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3 March 2025**

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**HOUSE OF COMMONS  
OFFICIAL REPORT**

**PARLIAMENTARY  
DEBATES  
(HANSARD)**

**Monday 3 March 2025**

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# HIS MAJESTY'S GOVERNMENT

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# THE PARLIAMENTARY DEBATES

## OFFICIAL REPORT

IN THE FIRST SESSION OF THE FIFTY-NINTH PARLIAMENT OF THE  
UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND  
[WHICH OPENED 9 JULY 2024]

THIRD YEAR OF THE REIGN OF  
HIS MAJESTY KING CHARLES III

SIXTH SERIES

VOLUME 763

TWELFTH VOLUME OF SESSION 2024-2025

### House of Commons

*Monday 3 March 2025*

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

#### PRAYERS

[MR SPEAKER *in the Chair*]

### Oral Answers to Questions

#### HOUSING, COMMUNITIES AND LOCAL GOVERNMENT

*The Secretary of State was asked—*

##### New Housing: Access to Health Services

1. **Chris Coghlan** (Dorking and Horley) (LD): What steps she plans to take to ensure that new housing developments have adequate access to primary health services. [902938]

12. **Ben Maguire** (North Cornwall) (LD): What steps she plans to take to ensure that new housing developments have adequate access to primary health services. [902949]

**The Secretary of State for Housing, Communities and Local Government (Angela Rayner):** Through the revised national planning policy framework, this Government have strengthened the existing system of developer contributions to ensure that new developments provide the necessary infrastructure that communities expect and deserve, including health services. We will robustly hold developers to account for delivering on their obligations, and we will support local planning authorities to do so.

**Chris Coghlan:** Westvale Park in my constituency is a new housing development of 1,500 homes. Its residents have been waiting seven years for a GP surgery, and the existing GPs cannot expand their capacity. Will the Secretary of State meet me to discuss how we can ensure that Westvale Park gets the GP surgery it has been promised, as well as the other associated infrastructure and primary healthcare services for new developments across my constituency?

**Angela Rayner:** I sympathise with the hon. Gentleman, which is why this Government have said that infrastructure must come as part of our 1.5 million homes. The Housing Minister will be happy to meet him.

**Ben Maguire:** Cornish house prices far exceed local wages, and in areas such as Rock and St Minver, 40% of houses are second homes. Meanwhile, more than 3,000 homes are set to be built in towns such as Bodmin by 2030, but the only GP surgery building is currently running at 150% capacity, despite a new building having been promised for years. Will the Secretary of State please ensure that national planning guidance mandates that primary care and education infrastructure is put in place before developments are started, preventing developers from later breaking their promises?

**Angela Rayner:** Again, I sympathise with the hon. Gentleman. As I have said, this Government are absolutely committed to ensuring that we get that infrastructure and that development is a truly plan-led system. The policy framework is meant to do that, and we intend to consult on future policy changes—including a set of national policies for decision making—this spring.

**Mr Clive Betts** (Sheffield South East) (Lab): Last week, the Government produced new guidance about building on green-belt sites, particularly the golden rules about having sufficient infrastructure in place for health, education and transport. At the request of the Planning Inspectorate, Sheffield now has to provide sites in the green belt to hit its housing targets. Will the Secretary of State make arrangements for the Housing Minister to meet the leader

of the council and local MPs to discuss how those arrangements can be delivered, and liaise with her colleagues in other Departments to ensure that the resources are available to enable that to happen?

**Angela Rayner:** I can do better than that: the Housing Minister is going on Thursday.

**Catherine Atkinson** (Derby North) (Lab): When new housing was built in Mickleover under the last Government, residents were promised time and again that they would get a new GP surgery, but it never happened. What can this Government do to ensure that when new homes are built, residents have the GP access they need?

**Angela Rayner:** Again, I totally sympathise—I think this is why people have resisted some of these planning applications a lot of the time. That is why our Government are absolutely committed to ensuring, through the revised national planning policy framework, that infrastructure, including GP surgeries, is available when new housing is built.

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

**David Simmonds** (Ruislip, Northwood and Pinner) (Con): We know that through the section 106 agreement progress, the planning system is very good at levying funds for new NHS facilities, but NHS Property Services has not always been effective at building those facilities out on time. What assurance can the Secretary of State give the House that across Government there will be an appropriate focus on ensuring that NHS Property Services delivers the facilities that planning has secured?

**Angela Rayner:** The shadow Minister is absolutely right—it was his Government who did not do enough in this area. We have said that we will strengthen section 106 planning obligations, and we have also set up a unit within my Department to ensure that we hold developers to account and work across Government to ensure that infrastructure is built.

### Housing Targets: New Towns Taskforce

2. **Blake Stephenson** (Mid Bedfordshire) (Con): Whether the number of houses recommended by the new towns taskforce will be in addition to the housing targets set in the national policy planning framework. [902939]

**The Minister for Housing and Planning (Matthew Pennycook):** Not least because we will only begin construction of the next generation of new towns towards the end of this Parliament, the Government have been clear that they will deliver over and above the targets produced by the standard method. We will, of course, keep under review how the taskforce's forthcoming recommendations on new towns interact with housing targets across England.

**Blake Stephenson:** Communities in Mid Bedfordshire have always done their bit to take new housing, but continued pressure to build is chipping away at our beautiful countryside and the historical character of our towns and villages. Will the Minister assure communities such as mine that the new towns taskforce cannot hit us with a double whammy of house building?

**Matthew Pennycook:** The independent expert taskforce, chaired by Sir Michael Lyons, will be submitting its final report to us in the summer and, as such, we have absolutely no idea which locations it will recommend to Ministers for decision. We have been clear, as I have said, that our ambition is that new towns will contribute over and above the targets produced by the standard method, but obviously we want to make sure that the right incentives are in place to support proactive local authorities, such as his, coming forward with these large-scale new communities.

**Neil Duncan-Jordan** (Poole) (Lab): We know that future generations of older people are unlikely to have had generous pensions or even to have been homeowners during their working lives. Will the Minister therefore confirm whether housing targets will include specific reference to older people's housing and the growing need for age-appropriate accommodation?

**Matthew Pennycook:** I would say two things to my hon. Friend. First, the older people's housing taskforce recently reported, and we are weighing up its recommendations. We have also made clear through the national planning policy framework that we expect local authorities to take into account the types of tenure and homes that they need for their local areas, and local plans are the primary way that different types of housing for different demographic demographics should be brought forward.

### Penistone Line

3. **Paul Davies** (Colne Valley) (Lab): What recent discussions she has had with the Secretary of State for Transport on the Penistone line project. [902940]

**The Parliamentary Under-Secretary of State for Housing, Communities and Local Government (Alex Norris):** Our Department is in regular dialogue with the Department for Transport and with regional mayors on how best to support local transport infrastructure investment, including the Penistone line project. With our decision to finally grasp the nettle and support a mass transit system, this Government are now providing unprecedented levels of investment for the region.

**Paul Davies:** The Penistone line connects Kirklees, Barnsley and Sheffield. Single-track sections constrain capacity and present reliability issues. On the day that the previous Conservative Government announced that Network North money would be spent on potholes in London, three out of six services running over a four-hour period were cancelled on the Penistone line. Does the Minister agree that the proposed improvements will boost connectivity, economic growth, education and healthcare? Will the Minister meet me and my colleagues to discuss advancing this project?

**Alex Norris:** I thank my hon. Friend for raising these important points. I totally agree with him that improved connectivity is essential for places to thrive, and that is a point that Mayor Tracy Brabin makes to me frequently. I can happily say that the case for West Yorkshire is heard loud and clear. I would of course be happy to hold such a meeting.

### Levelling-up Projects

**4. Harriet Cross** (Gordon and Buchan) (Con): What her plans are for levelling-up projects. [902941]

**The Parliamentary Under-Secretary of State for Housing, Communities and Local Government (Alex Norris):** Despite the difficult fiscal context, at the autumn Budget we provided stability for legacy levelling-up projects—now called local growth funding—prioritising expenditure on the programmes that most directly support the five missions that this Government were elected on. The Government will set out our long-term vision for local growth at the upcoming spending review.

**Harriet Cross:** The provisional local government finance settlement for 2025-26 introduces changes to the previous methodology for the then levelling-up funding for categorising areas of priority need. The Rural Services Network has highlighted concerns and disparities that shift funding away from rural and coastal communities to urban areas. Can the Minister assure the House that any new funding formula will adequately address the unique challenges of rural and coastal communities? Will he commit to publishing the criteria by which future levelling-up funding decisions will be made?

**Alex Norris:** We have been clear that for local growth funding we want to move away from the old model of competitive funding pots and beauty parades, which was short-term and based on central criteria. I can assure the hon. Lady that the model that people get from this Government will be longer term, will be allocative, will have more flexibility and will have more local leadership, and it will of course be targeted at those communities that need it the most.

**Maya Ellis** (Ribble Valley) (Lab): May I first thank the Secretary of State for visiting Preston last week to attend this year's convention of the north? It was a fantastic event and reinvigorated the case for northern investment to be a key determinant in Government decisions. In that vein, can the Minister outline what conversations are being held with departmental colleagues to ensure that the opportunity of investing in the north is fully realised and understood?

**Alex Norris:** I know that my right hon. Friend the Secretary of State enjoyed her visit. Our Ministry is clear that although we have a crucial role to play in devolution, it is a whole-Government venture. We are having frequent conversations with colleagues about how to crowd-in the important policy interventions they are making, to ensure that our communities across the country have the tools and resources they need to shape their place.

### Leasehold Costs

**5. Rachael Maskell** (York Central) (Lab/Co-op): What steps she is taking to help tackle increases in leaseholders' costs. [902942]

**The Minister for Housing and Planning (Matthew Pennycook):** The Government recognise the considerable financial strain that opaque and unfair fees and charges are placing on leaseholders across the country. As my

hon. Friend will know, on 21 November last year, I made a written ministerial statement setting out the steps the Government intend to take to provide leaseholders with greater rights, powers and protections over their homes by implementing those reforms to the leasehold system already in statute. We will also progress the wider set of reforms necessary to end the feudal leasehold system for good.

**Rachael Maskell:** I welcome this Labour Government getting a grip on the feudal racket that enslaves leaseholders to ever-rising management fees and ground rents, making it impossible to pay and impossible to move. Will the Minister provide transitional arrangements to cap those costs while ensuring that all new developments—even developments that are soon to enter the planning stage, such as the one at York Central—can make the transition to commonhold as soon as the law changes?

**Matthew Pennycook:** The Government have no plans to cap service charges for tenants and leaseholders, given that would prevent necessary funds from being raised for legitimate purposes, but we do plan to tackle unregulated unaffordable ground rent provisions through legislation. As the White Paper published today makes clear, we want to make the process of converting to commonhold as easy as possible, and we will set out proposals in the draft leasehold and commonhold reform Bill, which is to be published later this year.

**Mr Lee Dillon** (Newbury) (LD): I welcome the Government's announcement today of changes to leasehold and the introduction of commonhold, but thousands of leaseholders across the country are still crippled by both high service charges and failing delivery. I am sure that the inboxes of Members across the House are full of complaints from constituents, particularly in relation to FirstPort management company. What can the Government do to hold individual management companies accountable for the services they deliver to our residents?

**Matthew Pennycook:** As the hon. Gentleman will know, we intend to bring into force this year the provisions of the Leasehold and Freehold Reform Act 2024, which is designed to drive up the transparency of service charges so that leaseholders can challenge them more easily if they consider them to be unreasonable. We intend to strengthen the regulation of managing agents, imposing minimum standards in relation to, for example, qualifications. I would say to any managing agent—and I know that Members across the House have been holding them to account—that they should improve their performance in the light of the changes coming forward in the near future.

**Mr Speaker:** I call the Chair of the Select Committee.

**Florence Eshalomi** (Vauxhall and Camberwell Green) (Lab/Co-op): I thank the Minister for his comments over the weekend—we really do need to ensure that we ban new leaseholds—but, as he knows, leaseholders have been promised this many a time before, and many will be going to sleep tonight with only a little sigh of relief because those bills will continue to come. The Minister mentioned the White Paper; can he tell us what the status of existing leaseholders will be when the measures to end leasehold are finally introduced?



**Matthew Pennycook:** Let me explain, as simply as I can, what we want to do. As the White Paper makes clear, we will ban the sale of new leasehold flats so that commonhold becomes the default tenure, and we will ensure that the process of conversion is as simple as possible so that those leaseholders in existing leasehold blocks who want to make that change can do so as simply as possible. But we have to ensure that those who do not want to make that change have the powers, rights and protections in relation to their homes that will give them the immediate relief that my hon. Friend talks about.

**Mr Joshua Reynolds (Maidenhead) (LD):** What steps are the Government taking to help those leaseholders with doubling ground rents who now feel trapped and unable to remortgage or sell their properties without meeting the massive costs of changing their leases, which, as I know from personal experience, can amount to five-figure sums?

**Matthew Pennycook:** I well recognise the problem. As the hon. Gentleman will probably know, historically ground rents were nominal sums—often peppercorn sums—but over the past 20 years we have seen a very different system develop. We have made a commitment, which we will honour, to take action on unregulated and unaffordable ground rents through legislation, and we will provide further details in due course.

#### **Pubs: Non-domestic Rates**

6. **Charlie Dewhirst (Bridlington and The Wolds) (Con):** What discussions she has had with the Chancellor of the Exchequer on levels of non-domestic rates for pubs. [902943]

**The Minister for Local Government and English Devolution (Jim McMahon):** Given the importance of business rates to both local government finance and local communities, and particularly to our high streets, our two Departments engage regularly on these matters. Pubs are eligible for the retail, hospitality and leisure relief scheme, and in the 2025-26 financial year pubs will benefit from a 40% relief on their bills, up to a cash cap of £110,000. For 2026-27, the Government intend to introduce a permanently lower rate for qualifying retail, hospitality and leisure businesses, including pubs. Those rates will be set by the Chancellor in the 2025 autumn statement.

**Charlie Dewhirst:** The highest pub in the Yorkshire wolds, the Wolds Inn at Huggate, is a great success story—Mr Speaker, I would be delighted to buy you a pint there the next time you find yourself on the right side of the Pennines—but, like many pubs in my constituency, it faces a crippling rise in non-domestic rates at a time when margins are very tight. Local pubs are not just businesses but much-loved community assets, so will the Minister reverse this tax grab and start supporting the great British local?

**Mr Speaker:** If I return as a missionary, I will bear that in mind.

**Jim McMahon:** Well, if it is intended to be a tax grab on pubs, we are not doing a very good job of it, because when the permanent scheme comes in, 99% of pubs that

are under the £500,000 threshold will benefit from it. We absolutely recognise the importance of our community pubs in propping up the community and giving them places to meet, and to the economy and the good jobs that they provide.

**Chris Webb (Blackpool South) (Lab):** The Armfield Club in my constituency is a fantastic local boozer that is run by, and was created by, Blackpool FC supporters. Venues such as the Armfield are the beating heart of our town, providing jobs and bringing local communities together. What steps will the Minister take to ensure a bright and sustainable future for clubs such as the Armfield?

**Jim McMahon:** I thank my hon. Friend for the work that he is doing to champion pubs in his constituency. Like all of us, he recognises just how important they are to the economy, and probably even more so to local communities. The Government can do a lot on business rates and on things like the community right to buy, which gives the community the right to step in when pubs might face closure, as part of the package.

#### **Arbroath Town Plan**

7. **Stephen Gethins (Arbroath and Broughty Ferry) (SNP):** Whether she has had discussions with the Secretary of State for Scotland on the Arbroath town plan.

[902944]

**The Parliamentary Under-Secretary of State for Housing, Communities and Local Government (Alex Norris):** My officials and I continue to work with our counterparts, including in the Scotland Office and colleagues in the devolved Governments, to develop and deliver the reformed long-term plan for towns. I was delighted to visit Arbroath earlier this year. I was blown away by the quality of its consultation and the boldness of its plans, and I commend the leadership of Peter Stirling and the rest of the town board.

**Stephen Gethins:** May I put on record my thanks to the Minister for visiting Arbroath? It was good of him to do that, and I join him in congratulating Peter Stirling and members of the Arbroath town board. We have seen how hard-working they are and the way the community really got behind the project. I put on record my thanks to everybody in the town who has taken part, and to my hon. Friend the Member for Angus and Perthshire Glens (Dave Doogan) for his work on it. Will the Minister work with the Treasury to ensure that there is maximum flexibility for local communities in Arbroath and elsewhere in the UK, to ensure that we can bring these projects to full fruition?

**Alex Norris:** That is a very important point. We wanted to keep the promise made to the people of Arbroath, which is why I am very pleased that we have been able to do so through the long-term plan for towns. Going forward, as I have said to other colleagues, we want to see a longer-term, more allocative settlement that is driven by local people. As I stood in the church hall, with board after board after board of feedback from local residents about what they wanted to see, it only firmed my resolve that they should be in charge, rather than us. I came away with Arbroath smokies—they are always worth a visit as well—but I was very impressed with what the town board was doing.

### Energy Efficiency Standards

8. **Greg Smith** (Mid Buckinghamshire) (Con): Whether she is taking steps to support landlords in upgrading housing stock to reach an EPC rating of C. [902945]

**The Parliamentary Under-Secretary of State for Housing, Communities and Local Government (Rushanara Ali):** This Government are committed to tackling fuel poverty and delivering warmer, cheaper homes for tenants. We are currently consulting on increasing minimum energy efficiency standards in the private rented sector and continuing to support landlords to meet the new standards through consultation.

**Greg Smith:** I understand the answer that the Minister just gave, but when individual private landlords with just one or two properties are coming to my surgeries to say they will simply sell up and remove those properties from the private rented sector because they cannot afford to bring properties up to EPC C, when the National Trust is leaving properties in the village of Bradenham completely empty because it cannot afford to bring those rural homes up to EPC C, and when the charity Abbeyfield has closed its Princes Risborough property because it could not afford to bring it up to EPC C, displacing elderly and vulnerable residents, does the Minister agree that if the Government are to bring in new regulations, it is equally incumbent on them to help provide funding?

**Rushanara Ali:** I thank the hon. Gentleman for his question. Raising standards in the private rented sector could lift up to 550,000 people out of fuel poverty. There are a number of schemes to support landlords to improve their properties, and they can look at their eligibility through gov.uk. In particular, there are schemes such as the boiler upgrade scheme, which offers £7,500 off the cost of heat pumps. We look forward to working in partnership with the sector, because we recognise that it is an important sector.

**Ms Polly Billington** (East Thanet) (Lab): Some 13% of households in England—over 3 million people—are officially in fuel poverty. Does the Minister agree that the last Conservative Government did not just fail to meet their housing targets, but left a legacy of high household bills?

**Rushanara Ali:** I thank my hon. Friend for the question. We have inherited a massive challenge, and we are working at pace to tackle these issues, so that people can live safely and securely in their home and do not face such high costs.

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

**David Simmonds** (Ruislip, Northwood and Pinner) (Con): As my hon. Friend the Member for Mid Buckinghamshire (Greg Smith) has highlighted, simply putting people out of their homes is not a solution to fuel poverty. Given that the figures very clearly show that the cost of the upgrades in many cases massively exceeds the financial benefit to either the tenant or the landlord, can the Minister give the House her personal assurance that this objective is realistic and achievable?

**Rushanara Ali:** We recognise that it is important to get the balance right. The Renters' Rights Bill will put in place new regulations to protect tenants, and as I have said, there are schemes to support landlords who need support. Investment in a property is an important part of ownership, and improvements can lead to increases in property value, and in the attractiveness of lets to tenants.

### Social Housing

9. **John Slinger** (Rugby) (Lab): What steps she is taking to build more social housing. [902946]

21. **Mike Tapp** (Dover and Deal) (Lab): What steps she is taking to build more social housing in Kent. [902959]

23. **Steve Witherden** (Montgomeryshire and Glyndŵr) (Lab): What steps she is taking to build more social housing. [902962]

**The Minister for Housing and Planning (Matthew Pennycook):** The Government are committed to delivering the biggest increase in social and affordable house building in a generation. In our first eight months in office, we have announced £800 million in new funding for the affordable homes programme. This top-up will support the delivery of up to 7,800 new homes, with more than half being social rent homes. We will set out details of new investment to succeed the 2021-to-2026 programme at the spending review.

**John Slinger:** I thank my hon. Friend for his answer. What measures will his Department consider to support councils that find themselves in viability negotiations with developers, who sometimes push down the quota of social homes and, indeed, affordable homes?

**Matthew Pennycook:** I am aware of several schemes in my hon. Friend's constituency that are having viability issues. Financial support is indeed available. While the £500 million of new in-year funding for the affordable homes programme announced at the Budget is already oversubscribed as a result of significant demand from housing providers across the country, the further allocation of £300 million, which we announced last month, will help ensure that more social and affordable homes are delivered. In the case that my hon. Friend describes, I would encourage both his local authority and local social housing providers to bid for that money.

**Mike Tapp:** I recently visited Aylesham village with Persimmon Homes in my constituency, and I was delighted to see the number of solar panels on roofs across the estate. What are this Government doing to ensure that, for new builds, including social housing new builds, we deliver solar panels on every roof, high levels of insulation, and charging points on driveways?

**Matthew Pennycook:** The previous Government, to their credit, introduced changes to the building regulations that came into force in June 2022, and under those standards, new homes are being built with high-quality insulation and electric vehicle charging points. Those standards also encourage the use of solar panels, or other forms of low-carbon technology, such as heat pumps.

