in the current system would be to reassess the valuations and introduce higher bands of council tax.

**Andrew Griffith:** Higher bands have been introduced over time. It has been a long time—just as a point of fact—since there has been a revaluation. I note that both the Labour party and the Liberal Democrat party served in Government for significant periods during that time, so it is not just among Government Members that there is caution about some of the unintended consequences of doing something that affects so many people. The impact on those with low and fixed incomes of moving any sort of basis of property tax should be thought about carefully.

The hon. Member for Leeds East (Richard Burgon) was candid about his desire to soak the rich with wealth taxes. What we are talking about would effectively be an imperfect wealth tax, because it would be a tax on that proportion of wealth that relates only to residential property and it would not be comprehensive. For that reason, there would be people who were asset-rich but cash-poor, such as widows, who would have to think through the consequences.

Moving towards a more periodic review of values poses the question of how that revaluation would take place. Certainly, some of us are shy of algorithms, but in all likelihood, unless we were to recruit an army of estate agents-meet-inspectors, we would be using some algorithmic method. In fairness, colleagues on both sides have talked about the status quo, but there would also potentially be unfairness in a mechanistic approach.

**Tim Farron:** The Minister is being incredibly generous in giving way. In the short time available to him, he is providing a thoughtful critique of the proposal that has been put to him, and he is entitled to do that. He correctly says that none of the parties represented here is saying that this will definitely be in their manifesto, although I think we should all consider it. However, I would love him to consider the fact that the Fairer



[Tim Farron]

Share approach is cross-party. The people who have been advocating for the Government to think about this have made an extensive critique of council tax and how unfair and outdated it is. On the table is something that is potentially better. I would love the Minister to look again at council tax to see whether there are ways in which he could make it fairer.

**Andrew Griffith:** I hear the hon. Gentleman, and I look forward to reading his manifesto—whether it is for his party or for the coalition that his party and the Labour party both seem very keen on.

As we think about proposals, we must think about democracy and about the potentially disempowering impact on local government, of which I suspect that most colleagues are strong advocates. There is also the issue of accountability. My hon. Friend the Member for Hartlepool (Jill Mortimer) talked about the debate going on in Hartlepool, and I suspect that it is one of the liveliest debates that local people are having. However, it would not be able to take place if these things were simply set in Whitehall and the money was distributed algorithmically.

My hon. Friend the Member for West Dorset (Chris Loder) talked a little about the compensating mechanisms of revenue support grant. The Government are levelling up in many ways, but that is another way in which we can seek a fairer outcome for our constituents.

**Chris Loder:** Will the Minister consider reviewing that for the Dorset Council area so we have fairness for our constituents?

**Andrew Griffith:** I am quite sure that my hon. Friend, who is an effective champion for his constituents, will continue to prosecute his case, but he will understand if I do not give that commitment here and now.

My hon. Friend the Member for Barrow and Furness and others talked about second home ownership. We understand that, and I have a proportion of second homes in my own constituency. As colleagues know, proposals on the table in the Levelling-up and Regeneration Bill would allow councils local and democratic discretion to attract a council tax premium that goes some way to address that issue. However, we should be cautious. Those homes already bring a disproportionate amount of net benefit to local councils, simply because they pay the full rate of council tax, but do not consume at the same intensity. The ability to have them pay double will increase that further.

Let us remember that this is not a simple issue. The work-from-home, hybrid economy blurs the line. Hon. Members—probably almost uniquely as a group—understand that people may work in one place and live in another, so the line between a first and a second home can be blurred. We should be cautious about discriminating on tax grounds against the person who chooses to work and rest in two different places, in two small homes, rather than in a single home of equivalent value. I offer that to hon. Members as a potential mitigant as we think about this issue.

Today, we have heard some thoughtful proposals, and a number of points have been made on both sides. In conclusion, these issues are important, and there are real consequences not only for our constituents, but for the housing market, in which, as one hon. Member said, there is already substantial intervention. We need to think through the unintended consequences at every point. Help to downsize would be one potential benefit for us all.