This Government intend to amend building regulations later this year, as part of the introduction of future standards that will set more ambitious energy efficiency and carbon emission requirements for new homes.

**Steve Witherden:** The most recent data shows that nearly 11,500 people are stuck in temporary accommodation in Wales, unable to move on from homelessness due to a shortage of social housing and unaffordable private rents. Given the escalating need for affordable housing across the UK, what conversations has the Department had with the Welsh Government to urgently address this crisis and collaborate on quickly increasing the availability of social homes?

**Matthew Pennycook:** I understand well the pressures in Wales that my hon. Friend describes so eloquently. We know that increasing the supply of social homes is a cornerstone of the Welsh Government's plans to prevent housing problems and homelessness. We speak regularly with our colleagues in the Welsh Government, and we will continue to work closely with them on our shared objective of getting more social homes built by councils and housing associations.

**Alberto Costa** (South Leicestershire) (Con): Building more social housing and affordable housing was a principal promise made by Leicestershire county council in the proposals for the Lutterworth East development. That development is subject to a call-in, so I do not want to go into any details, but I want to ask the Minister this very basic question. If a senior civil servant in the Department gives a commitment to an MP, to encourage that MP to drop an amendment to legislation, can the MP rely on the assurances given by that senior civil servant?

**Matthew Pennycook:** I note the question the hon. Member asks. We are grateful to all the civil servants who serve the Government for acting with integrity. The civil service code is clear that civil servants must act truthfully and cannot deceive or knowingly mislead Ministers or Parliament. If the hon. Gentleman has serious issues that he wishes to raise regarding civil servants, he can do so with the Department's permanent secretary.

**Jess Brown-Fuller** (Chichester) (LD): Chichester's planning policy dictates that 30% of all homes in new developments should be social and affordable housing. However, we have recently noticed a worrying trend of registered providers refusing to take on contracts in smaller and medium-sized developments, and favouring larger developments. That is putting a lot of the social housing in Chichester at risk. What is the Minister doing to ensure that registered providers continue to take on smaller contracts in mixed-use developments?

**Matthew Pennycook:** We know that registered providers are facing real challenges when it comes to their capacity, or headroom, to take on additional section 106 units. The hon. Lady may be aware that we set up, through Homes England, a clearing service to try to better match developers with units that are not being picked up. We are giving lots more thought to what can be done in this area, and I am more than happy to speak to her about the options available to the Government.

**Lee Anderson** (Ashfield) (Reform): The building of more council houses throughout the UK is welcome news, especially in Ashfield, where we have 7,000 people on the waiting list. Does the Minister agree that when we are dishing these houses out, British-born, hard-working taxpayers should be prioritised?

**Matthew Pennycook:** I would say to the hon. Gentleman that they already are. There are very strict requirements in place when it comes to the allocation of social housing. As I am sure he knows well, local criteria can be imposed—I am not sure that his council has them in place—in terms of the amount of time someone needs to be resident in an area before they qualify for social rented housing.

**Mr Speaker:** I call the Liberal Democrat spokesperson.

**Vikki Slade** (Mid Dorset and North Poole) (LD): Every day, another family contact my office because they are homeless, and they are placed in a hostel, with no functioning kitchen and no private bathroom, miles away from their children's schools. I am sure that other hon. Members can say the same. What is worse is that the placements cost councils at least three times as much as permanent social homes. So-called affordable homes are of no use to these families at all. At the same time, new homes are being rejected by registered housing providers because the standards are not high enough. What are the Government doing to progress the future homes standard, so that the homes being built are not rejected by registered home providers, who say that the homes are not good enough for them, and will have to be retrofitted?

**Matthew Pennycook:** I understand the point the hon. Lady is making. I refer her to my previous answer. The Government intend to bring forward, through changes to building regulations, future standards that will increase the energy efficiency and carbon emission requirements on new build homes. That will give housing associations, in particular, that have got ahead of the changes and standards the comfort that they need to start adopting those units.

### Local Government Funding

10. **Andrew George** (St Ives) (LD): What steps she is taking to help ensure that levels of funding to local government are sufficient to fund public services.  
[902947]

22. **Kevin McKenna** (Sittingbourne and Sheppey) (Lab): What steps her Department is taking to ensure areas with higher levels of deprivation receive adequate funding.  
[902961]

**The Minister for Local Government and English Devolution (Jim McMahon):** We of course recognise the challenges that local authorities face, as demand increases for critical services. That is why the final settlement for 2025-26 made available over £69 billion for local government in England—a cash increase of 6.8% in core spending power on 2024-25. The most relatively deprived areas of England will receive 23% more per dwelling than the least deprived. Of course, spending decisions beyond this year are a matter for the upcoming spending review.



**Andrew George:** I am grateful to the Minister for that response. He will be aware that since the Conservatives took control of Cornwall council four years ago, they have transformed that authority from being financially sound to staring down the barrel of bankruptcy. Cornwall is a rural authority with urban levels of deprivation and a super-ageing population. What assurance can the Minister give that, through the funding formula and plans for local authorities, the Government will have due regard to the escalating costs for these local authorities, not least as a result of the national insurance contributions hike?

**Jim McMahon:** The hon. Gentleman and all Members of the House have our absolute commitment that when we revise the funding formula, we will ensure that it takes into account all the matters he mentions. The multi-year settlement is intended to give stability. We have to make sure that councils are on their feet at the end of that. We recognise entirely that deprivation is a driver of cost, but so is the cost of rural service delivery.

**Kevin McKenna:** The 48th most deprived locality in England and five of the 10 most deprived localities under Kent county council are in my constituency, yet the council struggles to understand the levels of deprivation and to adequately resource those localities. Can the Minister assure my constituents that devolution and reorganisation of local government in Kent will ensure that their needs are not ignored like this in the future?

**Jim McMahon:** I will not comment on individual councils, other than to say that this is why local government reorganisation is so important. In too many parts of England, the two-tier system is not working for local people. The two-tier premium means that a two-tier system is a more expensive way of delivering public services, and most members of the public have no idea which council is responsible for delivering which service. It is therefore right that we go through this reform. My hon. Friend is absolutely right to say that, in the end, things have to work for local people. All the matters that he covered are on our mind.

**Mr Speaker:** We come to the shadow Secretary of State.

**Kevin Hollinrake** (Thirsk and Malton) (Con): The Minister mentions local government reorganisation. On 5 February, the Deputy Prime Minister stated:

“We are postponing elections for one year, from May 2025 to May 2026”—[*Official Report*, 5 February 2025; Vol. 761, c. 767.] but on 17 February, the Minister, in a written parliamentary question, said that

“new unitary...government will be established or go-live in 2027” or 2028. Will the Minister confirm that these elections are not being postponed, and that they are, in fact, being cancelled for up to three years, meaning that councillors will serve terms of up to seven years? Will he also confirm that the Deputy Prime Minister may have unintentionally misled the House, and will he correct the record?

**Jim McMahon:** I can start by confirming that the Deputy Prime Minister did not mislead the House. The Opposition would do well not to muddy the waters.

They know better than anybody what local government reorganisation means. Over the past few years, when they were in government, they postponed 17 sets of elections to allow reorganisation to take place. Although elections are being postponed in nine councils, 24 sets of elections will still take place this year. Let us not allow this to be whipped up into something that it is not.

We absolutely want to move at pace on reorganisation. We want to see proposals developed and presented early—the sooner the better—so that we can move to those shadow authorities, and so that local people can elect the new bodies that will deliver public services in their area and be accountable to them. To be clear, nobody will benefit—not the leaders of Conservative councils who have asked for postponement, nor members of the public—if we make the matter more confused than it needs to be.

### Fire Safety: Local Authority Planning

11. **Dave Doogan** (Angus and Perthshire Glens) (SNP): What steps she is taking to help ensure that local authority planning processes include fire safety assessments. [902948]

**The Parliamentary Under-Secretary of State for Housing, Communities and Local Government (Alex Norris):** Building regulations set fire safety standards for new developments, and building regulations and planning are, of course, a devolved matter. In England, developers submitting planning applications for high-rise residential developments are required to submit, along with their planning application, a fire statement, setting out fire safety considerations, and the local planning authority must also consult the Health and Safety Executive.

**Dave Doogan:** An architect constituent of mine alerted me to his concerns about Camden council’s approach to fire safety in an application to construct a 400-guest underground hotel. At the planning stage, the London Fire Brigade expressed serious concerns that the proposed safety features would be difficult to maintain and dangerous were they to fail. A freedom of information request revealed that the London Fire Brigade’s fire safety compliance team felt that their concerns were ignored by Camden council at planning. Will the Minister commit to reviewing regulations to see whether they are sufficient to ensure that local authorities in England properly attend to serious concerns raised by local fire brigades?

**Alex Norris:** I am not sure that I can comment on the application the hon. Gentleman is talking about, as it will, of course, have been subject to the planning process as established in law. However, I can say that one of the changes that the Deputy Prime Minister made early on in our time in government was to ensure that approved document B can be updated quickly and in real time, so that if issues are highlighted, the regulations can keep up and buildings can be kept safe.

**Mr Luke Charters** (York Outer) (Lab): Last week, Labour councillors in York delivered the first local plan—are you ready for this, Mr Speaker?—since 1954, for which they should be commended, but local authorities need planning officers if they are to ensure that applications

can be processed quickly. Will the Minister update the House on plans to increase the number of planning officers?

**Alex Norris:** I fondly remember—at least, I think I do—our consideration of the Levelling-up and Regeneration Act 2023. *[Interruption.]* The hon. Member for Mid Buckinghamshire (Greg Smith) remembers it, too. At every sitting of the Public Bill Committee, my hon. Friend the Member for York Central (Rachael Maskell) said that York had never produced a plan, so I was overjoyed when I heard from the leader of York council this morning that it had had that success. Of course, making these things real involves really good planners, which is why we are pleased to have made a further £46 million available for planning capacity.

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

**David Simmonds** (Ruislip, Northwood and Pinner) (Con): We note that the Government have chosen not to take forward the Grenfell report recommendation relating to certification bodies on materials safety. Given the previous Minister's failure to reply to my questions on the new use of European standards in respect of fire performance, will the new Minister assure the House that we can be absolutely confident that the fire safety performance regulations in place are clear, robust and effective?

**Alex Norris:** They will be all those things; I believe that is a shared goal. For clarity, we are taking forward the recommendations. As we stated last week, we do not think that the testing houses ought to be under the purview of a single construction regulator, as that would mean that the regulator would essentially mark its own homework if there was a problem. I know Opposition Members have a problem with this, and I am more than happy to speak about it in greater detail.

We are looking very closely at European standards, as the hon. Gentleman will have seen in the "Construction Products Reform" Green Paper. Alignment with those European standards is probably a desirable goal, but that is subject to the ongoing consultation. We are very clear that the current regime does not cover enough construction products. There is not enough transparency or accountability when things go wrong. Our desire, as has been expressed from the Dispatch Box, is for a very high standards regime, and I look forward to working with Opposition Members in service of that shared goal.

### Town Centre Regeneration

13. **Mr Paul Kohler** (Wimbledon) (LD): What steps she is taking to support councils with town centre regeneration projects. [902950]

**The Parliamentary Under-Secretary of State for Housing, Communities and Local Government (Alex Norris):** We all want to see our town centres thrive, and it is one of those things that constituents raise with all of us. That is why we are delighted that at the Budget, the Chancellor confirmed that the long-term plan will be retained and reformed. The plan is working with 75 towns across the UK, providing each with £20 million to support their

regeneration. Of course, this comes on top of the innovation of high-street rental auctions, and the forthcoming community right to buy.

**Mr Kohler:** I thank the Minister for his answer. I am proud to have half of Morden town centre in my constituency. Morden is an area ripe for rejuvenation. It has fantastic transport links, but like many town centres across the country, it is struggling. As one Labour councillor recently noted in the council chamber, despite years of promising to regenerate Morden, Labour-run Merton council has failed to deliver. Just last week, it again put off doing anything—this time until at least 2027. Will the Minister meet me to discuss why the council has failed to begin rejuvenation over the last 30 years, and to discuss what support the Government can now give?

**Alex Norris:** I am grateful for the hon. Gentleman's invitation, which, of course, I will take up. The experience that he talks about is not uncommon in the rest of the country; certainly, over the last 14 years, there has been very little progress. I know that Merton council, for example, is investing some £300,000 in brightening and refreshing Morden town centre, but I know the council, like the hon. Gentleman, wants to see more done. I will be happy to sit down to talk to him about that.

**Paul Waugh** (Rochdale) (Lab/Co-op): I warmly welcome today's announcement of £20 million in community regeneration partnership money for Rochdale. This money will further revitalise our town centre and the area around our train station, as well as expanding our brilliant Hopwood Hall college. Does this prove what can happen when we have a Labour Government working with a Labour council and a Labour MP to revive an area?

**Alex Norris:** It absolutely does. My hon. Friend has been dogged, almost to the point of—well, I will not say to what point—on securing money for Rochdale. I know this money will make a real difference. Despite this being yet another thing that was not funded by the previous Government, we are delighted to have been able to secure this funding, which I know will have a great impact. I look forward to visiting.

### New Housing: Protected Landscapes

15. **Edward Morello** (West Dorset) (LD): Whether her Department is taking steps to ensure housing targets account for protected landscapes. [902952]

**The Minister for Housing and Planning (Matthew Pennycook):** The Government are committed to maintaining strong protections for our protected landscapes. We are clear that the scale and extent of development within such designated areas should be limited, so that we are able to pass on their attractions and important biodiversity to future generations. National planning policy is clear that significant development within a national landscape should be refused, other than in exceptional circumstances where it can be demonstrated that the development is in the public interest.

**Edward Morello:** West Dorset desperately needs new housing that is actually affordable for local people, especially key workers and young families looking to



get on the housing ladder, but 70% of West Dorset falls within a protected national landscape, formerly an area of outstanding natural beauty. Rigid housing targets could lead to inappropriate developments that undermine the character of this protected area. What discussions has the Department had with local authorities in Dorset on adjusting housing targets to reflect the constraints of the national landscape and our rural infrastructure challenges?

**Matthew Pennycook:** Local authorities use the standard method to assess housing needs, but they can show evidence of any hard constraints in their areas, including protected landscapes. Those will be assessed by the Planning Inspectorate to judge whether the plan is sound. We are clear that local authorities should explore all options to deliver the homes that their communities need, including maximising the use of brownfield land, working with neighbouring authorities and, where appropriate, reviewing their green belt.

### Building Safety Documentation

16. **Daisy Cooper** (St Albans) (LD): What steps she is taking to help people impacted by EWS1 fire safety certificates issued by Tri Fire. [902953]

19. **Dr Al Pinkerton** (Surrey Heath) (LD): If she will take steps to support residents impacted by market disruption due to incorrect building safety documentation. [902957]

**The Parliamentary Under-Secretary of State for Housing, Communities and Local Government (Alex Norris):** The external wall system 1 form is a tool developed by mortgage lenders to inform valuation, and is not a fire safety certificate. We are working very closely with the industry to encourage them to take a proportional approach to forms issued by Tri Fire. Lenders who have signed the industry planning statement should accept alternative evidence as part of mortgage applications, but if an individual has concerns about the fire safety of their building, they should contact the person responsible for it.

**Daisy Cooper:** I am grateful for that answer, but in an answer to a written parliamentary question last week the Minister suggested that if a leaseholder cannot use an EWS1 fire safety certificate to progress the sale and purchase of their home, they should use the fire risk assessment. However, in many cases, including in my constituency, both the EWS1 form and the fire risk assessment are most likely invalid, if not fraudulent. In those circumstances, what measures can be taken to prioritise fire risk assessments for those leaseholders? What can be done to protect leaseholders from the additional costs of conducting another fire safety assessment after the one that they conducted in good faith?

**Alex Norris:** If the building is in one of the Government-backed schemes, such as the cladding safety scheme, the fire risk assessment will have been quality assured by the Government, which will provide assurance. If it is covered by the developer contract, it will have been audited by the Department, so that ought to give cover as well. If neither of those things is the case, I am more

than happy to talk to the hon. Lady about how to give residents surety so that they can evidence to lenders that their building is safe.

**Dr Pinkerton:** Hon. Members across the House have raised concerns about the now-expelled fire safety engineer Adam Kiziak, following investigations into alleged signature fraud, including in my constituency of Surrey Heath. From what I understand, a second fire engineer, Adair Lewis, has now disowned a further 20 Tri Fire EWS1 forms that he alleges falsely bear his signature. Will the Secretary of State join me in requesting an urgent police investigation into these fraud allegations? Does she agree that her Department must urgently reassess buildings that have been surveyed by Tri Fire to protect residents from further uncertainty and market disruption?

**Alex Norris:** I stress that the EWS1 form is an industry form rather than a fire safety one. If those buildings are in a Government scheme, any fire risk assessment will have been quality assured. If they are in the developer contract, those schemes have been audited as well, which should give cover. I would not want to speak about individual cases at the Dispatch Box. We believe that the quality of those assessments must be sacrosanct and they must be done in good faith. That is why, as part of our response to the Grenfell inquiry, we have made significant commitments on standards in this area.

### Topical Questions

T1. [902963] **Satvir Kaur** (Southampton Test) (Lab): If she will make a statement on her departmental responsibilities.

**The Secretary of State for Housing, Communities and Local Government (Angela Rayner):** In a written ministerial statement on 21 November, the Government committed to taking steps to bring the feudal leasehold system to an end and to reinvigorate commonhold to make it the default tenure for new flats. Today marks the first step in the transition, with the publication of the “Commonhold White Paper”, which sets out the Government’s proposal for how a reformed commonhold model will operate, based on the recommendations of the Law Commission.

**Satvir Kaur:** The last Government’s disastrous changes to permitted development rights saw over 100,000 office and retail units converted into unsafe and unsuitable homes. In Southampton, they have left people living with office wires still hanging from the ceiling. Some have no windows, and others’ homes are no bigger than a car parking space. I welcome the Government’s excellent progress on renters’ and leaseholders’ rights, but will my right hon. Friend go further and confirm when permitted development rights will be reviewed, tighter regulations imposed and, where necessary, unsafe conversions banned?

**Angela Rayner:** My hon. Friend is absolutely right to raise that issue. We acknowledge that there has been criticism of some homes delivered through permitted development rights—particularly those that enabled commercial buildings such as offices and shops to change use to residential—and the Government are committed to keeping development rights under review.

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

**Kevin Hollinrake** (Thirsk and Malton) (Con): Help to Buy helped 350,000 young first-time buyers and the stamp duty discount helped 640,000 first-time buyers get on the housing ladder with discounts of up to £11,000. Both are now scrapped. Is the Secretary of State pulling up the housing ladder behind her?

**Angela Rayner:** It is staggering that the shadow Secretary of State says that, given that so many people now cannot get housing because his Government failed to meet their housing targets. We will have a mortgage guarantee scheme and we will build 1.5 million homes so that young people and other people can get the houses that they deserve.

**Kevin Hollinrake** (Thirsk and Malton) (Con): I will try again. The Government's manifesto promised to preserve the green belt. Then grey belt came along, which was supposed to be a few garage forecourts. Now it turns out that grey belt will mean 640 square miles of green belt—the size of Surrey—are to be built on. Is this simply another broken promise?

**Angela Rayner:** I will also try again. Under the Tories, the number of homes approved on greenfield land increased nearly tenfold since 2009. Labour will be strategic in grey belt release, and we will have a brownfield-first policy.

T2. [902964] **Ian Lavery** (Blyth and Ashington) (Lab): Many families in my constituency live in new housing estates where the developers have made their profits, sailed off into the sunset, and left the roads and services in an unacceptable state and unadopted. What steps might the Government be able to take to push local authorities like Northumberland county council into action to accept their responsibilities and adopt those estates?

**The Minister for Housing and Planning (Matthew Pennycook):** I well recognise the situation that my hon. Friend describes, but I also recognise the reluctance of local authorities to take on substandard housing estates that have been built. We have decided to consult this year on options to reduce the prevalence of private management of estates of the kind he describes. We will also, importantly, implement new consumer protections for homeowners on private estates in the Leasehold and Freehold Reform Act 2024.

**Mr Speaker:** I call the Liberal Democrat spokesperson.

**Vikki Slade** (Mid Dorset and North Poole) (LD): Homelessness stats published last week show that rough sleeping has increased for the third year in a row and is now 91% higher than in 2021, yet the Vagrancy Act 1824 has not been repealed and rough sleeping is still a criminal offence. In July 2024, the Minister was asked for a progress report and advised that consideration of relevant legislation was needed, but it is now more than three years since Parliament voted to repeal the Act. Will she now give us a date when that will come into force?

**The Parliamentary Under-Secretary of State for Housing, Communities and Local Government (Rushanara Ali):** We are taking urgent action to tackle homelessness and rough sleeping and have announced £60 million to tackle winter pressures. We will update the House on progress in repealing the Vagrancy Act in due course.

T3. [902965] **Douglas McAllister** (West Dunbartonshire) (Lab): In Scotland, 10,000 children are currently homeless and record levels of children are in temporary accommodation. The number of social houses built by housing associations in Scotland is at its lowest level since Margaret Thatcher. Does the Minister agree that the SNP has taken Scotland in the wrong direction and that instead we need to see the bold action taken by this UK Labour Government to build more homes replicated in Scotland, with a Scottish Labour Government in 2026?

**Matthew Pennycook:** I agree with my hon. Friend. Last year, as the housing emergency took hold, the SNP Government cut £200 million from the affordable housing budget. It was only as a result of Labour's record budget settlement that they were forced to reverse those cuts, but they are still not showing the adequate ambition that we need. The SNP Government must set out a real plan to reform planning and boost house building to meet their affordable housing targets.

T9. [902971] **Carla Denyer** (Bristol Central) (Green): In response to the minimum energy efficiency standards consultation for privately rented homes, landlord groups are saying that they would pass the cost of energy efficiency works on to tenants, despite that being the cost of bringing their properties up to basic minimum standards. Relying on council guidance that that should not happen is too weak. What additional measures will the Minister take to enforce that and ensure that it is private tenants—who are already at the greatest risk of fuel poverty—who will benefit, and not landlords?

**Rushanara Ali:** I refer the hon. Member to my earlier answer to that precise question. The Renters' Rights Bill will protect tenants from having costs passed on to them.

T4. [902966] **Tom Rutland** (East Worthing and Shoreham) (Lab): Many of my constituents face extortionate hikes in service charges while getting little in return, with repairs not being carried out, poor service and a lack of transparency and accountability from their managing agent, FirstPort. Can the Minister outline what the Government are doing to bring an end to the scandalous fleecing system that is ripping off leaseholders across the country?

**Matthew Pennycook:** To add to the responses I gave earlier, we intend to take action to provide leaseholders with the transparency of standardised service charge invoices, so that they can better challenge unreasonable rent hikes. We also need to strengthen the regulation of managing agents, including those such as FirstPort that, as is clear from the feeling in the House, are not performing the necessary services for their residents.

**Graham Stuart** (Beverley and Holderness) (Con): Welcome though the hundreds of millions of pounds extra for adult social care in the Budget were, can the Secretary of State confirm that the cost of rises in national insurance contributions and the minimum wage will run into the billions, and that local authorities will in fact be worse off than they were prior to the Budget in tackling social care? Can she confirm that—yes or no?

**The Minister for Local Government and English Devolution (Jim McMahon):** That is exactly the reason that there was £3.7 billion of new money for adult social care in the Budget.

T5. [902967] **Lloyd Hatton** (South Dorset) (Lab): Eden Portland is an exciting proposal for my community and, much like the Eden Project in Cornwall and Morecambe, it would be a hub for education and ecology. If delivered, it would boost investment and create well-paid jobs. I know that Ministers agree that this could be a real success story, so will they meet me and the team at Eden Portland, alongside colleagues from the Department for Culture, Media and Sport and the council, to discuss how we can deliver this exciting project?

**The Parliamentary Under-Secretary of State for Housing, Communities and Local Government (Alex Norris):** I welcome the exciting Eden Portland proposals and I enjoyed meeting my hon. Friend to hear further from him. It is clear that it would be great for the area's economic regeneration, for tourism in the region and for supporting greater understanding of biodiversity loss. Colleagues at DCMS are working closely with the proposers and with officials in my Department, but I would be happy to involve myself in whatever way is useful.

**Mr Richard Holden** (Basildon and Billericay) (Con): The planning proposals for Laindon Road and Mountnessing Road in Billericay and for Noak Bridge were previously rejected because of the green belt aspect but are now being reconsidered under grey belt. Will the Minister urgently meet me, the Billericay Action Group and some of the local councillors to look at the issues around where grey belt is perhaps not being used in the way the Government originally intended?

**Matthew Pennycook:** Local authorities can be clear about how grey belt should be used because we released planning policy guidance last week to give them a better sense of where it is appropriate to be released and be brought forward for development.

T6. [902968] **Dr Rosena Allin-Khan** (Tooting) (Lab): Far too many renters get a terrible deal, living in cold, mouldy substandard homes and being charged eye-watering rents by landlords. I am proud of this Government's Renters' Rights Bill, but while legislation is welcome, too many are still paying extortionate prices for really shoddy properties. Can the Secretary of State assure me that the Government are taking more steps to make renting affordable again?

**Matthew Pennycook:** I assure my hon. Friend of that fact, and we are also succeeding where the previous Government failed, in that we are finally abolishing section 21 no-fault evictions. The Renters' Rights Bill will empower tenants to challenge unreasonable within-tenancy rent increases. We also need to boost supply, which is why we set the hugely ambitious milestone, as part of our plan for change, of building 1.5 million safe and decent homes in this Parliament.

**Tim Farron** (Westmorland and Lonsdale) (LD): In the Lake district and the dales of Cumbria, average house prices are around 20 times average household incomes. Will the Minister try to tackle this issue by

making sure that there is a specific and unappealable designation of social housing-only developments that national park authorities and local councils can enforce?

**Matthew Pennycook:** We want to see far greater use of rural exception sites in particular, and I am more than happy to sit down with the hon. Gentleman—I think we have already planned to do so—to discuss short-term lets as well as this issue.

T7. [902969] **Phil Brickell** (Bolton West) (Lab): I have recently received a number of complaints from my constituents about leasehold managing agents. These include unacceptably long delays for repairs—[*Interruption.*]

**Mr Speaker:** Order. It is totally unfair when a Member is speaking to block the vision of the Chair.

**Phil Brickell:** These include unacceptably long delays for repairs and exorbitant costs at Greenmount Court in Smithills, despite spiralling fees, poor transparency and little to no communication from the agent. What steps is the Minister taking to deliver a fairer deal for existing leaseholders and to hold poorly performing managing agents to account?

**Matthew Pennycook:** We need to balance speed with care, because we will not make the mistake that the previous Government did and pass flawed legislation that requires us to fix it, therefore delaying reform for leaseholders. We will, as soon as possible, introduce the provisions of the Leasehold and Freehold Reform Act 2024, which will allow us, as I said, to bring in transparency around service charges to allow leaseholders to better challenge unreasonable increases, and we intend to strengthen the regulation of managing agents.

**Mr Gagan Mohindra** (South West Hertfordshire) (Con): On 8 February, the Court—a grade II listed landmark in Chorleywood in my constituency—burned down in mysterious circumstances. I met the three local councillors—Councillors Cooper, Hearn and Reed—on Friday to discuss the matter. I am not asking the Secretary of State to comment on this specific case, but will she confirm that where listed buildings are destroyed without permission, there should be a presumption that they are rebuilt brick by brick to how they were before the destruction?

**Angela Rayner:** I am sorry to hear about that particular case, and I am happy to meet the hon. Member to get the details; absolutely, listed buildings are an important part of our landscape.

T8. [902970] **Uma Kumaran** (Stratford and Bow) (Lab): At nearly every single one of my advice surgeries, leaseholders in Stratford and Bow have told me appalling stories of disrepair, high service charges and no accountability from management agents, after years of broken promises of reform by the Conservative Government. I am pleased about today's announcement on leasehold reform for new builds, but will the Minister assure my constituents about what concrete action will be taken for existing leaseholders?

**Matthew Pennycook:** The publication of the "Commonhold White Paper" today marks the beginning of the end of the feudal leasehold system. We will succeed where the previous Government failed and

bring that system to an end, but we are determined to provide immediate relief for leaseholders suffering from unreasonable and unfair charges at present.

**Iqbal Mohamed** (Dewsbury and Batley) (Ind): I rise to gently follow up on a critical request for urgent help that I made in November. In September 2023, Kirklees council temporarily closed Dewsbury sports centre for safety reasons due to reinforced autoclaved aerated concrete. The centre remained closed until 5 November 2024 when the council unilaterally decided to permanently close the centre without investigation. I raised the issue

with the Secretary of State for DCMS and have written to the Prime Minister and the Chancellor for assistance. Will the Deputy Prime Minister facilitate an update for me on the issue?

**Angela Rayner:** The hon. Member makes an important point around safety and RAAC in our public buildings. We are absolutely committed to do all we can, despite the legacy given to us by the previous Government. I will ensure that he gets a meeting with the Under-Secretary of State for Housing, Communities and Local Government, my hon. Friend the Member for Nottingham North and Kimberley (Alex Norris).



## Ukraine

3.33 pm

**The Prime Minister (Keir Starmer):** Less than a week since I called on this House to show the courage of our predecessors, we see clearly before us the test of our times, a crossroads in our history. With permission, Mr Speaker, I will update the House on my efforts to secure a strong, just and lasting peace following Russia's vile invasion of Ukraine.

It begins in this House, where on Tuesday I announced the biggest sustained increase in defence spending since the cold war—a recognition of the fact that, once again, we live in an era where peace in Europe depends upon strength and deterrence, but also a rediscovery of the old post-war argument, long held on these Benches, that economic security is national security. Because the demands we now have to make of Britain must come alongside a new foundation of security for working people.

The tough choices that we made last week are not done. We must use the process of getting to 3% of our national income spent on defence to fundamentally rebuild British industry, and use our investment in military spending to create new jobs and apprenticeships in every part of the country. That is why last night I announced a deal that perfectly symbolises the new era: a partnership with Ukraine that allows them to use £1.6 billion of UK Export Finance to buy 5,000 air defence missiles, manufactured in Belfast. That means UK jobs, UK skills and UK finance pulling together for our national interest, putting Ukraine in the strongest possible position for peace, and protecting innocent civilians from the terror of Russian drones.

My efforts continued on Thursday, when I met President Trump in the White House to strengthen our relationship with America. Now, what happened in his subsequent meeting with President Zelensky is something nobody in this House wants to see. But I do want to be crystal clear: we must strengthen our relationship with America. For our security, for our technology and for our trade and investment, they are and always will be indispensable. And we will never choose between either side of the Atlantic—in fact, if anything, the past week has shown that that idea is totally unserious. While some people may enjoy the simplicity of taking a side, this week has shown with total clarity that the US is vital in securing the peace we all want to see in Ukraine.

I welcome the opportunity for a new economic deal with the US, confirmed by the President last week, because it is an opportunity that I am determined to pursue. I welcome the positive discussions that we had on European security, including his clear support for article 5 of NATO. I welcome the understanding, from our dialogue, that our two nations will work together on security arrangements for a lasting peace in Ukraine. I also welcome the President's continued commitment to that peace, which nobody in this House should doubt for a second is sincere.

I now turn to the events of this weekend and the moving scenes that greeted President Zelensky as he arrived in London on Saturday. I saw for myself that he was taken aback when the crowd in Whitehall cheered at the top of their voices. They were speaking for the whole of our country—a reminder that this Government,

this House and this nation stand in unwavering support behind him and the people of Ukraine. We resolved together to move forward the strong cause of a just and lasting peace in Ukraine.

Then on Sunday I hosted European leaders from across our continent, equally committed to this cause, including President Macron, Prime Minister Meloni, the leaders of NATO, of the European Commission and of the European Council, and the Prime Minister of Canada—a vital ally of this country, the Commonwealth and Ukraine, responsible for training over 40,000 Ukrainian troops. I also had the privilege beforehand of speaking online to the leaders of Estonia, Lithuania and Latvia, each of whom, close as they are to the frontline with Russia, stressed the urgency of the moment.

It was a productive summit. Together, we agreed a clear strategy: that the United Kingdom, France and our allies will work closely with Ukraine on a plan to stop the fighting, which we will then discuss directly with the United States. It is a plan with four clear principles, which I will now share in full with the House. First, we must keep the military aid to Ukraine flowing and keep increasing the economic pressure on Russia. To that end, alongside our partnership on air defence, we are doubling down on military aid. Already this year, we have taken our support to record levels. On Saturday, we also agreed a new £2.2 billion loan for Ukraine, backed not by the British taxpayer but by the profits from frozen Russian assets. Second, we agreed that any lasting peace must guarantee the sovereignty and security of Ukraine, and that Ukraine must be at the table when negotiating their future—that is absolutely vital. Third, we agreed that in the event of a peace deal we will continue to boost Ukraine's defences and Ukraine's deterrence. Finally, fourth: we agreed to develop a coalition of the willing, ready to defend a deal in Ukraine and guarantee the peace.

After all, the Ukrainian position is completely understandable. For them, the war did not begin three years ago; that was merely the latest and most brutal escalation. They have signed agreements with Putin before. They have experienced the nature of his diplomacy and the calibre of his word. We cannot accept a weak deal like Minsk again. No, we must proceed with strength, and that does now require urgently a coalition of the willing. We agreed on Sunday that those willing to play a role in this will intensify planning now, and, as this House would expect, Britain will play a leading role—with, if necessary, and together with others, boots on the ground and planes in the air. It is right that Europe does the heavy lifting to support peace on our continent, but to succeed this effort must also have strong US backing.

I want to assure the House that I take none of this lightly. I have visited British troops in Estonia, and no aspect of my role weighs more heavily than the deployment of British troops in the service of defence and security in Europe. Yet I do feel very strongly that the future of Ukraine is vital for our national security. Russia is a menace in our waters and skies. They have launched cyber-attacks on our NHS and made assassination attempts in our streets. In this House, we stand by Ukraine because it is the right thing to do, but we also stand by them because it is in our interests to do so. If we do not achieve a lasting peace, the instability and insecurity that has hit the living standards of working people in Britain will only get worse and Putin's appetite for conflict and chaos will only grow.

[The Prime Minister]

A strong peace, a just peace and a lasting peace: that has now to be our goal. It is vital, it is in our interests and in its pursuit Britain will lead from the front. For the security of our continent, the security of our country and the security of the British people, we must now win the peace. I commend this statement to the House.

**Mr Speaker:** I call the Leader of the Opposition.

3.43 pm

**Mrs Kemi Badenoch** (North West Essex) (Con): I thank the Prime Minister for advance sight of his statement, and for our conversation earlier today. The United Kingdom is a free, democratic and sovereign country. We recognise that Ukraine is fighting for her survival and fighting to have the same freedom, democracy and sovereignty that all of us here enjoy. That is why both the Opposition and the Government are fully committed to supporting Ukraine and President Zelensky. I was also glad to see His Majesty the King welcome President Zelensky at Sandringham. As I said at the weekend, President Zelensky is a hero. He is a symbol of the bravery of the Ukrainian people.

There are of course many areas where the Prime Minister and I disagree, but now is the time for us to discuss where we do agree. I welcome all his actions this weekend to convene European leaders, as well as the focus on economic security, using UK Export Finance to support British jobs.

As the Prime Minister knows, we welcome the uplift in defence spending to 2.5% of GDP by 2027, and we support the use of foreign aid to achieve that. We welcome a commitment to reach 3% in the years ahead, and we will support him in taking difficult spending decisions, including on welfare. We will return to the details of how the Government will fund this in the near future, but for now it is right that the Prime Minister is working with allies in Europe and with the United States to bring peace to Ukraine, and not a surrender to Russia.

As part of that, the Prime Minister has suggested that British troops could be deployed in Ukraine. There are obviously a range of possible options for what such a deployment could look like, and we are keen to work with the Government, but we will need details of any such plan. This will be a difficult but significant step. I know many in Parliament, and across our country, will be interested in what this entails, and I ask him to work with us so there can be effective scrutiny. I also welcome the coalition of the willing to support Ukraine and agree that Europe must do the heavy lifting. Will the Prime Minister update us on what European and other allies are willing to offer towards this coalition?

I welcome the use of the proceeds from frozen Russian assets to support Ukraine. Does the Prime Minister have plans to go further and use the frozen assets themselves? Will he provide an update on the Government's sanctions on Russian-linked individuals and confirmation that such sanctions would not be lifted in the event of a ceasefire? Will he update us on the steps that he and other allies are taking to ensure that Ukraine is at the negotiating table for any peace plan? What does he think can be done to heal the rift with Washington?

As the Prime Minister referenced in his speech, the Minsk agreements of 2015 failed to stop Russian aggression and ultimately did not return Ukraine's territorial integrity. His second principle is that any lasting peace guarantees the sovereignty of Ukraine, so how will the Prime Minister work to ensure we avoid a repeat of the Minsk agreements? How can we ensure that any peace fully protects Ukrainian sovereignty?

At times like these, it is so important that we stand together to defend shared values and the fundamental basic principle that aggressors should not win. The Prime Minister will have our support to do that and to ensure that we continue to uphold the values that all of us in this Parliament hold dear.

**The Prime Minister:** I thank the Leader of the Opposition for her message and for our discussion this morning, and I thank her for her support for the measures that we are taking. It matters across this House that we are united on this issue. It matters to the Ukrainians and to President Zelensky. I can tell the right hon. Lady that he was moved by the reception that he got in our country on Saturday, and I felt very proud to be British on Saturday when our country spoke with one voice. The right hon. Lady reflects that through the unity that has been shown from Members from across the House, and I thank for that.

The right hon. Lady asks about the details of any deployment. We will, of course, put details before the House when we get to that stage—if we get to that stage. As I mentioned in our phone call this morning, I will ensure she gets whatever briefings she needs to be able to look at the detail before it is put before the House, so she is fully informed.

On the question of other allies, we had a long meeting yesterday with a number of allies. My strong view is that we have to move forward and lead from the front, and therefore we need a coalition of the willing. Otherwise, we will move at the speed of the most reluctant, which will be too slow. A number of countries and allies indicated their support; they will set that out in due course. I will not pretend that every country is in the same place on this issue. That is why I and others took the view that we should take a leading position and move forward, but I will give further details as they become available.

On the question of the frozen assets, the proceeds—the profits—are being used in the way that the House understands, in accordance with the statement I have just made. On using the assets themselves, it is a very complicated issue and not straightforward, but we need to do, and we are doing, more work to look at the possibilities, along with other countries, but I am not going to pretend that that is simple or straightforward.

On the sanctions, we introduced last week the heaviest sanctions that we have put in place, and the right hon. Lady is quite right that they must not be lifted just because there is a cessation in the fighting. They must be kept in place as a vital part of our armoury—something that did not happen with Minsk. She is quite right to say that we have to avoid the mistakes of the past, which is why a security guarantee is so important—a guarantee that we should lead, but which needs US backing if it is to act as a proper guarantee. Of course she is right to say that Ukraine must be at the table in any discussions about the future of Ukraine, and I think that is a common position across the House.

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

**Emily Thornberry** (Islington South and Finsbury) (Lab): We all watched with alarm and distress the scenes from the White House on Friday, but equally, across the country, we were extremely grateful that we had a Prime Minister who had such a pitch-perfect response at the weekend. As he works towards a just peace for Ukraine, he has the support of the whole country in doing so.

Here is the question. The Prime Minister said on “Sunday with Laura Kuenssberg” that following the cuts to the aid budget, he would go through line by line to ensure that the priorities of Ukraine, Sudan and Gaza were all prioritised in a lasting peace. The difficulty is that after refugee costs, admin costs and the Department’s commitments to things like the World Bank and the UN are taken into account, it is hard to believe that there will be enough left in the budget to provide meaningful humanitarian support in those priority areas. Does the Prime Minister understand the concern of so many that these cuts could in fact, in the long term, hobble the very leadership that he has shown this weekend, which has finally given the world some hope?

**The Prime Minister:** I thank my right hon. Friend for her question. It is a very important issue. What I did last week was to announce the biggest sustained increase in defence spending since the cold war, and the circumstances and the context require it. That decision had to be made, and I was determined that it would be fully funded so the House could see where the money would come from.

On the question of overseas aid, I am committed to it. What we will now do is go through line by line the funding and look at our priorities. Of course, Ukraine, Sudan and Gaza are right up there in our priorities, but I also want to work with others, and across the House if we can, on other ways of raising money and finance for development and aid overseas. I saw the president of the World Bank on Friday to have that very discussion; I want to have it, and I mentioned it in my discussions with other countries this weekend, many of which want to join in attempts to find other ways to leverage money, particularly from the private sector, where states cannot do it in the way that they might want to just at the moment. That is the approach we will take.

**Mr Speaker:** I call the leader of the Liberal Democrats.

**Ed Davey** (Kingston and Surbiton) (LD): I thank the Prime Minister for advance sight of his statement. We were all horrified by Friday’s scenes in the Oval Office. President Trump’s attack on the brave and dignified President Zelensky left everyone shocked and appalled—except, it seems, the hon. Member for Clacton (Nigel Farage). Nobody else watching those scenes could fail to understand that we have entered a new era—one in which the United States prefers to align itself with tyrants like Putin, rather than its democratic partners.

On these Benches, we have supported the Prime Minister’s actions and leadership—Britain leading the world, as we have so many times in the past, bringing together Europe and Canada in London to work towards a just peace that guarantees Ukraine’s sovereignty and security—but we need to reduce our dependency on the

United States. With deep regret, I fear that President Trump is not a reliable ally in respect of Russia. In that regard, did the Prime Minister discuss with our European allies our proposals for a new rearmament bank and for seizing the tens of billions of pounds-worth of Russian assets to support Ukraine? In his conversations with the Canadian Prime Minister, was he clear that we stand with our Commonwealth ally in the face of President Trump’s threats?

Many of us were confused by Lord Mandelson’s comments yesterday, so can the Prime Minister confirm that they do not represent Government policy? Does he agree that the British ambassador should not be freelancing on American TV?

The Prime Minister will have our support if the UK continues to lead with our European and Commonwealth allies for Ukraine’s defence and our collective security.

**The Prime Minister:** I thank the right hon. Gentleman for his questions. He talked about the scene on Friday afternoon—nobody wants to see that. My response was to recognise the urgency of the need to repair the breach, which is why I spoke to President Trump and President Zelensky on Friday night, and again on Saturday night. I am continuing in that work, because for me, the single most important thing is lasting peace in Europe and Ukraine. Nothing is going to deter me from that or cause me to lose my focus on it.