The Government will continue to act where appropriate to do so. I thank hon. Members for their thoughtful contributions. In securing the debate, my hon. Friend the Member for Barrow and Furness has allowed us to hear a variety of different contributions from all parts of the House. The Government will keep listening on this important topic.

5.25 pm

**Simon Fell:** I shall not sum up further than the Minister has so ably done already, other than to thank you, Mrs Harris, for chairing and to thank Members from both sides of the House for putting politics to one side, embracing an idea and fighting for it. From Fife to Dorset, and from Cumbria to Durham, I think we have put together a rainbow coalition in support of reform. I am glad my hon. Friend the Minister is listening to the calls for reform. We have a piece of work to do to convince him about the democratic deficit of the proposals, but I am convinced we can do it.

**Carolyn Harris (in the Chair):** Before I put the question, I thank all Members for their discipline and consideration this afternoon in making sure that all who wanted to speak had an opportunity to do so.

*Question put and agreed to.*

*Resolved,*

That this House has considered the matter of alternatives to Council Tax and Stamp Duty.

5.26 pm

*Sitting adjourned.*

# Written Statements

Wednesday 17 May 2023

## DEFENCE

### War Widows Ex-gratia Payment Scheme

**The Minister for Defence People, Veterans and Service Families (Dr Andrew Murrison):** The armed forces covenant is a unique commitment by the nation in recognition of the sacrifices that members of our armed forces and their families make for our security. A key principle of the covenant is that special consideration is appropriate in some cases, especially for those who have given most, such as the injured and the bereaved. Under old rules in several armed forces schemes, a cohort of bereaved armed forces spouses, civil partners and eligible partners, whose bereavement was attributable to service, forfeited their pensions if they remarried or cohabited before the rules were changed in 2015. It is not possible to restore those pensions, but the MOD and HM Treasury are deeply conscious of the sacrifice these bereaved individuals have made. The Government are therefore pleased to announce today that it is establishing a scheme to make one-off payments to members of this group, in recognition of their sacrifice.

The Government will pay £87,500 to each eligible widow/er. The scheme is scheduled to be ready to receive applications from winter 2023.

We hope that this payment will offer some acknowledgement and gratitude to those who were affected and encourage all those eligible to apply.

[HCWS777]

## HOME DEPARTMENT

### Regulation Update

**The Secretary of State for the Home Department (Suella Braverman):** I can inform the House that the Government are taking action to seek alternatives to animal testing for worker and environmental safety of chemicals used exclusively as cosmetic ingredients. We are therefore announcing a licensing ban with immediate effect.

The Government are committed to replacing animals used in science wherever scientifically possible and are confident that the UK science sector and industry have the talent to provide the solutions.

The cosmetic regulations require manufacturers to demonstrate that their products are safe for use by consumers. Animal testing for consumer safety of cosmetics and their ingredients was banned in the UK in 1998. This ban remains in force.

Under chemicals regulations, the registration, evaluation, authorisation and restriction of chemicals regime (REACH), chemicals manufacturers and importers must demonstrate the hazards to human health and the environment of the chemicals they place on the market. This includes chemicals used as ingredients in cosmetics. In some cases, where there are no validated alternatives, this has in the past required testing on animals as a last resort.

The REACH regime is separate from, and has a different purpose to, the consumer cosmetics regulations, which is why it has been possible that a chemical used in cosmetics production may be required to be tested on animals. This has been reflected in the issuing of a small number of time-limited licences between 2019 and 2022. The Government recognise the public concern around the testing on animals of chemicals used as ingredients in cosmetics, and the new opportunities available to us to depart from the EU testing regime.

I can confirm, therefore, that from today no new licences will be granted for animal testing of chemicals that are exclusively intended to be used as ingredients in cosmetics products.

The Government are also engaging with the relevant companies to urgently determine a way forward on these legacy licences.

In addition, the Government are undertaking work to review at pace the effective administration of the ban over the longer term, including the legal framework for this. This would also have due regard of the needs of the science industry, the need to ensure worker and environmental safety, and the need to protect animals from unnecessary harm.