On the dependency on the US, I do not agree with the right hon. Gentleman. The US and the UK have the closest of relationships; our defence, security and intelligence are completely intertwined. No two countries are as close as our two countries, and at a time like this, it would be a huge mistake to suggest that any weakening of that link is the way forward for security and defence in Europe.

On the question of a rearmament bank, yes, I do think we should continue discussions with others as to what the possibilities could be. That formed some of the discussion yesterday with our allies. On assets, again, the right hon. Gentleman knows that the situation is complicated, but there are ongoing discussions. I spoke at length with the Canadian Prime Minister yesterday, because we had a bilateral meeting as well as the meeting with other colleagues. In that meeting, I was able to assure him of our strong support for Canada, which is a close ally of ours and a strong supporter of Ukraine. Canada has led the way on the training that has been so vital to Ukraine, so it was very welcome at the table yesterday.

In relation to the ambassador’s comments, the plan is clear. We are working, particularly with the French—I had extensive conversations with President Macron over the past week and intensively over the weekend—and talking to Ukraine as well. Those conversations are going on at the moment, and the intention is to then have discussions with the United States in relation to that plan. As soon as the details are available, I will share them with the House, but they are still being worked on at the moment. There is no guarantee of success, but I am not going to let up until we have done everything we can to ensure peace in Europe and peace for Ukraine.

**Mr Speaker:** I call the Chair of the Defence Committee.



**Mr Tanmanjeet Singh Dhesi** (Slough) (Lab): I welcome the Prime Minister's statement, the warmth of his welcome and hugs for President Zelensky, and his show of leadership on defence and security matters in our continent as he hosted his Sunday summit of leaders in London. Can my right hon. and learned Friend assure the House that in our pursuit of a just, lasting peace, he will do his level best to convince President Trump to provide security guarantees for Ukraine, and to convince those NATO allies that are not spending 2% of GDP on defence to step up to the plate and do much more?

**The Prime Minister:** First, I am of course talking to President Trump about security guarantees—that formed a large part of our discussion on Thursday and our subsequent discussions. I think it is right that Europe does the forward leaning on this. We have to do more on security guarantees, but those guarantees need a US backing, and that is the very discussion that I am having.

On the question of spending, across Europe in this era, we now have to step up on capability, co-ordination and spending. That did form part of our discussions yesterday.

**Mr James Cleverly** (Braintree) (Con): I find myself in the strange and rather uncomfortable position of very much agreeing with the Prime Minister on everything he has said today. While I often take great delight in criticism of the Government, the Prime Minister did not really put a foot wrong this weekend.

However, he does need to go further. The small increase in defence spending that he announced was welcome, but fundamentally, we need a gear shift on this. I echo the point made by my right hon. Friend the Leader of the Opposition that when—and it will be when, not if—he has to make some really difficult decisions about balancing defence spending against domestic expenditure, we will not try to play politics. We will support him, because we need to send a message now to our friends in Ukraine and to potential aggressors around the world that we take our defence, the defence of our values, and the defence of our friends seriously.

**The Prime Minister:** I thank the right hon. Gentleman for the unity across the House, and he is absolutely right. It sends a message to those who want to challenge our values when they see this House united, whether on Ukraine or defence spending. We have to face this era with confidence and with unity across this House, wherever we can. It has been good to have him agreeing with me—we should do this more often.

**Alex Sobel** (Leeds Central and Headingley) (Lab/Co-op): First, I thank the Prime Minister for the leadership he has shown in pulling together all our allies yesterday in London and for acknowledging the bravery and sacrifice of the people of Ukraine. I was in Ukraine last week. I met the mayor of Kharkiv, a frontline city of 2 million people undergoing daily attacks and blackouts from Russian forces. He told me that a power project funded by the United States Agency for International Development had been cancelled at short notice. It would have generated 11.2 MW, shoring up their energy pipeline. Where others

have stepped back, will we step forward and support such projects, using either Russian assets or our own aid budget?

**The Prime Minister:** Power supply is hugely important in Ukraine. Let us face it: power and energy have been weaponised by Putin; that is why he is attacking the power supplies to communities across Ukraine. We will work with Ukraine to ensure that its people have the security and power supplies they need as we go forward.

**Mr Speaker:** I call the Father of the House.

**Sir Edward Leigh** (Gainsborough) (Con): Our enemies should know that our Prime Minister has 100% support from us. I noticed in Moscow that they are referring to the small size of the British Army. Perhaps the Prime Minister could remind them of what the Kaiser said in 1914 about “the contemptible little British Army”. Will the Prime Minister tell President Putin and other tyrants that our Army, the most professional in the world, is quite capable of giving as good as it gets? To continue the historical allusion, as in 1939, if we do stand up to the mark with the French, it is best to have a security guarantee from the Americans.

**The Prime Minister:** I thank the right hon. Gentleman for his unity, because that is really important. I think I speak for the whole House in saying that we are very proud of our armed forces in everything that they do. They are at the leading edge. They are playing a key part in Ukraine, and they will continue to play a key part in the security and defence of Europe.

**Dr Rosena Allin-Khan** (Tooting) (Lab): I congratulate the Prime Minister on bringing European leaders together at the weekend and on setting the record straight with J. D. Vance on the issue of free speech. President Zelensky is resilient and brave, just like the nation that he represents. In the second week of the war, when I went to Ukraine with my medical team, we could see at first hand that there is absolutely nothing that the Russians will not do. Will the Prime Minister promise that our support will not waver, and that he will continue working closely with our European allies to make sure that we bring about peace in Ukraine?

**The Prime Minister:** I can give my hon. Friend that assurance. We will not waver. We will work with our allies.

**Munira Wilson** (Twickenham) (LD): I welcome the Prime Minister's statement expressing the United Kingdom's unequivocal support for President Zelensky and Ukraine. In view of the Prime Minister's cuts to the aid budget, and with the eyes of the world focused on Zelensky, Ukraine and Russia, can he please reassure the House that he will not forget about the middle east, and in particular the decision by Netanyahu's Government to block aid to Gaza? What representations is he making on behalf of the Government to reverse that? It is a breach of international law.

**The Prime Minister:** Let me be really clear: the decision to block aid going into Gaza is completely wrong and should not be supported in this House. On the contrary, more desperately needed aid should be going into Gaza at speed and at volume, and we are making those representations.



**Cat Smith** (Lancaster and Wyre) (Lab): I congratulate the Prime Minister on his strong leadership in his response to the fast-moving events of the weekend. Will he recommit to increasing international aid spending to 0.7% when the fiscal circumstances allow?

**The Prime Minister:** Yes, I want to restore aid and development funding as soon as fiscal events allow. It is a principle I believe in, and I am proud of what we have done. In the meantime, I want to explore which other levers we can use to increase aid and development without necessarily increasing the spend within the Government budget.

**Stephen Flynn** (Aberdeen South) (SNP): There are many issues on which the Prime Minister and I will passionately disagree, but when it comes to the security of Ukraine and support for President Zelensky, we are of course united. I too commend the Prime Minister for his announcement yesterday, and on his partnership during the summit with our European and, indeed, our Canadian allies. Unfortunately, it has been reported this afternoon that President Trump is set to meet American aides to discuss withdrawing military aid to Ukraine. Are those reports something that the Prime Minister recognises, and, if so, what impact will that have on the timetable to which he and President Macron are currently working?

**The Prime Minister:** I have not seen reports of the United States withdrawing support for Ukraine, and, as I understand it, that is not its position. I thank the right hon. Gentleman for his support on this issue, although I was somewhat concerned that the Scottish National party is continuing its suggestion that now is the time to abandon the nuclear deterrent. If ever there was a time to reaffirm support for a nuclear deterrent, it is now. We must not reduce our security and defence. The SNP's decision is completely wrong-headed, and it should reconsider.

**Derek Twigg** (Widnes and Halewood) (Lab): The Prime Minister's actions this week demonstrated again why UK leadership in defence and security and on Ukraine is crucial. I also agree with him that it is important to strengthen our relationship with the United States. In the coming months, will he consider whether we should be proposing to hit 3% spending before the next election? We need to do what it takes.

**The Prime Minister:** I set out our position last week, which is that spending will be 2.5% by 2027 and 3% in the next Parliament, as fiscal circumstances allow.

**Mr Andrew Mitchell** (Sutton Coldfield) (Con): The Prime Minister should surely be commended both for the meetings that he held in the White House last week and for the effective leadership that he showed over the weekend. Will he bear in mind, as he seeks to forge this coalition of the willing with urgency and vigour, that the GDP of Russia is some \$2 trillion, while the GDP of the six European members of NATO that are the most committed is more than seven times that, at \$15 trillion? That should surely add to the effectiveness of the deterrent and the work that he is now doing with European allies.

**The Prime Minister:** I thank the right hon. Gentleman for raising that point. We must not lose sight of the fact that the Russian economy is being damaged by the measures that we are taking collectively, particularly on sanctions,

and we should have self-confidence in the ability of Europe to pull together, whether that is on military or financial issues, for the collective security of the defence of Europe. We have said many times that Europe needs to step up. Now is the time to step up; now is the time to lead. That is why I was pleased that in the last few days we moved things on a little in that regard.

**Mrs Emma Lewell-Buck** (South Shields) (Lab): I thank the Prime Minister for his statement, and for his continued strong leadership. In contributing troops, drones and munitions, Russia's allies remain active participants in Russia's illegal war in Ukraine. Will the Prime Minister please assure the House that alongside our allies we are closely monitoring Russia's strategic partners during the ongoing peace efforts?

**The Prime Minister:** My hon. Friend is absolutely right, and we continue to do that. We need to bear down on Russia and all those who support Russia in this illegal war.

**Helen Maguire** (Epsom and Ewell) (LD): We welcome the increase in defence spending, but when I served there were more than 100,000 troops and today there are just over 74,000. It is essential that we reverse the Conservatives' irresponsible 10,000 troops cut. Will the Prime Minister commit to reversing this devastating cut so that the UK can credibly support collective European security in the absence of US support?

**The Prime Minister:** We will be undertaking a strategic review of our capability, gauging it against our challenge, and, obviously, I will put the results before the House in due course. I would just caution against the suggestion in the second part of the hon. Lady's question—if I have got it right—that somehow we should take this as a moment to go it alone without the US. I fundamentally disagree; I think that would be wrong. We have never chosen that course in our history, and we should not choose it now.

**Josh Fenton-Glynn** (Calder Valley) (Lab): I thank the Prime Minister for today's statement, and for his diplomatic efforts to restore our international reputation since taking office. Will my right hon. Friend confirm the basic principle that no decision can be made about the future of Ukraine without including its elected leadership in the negotiations, and that any ceasefire must be adhered to by Russian aggressors and not just the Ukrainians?

**The Prime Minister:** I agree on both propositions. Ukraine needs to be at the table. There have to be security guarantees, because we know from history that Putin does not honour agreements that do not have security guarantees. That is precisely why we need one.

**Tom Tugendhat** (Tonbridge) (Con): I echo the thanks to the Prime Minister for his leadership over recent days. He has definitely spoken for Britain when he has spoken on the world stage. May I ask him to join me in thanking the parliamentary staffers who, while he was doing that, were driving aid to Ukraine?

Quite rightly, the Prime Minister has brought together a coalition of European and NATO partners. Is he working on those further afield? As he knows very well,

[Tom Tugendhat]

Australia has already donated Bushmasters, and many are concerned about Iran's support for the Russians through its Shahed drone programme. Is he reaching out to our middle eastern allies as well?

**The Prime Minister:** I thank the parliamentary staffers who have done such significant and important work. On the right hon. Gentleman's important question about reaching out beyond Europe, I agree with him and we are doing that. This needs to be as broad a coalition as we can put together, with different capabilities. Each country should make whichever contribution is the most significant from its point of view, and I thank him for his support over the weekend.

**Barry Gardiner** (Brent West) (Lab): The Prime Minister deserves plaudits for the skilful way in which he handled his visit to Washington last week, as he does for the resolve that he has shown in standing against Russia's illegal invasion of the sovereign state of Ukraine. Surely, though, this is a moment to accept that the post-war international settlement has now been fractured and that the necessary rise in defence spending should be achieved by changing the fiscal rules, not by cuts to international aid, which will only see more people slain by famine, drought, disaster and war.

**The Prime Minister:** The reason why we will not change the fiscal rules is that we need economic stability. We experienced economic instability only a few years ago, under Liz Truss. The loss to our aid budget and all budgets would be far more profound if we go back to instability, and I am not prepared to do it.

**Nigel Farage** (Clacton) (Reform): It may be a great irony that a remainder Prime Minister used our Brexit freedoms as effectively as he did yesterday. Indeed, as No. 10 briefed, we are now in a unique position compared with the rest of Europe, and yesterday was a triumph. I also applaud him for saying such positive words about President Trump and our relationship with America, even if nobody behind him agrees.

But here is the key: President Zelensky has now accepted that he will sign the minerals agreement with America. America is going to put in £100 billion or whatever it is, and thousands of Americans will be in Ukraine. Is that, in itself, enough of a security guarantee, or does it mean that we need to send British troops? If we do, and given the size of our Army, how many?

**The Prime Minister:** The mineral deal is not enough on its own. May I just remind the hon. Gentleman that Russia is the aggressor and Zelensky is a war leader whose country has been invaded? We should all be supporting him and not fawning over Putin.

**Johanna Baxter** (Paisley and Renfrewshire South) (Lab): I welcome the Prime Minister's statement, and I congratulate him on the excellent leadership that he has shown on the international stage. Does he agree that in order to achieve any lasting peace in Ukraine, Russia must return the 19,546 children it has stolen from Ukraine?

**The Prime Minister:** I thank my hon. Friend for raising this issue, because it is absolutely crucial. It is a moral outrage that those children have been taken, and of course we must ensure their safe return. That has to be part of any discussion, but she is quite right to raise it. We should do so more often.

**Sir Roger Gale** (Herne Bay and Sandwich) (Con): The Leader of the Opposition has quite rightly and properly shown her support for the Prime Minister's position, and I hope he will take comfort from the fact that he has the support of at least these Back Benches as well. Those of us who have had dealings with the Russians—in my case that is through the Council of Europe—know only too well that Putin's Administration cannot be trusted, and that security guarantees are therefore absolutely vital if we are to succeed in getting a peace agreement, not a surrender. A surrender would lead to inevitable further activities in Georgia and Moldova, and then possibly in the Baltic states as well. Is that not right?

**The Prime Minister:** I agree with the right hon. Member completely. We know Putin's ambitions, and we know that he is not a man to keep his word. We absolutely have to guard against those risks, which is why security guarantees have to go in, in relation to any deal that must be done. We must be vigilant on all fronts in relation to Putin because, as we know from our history, instability in Europe inevitably washes up on our shores. This is about our national security just as much as it is about the sovereignty of Ukraine.

**Oliver Ryan** (Burnley) (Ind): May I praise in the strongest possible terms the Prime Minister's strong and pitch-perfect leadership, particularly in relation to the increase in the defence budget, and his statesmanship through this difficult time? He has spoken for the nation, and indeed has been the leader of the free world these past few days. While this negotiation is ongoing and Ukraine is still being bombarded, will he ensure that our partnership with Ukraine goes deeper, and that it still gets the drones, planes and arms it needs to make sure it can stay at the table while he is making his deal?

**The Prime Minister:** The hon. Member makes a very good point, which is peace through strength. It is vitally important that Ukraine is put in the strongest possible position to fight on if necessary—there may not be a deal—or to be in the strongest position to negotiate if there are negotiations. On both fronts, we must not let up; on the contrary, we should double down and provide more support.

**Sammy Wilson** (East Antrim) (DUP): May I, too, on behalf of my party, congratulate the Prime Minister on the work he has done this week, both in America and here in the United Kingdom. He has made a commitment to providing support to Ukraine to defend any peace agreement, but given the state of our armed forces and how overstretched they are, how sure is he that he can deliver on that commitment? Does he not agree that there needs to be a continued role for America in the defence of democracy against terrorising tyrants?

**The Prime Minister:** I thank the right hon. Member for his question and for his support. I do have confidence that we have the necessary capability. I do not take these

considerations lightly. He is absolutely right that we should do this in conjunction with the US, working in the way we have for many decades now, which has ensured peace here and in Europe. We shall continue to work in that way.

**Perran Moon** (Camborne and Redruth) (Lab): I thank the Prime Minister for his careful and considerate leadership this weekend. Does he agree that Putin will feast on western division; that the only people smiling on Saturday were those in Moscow, Tehran and Tbilisi; and that, at this delicate moment, it is vital that Members in every corner of this House continue to show the united front that the country expects and the House has shown over the past three years?

**The Prime Minister:** I agree with my hon. Friend: Putin does feast on division. When I was Leader of the Opposition, among the reasons I supported the then Government was the fact that Putin would have been the only winner if there was division in this House. That is why I commend the Leader of the Opposition and the Conservative party for continuing that unity, because it demonstrates to Putin that we are a united House on this issue.

**Sir Bernard Jenkin** (Harwich and North Essex) (Con): May I just point out that Vice-President J. D. Vance seems to be in favour of free speech, but not free nations? Do we not also have to point out, as others are saying, that there is no history of Vladimir Putin proving a trustworthy treaty maker? There can be no security and there is no path to a peace in Ukraine that is secure without the engagement of the Americans, the failure of their support risking a wider war in Europe that would inevitably draw them in. Can we quietly and diplomatically keep making those points to the White House, so that we have a chance of peace in our continent?

**The Prime Minister:** The hon. Gentleman is quite right: history shows that Putin is untrustworthy. That is why the Ukrainians are so concerned that there should be a security guarantee in relation to any deal: they have been here before, they have seen the credibility of his word and they know he is untrustworthy. That is why they are so concerned, and we share their concern and are working with them. He is quite right that we need the US to be working alongside us and with us, in the way we have done for decades, to ensure the security and defence of Europe. I will continue to do everything I can to ensure that that arrangement, which has proved so successful—the alliance that is NATO, the most successful and important alliance we have ever had—continues and goes from strength to strength.

**Mr Calvin Bailey** (Leyton and Wanstead) (Lab): The Prime Minister has our gratitude for steering a very difficult path over recent days and I welcome his statement. Defence is a vehicle for social mobility, career security and opportunity for our young people, as it has been for me. Defence has deep historical links with Londoners—the Gunners, the Hammers and Leyton Orient—but many Londoners are not actively engaged by defence at present. Does the Prime Minister agree that we must engage every part of our country not only with the serious challenge we face, but with the opportunities too?

**The Prime Minister:** I do think this needs to be a whole-nation approach, including young people. This morning we had in a number of small businesses in the defence sector, with apprentices and young people who explained to me why they wanted to work in the defence sector: not only the secure, well-paid and skilled job they would get, but the pride they would feel in working for the defence and security of their country.

**Layla Moran** (Oxford West and Abingdon) (LD): Following on from the previous question, the opportunities are not just for defence but for the NHS. In January, in the week of Trump's inauguration, I went cross-party to visit Ukraine so that we could offer our support. While there I had the privilege of meeting veterans, many of whom had lost limbs and received world-leading prosthetics. The fact is that the Ukrainians are now world-leading in these matters. The 100-year partnership exists. What are we doing in the UK to supercharge not just defence but rehabilitation, which helps us and not just them?

**The Prime Minister:** I thank the hon. Lady for raising that point. I went to Kyiv just the other week. There were many moving aspects, but one was some of our NHS workers in a burns unit in a hospital in Kyiv. I met some who had returned from the frontline with the most appalling burns—very difficult to see, watch and look at—and civilians who been caught up in blasts. I, for one, was very proud that we had NHS workers there, with the health workers of Ukraine, working together to do the very best they could for those in that burns unit. That is a small example of what she speaks of.

**Richard Burgon** (Leeds East) (Lab): I very much welcome the growing push from numerous countries for a peace deal between Russia and Ukraine. That must be a just peace. Too many lives have already been lost following Putin's illegal and brutal invasion. But I am alarmed by the issue of deploying British troops on the ground in Ukraine and British military planes in the skies over Ukraine, because there is no getting away from the fact that that would risk our country coming into a direct military conflict with a nuclear-armed Russia. The consequences for millions of people in our country and across Europe of such a war and nuclear conflict really do not bear thinking about. Given the enormity of such a decision, will the Prime Minister commit to ensuring a vote in the House of Commons before any such deployment, in keeping with the important principles of our parliamentary democracy?

**The Prime Minister:** The risk to our country is if we do not fight for the peace. My position on the sustained deployment of our troops is that this House would of course want to discuss that and vote on that, but we are nowhere near that stage at the moment.

**Sir Julian Lewis** (New Forest East) (Con): The Prime Minister's very capable Defence ministerial team will have told him that even were he able to accelerate investment and expenditure on defence more rapidly than has already been outlined, there would be a considerable time lag, given the complexity of modern equipment, before industrial output could be ramped up. He talks about intensifying planning. Will he include the creation of a defence industrial expansion unit in the machinery that



[Sir Julian Lewis]

is being set up now? That way, as resources become available, the output of military equipment can be at the fastest possible rate.

**The Prime Minister:** I thank the right hon. Member for his question. We already have a unit working on rapid deployment and procurement in relation to Ukraine, which, along with other aspects, need to be ramped up.

**Rosie Wrighting** (Kettering) (Lab): The Prime Minister showed unwavering commitment to Ukraine this weekend, and I stand with him on that. Will he reiterate this Government's support for Ukraine's sovereignty and our commitment to working with our allies in both the US and Europe so that we are in the best position possible to work towards a lasting peace?

**The Prime Minister:** I agree with the sentiment of my hon. Friend's question. We will work with our allies and with the US towards the security and defence of Europe.

**Dame Harriett Baldwin** (West Worcestershire) (Con): I thank the Prime Minister for his statement and for the hard yards he is putting in at the moment for our national security. May I suggest another angle on which the House would appreciate an update? Last year, during an inquiry into Russian sanctions, the Treasury Committee received evidence that Russian hydrocarbons are still ending up in the UK. Could he explore the idea of improving our national security by ensuring that the oil and gas that we consume in this country come predominantly from this country?

**The Prime Minister:** The hon. Lady is right: our energy independence is hugely important, and the last three years have shown that we are far too exposed. We will obviously look closely at the question of the hydrocarbons and the sanctions.

**Louise Jones** (North East Derbyshire) (Lab): The beautiful weather over the weekend brought with it the promise of spring, and I hope the Prime Minister got at least two minutes outside to enjoy it. However, I am afraid the same weather in Ukraine will be greeted with dread by soldiers on the frontline, who know that the improving weather will bring an intensification of war. Will he commit to the strategic defence review taking into account his commitments in order to ensure an excellent security guarantee, so that Ukraine can once again greet the spring with hope?

**The Prime Minister:** My hon. Friend is right about the impact of the weather on the conflict in Ukraine. I am always struck by the resilience of the Ukrainians, both on the frontline and within their civilian population. After three long years of conflict, their resilience is humbling.

**Adrian Ramsay** (Waveney Valley) (Green): On behalf of the Green party, I welcome the Prime Minister's strong support for Ukraine, his work for peace and his commitment that there should be no decisions about Ukraine without Ukraine. However, given the scenes that we saw in the Oval Office on Friday, which people across the country will have been aghast at, given the

bullying tactics of President Trump, and given the fact that Trump clearly views this as a business opportunity, how will the Prime Minister ensure that the interests of Ukraine remain front and centre in the peace deals?

**The Prime Minister:** By picking up the phone to President Trump and President Zelensky and making sure that we can focus on what matters most, which is lasting peace in Ukraine.

**Naushabah Khan** (Gillingham and Rainham) (Lab): The Prime Minister rightly reaffirms our commitment to our national security. While it is regrettable that foreign aid and the soft power that goes with it will, for a time, see a reduction, does he agree that without the necessary hard power to back what we say on the world stage, the impact of our international aid would be diminished in any case? Will he also outline how increased investment in defence strengthens both our armed forces and our ability to support Ukraine effectively?

**The Prime Minister:** I agree with the points my hon. Friend makes, in particular on our ability to support Ukraine in a number of different ways. It is important that we take these steps.

**Jeremy Hunt** (Godalming and Ash) (Con): I also strongly support the Prime Minister's considered approach to dealing with a powerful US President with whom he might not always agree, but with whom we can and must work very closely. Does he agree that one of the best ways to persuade the US that any security backstop is temporary is not only for us to ramp up defence spending, but for European NATO countries to agree to a new 3% target within a specified time period—a new target that shows the President that the backstop would not be forever? Has the Prime Minister had any discussions with Secretary-General Rutte along those lines?

**The Prime Minister:** I thank the right hon. Gentleman for his support. I really do appreciate it. Yes, we do need to ramp up European defence spending, and that discussion is happening at the moment. As the right hon. Gentleman will appreciate, I have been in near-constant discussion with Mark Rutte at NATO on this issue and many others over the last few days.

**Mr Jonathan Brash** (Hartlepool) (Lab): I thank the Prime Minister for his leadership over the last week. Thanks to his actions, Europe is more united, our ties with the United States have strengthened and, critically, Ukraine is better supported. Our nation walks taller, thanks to what he has done in the last week. Does he agree that in ramping up our defence spending, we have to look at defence procurement, so that if our brave men and women find themselves in Ukraine, they have the equipment and support they need to do their job?

**The Prime Minister:** We do have to ramp up and improve our procurement, because we have to ensure that as we increase defence spending, we get absolute value for money and the best capability for the money we are spending. That means being much, much clearer and tighter on our procurement.

**Mr Alistair Carmichael** (Orkney and Shetland) (LD): Three years ago, the sale of Chelsea football club realised £2.5 billion, which was to be used for the benefit of Ukraine. Today, that money remains frozen, and as Lyra Nightingale of Redress said this morning, there is a total lack of transparency about who has it and when it is going to be released. Can the Prime Minister tell the House when that money will be released for its intended purpose—to help the people of Ukraine?

**The Prime Minister:** The whole issue of assets and frozen assets is complicated, but I agree with the sentiment across the House: it is time to look at what options might be available. I do not think we should do that on our own; I think it needs to be done in conjunction with other countries. It is fiendishly complicated, which is why it has not been done so far.

**Gordon McKee** (Glasgow South) (Lab): Not for a long time has a British Prime Minister been so important on the world stage, and the Prime Minister rightly deserves the support of the whole House. To protect our security, we have to make use of our incredible technology, but Government procurement often does not work for rapidly growing start-ups. Will the defence industrial review look at how we can improve procurement, so that we can make our technological advantage count?

**The Prime Minister:** Yes, it will. Earlier today, we announced a new unit and targets for small and medium-sized enterprises, and I was very pleased to be able to welcome some of them to Downing Street.

**Dr Andrew Murrison** (South West Wiltshire) (Con): I have the honour and privilege of representing a very large number of servicemen and servicewomen and their families, and they will be looking at this very anxiously indeed. Although they always stand ready to do their duty, does the Prime Minister agree that it would be utter folly if the United Kingdom, France, Norway or Canada sent their sons and daughters into harm's way without all necessary security guarantees from the United States?

**The Prime Minister:** I agree with the right hon. Gentleman, and it is why I am working so hard on security guarantees that are worthy of the name—that is, one that has a forward-leaning European element, but a US backstop and US backing; that is vital if it is to act as a guarantee. Of course, that is uppermost in my mind.

**Gregor Poynton** (Livingston) (Lab): I thank the Prime Minister for his statement and the leadership he is showing at this moment of uncertainty. The quality of the contributions from Members on both sides of the House today shows this Parliament and this country rising to meet the moment. That is why it is so disappointing, but perhaps not surprising, that the Westminster leader of the SNP, the right hon. Member for Aberdeen South (Stephen Flynn), chose to make such juvenile and childish statements this weekend. Does the Prime Minister agree that the SNP leader's juvenile comments on social media, and his party's fundamentally unserious approach to our nuclear deterrent, show that the SNP cannot be trusted on the serious matter of the nation's defence?

**The Prime Minister:** Different people will respond in different ways. Some will take to the keyboard as warriors; I picked up the phone to world leaders to try to resolve the situation.

**Liz Saville Roberts** (Dwyfor Meirionnydd) (PC): Working together with our European partners is essential for security, stability and peace. Plaid Cymru commends diplomatic initiatives over the weekend. Boosted defence spending should not come at the expense of international aid or public services that are starved of resources. The Prime Minister talked of Tory fiscal failures, but protecting peace now calls for a bolder vision. Under what circumstances would he commit to looking again at the fiscal rules to ensure that the UK can responsibly invest in defence, humanitarian commitments and public services?

**The Prime Minister:** I do understand the right hon. Lady's concern. As I explained to the House last week, the decision on defence was not one I wanted to take, but the defence and security of Europe required us to take it. On the fiscal rules, economic stability is vital. If we lose that, we will lose far more out of all our budgets. I will work across the House, in whatever ways we can, to increase development aid, notwithstanding the budgetary constraints. I spoke to the president of the World Bank on Friday to have that very discussion. Those discussions are to be had with other countries and institutions, and innovation and discussion across the House would be a valuable part of that exercise. The principle behind her question is the right one: we must support international development and aid.

**Tulip Siddiq** (Hampstead and Highgate) (Lab): My constituency has welcomed hundreds of Ukrainian refugees into the community. I pass on their thanks to the Prime Minister for the strong leadership that he has shown over the past few weeks. The majority of these Ukrainians want to go back to their country when it is safe to do so, but a small minority of young Ukrainian refugees have approached me to say that they have laid down roots, built careers and started relationships here, but have no route to settled status. What consideration has the Prime Minister given to the lives of these young Ukrainians who want to make London their permanent home?

**The Prime Minister:** My hon. Friend is my MP neighbour, and I remember that together, we saw some of the first Ukrainian refugees arrive in her constituency in the very early days. Obviously, we need to take this step by step, dealing with the conflict that it is. Many will want to return; some may not, but we are not, unfortunately, at the happy place where those who want to return can return. That has to be the first priority.

**Sir Iain Duncan Smith** (Chingford and Woodford Green) (Con): Like my right hon. Friend the Member for North West Essex (Mrs Badenoch) and many others, I congratulate the Prime Minister on his decision making over the past few days, and on keeping his cool when others were losing theirs. Most importantly, he followed the simple principle that when the UK and the USA are together, the world is a safer place. Those who cry for them to be split are mad; it is as simple as that.

When the Prime Minister talks to the American President, could he possibly nudge him on why Ukraine is important on a wider scale? As part of Russia's deal

[*Sir Iain Duncan Smith*]

with North Korea, the Russians have been handing very advanced subsea ballistic missile technology to the North Koreans. That will bring the whole of the United States within the target area for missiles. Reminding the President of that might be important. Finally, the coalition of the willing, no matter how big or powerful it is, cannot succeed if Russia demands the complete demilitarisation of the Ukrainian forces. They must be allowed to stand with their arms in case this breaks down again.

**The Prime Minister:** The North Korean element is a significant development that expands the threat and risk. We all need to see it in those terms. The sovereignty and security of Ukraine must be at the heart of this. Part of sovereignty is deciding for yourself what your defence capability is. We must not lose sight of that, because a security guarantee is not just what the Europeans or the US do. It is also Ukraine's ability to defend herself as a sovereign country. She should be able to do that.

**Bill Esterson** (Sefton Central) (Lab): The Prime Minister was right to say in his statement that economic security is national security. The same is true of energy security, as we see in the clean power plan. May I encourage my right hon. and learned Friend to use our success in developing alternative energy technology to support Ukraine, giving it energy and national security as we ensure the same here?

**The Prime Minister:** Energy security in Ukraine is hugely important. It is being attacked every day, and that is why it is so vital that we help Ukraine defend its energy arrangements and work for a lasting peace, which will allow it to prosper and thrive as we all want.

**Vikki Slade** (Mid Dorset and North Poole) (LD): I welcome the Government's commitment to increasing defence spending, but I am troubled by it being done entirely on the back of the overseas development aid budget. I hope that the Prime Minister will keep an open mind on alternatives.

It was reassuring to see the uplift in air missiles explicitly linked to British jobs in Northern Ireland. What assurance can the Prime Minister give that defence spending on new equipment—be it weapons, kit or tech like drones and IT—will be focused on UK manufacturing and innovation, so boosting British growth?

**The Prime Minister:** I am really pleased that the announcement that we made over the weekend was for jobs in Belfast; that is hugely important. That is the model that we should follow. As we ramp up defence spending and capability, we should be looking at it predominantly supporting UK jobs and the UK economy. The secure, skilled jobs that go with that should be in our economy, because economic security is important in the UK, just as defence and security is important.

**Ms Stella Creasy** (Walthamstow) (Lab/Co-op): I join those thanking the Prime Minister for setting out how clearly the safety of the world and the future of Ukraine relies on this moment. I for one am saddened that the hon. Member for Clacton (Nigel Farage) is no longer in his place, because he might have learned a thing or two.

His previous advice to Prime Ministers was that when President Macron was elected, he would loathe us and be anti-British—how out of depth and out of touch with the British national interest that advice is. Given the coalition that the Prime Minister is building, and the concern of all of us about using resources effectively, will he please tell us a little more about what conversations he has had with our European allies on how we can reduce the duplication of effort involved in the plans going forward?

**The Prime Minister:** I do think it is important that we work with our European allies, whether on ramping up spending or on capability, but the point my hon. Friend made about co-ordination is also important. We have to learn the lessons of the last three years. Many European allies and others have provided capability to Ukraine, but it has not been co-ordinated enough. Our collective security and defence, to my mind, requires that we co-ordinate our efforts much more closely as well.

**Sir John Whittingdale** (Maldon) (Con): Does the Prime Minister share my concern and sadness that any settlement appears to involve acceptance of the Russian occupation of parts of the sovereign territory of Ukraine? Will he recognise that the Baltic nations will now feel even more exposed? While I welcome his telephone conversations with their leaders at the weekend, can he give an assurance that they will be at the table for any future discussions of European security?

**The Prime Minister:** On the question of territory, obviously there are discussions to come, but I take the tenor of what the right hon. Member said. On the Baltic states, he is right. Just before Christmas, I was at the joint expeditionary force meeting in Estonia to have discussions with them. I have been twice to the frontline in Estonia, where we have British troops. They feel immediately the threat, for very obvious reasons. I spoke to the Baltic states yesterday morning at some length, and assured them that we need to look again at the configuration when we have meetings of European and other allies to ensure that those states are properly represented, because, for them, the threat is very clear and very near.

**David Burton-Sampson** (Southend West and Leigh) (Lab): I thank the Prime Minister for his statement and the outstanding global leadership that he is showing on this issue. I, too, returned from Ukraine last week after five days, and the one consistent message the Ukrainian people I met gave me—from residents to soldiers, and from businesses to politicians—was their immense gratitude for the leadership and support that the UK has shown since day one of this illegal war. Does the Prime Minister agree that now is the time for us to remain resolute as a House for the sake of the Ukrainian people, and that the 100-year partnership between our two countries is now more important than ever?

**The Prime Minister:** The 100-year partnership signals the depth of our relationship. I, too, have heard the thanks for our leadership, and I think it is right that I pay tribute to the Conservatives for the leadership that they showed from the very beginning of this conflict, which I was able to follow as Leader of the Opposition.



**George Freeman** (Mid Norfolk) (Con): I add my voice to those congratulating the Prime Minister on the way he has conducted the last week and on the policy, which I think enjoys if not unanimous then largely unanimous support in this House. I gently point out to the hon. Member for Clacton (Nigel Farage) that our enemies watch this Chamber, and that speaking with one voice is very important. I also congratulate the Leader of the Opposition.

Does the Prime Minister agree that, as well as willing the ends, we need to will the means? At what point does he think he will bring forward a business plan for how we fund what is likely to be £60 billion or possibly £70 billion over the next five to 10 years, so that our military threat is credible, serious and something we can actually afford?

**The Prime Minister:** As soon as we have any details around plans, I will bring them to the House so that they can be fully discussed, because this needs to be not just a short-term response but a much longer-term assessment of how we ensure that Europe is kept safe and secure.

**Jacob Collier** (Burton and Uttoxeter) (Lab): I thank the Prime Minister for his continued leadership on the world stage. These past few days, I have felt particularly proud to be British, so I thank him for that. The Government are rightly already using frozen Russian assets to fund Ukraine's defence and reconstruction, but what further actions are being considered to ensure that Russia pays the full financial cost of its illegal invasion?

**The Prime Minister:** Russia is already paying the cost through the interest. We need to look at whether we can go further on that, but it is complicated and we have to act with others. I will see what progress we can make, and let the House know if there is progress.

**Mr Lee Dillon** (Newbury) (LD): I, too, had the honour of being in Ukraine for the third anniversary and, as other hon. Members have said, whether it was from communities, military personnel or Ukrainian politicians, the gratitude expressed to our nation for standing strong with the Ukrainians was clear to see. Before going to Ukraine, I held a roundtable in my constituency, and the Ukrainians who are here are clearly thankful for being given safety, but they also need the visa scheme to be amended so that their children can finish their education and they can secure meaningful employment without having time-limited visas. Will the Government review that issue to ensure that we stand with the Ukrainians here in the UK as well as those in their home country?

**The Prime Minister:** We will take the hon. Gentleman's points into consideration. Obviously, the immediate situation confronting us is the question of how we settle the peace, but he is right to raise those other concerns.

**Mr James Frith** (Bury North) (Lab): Can I add my voice to those around the country who have said how proud they are of our British Prime Minister, and how proud they are to be British? He has led from the front, and I hope very much that in the weeks and months to come, he will hold that in mind and strengthen his resolve as we move forward. He has already made reference to one of the priorities that Stefan Harhaj, the chair of

Bury's Ukrainian association, raised with me, which is the release of the 20,000 children who have been kidnapped and forcibly removed to Russia. Will my right hon. and learned Friend commit to securing their release and updating the House on a frequent basis on our achievements to this end?

**The Prime Minister:** Yes, of course. That is a really important issue, and it should not be overlooked as we discuss the very many issues here. It is a moral outrage, and I think I speak for the whole House in saying that.

**Graham Stuart** (Beverley and Holderness) (Con): I, too, congratulate the Prime Minister on his composure and leadership, but, as his hon. Friend the hon. Member for Widnes and Halewood (Derek Twigg) said, we have to ensure that we have the resources in place to tackle this. The whole of western Europe is in the same difficult financial and demographic position. Will he look again at finding the means to deliver on our promises? His leadership and rhetoric have been fantastic, but going forward we will need the hard power to back them up.

**The Prime Minister:** The right hon. Member is right. That is why the conversation over the weekend has been about the specific issue of a security guarantee in Ukraine, but also, importantly, the wider issue of how Europe steps up more generally in its own defence spending, capability and co-ordination. That is an important part of the discussion. We should not just focus on the question of the security guarantees; they are part of the argument, but they are not the whole argument.

**Alan Strickland** (Newton Aycliffe and Spennymoor) (Lab): I thank the Prime Minister in these incredibly difficult times for the strong leadership he is showing. Does he agree that one of the many things that has become clear in recent months is that the security of Britain rests on a secure Europe, that a secure Europe relies on peace in Ukraine, and that peace in Ukraine requires a unified stance against Russian aggression? Does he agree that as free peoples in the UK, Europe, America and our other allies, we must stand firm and stand together and show that democracy will be defended and tyranny will not be tolerated?

**The Prime Minister:** I agree with all that, and I think the House agrees with it, too.

**Jim Allister** (North Antrim) (TUV): I note with great appreciation the order for Thales in Belfast. With Europe collectively being a long way short of self-sufficiency in defence, and with Putin more than likely to seek to exploit that deficiency, do the security guarantees required from the US effectively equate to those that would arise under article 5 of NATO? Is that the order of what we are talking about?

**The Prime Minister:** NATO membership is a form of guarantee; article 5 is a form of guarantee. There are different ways in which the guarantee can be put in place, but what is important is that it is effective and that those in Europe who are leading on this do it in conjunction with the US, so that Putin knows the severe risk that he takes if he breaches any deal that may be arrived at.

**Nadia Whittome** (Nottingham East) (Lab): I also commend the Prime Minister for the way he received President Zelensky after the disgraceful bullyboy tactics from President Trump and Vice-President Vance, and for his continued support for Ukraine. As the Ukraine Solidarity Campaign highlighted, increased military spending overall is not necessarily the same as increased military aid to Ukraine. Will the Prime Minister set out how much of that increased military spending will specifically be used to re-equip Ukraine? Is he not concerned that cutting the international aid budget risks increasing global instability and undermining support for Ukraine, both here at home and internationally?

**The Prime Minister:** We are stepping up our support for Ukraine, both in military aid and in other ways. In relation to the decision that I had to take last week, the security, safety and defence of Europe have to come first, but I am absolutely committed to doing what we can to increase the aid and development that we are able to provide, which is why I will look at the priorities and work with others on other ways to leverage the support that we might be able to put in place.

**Sir Alec Shelbrooke** (Wetherby and Easingwold) (Con): I also congratulate the Prime Minister on the leadership he has shown this weekend—it is in the best traditions of British Prime Ministers dealing with the United States and dealing with Europe. Notably, when we were in the EU, we were able to do that.

May I press the Prime Minister on the upcoming Hague summit for NATO leaders in June? When the hon. Member for Widnes and Halewood (Derek Twigg) and I were at the North Atlantic Council in the February recess, it was made clear that they would be bringing forward the plans that would be needed to defend Europe. Will he use his leadership so that if we suddenly have to spend more money, he is in a position where he will keep an open mind so that he can persuade all the other leaders that they also have to do that?

**The Prime Minister:** One of the principles I have held in mind over recent days is to ensure that what we do is co-ordinated with NATO, as it must be. We are deployed in different countries already, as the right hon. Gentleman knows. That is why I am in such close contact with the Secretary-General, Mark Rutte, on a near-constant basis.

**Graeme Downie** (Dunfermline and Dollar) (Lab): I thank the Prime Minister for his statement, and for his stamina in all the meetings over the weekend and, not least, in coming to the House for an extra hour and a half—and counting—this afternoon to keep us informed. Like other Members from across the House, I took part in the trip to Ukraine for the third anniversary last week. Does he agree that while the cross-party consensus on Ukraine, including from the SNP, is welcome, the SNP Scottish Government must take action to ensure that businesses in Scotland benefit from the increase in defence spending and continue to contribute to the security of the United Kingdom and of our allies in Ukraine?

**The Prime Minister:** I agree with that principle. The increase in defence spending is a duty but also an opportunity across the United Kingdom for good, well-paid and skilled jobs in many businesses.