Modern alternatives mean there are opportunities to design non-animal testing strategies for these chemicals so that worker and environmental safety is unlikely to be compromised, and potentially enhanced. In this way, working with industry, the Government are seeking to improve safety by the application of new non-animal science and technology.

[HCWS779]

## LEVELLING UP, HOUSING AND COMMUNITIES

### Reforming the Private Rented Sector

**The Secretary of State for Levelling Up, Housing and Communities (Michael Gove):** *The Renters (Reform) Bill, introduced into Parliament today, will deliver the Government's 2019 manifesto commitment to "bring in a Better Deal for Renters", including abolishing "no fault" (section 21) evictions and reforming landlord possession grounds. Alongside these reforms, we are reforming court processes to make this process faster and more efficient, so landlords have strengthened rights and means of possession. As we promised in the 2019 commitment our Bill "will create a fairer rental market: if you're a tenant, you will be protected from revenge evictions and rogue landlords, and if you are one of the many good landlords, we will strengthen your rights of possession."*

*The Bill builds on the strong progress this Government have made over the last decade to increase protections for tenants, such as giving councils stronger powers to drive out criminal landlords by introducing banning orders through the Housing and Planning Act 2016; action to stop retaliatory evictions (in relation to housing conditions) through the Deregulation Act 2015; and shielding tenants from excessive deposits and fees with the Tenant Fees Act 2019.*

*A healthy private rented sector is a vital part of our housing market—providing much-needed flexibility and in many cases serving as a stepping stone towards home ownership. The overall number of privately rented properties has doubled since 2004—peaking in 2016 and remaining roughly stable since. Some renters face a precarious lack of security as a result of section 21 “no fault” evictions. Short notice moves worsen children’s educational outcomes, make it challenging to hold down stable employment, and prevent families from putting down roots and investing in their local area.*

*The Government remain fully committed to improving the court system for landlords and tenants. Following the recommendation of the Levelling Up, Housing and Communities Select Committee, we will align the abolition of section 21 and new possession grounds with court improvements. This includes end-to-end digitisation of the process and our work with the courts to explore the prioritisation of certain cases, including antisocial behaviour.*

*It is wrong, too, that nearly a quarter of private rented homes do not meet basic decency standards. The tragic death of two-year-old Awaab Ishak shone a light on the unacceptable state of this damp, cold and dangerous housing—but these problems are not limited to the social rented sector. The Government intend to tackle these issues in the private rented sector by legislating to apply a decent homes standard. These dilapidated and dangerous homes are costing the NHS an estimated £340 million per annum and are holding back local areas, making them less attractive places to live and work.*

*The current system of regulation for the private rented sector is also failing responsible landlords. They face challenges when evicting tenants who wilfully do not pay rent or exhibit antisocial behaviour. They also suffer by being undercut by a minority of criminal landlords. We should celebrate the overwhelming majority of landlords who do a good job and give them peace of mind that they can repossess their property when a tenant is behaving badly, or their circumstances change. We have and will continue to work closely with representative organisations such as the National Residential Landlords Association, as well as groups such as Shelter, and local government when developing measures in this Bill.*

#### MEASURES ON THE FACE OF THE RENTERS (REFORM) BILL

*The Renters (Reform) Bill will address these failures for both the 11 million private renters and 2.3 million landlords in England. Our reforms have been developed in consultation with landlord and tenant groups over the past five years. As set out in the “A Fairer Private Rented Sector” White Paper, we will:*

*Abolish section 21 “no fault” evictions and move to a simpler tenancy structure where all assured tenancies are periodic—providing more security for tenants and empowering them to challenge poor practice and unfair rent increases without fear of eviction;*

*Introduce more comprehensive possession grounds so landlords can still recover their property (including where they wish to sell their property or move in close family) and to make it easier to repossess properties where tenants are at fault, for example in cases of antisocial behaviour and repeat rent arrears;*