**Richard Foord** (Honiton and Sidmouth) (LD): It was welcome to hear the Prime Minister acknowledge Canada's contribution to Ukraine's self-defence and its status as a vital ally for the UK. Last week, he was asked by the press in the US about President Trump's repeated calls for Canada to become a US state. The Prime Minister answered that he and Trump did not address the issue of Canada, but was not that meeting a good opportunity to remind President Trump about sovereignty and independence, including that of Canada?

**The Prime Minister:** Yes; it is a serious point. In the time we had available, I was most anxious to discuss the question of security guarantees, and that is why I devoted the vast amount of time I had to it. On the question of Canada, we should be absolutely clear that Canada is a vital ally to the United Kingdom and to the Commonwealth, and has played a leading part in relation to Ukraine—not least in the vital training that it has provided. We should be very proud of what the Canadians have done.

**Dr Jeevun Sandher** (Loughborough) (Lab): I put on the record my thanks to the Prime Minister. I know that the entire House thanks him for the leadership that he showed over the weekend. In his statement, he talked about stepping up the economic pressure on Russia. As things stand, we know that Russia is circumventing the oil price cap. Its oil is being sold above \$60, and around \$190 billion flowed to Putin from oil sales last year. We in this country are in a unique position to enforce the cap because the insurance that the tankers depend on is written in London. Will the Prime Minister assure us that he will strengthen the oil price cap as much as possible, and may I request a meeting with a Minister to discuss in more detail how we might strengthen it?

**The Prime Minister:** My hon. Friend is right: we do need to take further measures. That is why we have taken specific sanctions against the shadow fleet and oil producers—to tackle that very issue.

**David Reed** (Exmouth and Exeter East) (Con): Credit where credit is due: I commend the Prime Minister for the leadership that he has shown over the past week. Many Members across the House will understand the range of emotions that are felt before a deployment on global operations. Will the Prime Minister send a message to the brave men and women across our armed forces who are mentally preparing to deploy to Ukraine?

**The Prime Minister:** The message would be, "Thank you for everything you do. We support you in everything we do."

**Josh Dean** (Hertford and Stortford) (Lab): I thank the Prime Minister for his leadership on what is the defining moral issue of our time. There is no end of support for the Ukrainian people in Hertford and Stortford, but this has been an incredibly difficult time for Ukrainian families who have found safety in our community. Will the Prime Minister take this opportunity to directly reassure the Ukrainian community in my constituency of his commitment to work with international allies to end Russia's illegal invasion and bring a just and lasting peace to Ukraine?



**The Prime Minister:** Yes, I will. I know that the Ukrainian communities here in the United Kingdom have been extremely anxious, particularly in the last few days. Having spoken to some of them myself, particularly those who have come from areas that are occupied by Russia, I know that they are extremely concerned about the ongoing situation.

**Lisa Smart** (Hazel Grove) (LD): I very much agree with the Prime Minister's remarks about the steadfast support for Ukraine across the United Kingdom, and if my inbox over the weekend is anything to go by, my Hazel Grove constituents agree too. I also agreed with the comments of the Foreign Secretary last week about the need to move from freezing to seizing Russian assets—the principal, not just the interest. The Prime Minister remarked that this was a complicated issue, and anybody sensible would agree. What efforts is he taking with ministerial colleagues and others to simplify it, so that we can strengthen the hand of our brave Ukrainian allies?

**The Prime Minister:** We are doing what we can. It is not just something within the UK, frankly; it came up yesterday in the discussions. If there is any possibility of going further, and I do not know whether there is, it is going to have to be done with other countries at the same time. I do not want to get ahead of myself because it may simply be too complicated and too risky, but certainly there is an appetite now to look more closely at the possibilities of looking at these assets.

**John Slinger** (Rugby) (Lab): At the weekend, a Ukrainian constituent said to me:

“As the bombs fell on my city last night, one thing remains unchanged: no one here wants a peace built on surrender or at the cost of dignity. So to those who stand with us—not just in words, but in truth—thank you.”

Does the Prime Minister agree that strong diplomacy, such as his, that encourages friends to defend our values, Ukraine and the international rules-based system is in the permanent interests of the UK, Europe, the United States and the wider world, and that it honours our Ukrainian friends, who have sacrificed so much?

**The Prime Minister:** I agree with everything that my hon. Friend says. Those are the principles and values that must be uppermost in our mind as we take our decisions.

**Mark Pritchard** (The Wrekin) (Con): I commend the Prime Minister and indeed the Defence Secretary and Foreign Secretary for their ongoing support for Ukraine. I also commend the leadership that the Prime Minister has shown over the last few days. He mentioned not making a false choice between our allies the United States and Europe, and I completely agree. Does he agree that there is a historic opportunity for his Government, hopefully supported by the Opposition, and for this country to be a diplomatic, political and defence bridge between the United States and Europe?

**The Prime Minister:** Yes, I do think that there is that opportunity, which is why we will not make that choice between one side of the Atlantic or the other. That would go against our history, and that of the country and my party—actually, cross-party. The best way to secure the

defence and security of Europe is to ensure that we are working both with our European allies and with the US in our special relationship.

**Noah Law** (St Austell and Newquay) (Lab): I declare an interest: as a member of the International Development Committee, I heard the news of the cuts to overseas development assistance to fund a rise in defence spending with a heavy heart. However, I wholeheartedly agree with the Prime Minister's decision. Does he agree that international development and security are two sides of the same coin, and that we cannot have economic development in Europe and the wider world without a safe and secure Ukraine?

**The Prime Minister:** I do agree, which is why I remain committed to international development, and want to get back to a position where we can increase it. It is also why I want to work across the House to see what else we can do in the immediate and near term to pull other levers in relation to development.

**Chris Law** (Dundee Central) (SNP): I thank the Prime Minister for being consistent in his message to his allies that any future negotiated peace must include Europe and Ukraine, must be sustainable, and must protect the territory and sovereignty of Ukraine. However, achieving that lasting peace will require engagement with civic societies engaged in peacebuilding, atrocity prevention and long-term conflict prevention initiatives, all of which are currently funded by our foreign aid budget. How does the Prime Minister hope to achieve those objectives when he has just followed the Trump playbook and announced a plan to cut overseas aid spending by 40%?

**The Prime Minister:** I do not accept that characterisation. It is very important that we provide the funds we need for our defence spend, but what we have got from SNP Members is what we had at the Budget: yes, they want the biggest provision of money and finance for the Scottish Government that has ever happened under devolution, but no, they do not want to say how they would pay for that; yes, they want an increase in defence funding, but no, they do not want to say how they would pay for it. That is unserious.

**Josh Simons** (Makerfield) (Lab): In recent months, the Conservatives, who apparently lack the stamina that the Prime Minister displayed over the weekend, have confidently and repeatedly pronounced to the Prime Minister what the President of the United States will and will not do, all of which has turned out to be bluff and bluster. Does the Prime Minister agree that the UK Government have the best intelligence to support the UK national interest, and that the UK national interest would be better served with a bit less bluff and bluster, and a bit more optimism about what this great country can do to lead the way to make our world and our people more secure?

**The Prime Minister:** I agree with that. I am proud of the fact that, as a country, over many decades and throughout our history, we have always stepped up when it has been necessary to step up. It is now time to do so again. We will do so and I am really pleased that, by and large, we have full support from across the House at a time when we need to step up.

**Alberto Costa** (South Leicestershire) (Con): Over the past few days, the Prime Minister has really risen to the challenge and it is right that most Members of the House have this afternoon commended him for being a statesman. In his statement, he said that the

“lasting peace must guarantee the sovereignty and security of Ukraine.”

Is that the pre-2014 Ukraine, the pre-2022 Ukraine or the Ukraine currently under Russian occupation? It is important that our European allies and America, as well as Ukraine, send the right message to China, who will be looking at this very carefully. If China thinks it can brutally invade Taiwan and secure a piece of territory there under some future security deal, that will not be good for anyone in the west. Will the Prime Minister bear that in mind?

**The Prime Minister:** The hon. Gentleman makes a very good point in relation to those around the world who will be looking in and observing the way in which we deal with Russia and with the risks from Russia, but that only underlines that any discussion about Ukraine must be done with Ukraine at the table, not by others.

**Dave Robertson** (Lichfield) (Lab): It is clear that Russian aggression is making our continent less safe. What we have seen in the past week is this House largely, this Government particularly, and this Prime Minister absolutely rising to that challenge. What steps will the Prime Minister take to ensure that our European allies also rise to that challenge and commit to spending 2.5% of their GDPs on defence?

**The Prime Minister:** We are working together to do what we can to ensure that all our colleagues rise to this particular challenge that is do with capability, spending and co-ordination. Those are among the things we have been discussing quite intensively over this weekend.

**Dr Luke Evans** (Hinckley and Bosworth) (Con): The difference between “decent” and “deceit” may only be one letter, but the gap defines a man’s character. Given what we saw on Friday, whatever the context of that meeting, when the Prime Minister next speaks to President Trump will he remind him of that and make sure that decency is at the centre of any negotiations?

**The Prime Minister:** Nobody wanted to see what we saw on Friday—I do not think there is any dissent from that—but it is important that we pragmatically work forward to what matters most, which is lasting peace in Europe. That is what conditions the approach that I have taken to this throughout the past few days.

**Andrew Lewin** (Welwyn Hatfield) (Lab): I thank the Prime Minister for his leadership and particularly for the difficult but decisive decision to have that immediate increase in defence spending. He said earlier from the Dispatch Box that the tough choices were not done, and he is absolutely right. With a view to the future, is he able to say a little more about this idea of a rearmament bank? While I appreciate that it is at only a conceptual stage, could we do that together with our European allies and our friends in the Commonwealth as well?

**The Prime Minister:** I think we should look at all options, and I think this is one of the options that should be taken very seriously. That is what we are doing. It is important.

**Ben Maguire** (North Cornwall) (LD): I commend the Prime Minister’s efforts to galvanise Europe and make it clear that Ukraine’s security is Europe’s security. Given President Trump’s reluctance to support Ukraine, is it not time that the Government bring forward emergency legislation to seize Russian assets, which can directly support the defence of Ukraine and its people?

**The Prime Minister:** I think the hon. Gentleman has heard my answer on that. We are looking at what can be done, but it is complicated, and it has got to be done—if it is to be done—with others.

**James Naish** (Rushcliffe) (Lab): I spoke to dozens of people on the doorstep over the weekend who welcomed the significant steps that the Prime Minister has taken to protect Europe’s borders and genuinely valued his leadership on this extremely important matter, so I thank him on behalf of my constituents. He will be aware that over the past week, Russia has launched more than 1,000 attack drones, nearly 1,300 aerial bombs and more than 20 missiles at Ukraine. Population centres continue to be targeted, with the aim of killing Ukrainian civilians. Does he agree that strengthening Ukrainian air defences is pivotal and does he welcome Lithuania’s announcement last week that it will soon hand over RBS 70 short-range air defence systems to Ukraine?

**The Prime Minister:** My hon. Friend makes a good point. We should not lose sight of the fact that while we are discussing security guarantees and the like, Russia has been unrelenting in its attack on civilians, ramping it up while we talk of how to resolve this issue. Of course, we should do everything we can to assist Ukraine with their air defences.

**Dr Kieran Mullan** (Bexhill and Battle) (Con): The Prime Minister will know that one of the challenges is American voices suggesting that their focus should be on China, not Europe. I think a victory for Russia would also be a victory for China, but at a time when we are asking America to focus on our strategic interests, we should be willing to demonstrate our commitment to theirs. In that regard, can he reconfirm his commitment to AUKUS and update the House on progress?

**The Prime Minister:** Let me recommit to AUKUS and our strong support for it. The point that the hon. Gentleman makes is absolutely right; China is watching very carefully what is happening in Russia, and we should always bear that in mind.

**Mark Sowards** (Leeds South West and Morley) (Lab): It is clear through his actions over the last few days—and, indeed, from the questions asked across the House today—that the Prime Minister has restored Britain’s place on the world stage. As a patriot, I thank him for that. It is also clear just how hard he is working to ensure that there is sustainable and lasting peace in Ukraine. I still find myself speaking to individuals—I believe they are a minority—who question why we are still sending money to Ukraine and why it is not being spent on Britain. Please can the Prime Minister say what he would tell them

about why it is in Britain's direct national interest to ensure that Ukraine wins this peace from a position of strength?

**The Prime Minister:** My hon. Friend makes a very good point. It is in our national interest because insecurity and conflict in Europe always washes up on our shore—it has already done that. The cost of living crisis is far worse because of the conflict in Ukraine. Oil prices and energy prices have gone through the roof in the last few years because of the conflict in Ukraine. Working people in Britain are already paying the price, and there will be an even bigger price if we do not have a sustained and lasting peace in Ukraine. This is about Ukraine's sovereignty—of course it is—but it is also about the safety and security of Europe and the safety and security of our country. That is why it is in our national interest for us to take the steps that we are taking.

**Dr Neil Shastri-Hurst** (Solihull West and Shirley) (Con): May I join others in commending the Prime Minister for his diplomatic leadership over the last few days? Can he set out what steps he is taking to discourage third nations from providing hardware that the Russian military can use to prosecute its illegal war?

**The Prime Minister:** The hon. Member makes a very good point. We are doing everything we can and bearing down on those third parties that are providing support to Russia, in whatever form, and we will continue to do so.

**Clive Jones** (Wokingham) (LD): I commend the Prime Minister for his efforts to make sure that Europe continues to support the defence of Ukraine. The United States, however, has changed the conversation on Ukraine by appearing to put Russia first. The United States' Defence Secretary now claims that Russia is not a significant cyber-security threat to the US any more; Elon Musk is publicly calling for the US to leave NATO; and the US vice-president is an effective mouthpiece for Vladimir Putin in the Oval Office. Considering all that, does the Prime Minister think that we and our European and Commonwealth allies can keep President Trump on board until a fair settlement for all the people of Ukraine is achieved?

**The Prime Minister:** I have had extensive discussions with President Trump, and I believe him to be completely sincere in his desire for lasting peace in Ukraine. He is sincere about that and he is right about that, and that is why we will work with him to do everything we can to bring about that lasting peace.

**Bradley Thomas** (Bromsgrove) (Con): I, too, commend the Prime Minister for his international leadership in promoting a long-lasting and durable peace in Ukraine. I am pleased that he has reconfirmed the Government's commitment to ensuring that sanctions on Russia are not lifted in the event of a ceasefire, but we all know that there is a vehement determination on the part of Putin to protect his regime and Russian interests. In the light of that, does the Prime Minister agree that it is critical that the Government take every action they can with international partners to ensure that Russia cannot circumvent international sanctions via its shadow fleet?

**The Prime Minister:** The hon. Member is absolutely right about that, which is why we need to bear down on the shadow fleet. We are doing that through sanctions, and we are working with other countries to ensure that they do the same, because it is a vital part of the work that we need to do.

**Jeremy Corbyn** (Islington North) (Ind): We all want to see an end to this ghastly conflict in Ukraine and an end to the loss of so much innocent civilian life, as well as an end to the deaths of soldiers of all sides. Can I take the Prime Minister back to the answer he gave to the hon. Member for Leeds East (Richard Burgon) earlier? Under what circumstances does he envisage British troops being deployed in Ukraine, under what circumstances does he envisage them taking part in fighting activity against a belligerent, and will he guarantee that any such decision will come to the House before it is taken?

**The Prime Minister:** I thank the right hon. Member for his question. There is one person who does not want lasting peace in Ukraine, and that is Putin. We have to hold that centrally in mind, and we need security guarantees in place, because Putin's ambitions show that if there is a deal, he will not keep to it unless those security guarantees are in place. Those guarantees are the guarantees, not of conflict, but of peace—which is, I think, what everybody in this House wants, including the right hon. Member. Of course it is right that this House should have details and discussion of any security guarantees and the right to express its view, and I will ensure that that happens.

**Nick Timothy** (West Suffolk) (Con): Earlier, the Prime Minister said that Russia is a menace in our waters and in our skies. That is obviously correct, so can he tell us which individual Minister has overall responsibility for the security of our offshore infrastructure, such as wind farms in the North sea? Given the vital importance of military tech and hardware, will he join me in condemning the idiotic divestment campaigns that seek to undermine our domestic defence manufacturing industries?

**The Prime Minister:** The security of our infrastructure—wherever it is, but including underwater—is the responsibility of the whole Government, but most of all, it is my responsibility as Prime Minister to ensure the safety and security of our country. The threats to our country come in many forms, and I take that responsibility extremely seriously.

**Chris Coghlan** (Dorking and Horley) (LD): US security guarantees for any peace agreement in Ukraine are of course highly desirable, but given that the US Defence Secretary appeared to explicitly rule them out, we must of course consider other scenarios, and those guarantees should not be a show-stopper. With that in mind, European NATO GDP alone is 10 times the size of Russia's, yet Russia spends \$40 billion more annually on the war in Ukraine than Ukraine and her western allies do. Does the Prime Minister agree that if we were to close and exceed that gap today—perhaps by seizing the \$300 billion in frozen Russian assets—Ukraine would have a credible path to victory and a just peace?



**The Prime Minister:** On the question of security guarantees, it is important that the US and the UK teams are working together on this, and I take comfort from that and concentrate on that. I do not think that is highly desirable; I think that is essential. We should be putting everything into ensuring that that is the way that we move forward. On the question of the assets, the hon. Gentleman has heard my answer. I understand why he asks it, but it is a complicated question.

**Ben Obese-Jecty (Huntingdon) (Con):** I, too, thank the Prime Minister for his support to President Zelensky yesterday, following the circus that was his meeting with President Trump and Vice-President Vance in the Oval Office. Following the Prime Minister's discussions with President Trump last Thursday, can the Prime Minister provide assurance regarding the ongoing presence in this country of the US Air Forces in Europe at current levels and give reassurance that the US's half-a-billion-pound Defence Infrastructure Organisation investment in the European infrastructure consolidation project's new joint intelligence analysis complex at RAF Molesworth—also the home of the NATO Intelligence Fusion Centre—will not be put in jeopardy, given the change in European posture of the new US Administration?

**The Prime Minister:** I am absolutely clear that President Trump and I want to strengthen the relationship between our countries. We have spoken openly about it. We are very close on defence and security. We both know that, and we both want to strengthen that alliance. That is a good thing for both the United States and the United Kingdom.

**Robin Swann (South Antrim) (UUP):** I thank the Prime Minister for his leadership over the weekend. In the statement, he talks about UK jobs, UK skills and UK finance pulling together for our national interest, so may I also welcome the announcement of the £1.6 billion investment in Thales in Belfast in regards to the procurement of those 5,000 air defence missiles that will defend Ukraine, but also our democracy? While that investment in our private sector is welcome, may I just ask the Prime Minister to remember to invest also in our armed forces personnel? We require them and we will need them and want to support them as we ask them to step forward into a challenging time. While there may be those making comment around the quantity, can the Prime Minister remind others listening and watching that it is the quality of our armed forces that counts?

**The Prime Minister:** The hon. Gentleman is absolutely right about the quality of our armed forces, and we are all very proud of what they do in the vital defence of our country. I am pleased that we have been able to progress with the deal in Belfast so that those well-paid jobs will be there in Belfast, as well as the jobs in the supply chains that will then feed in to that contract.

**James MacCleary (Lewes) (LD):** I add my own congratulations to the Prime Minister on this weekend's successful summit. It was refreshing to see a British Prime Minister not only standing alongside our allies, but working constructively with them and putting us at the heart of Europe, where we belong. Can the Prime Minister tell me how he intends to maintain the positive momentum from this weekend and ensure that Britain's

voice is heard loud and clear, particularly in the European Union, as it continues its own internal discussions on how to support Ukraine and counter the threat from Russia?

**The Prime Minister:** We will continue our discussions with our European allies. They have meetings this week, and further follow-on meetings are planned coming out of yesterday. As the hon. Gentleman will understand, between those meetings, we are in constant touch with each other about how we take forward the plans we are working on.

**John Cooper (Dumfries and Galloway) (Con):** "Scottish soldiers could be in Ukraine by end of the year", was the headline in *The Herald* newspaper this morning, based on quotes from First Minister John Swinney in answer to questions from the BBC. Notwithstanding that the British armed forces have many fine and gallant young Scots serving with them, can the Prime Minister confirm that the decision on—indeed, the burden of—deploying British troops anywhere sits with him and with this House, and not with a divisive First Minister and the head of a devolved Administration.

**The Prime Minister:** Yes, and a good thing too, because the First Minister confirmed his view that we should weaken our defences by getting rid of the nuclear deterrent. What a good thing it is that the security, safety and defence of the whole United Kingdom rests with this Government here.

**Calum Miller (Bicester and Woodstock) (LD):** I thank the Prime Minister for his statement, and for his leadership. He will have heard the support of the Liberal Democrats, and of many others on both sides of the House, for his leadership in Europe and his correct identification of Russia as the threat in this scenario. Having referred earlier to the Russian cyber-threat to the NHS, among other things, does he share my concern about the fact that, overnight, United States Defence Secretary Hegseth has announced the stepping back of US counter-cyber measures against Russia? Does he believe that that is a good choice by the Americans?

**The Prime Minister:** I will not provide a running commentary on American decisions, but there have already been cyber-attacks on our NHS, and we must be vigilant about such attacks. The Russian threat is multifaceted. Everything, pretty much, is being weaponised, and that is why it is important that we always link back what is happening in Ukraine with what is happening in our country.