*Provide stronger protections against backdoor eviction by ensuring tenants are able to appeal excessively above-market rents which are purely designed to force them out. As now, landlords will still be able to increase rents to market price*

*for their properties and an independent tribunal will make a judgement on this, if needed. To avoid fettering the freedom of the judiciary to make full and fair decisions, the tribunal will continue to be able to determine the actual market rent of a property;*

*Introduce a new privately rented sector ombudsman for private landlords which will provide fair, impartial, and binding resolution to many issues and, prove quicker, cheaper, and less adversarial than the court system;*

*Create a private rented property portal to help landlords understand their legal obligations and demonstrate compliance (giving good landlords confidence in their position), alongside providing better information to tenants to make informed decisions when entering into a tenancy agreement. It will also support local councils—helping them target enforcement activity where it is needed most; and*

*Give tenants the right to request a pet in the property, which the landlord must consider and cannot unreasonably refuse. To support this, landlords will be able to require pet insurance to cover any damage to their property.*

Further measures we will legislate for in this Parliament

Working closely with landlord, tenant and local government groups we will deliver further measures set out in the 2022 White Paper. We will bring forward legislation at the earliest opportunity to:

*Apply the decent homes standard to the private rented sector to give renters safer, better value homes and remove the blight of poor-quality homes in local communities. This will help deliver the Government’s levelling up mission to halve the number of non-decent rented homes by 2030. We will update this decent homes standard in consultation with stakeholders over the coming months to ensure it is fit for purpose and proportionate;*

*Make it illegal for landlords and agents to have blanket bans on renting to tenants in receipt of benefits or with children—ensuring no family is unjustly discriminated against when looking for a place to live; and*

*Strengthen local councils’ enforcement powers and introduce a new requirement for councils to report on enforcement activity—to help target criminal landlords.*

I look forward to the further discussions which will take place as we debate and scrutinise the Renters (Reform) Bill.

[HCWS778]

## WORK AND PENSIONS

### Temporary Jobcentres: Decommissioning

**The Parliamentary Under-Secretary of State for Work and Pensions (Mims Davies):** Jobcentres provide an important and necessary presence for those looking to, or wanting to, progress in work. This Department continues its commitment to provide local personalised support for customers and families, and remains committed to striking the right balance between providing these essential services and delivering value for money for the taxpayer.

As part of its transformational programme, the Department is also committed to improving its estate to provide a better environment for colleagues and customers, which will improve the opportunities, services and environments of many of the jobcentres we are retaining and enhancing.

In the written statement of 8 February 2023, the Department announced the decommissioning of 20 temporary jobcentres (phase 1). These temporary jobcentres—or the expansion of space in established jobcentres—were



put in place in direct response to the anticipated pressures on the labour market during the pandemic. The Department secured time-limited funding to rapidly introduce this additional space to deliver a temporary expansion to the existing network of 639 established jobcentre sites and provide more work coaches to support claimants. The temporary expansion of the jobcentre estate enabled us to drive forward our Plan for Jobs, helping people back into the labour market right across the UK.

In that written statement, the Department reaffirmed its commitment to reducing its jobcentre estate back to pre-pandemic levels by decommissioning temporary jobcentres—or the additional space in established jobcentres—in a phased approach, where the increased capacity is no longer needed. Several of the temporary sites, where they offer better, more suitable accommodation than our existing offices—and provide better value for money for the taxpayer—will be retained. Established jobcentres will move into these buildings.

The Department is now in a position to announce the second phase of decommissioning, which consists of the 19 sites listed below. The majority of these sites are expected to be decommissioned by the end of June 2023, with London Hackney slightly later. Subsequent phases will follow throughout 2023 and 2024, and we will keep Parliament updated.

Letters are being sent to each MP with changes in their constituency to explain what this means for their local jobcentre, its staff and their constituents. The decommissioning of these temporary jobcentres will not reduce our levels of service or access to face-to-face appointments. Customers will return to being served by their established jobcentre and there will be no reduction in the number of work coaches serving customers as a result of the decommissioning.

This Department remains committed to updating Parliament on our work to ensure that both our staff and customers are operating in buildings and environments fit for the future.

The 19 temporary jobcentres to be formally decommissioned are:

Site	Address
Banbury	Unit 9a, Castle Quay Shopping Centre, Castle Quay, Banbury OX16 5UH
Barking	Maritime House, 1 Linton Road, Barking IG11 8HG
Cannock	4-5 The Forum, Market Hall Street, Cannock WS11 1EB
Crawley (Gatwick)	Beehive Ring Road, Gatwick Airport, Gatwick RH6 0LG
Dewsbury	Unit 25, Princess of Wales Precinct, Dewsbury WF13 1NH
Harrow	Spencer House, 29 Grove Hill Road, Harrow HA1 3BN
Hastings	Unit MS2, Priory Meadow, Hastings TN34 1PH
High Wycombe	31 High Street, High Wycombe HP11 2AG
Liverpool (Bootle)	Unit 127-130, The Palatine Strand Shopping Centre, Bootle L20 4SU
London (Edmonton)	13-16 North Square, Edmonton Green Shopping Centre, Edmonton, N9 0HW
London (Hackney)	2 Hillman Street, Hackney E8 1FB
London (Waltham Forest)	1 and 2 Kestrel House, Trinity Business Park, Trinity Way, Chingford, E4 8TD
London (Wandsworth)	Unit 7b – 8b Putney Exchange, Putney High Street, London SW15 1TW
Newcastle	The Spire, Pilgrim Street, Newcastle upon Tyne NE1 2DS
Nottingham	Castle Court, 59 Castle Boulevard, Nottingham NG7 1FD
Plymouth	Unit 1, Bretonside Shopping Centre, Charles Cross, Plymouth PL4 OBA
Romford	Unit 1, Davidson Way, Romford RM7 0AZ
Rotherham	Unit 3a and 3b Phoenix Riverside, Rotherham S60 1FL
Torquay	122-126 Union Street, Torquay TQ2 5QB

[HCWS776]



# Ministerial Corrections

Wednesday 17 May 2023

## ATTORNEY GENERAL

### Unduly Lenient Sentence Scheme

*The following is an extract from the Adjournment debate on 23 November 2022.*

**The Solicitor General:** In 2021, 151 cases were referred to the Court of Appeal under the ULS scheme, and sentences were increased in 106 cases. That is a rate of 70%.

*[Official Report, 23 November 2022, Vol. 723, c. 414.]*

*Letter of correction from the Solicitor General, the hon. and learned Member for Mid Dorset and North Poole (Michael Tomlinson).*

An error has been identified in my response to my hon. Friend the Member for Stoke-on-Trent North (Jonathan Gullis).

The correct information should have been:

**The Solicitor General:** In 2021, **155** cases were referred to the Court of Appeal under the ULS scheme, and sentences were increased in 106 cases. That is a rate of **68%**.

### Unduly Lenient Sentencing Scheme

*The following is an extract from oral questions to the Attorney General on 7 December 2022.*

**The Solicitor General:** My hon. Friend knows a lot about the scheme and has long-term interest in it. Of those 151 cases, only eight were referred by victims and a further nine by a member of a victim's family, and that is not just an aberration for that year; it is a consistent trend. We regularly publish updates on the outcome of these sentences, and the revised victims code includes details of the ULS scheme.

*[Official Report, 7 December 2022, Vol. 724, c. 327.]*

*Letter of correction from the Solicitor General, the hon. and learned Member for Mid Dorset and North Poole (Michael Tomlinson).*

An error has been identified in my response to my hon. Friend the Member for Torbay (Kevin Foster).

The correct information should have been:

**The Solicitor General:** My hon. Friend knows a lot about the scheme and has long-term interest in it. Of those **155** cases, only eight were referred by victims and a further nine by a member of a victim's family, and that is not just an aberration for that year; it is a consistent trend. We regularly publish updates on the outcome of these sentences, and the revised victims code includes details of the ULS scheme.





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**not later than  
Wednesday 24 May 2023**

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