**Tessa Munt (Wells and Mendip Hills) (LD):** I thank the Prime Minister for everything he has done over the last few days—it has been admirable. Will he endeavour to ensure that we prioritise military spending on outcomes rather than, strictly, the amount of money that is spent? The rush to avoid criticism of underspending often means that cost-effectiveness can be lost. Should not the defence and international aid budgets be viewed as a rolling average over several years rather than annually, to avoid the accounting gymnastics that might otherwise happen every March?

**The Prime Minister:** It is important to ensure, as we spend more on defence, that we get value for the money that we are investing, and the best capability. The hon.

Lady is right: it is, in a sense, the outcome that matters here, which is why the strategic review is going through the challenges that we face and the capabilities to ensure that they match up. She is right about the need to ensure that there is value for money and we are getting the best we can in terms of the capability that we need.

**Andrew George (St Ives) (LD):** I warmly congratulate the Prime Minister on his actions and his leadership in recent days, and, indeed, on his stamina here this afternoon. Apart from Putin's puppets who scarpered from the Chamber more than an hour ago, the House knows full well that support for Ukraine is essential to maintaining the rules-based world order; the question with which we are all wrestling politically is how we pay for it. The Prime Minister said in his statement that there was a "crossroads in our history" and that this was a "new era". Surely, in these circumstances, it is a moment when the Prime Minister and the Chancellor may need to look again at the straitjacket of their fiscal rules, and start taxing the wealthiest in the country rather than building this essential investment in defence on the backs of the poorest.

**The Prime Minister:** I think it important that we are able to fully fund the increase in defence spending, and that we were able to explain where the money is coming from straight away. We need certainty and security in our economy. We should not lose sight of the fact that if we lose security in our economy, all our budgets will be affected and we will all be a lot poorer for it, which is why we have taken the approach that we have. Fiscal rules are important and we will stick to them, but we will look, with others, at innovative ways of ensuring that we can raise the necessary money as we go forward.

**Madam Deputy Speaker (Caroline Nokes):** For the final question, I call Jim Shannon.

**Jim Shannon (Strangford) (DUP):** I definitely have the strongest legs in the Chamber, Madam Deputy Speaker! I have been bobbing up and down for about three hours.

I thank the Prime Minister very much for his statement and his leadership. As you will know, Madam Deputy Speaker, and as everyone in the House will know, I am very proud to be British, and this week we in the United Kingdom of Great Britain and Northern Ireland are very proud of our Prime Minister for his stance. I welcome it, and I wish to convey that to him from my constituents and everyone I have spoken to.

We in the Democratic Unionist party welcome the £1.6 billion contract to supply thousands of advanced air defence missiles to Ukraine, announced by the Prime Minister yesterday and featuring on the front pages of the Northern Ireland papers today. The deal will secure 200 new jobs for Thales, and my right hon. Friend the Member for Belfast East (Gavin Robinson) wishes to thank the Prime Minister for that as well. According to my right hon. Friend, most of the people who work at Thales live in my constituency, and I am very pleased about that, because it means extra work for my constituents and a few extra jobs. I welcome equally the clear indication that we are standing firm in support of Ukraine as it battles against Russia. Will the Prime Minister please confirm that this support will seek to broker peace, but not until we do right by the people of Ukraine, and that that remains our foundational principle?

**The Prime Minister:** On the principles, the hon. Gentleman is right, and I am so pleased about the jobs in Northern Ireland. As for the bobbing, when I came here 10 years ago, I saw the joint gym session that we go through in these statements, particularly long ones. It is something to behold, but I suppose it keeps us all a bit fitter and a bit healthier, which has to be a good thing.

**Madam Deputy Speaker:** I thank the Prime Minister for his statement this afternoon.

## Finance Bill

*Consideration of Bill, not amended in the Committee and as amended in the Public Bill Committee*

*[Relevant document: Correspondence between the Joint Committee on Human Rights, the Chancellor of the Exchequer and the Exchequer Secretary to the Treasury, on the removal of the VAT exemption for independent school fees, reported to the House on 22 January and 29 January.]*

### New Clause 1

#### REVIEW OF IMPACT OF SECTION 1 ON RECIPIENTS OF THE FULL RATE OF THE NEW STATE PENSION

“(1) The Chancellor of the Exchequer must, within three months of this Act being passed, publish a review of the expected impact of section 1 of this Act on recipients of the full rate of the new state pension.

(2) The review must include analysis setting out, for the tax year 2025-26—

- (a) the total number of people in receipt of the full rate of the new state pension paying tax under section 1 of this Act, and
- (b) the tax liability of state pension income under section 1 of this Act of those in subsection (2)(a).

(3) For comparative purposes, the review must take account of equivalent projected figures for subsections (2)(a) and (2)(b) for the tax years 2026-27, 2027-28, 2028-29 and 2029-30.”—  
(James Wild.)

*This new clause would require a review of how many people receiving the new state pension at the full rate are liable to pay income tax this year and in the next four tax years, and specifically how the tax liability of their state pension income will be.*

*Brought up, and read the First time.*

5.30 pm

**James Wild** (North West Norfolk) (Con): I beg to move, That the clause be read a Second time.

**Madam Deputy Speaker:** With this it will be convenient to discuss the following:

**New clause 2—Energy (oil and gas) profits levy: impact assessment of increase in rate—**

“(1) The Chancellor of the Exchequer must, within six months of this Act coming into force, commission and publish an assessment of the expected impact of Sections 15 to 17 of this Act on—

- (a) domestic energy production and investment;
- (b) the UK’s energy security;
- (c) energy prices, and;
- (d) the UK economy.

(2) The assessment must examine the impact of provisions in this Act in comparison with what could have been expected had the energy (oil and gas) profits levy remained unchanged.”

*This new clause would require the Chancellor to commission and publish an assessment of the expected impact of changes to the energy (oil and gas) profits levy on domestic energy production, the UK’s energy security, energy prices and the UK economy.*

**New clause 3—Review of impact of tax changes in this Act on households—**

“(1) The Chancellor of the Exchequer must, within six months of this Act being passed, publish an assessment of the impact of the changes in this Act on household finances.

(2) The assessment in subsection (1) must consider how households at a range of different income levels are affected by these changes.”

*This new clause requires the Chancellor to publish an assessment of the changes in this Act on the finances of households at a range of different income levels*

**New clause 4—Review of impact of Act on small and medium sized enterprises—**

“(1) The Chancellor of the Exchequer must, within six months of the passing of this Act, lay before Parliament a report setting out the impact of the measures contained within this Act on small and medium sized enterprises.

(2) The report must include an assessment of the impact of the Act on the following matters—

- (a) the number of people employed across the UK by small and medium enterprises;
- (b) the number of small and medium sized enterprises ceasing to trade; and
- (c) the number of new small and medium sized enterprises established.”

*This new clause would require the Chancellor to conduct an impact assessment of the Act on small and medium enterprises.*

**New clause 5—Review of the Impact of Tax Changes on Household Finances—**

“(1) The Chancellor of the Exchequer must, within six months of this Act being passed, publish an assessment of the impact of the tax changes introduced by this Act on household finances.

(2) The assessment must evaluate how households across different income levels are affected by these changes.”

*This new clause requires the Chancellor to assess and publish a report on how the tax changes in this Act impact households at various income levels.*

**New clause 6—Report on fiscal effects: relief for investment expenditure—**

“(The Chancellor of the Exchequer must, within six months of the passing of this Act, lay before Parliament a report setting out the impact of the measures contained in clause 16 of this Act on tax revenue.”

*This new clause would require the Government to produce a report setting out the fiscal impact of the Bill’s changes to the Energy Profits Levy investment expenditure relief.*

**New clause 7—Pupils with SEND without an Education Health and Care Plan: review of VAT provisions—**

“(1) The Chancellor of the Exchequer must, within six months of the passing of this Act and every six months thereafter, lay before Parliament a review of the impact of the measures contained in sections 47 to 49 of this Act on pupils with special educational needs and disabilities.

(2) The review must consider in particular the impact of those measures on—

- (a) children with special needs who do not have an education health and care plan (EHCP); and
- (b) the number of children whose families have applied for an EHCP.”

*This new clause would require the Government to produce an impact assessment of the effect of the VAT provisions in the Act on pupils who have special educational needs but do not have an Education Health and Care Plan.*

**New clause 8—Review of sections 63 and 64—**

“(1) The Chancellor of the Exchequer must, within six months of the passing of this Act and every six months thereafter, review the impact of the measures contained in sections 63 and 64 of this Act.

(2) Each review must consider the impact of the measures on—

- (a) Scotch whisky distilleries,
- (b) small spirit distilleries,
- (c) wine producers and wholesalers,



(d) the hospitality industry, and

(e) those operating in the night-time economy.

(3) Each review must include an estimate of administrative and operational costs for the preceding 12-month period for each of the sectors listed in subsection (2).

(4) Each review must consider the impact of the measures on the retail price for consumers of products subject to alcohol duty.

(5) Each review must also examine the expected effect of the measures on the domestic wine trade.

(6) A report setting out the findings of each review must be published and laid before both Houses of Parliament.”

*This new clause would require the Government to produce an impact assessment of the measures on the Act on distilleries, wine producers and the hospitality industry.*

Government amendments 1 to 17.

Amendment 67, page 53, line 30, leave out clause 47.

*This amendment removes Clause 47, which removes the VAT exemption for private school fees.*

Amendment 68, page 56, line 13, leave out clause 48.

*This amendment removes Clause 48, which introduces anti-forestalling provisions.*

Amendment 69, page 56, line 13, leave out clause 49.

*This amendment removes Clause 49, which sets out the commencement date.*

Government amendments 18 to 66.

**James Wild:** I will speak to new clauses 1 to 3, and amendments 67 to 69, tabled in my name. It is 124 days since the Chancellor delivered the first Labour Budget in 14 years—the so-called growth Budget—but it feels like longer. Inflation is up, taxes are up, borrowing is up, unemployment is up and energy bills are up. I could go on, but most tellingly of all, growth is down. The Bank of England has just cut its growth forecast for this year in half, to just 0.75%. Little wonder that business confidence has plummeted, with firms warning of fewer jobs, lower wages and higher prices. Instead of backing risk takers and supporting wealth creators, as the Conservatives do, this Finance Bill and the Budget attack enterprise and deliver lower growth, higher borrowing and higher taxes.

I turn to new clause 1, concerning pensioners. Millions of pensioners were left out in the cold this winter when the Government took away their winter fuel payments. Millions of people in receipt of only the state pension now face paying income tax on it.

**Dr Luke Evans** (Hinckley and Bosworth) (Con): When the Government decided to take away the winter fuel payment, they said that people could apply for pension credit to try to get some support. The problem is that there are huge delays in getting pension credit. When the message was first put out, the delay was 84 days. Five hundred new staff have been brought in, but it is still 56 days, which is above the 50-day limit. Does my hon. Friend share my concern that people have now passed through winter and still do not have the funds to which they are entitled under this Government, and which are not there?

**James Wild:** I absolutely agree with my hon. Friend, who has done stellar work in drawing out of the Department the data on delays and waiting times. If everyone who is entitled to pension credit took it up, it would wipe out

the savings that the Chancellor wanted, so the idea that she wanted all those people to take up pension credit is for the birds.

New clause 1 would require the Government to review how many people receiving the new state pension at the full rate will be liable to pay income tax in the coming years. At the general election, we were very clear that people in receipt of only the state pension should not pay income tax on it. However, recent forecasts suggest that an estimated 9 million pensioners will pay income tax on their state pension from April 2026. Pensioners cannot easily alter their financial situation, yet they were given just six months' notice that they would lose their winter fuel allowance. They cannot be blindsided for a second time by the taxman.

In Committee, the Minister said that the relevant data was available, but I do not think that is correct, because the figures to which he referred do not break down the group we are talking about—recipients of the full rate of the new state pension. Will he commit to publishing data on how many people receiving the new state pension will pay income tax on it? This potential hit could not come at a worse time for pensioners, who have lost their winter fuel payments, because we learned last week that energy bills are going up yet again—a far cry from the £300 cut that they were all promised at the last election by the Labour party.

At the Budget, the Chancellor made much of her announcement that she would uprate the personal tax thresholds in line with inflation from 2028, but that is not legislated for in this Bill. The public are being asked to take the Government at face value, yet recent reports suggest that this promise may be dropped due to the impact of the Budget on growth and higher borrowing. Given the number of broken promises since the election, can the Minister reconfirm from the Dispatch Box the Government's commitment to unfreezing those thresholds in 2028?

As well as pensioners, working people cannot afford the costs of this Labour Government. The Prime Minister promised at the election that he would not hit working people with higher taxes, and he then broke that promise with the £25 billion-a-year jobs tax.

**Tristan Osborne** (Chatham and Aylesford) (Lab): Can the hon. Member confirm which Government left taxes at a 70-year high? Can he also confirm which Government led to interest rates and inflation being at record highs, which has stung so many mortgage holders?

**James Wild:** Well, the last Government had to deal with a global pandemic and an energy price shock. I am happy to enlighten the hon. Gentleman, who has obviously not read the Red Book: taxes are going up—they are going up to record high levels—under the Budget and the Finance Bill that he is supporting. If he is worried about the tax burden, he should not be voting for this Finance Bill today.

Households are facing financial challenges, and the measures in the Bill will only make things worse. The Office for Budget Responsibility predicts that real household disposable income will fall by 1.25% by the start of 2029, largely due to the measures in the Budget. New clause 3 would require the Chancellor to publish an assessment of the impact of the changes on household finances. The choices that this Chancellor and this Government

[James Wild]

have made mean that borrowing is increasing, so interest rates will be higher for longer and people's mortgages will be higher, and hard-working families will be paying billions of pounds to pay off the debt interest. The Government inherited inflation at target, but since then inflation has gone up, meaning less money in people's pockets.

While it is the Chancellor's wider mishandling of the economy that is attracting the headlines, the measures in this Bill will have a direct role in squeezing households. Whether it is higher stamp duty, increased alcohol duty, air passenger duty, capital gains increases, vehicle excise duty, changes to the tax treatment of hybrid vehicles or many other measures, the costs of the Bill will be felt directly by households across the UK. When households are stretched, it is essential that we have transparency about what the Government's actions are doing to incomes.

**Graham Stuart** (Beverley and Holderness) (Con): Of course, the big tax-raising measure in the Budget, as my hon. Friend says, was the national insurance contributions rise, with its £25 billion impact on the economy, yet once we have taken off compensation for public services and the negative impact on activity, it nets only about £10 billion. It is a peculiarly ridiculous policy that nets only £10 billion or £11 billion, yet, according to the Office for Budget Responsibility's numbers, will take £19 billion out of people's pay packets. Does my hon. Friend agree that there has surely never been a more ridiculous measure that costs so much and delivers so little?

**James Wild:** My right hon. Friend makes the point that this measure may have been introduced by a Chancellor who did not actually understand the impact it was going to have. The Government should have stuck to the promise they made at the election not to increase national insurance at all.

New clause 2 concerns the Government's plan to undermine our energy security by increasing the energy profits levy to 38%, bringing the headline rate on oil and gas activities to 78%, extending the tax by a year and removing investment allowances. The consequences are fairly predictable. Offshore Energies UK has said that the hike will choke off billions of pounds of investment in the North sea, putting 35,000 jobs at risk.

**Noah Law** (St Austell and Newquay) (Lab): Does the hon. Member not agree that if such a rate is good enough for Norway, a clean energy superpower, it is good enough for the United Kingdom?

**James Wild:** In short, no, I do not, which is why we voted against that previously. We should be maximising our home-grown energy, not undermining domestic production and choosing to rely instead on importers with higher carbon emissions.

**Dr Luke Evans:** I agree entirely with the shadow Minister. Only today, the Prime Minister said at the Dispatch Box that our economy is security, and security starts with our defence and looking after ourselves—and that includes energy security. Is it not ridiculous not to use North sea oil—our own reserves—to ensure

that security? It is the cleaner side of oil and gas. Using our own reserves also comes with jobs, and prevents us importing oil and gas in a volatile world.

**James Wild:** Absolutely. I wonder if, when the Prime Minister was in Washington last week, he had the opportunity to talk to President Trump about home-grown energy and the importance of supporting the domestic sector. That is what we on the Conservative Benches certainly support. This is a sector with 200,000 high-skilled jobs, so it is important that we have an up-to-date assessment of the impact of what the Government are doing on our domestic energy production, energy security, energy prices and the UK economy. Unfortunately, we already see some of that impact: the US firm Apache has said that it will end its operations in the North sea by the end of 2029, blaming the extension of the profits levy for making it uneconomic to stay beyond then.

**Graham Stuart:** This measure is vying with the national insurance contribution change to be the most absurd measure. I think that it wins by a head. The Prime Minister says that we must have energy security, and the Climate Change Committee that says we will still need oil and gas for 25% of our energy needs if we meet net zero in 2050, but the Government will have no more licences. We will lose tens of thousands of jobs, tens of billions of pounds in tax, and the engineering capability that we need for the transition. It is absurd on every single possible front.

**James Wild:** My hon. Friend is 100% correct. I think we all know that the architect of much of this is the Secretary of State for Energy Security and Net Zero, who takes a rather fundamentalist approach. He wants to cover farmland with solar farms, and wants to undermine our oil and gas sector. We on the Opposition Benches disagree. It was the previous Government who introduced the levy, but that was to tackle extraordinary profits at an extraordinary time. The revenue helped to keep energy bills lower for all our constituents, but now the Government are ratcheting up the levy and seem to want to tax North sea exploration out of existence. This is just a further example of the Government's ill-conceived energy policy. GB Energy is a net zero vanity project that will not generate any energy or be an energy supplier. It certainly will not deliver £300 off bills.

Amendments 67 to 69, tabled in my name, would remove clause 47 and abolish Labour's education tax. Since 1 January, independent school fees for education and vocational training have been subject to VAT at 20%. It is the first time education has been subject to VAT. Why is that? Because education is a public good, so we do not tax it. Putting VAT on independent schools particularly hurts those on the most modest incomes who have chosen to save and make sacrifices to send their children to a school that they think will serve them best.

**Jim Shannon** (Strangford) (DUP): In Northern Ireland, we have a number of faith schools that will be impacted greatly by the measure. They have contacted me even at this late stage to ask whether the Government would reconsider. Does the shadow Minister agree that faith schools will be impacted, perhaps more than others, and that the impact on parents, and children in particular, will be gross?



**James Wild:** I agree with the hon. Gentleman. Everyone will have an opportunity, if the amendment is moved and selected for a Division, to vote to strip the measure out of the Bill. None of those parents on modest incomes are getting a tax break. They are also contributing to funding places in the state sector, whether or not their children take them up. Ultimately, this is a tax on aspiration, and we oppose it. In Committee, we raised concerns about the impact on certain groups, including children with special educational needs, small schools, faith schools and military families.

**Graham Stuart:** My hon. Friend is being very generous in giving way. He touches on the issue of children with special educational needs. This is not just about scrimping parents making a choice; this is about people with no choice, whose children have been bullied or who have special needs that have not been met in the state sector, and who have made a sacrifice to put their children in the private sector. People with children in particular need will pay the price of this ill-thought-through measure.

**James Wild:** My right hon. Friend is consistently absolutely right. There are more than 100,000 pupils in independent schools with special educational needs and disabilities who do not have an education, health and care plan. They will have to pay VAT on their school places—that is not covered by the Government.

**Tristan Osborne:** Is it not true, though, that special educational needs students are exempt from this proposal? It is not a surprise that while the Opposition are focused on the very small number who go to independent schools, we are focused on ensuring a good education for the large majority of our children in state schools.

**James Wild:** I am afraid that the hon. Gentleman is flat wrong. Children with SEND who go to an independent school but do not have an education, health and care plan will have to pay the 20% VAT—I would hope that people who are voting on this legislation might have understood that fairly fundamental point. That will make those places unaffordable for the parents of many, add pressures to the state system, with demand for places where there is no capacity, and squeeze council budgets. This is just another part of the Education Secretary's ideological approach, which seeks to divide. We on the Conservative Benches care about all children. We simply believe that parents should be able to choose the school that is best for their child.

5.45 pm

We are seeing the impact in real time. The Government's own estimates suggested that 100 schools would close over the next three years; a school in the Prime Minister's constituency has said it will close this summer due to the impact of VAT as well as the jobs tax. School closures, dedicated staff losing their jobs, children having their education disrupted—that is the effect of this policy. I therefore hope that Members will support our amendment.

We on the Conservative Benches welcome inward investment; we back wealth creators and risk takers. As this Government are chasing growth, one would think they might be sending a message that Britain is open for business. However, the plans for non-doms, including

inheritance tax, have already caused a significant exodus of investors from the UK. Last year, more than 10,000 net millionaires left the country—a 157% increase on the year before. According to the Adam Smith Institute, that is equivalent to losing the income tax take of more than half a million average taxpayers. We discussed this in Committee.

At Davos, the Chancellor said that she would amend these proposals as they made the UK less attractive, but frankly, the damage has already been done. The Chartered Institute of Taxation has warned that, given the lack of proper consideration and consultation, the amended proposals still leave uncertainty, which will be counterproductive if it is the Government's intention to encourage those people to stay and to allay the concerns of those looking to invest in the UK.

**Dr Luke Evans:** The shadow Minister is absolutely correct. At Davos, the Chancellor said she had listened to that community. Why would she make changes for that community, but not the farming community, the pensioner community, the pupils at private schools or the SEND community, or indeed working businesses such as pubs, restaurants and charities, who are all seeing tax increases? Why was that community listened to, when no others were? Does he have any idea why that could be the case?

**James Wild:** My hon. Friend invites me to get inside the head of the Chancellor, but I am not sure I would be able to do that. All I know is that the other groups that he mentions should also be listened to. The Chancellor has shown herself to be particularly tin-eared on the impact of these changes on family farms and businesses, hence there is, tomorrow, yet another protest. I read over the weekend that another brave Labour MP has come out and said he opposes the changes and wants to see reforms—perhaps some of the other Labour MPs are here to speak to say that they too stand with the farmers in their constituencies.

To conclude, the Prime Minister and Chancellor set growth as the mission for this Government. They inherited an economy growing at the fastest rate in the G7, but the choices they have taken in the Budget and in this Finance Bill have stopped growth stone dead. They have hiked taxes, undermined business confidence, pushed up inflation and hit working people and pensioners. Later this month, we will get the economic and fiscal forecasts, but what we can already see is a Labour Government committed to higher taxes, higher spending and higher borrowing, and we are all paying the price.

**Dr Jeevun Sandher (Loughborough) (Lab):** Economic growth is the ability to produce more with less. It is the foundation of all human progress. It is why we are not all scratching around in the dirt, desperately hoping something will grow. However, there is no economic law that says that when the economy grows, all must share in it. In decades past, it has not been shared. Growth has gone to high earners over everyone else, to the old rather than the young, to capital over labour and to London over everywhere else. This is tearing our democracy apart, and it is tearing other democracies apart. That is why I am so proud to speak in favour of this Finance Bill, which will help to ensure that economic growth is shared among all people and all places.

[*Dr Jeevun Sandher*]

I worked as an economist before entering this place. As Members may know, my PhD was on the causes and consequences of inequality and particularly why, since the 1980s, people and places have not shared equally in growth. In my adult life, I have never known a growing economy, and now my beard is turning grey—[*Interruption.*] I will soon look like Gandalf. I want to see the dotted line on the GDP chart finally go up, but that is not enough. We have to ask whether all are sharing in that growth. Growth for where, and growth for whom? The only way to ensure that all share in growth is for this Government to act. When people do not share in growth, when their incomes do not rise and when life becomes worse, hope turns to cynicism, happiness turns to anger and peace turns to riots.

There are four ways in which growth has not been shared by all, and we are fixing all four in this Budget. First, across high-income nations, top earners have seen their pay rise far faster than the rest. Technological change destroyed manufacturing jobs and led to a divided labour market of high-paid and low-paid jobs. High-paid workers benefited from new technology—computers, Excel and PowerPoint—and they saw their wages increase 50% faster than the average. We are fixing that in this Budget by investing in the skills of non-graduates, with more money for further education colleges and apprenticeships.

Secondly, older generations have benefited from cheaper homes, while younger renters cannot buy a home because we have failed to build enough houses in this country. Twenty years ago, house prices were three times the average wage. Today, they are more than eight times the average wage.

**Daisy Cooper** (St Albans) (LD): Does the hon. Gentleman agree that one thing that could be done very quickly is that the Government could legislate so that all Airbnb properties need planning permission? That would release a lot of short-term lets back into the market as longer-term lets for younger people.

**Dr Sandher:** I am sure the Government will consider these measures in the round, but more broadly, of course, it is about building many more homes. Some 40% of 18 to 34-year-olds are living with mum and dad, and we are starting to fix that in this Budget, including by providing a 20% increase in the affordable homes programme, which is a stepping stone to building 1.5 million new homes.

**Dr Luke Evans:** I am grateful to my Leicestershire colleague for giving way. He will know that housing targets and housing numbers have gone up in Leicestershire—the figures in my patch are up by 59% and 73% respectively. However, the figures for Leicester city are dropping by 31%. Why is that happening when Leicester has brownfield sites and the best connections? If we need houses everywhere, should we not see them being built in cities as well, rather than just in the countryside?

**Dr Sandher:** The housing formula has rightly been changed to where the need is greatest. In my constituency, for example, planning permission has not been approved to replace derelict factories on brownfield sites with new homes. I have seen too few homes being built and too many things being rejected. I am proud of this

Government's aim to build new homes, and I have full faith in the formula. We need more homes everywhere, including in both of our constituencies.

**Matt Rodda** (Reading Central) (Lab): My hon. Friend is making an excellent point and an excellent speech. He is right to highlight the importance of housing, in terms of both quality of life and labour mobility, as well as the many other benefits to the economy. I commend the good example of Reading, where many brownfield sites are being redeveloped. The hon. Member for Hinckley and Bosworth (Dr Evans) may wish to visit Berkshire to see how well we are rebuilding our town centres, as are many other cities and towns around the country.

**Dr Sandher:** I could not agree more. Perhaps we should all take a trip to see the great work being done in Reading, because we have to build a lot more homes. My generation is increasingly finding that working hard and getting a good job is no guarantee of owning a home in the end. That is what this Government are fixing with this Budget.

It is not only the young who are not sharing in growth. Growth has gone to capital over labour, and technological change means that machines can do tasks far more cheaply than humans. More payments to capital mean less for workers. The labour share of GDP has fallen by a sixth since deindustrialisation. Today, across the Atlantic, we see the dangers of Bidenomics—

**Madam Deputy Speaker (Caroline Nokes):** Order. I remind the hon. Member that it is imperative he speaks to the Finance Bill and the amendments, rather than rehashing a Budget speech.

**Dr Sandher:** This Budget is investing in the future, and indeed changing this country. This is a Budget that is moving forward, but I want to cover the bits covered in the Finance Bill. It is a Budget, a Finance Bill, that is investing in labour-intensive sectors such as early years childcare and the warm homes plan.

**Blake Stephenson** (Mid Bedfordshire) (Con): I am enjoying the hon. Member's speech, and to give him a few moments to gather his thoughts, I remind him that new clause 1 would require a review of how many people receiving the new state pension at the full rate are liable to pay income tax this year and in the next four tax years, and specifically what the tax liability of state pension income will be. Would he care to provide the House with his thoughts on new clause 1?

**Dr Sandher:** I thank the hon. Member for his help and assistance. The aim is not only to improve pensioner incomes. On one side there is the tax change, and on the other side, the triple lock will ensure that the amount going to those pensioners increases by £400 from April. As Members on both sides of the House would agree, the triple lock has helped pensioners immeasurably.

It is right that I now draw my speech to a close. I thank all hon. Members for their help, and I also thank you, Madam Deputy Speaker.

**Madam Deputy Speaker (Caroline Nokes):** I call the Liberal Democrat spokesperson.

**Daisy Cooper:** I rise to speak to new clauses 4 to 8, and I will make a few additional comments at the end.

New clause 4, tabled in my name, would review the Bill's impact on small and medium-sized enterprises by requiring an impact assessment. In this House, we have rehearsed many times the impact of the Government's Budget on small and medium-sized enterprises, including through the rise in national insurance contributions, the changes to business rates and, of course, the plans to change inheritance tax and business property relief. We are very concerned about the impact of the Budget as a whole on small and medium-sized enterprises, on our high streets and, of course, on family businesses. It is inconceivable that these changes are going ahead without an impact assessment, so we urge the Government to consider this amendment.

New clause 5 would require the Chancellor to assess and publish a report on how tax changes in this Bill affect households at various income levels. Of course, we all know that the cost of borrowing is at a 30-year high. After the misery of the mini-Budget, mortgage holders in particular will be deeply concerned.

Just as we are concerned about certain measures that are in the Finance Bill, we are also concerned about certain measures that are not in the Bill. As we outlined in our reasoned amendment on Second Reading, the Bill does not include measures to reverse the winter fuel payment cuts. More recently, we Liberal Democrats have also called for a social energy tariff, which I hope the Government will consider in due course.

6 pm

New clause 6 would require the Government to produce a report setting out the fiscal impact of the Bill's changes to the energy profits levy investment expenditure relief. As we have said in this House many times, the Liberal Democrats were the first to call for a windfall tax on the big oil and gas companies. It was introduced in the last Parliament, but seven months after we first called for it. It also included a very large loophole. Had it been introduced sooner and without the loophole, it would have raised significantly more money. That money could have been used for an emergency home insulation scheme to reduce people's energy usage, which would have been better for the environment and for people's pockets. The new clause would enable the Government to publish how much money they would raise through that measure. If it were to be passed, we would encourage them to look at how much money could have been raised had it been introduced when we first called for it.

New clause 7 would require the Government to produce an impact assessment of the effect of the Bill's VAT provisions on pupils who have special educational needs but do not have an education, health and care plan. The Government have introduced an exception for children who do have an EHCP, but as Members will know, there are children who have diagnosed special educational needs—or in some cases are awaiting that diagnosis—but do not have an education, health and care plan.

In my constituency, we have a double whammy: the Conservative-led county administration has received the worst possible Ofsted rating for its SEND services and, at the same time, we have been severely disadvantaged by the very outdated funding formula, which puts Hertfordshire at a huge disadvantage. It would take us

15 years to catch up with neighbouring Buckinghamshire for money per pupil, even though Buckinghamshire joins us in the 40 worst funded councils in the country. Clearly, we want that funding formula to be fixed. We also want local service provision to be improved.

Fundamentally, many families are struggling with the SEND service. Like many Members, I have received a number of emails from constituents about this issue. They have recognised that in St Albans we are very lucky to be blessed with a number of high-performing, sometimes outstanding, state schools. Some families may have one or two children in a state school but choose to put one child in a private school because of their particular needs.

One example stood out to me: a family contacted me to say that they have other children in state schools, but one was not getting on well so they chose to put them into a private school. Only at that point did the private school contact the SEND department at the state school to find out whether any support had been put in place. It turns out that their child had completed a range of assessments, and had performed quite poorly—well below the acceptable levels for processing and comprehension—but even so, no additional support had been put in place apart from awarding extra time, because it was simply not possible.

**Nesil Caliskan (Barking) (Lab):** Is that not precisely the point? Our state system does not have the capacity or the means to support children with special educational needs. The additional £1 billion investment, which in part will be raised by getting rid of the VAT exemption, will help deliver not only 6,500 new teachers but the additional support for special educational needs children in our state system.

**Daisy Cooper:** We disagree on this point. Fundamentally, Liberal Democrats have said that we should rise the tide for all children, not lower the tide for some. We had a very ambitious education agenda in last year's general election manifesto. Some areas we had in common with the Labour party, and some not. Our very ambitious agenda for education included a ringfenced high needs budget. I have campaigned relentlessly on improving SEND provision for the past five or six years in this Chamber, in Westminster Hall debates and in various meetings. We do not think that this particular measure is needed to improve SEND funding. Other measures could be used. We have a difference of opinion about how to raise that money.

**Graham Stuart:** The hon. Lady's response to that intervention is perfectly good in its own way, but her new clause simply asks to measure the impact and look at whether the damage is too great to justify it in that broader sense. I hope that the Government consider looking at it, take it seriously and follow the hon. Lady's arguments.

**Daisy Cooper:** I am grateful to the right hon. Member for highlighting that the new clause is about an impact assessment. Labour colleagues will be aware that the VAT provision will come into effect very quickly, but it will not provide the instant support that many children need. If children's education is disrupted, they immediately suffer disadvantages in their life. If the Government had really wanted to pursue this measure, I would have hoped at the very least that it would have happened in a



[Daisy Cooper]

few years' time to allow for adjustment. But we are where we are. We do not support the measure, but at the very least we request an impact assessment, as the right hon. Member suggested.

New clause 8 on alcohol duties would require the Government to produce an impact assessment of the Bill's measures on distilleries, wine producers and the hospitality industry. Since 2022, I have tabled numerous questions in the House and written letters to the Treasury with evidence of falling tax receipts and sales as a result of the measures that the Labour Government are now introducing. They will introduce huge amounts of red tape, which will be very complicated, very costly and, ultimately, will push up prices for consumers and the industry.

**Mr Angus MacDonald** (Inverness, Skye and West Ross-shire) (LD): May I draw the attention of the House to my entry in the Register of Members' Financial Interests? Let me voice my support for my hon. Friend's new clause, which would require the Government to review the impact of alcohol duty increases on key sectors. Scotch whisky is one of Britain's greatest industries, accounting for 22% of the whole of Britain's food and drink exports and supporting tens of thousands of jobs. Yet despite repeated assurances from the Government, the industry continues to face sharply rising duty costs. Since the duty on Scotch and other spirits was—

**Madam Deputy Speaker (Caroline Nokes):** Order. The hon. Member's intervention is slightly too long. He is on the list to speak in due course, so perhaps he will make his point about the importance of Scotch whisky then.

**Daisy Cooper:** I am grateful to my hon. Friend for raising the plight of Scotch whisky. My husband is an Ayrshire boy who is certainly doing his bit to keep the Scotch whisky industry going.

Notwithstanding that, it would help if the Government did not pursue these particular duties. Near my constituency—it was in it before the boundary changes—is an importer of fine wines. One of its products is port—not the kind of drink that many people sit and glug as they might do with a cheaper form of alcohol. [HON. MEMBERS: "Speak for yourself!"] For most families around the United Kingdom, port is a drink to buy for an occasion—a birthday, Christmas, a wedding or something of that kind. It is not typically the kind of drink that someone would glug—with the exception of a few people in the House—in such volumes as other alcoholic drinks. None the less, that business will be impacted by these measures. They will affect a huge amount of innovation in the industry, which is a prize to our economy.

**Jim Shannon:** I ask the hon. Lady to cast her mind back to Scotch whisky. I met representatives of the Irish whiskey industry just before Christmas. They told me of their deep concerns over jobs and employment and the future of their distilleries. In my constituency, the Hinch, Rademon and Echlinville distilleries all have those concerns. The hon. Lady is right to pursue this matter on their behalf.

**Daisy Cooper:** I am grateful to the hon. Member for adding his support. I hope that he will join us in the Lobby later.

Finally, I will touch briefly on the Government amendments. The Chartered Institute of Taxation has provided a comprehensive briefing to all MPs on the 57 amendments to part 2 of the Bill. It is fair to say that the Government's proposals on non-doms have been a little hodgepodge. The chartered institute is now strongly advocating for proper consultation. It warns that "uncertainty" that has been introduced through these measures and that the drafting of some amendments may inadvertently achieve the opposite of what the Government seek. On that note, I encourage Ministers to meet the Chartered Institute of Taxation and heed its warnings to ensure that measures are properly drafted and that no uncertainty is introduced through them.

The Liberal Democrats have tabled a number of new clauses, and we hope that colleagues will join us as we press them to the vote.

**Jim Dickson** (Dartford) (Lab): It is a pleasure to contribute once again to a debate on this important piece of legislation. A number of amendments have been tabled by hon. Members from across the House and, while I do not have time to cover them all, I will address the key ones.

As I said in Committee of the whole House, this is a crucial Bill that underpins the new Government's aim of fixing a tax system that has become less fair and less sustainable over the last 14 years of Conservative government. I am conscious of the need to confine my remarks to the amendments rather than speaking to the Bill itself, but I remind everyone that the Bill was necessary because of the dire economic inheritance that the Government found on entering office last year.

**Graham Stuart:** The hon. Gentleman said that the tax system had become less fair over those 14 years. Does he oppose the increase in the tax burden paid by the higher paid? That is what happened over those 14 years. Does he not see it as fair that those on lower and average earnings saw their share of the tax take go down? Is he opposed to that? In what way precisely, from his deep understanding of the tax system, has he concluded that it has become less fair over the last 14 years?

**Jim Dickson:** When the last Government left office, taxes were at their highest level for 70 years. Thresholds have been frozen, bringing more workers into higher tax rates than was fair on them. The Labour Government are dedicated to trying to ensure that taxes are paid by those with the broadest shoulders and those best able to pay them.

**Graham Stuart** *rose*—

**Jim Dickson:** If I might make a little progress before the right hon. Gentleman intervenes once more, that would be lovely.

Opposition Front-Benchers have tabled new clauses 1 to 8, which would require the Government to undertake a number of reviews of the impact of measures in the Bill, ranging from a requirement for the Chancellor to commission and publish an assessment of the expected impact of changes to energy, oil and gas profits levy on



domestic energy production, the UK's energy security, energy prices and the UK economy to a requirement on the Chancellor to publish an assessment of the impact of the changes in the Bill on the finances of households at a range of income levels. I gently remind Opposition Members that much of the information requested is already available. Details on tax liabilities are published by HMRC, the Department for Work and Pensions and the Office for Budget Responsibility, and the impacts of the changes set out in the autumn Budget are published in documents including the tax information and impact notes and the "Impact on households" report.

**Dr Luke Evans:** While we as politicians can read and scrutinise those real impacts, when pensioners who will have to pay tax on their state pension come to the hon. Gentleman's surgeries—they will have to do a tax self-assessment or pay it back—how will he explain to them exactly what is going on? They will not have the technical ability—many will, but some will not—to understand why they are being taxed.

**Jim Dickson:** I thank the hon. Gentleman for his intervention. He seems remarkably well informed already about the impact of the changes in the Budget, and I imagine that hon. Members across the House will be similarly well informed.

The Leader of the Opposition has outlined her desire for a British equivalent of Elon Musk's Department of Government Efficiency. I wonder how she can square that desire with the new clauses, which, if passed, would seem to duplicate work already done by the Government. That is hardly a model of efficiency—more like playing politics.

**Daisy Cooper:** In the Liberal Democrats' new clause 8 on alcohol pricing, the hon. Member will see that we are asking not just for an impact assessment of the taxation raised, but for an assessment and estimation of the administrative and operational costs for the preceding 12 months already incurred by this fantastic part of our industry. Does he agree that an impact assessment of the red tape is important as well as the tax take for the Treasury?

6.15 pm

**Jim Dickson:** I thank the hon. Member for that intervention. It seems to me that by writing to the Chancellor of the Exchequer and tabling parliamentary questions requesting that information, it would be more than possible for her to gain the data she requires and therefore, no doubt, make her case across the House.

New clause 2 refers to the Government's changes to the oil and gas profits levy. Those crucial changes, which will see an increase in the rate of the levy to 38% from 35% and will raise in total £6 billion to underpin investment in delivering on our missions—getting the NHS back on its feet and supporting growth across the country—are laudable. I would not want to support any amendments that would put those benefits at risk.

New clause 4, tabled by the hon. Member for St Albans (Daisy Cooper), would require the Chancellor to conduct an impact assessment of the Bill on small and medium-sized enterprises. I am sympathetic to her desire to support small businesses, but I am unpersuaded that her new clause is the best way to do it. All the measures in the

Budget had tax information and impact notes for them published with the Budget, and I remind everyone listening that it was a good Budget for small businesses.

As the Federation of Small Businesses said on the day, "Against a challenging backdrop, today's Budget shows a clear direction"—

**Madam Deputy Speaker (Caroline Nokes):** Order. We are debating the Finance Bill and the amendments to it, not the Budget.

**Jim Dickson:** Thank you, Madam Deputy Speaker. I simply intend to illustrate why the changes proposed in the amendments do not help what the Government are attempting to achieve via the Finance Bill. The FSB said that the Budget

"shows a clear direction in business policy now for the whole of this Parliament to target support at small businesses, rather than big corporates".

As hon. Members have stated, the Government are supporting SMEs by more than doubling the employment allowance, keeping the small profits rate stable, maintaining the annual investment allowance and freezing the small business rates multiplier. I ask hon. Members not to forget that this is an important piece of legislation underpinning measures announced at the Budget that will help fix the NHS, improve public services, incentivise capital investment and rebuild Britain.

**Sir Ashley Fox (Bridgwater) (Con):** This Finance Bill implements the 2024 autumn Budget. That was a bad budget and this is a bad Bill. It punishes businesses, discourages entrepreneurship and raises taxes on those trying to make a living. It will lead to job losses, reduced investment and higher prices. It will lead to higher interest rates and higher Government debt, which will lead to lower growth. If we wanted to make a list of things that our economy did not need, this Finance Bill would be a good starting point.

The Bill is built on broken promises. The amendments tabled try to help the Government to keep their manifesto promises. During the election, Labour told the public that its plans were fully costed and fully funded. Its manifesto said that it would increase spending by £11 billion, so how can the Government now justify an increase in spending of £70 billion a year funded by an extra £40 billion in taxes and £30 billion in borrowing? Even if people believe the fairy story of the black hole told by Labour Members—I do not—£11 billion plus £22 billion does not equal £70 billion.

Is not the truth that the Labour party always planned a large increase in taxes and borrowing but did not have the courage to tell the British people in advance? The Chancellor and the Prime Minister insisted that working people would be protected, but it is now clear either that they were wrong or that they do not consider small business owners, publicans or farmers to be working people.

**Noah Law:** Does the hon. Member not recognise that one of the primary challenges faced by the sectors he mentions is that of workers' inability to afford to live in the areas where they work, such as in Cornwall, and that the changes to stamp duty land tax will go a long way towards improving the ability of workers to be housed in what are currently, in so many cases in Cornwall, second homes? Does he not recognise the potential contribution of that to the workforce?

**Sir Ashley Fox:** I am sure that there are one or two good parts to this Finance Bill, but the hon. Gentleman was elected on a manifesto pledge to increase spending by £11 billion, and that was fully costed, yet this Finance Bill increases spending by £70 billion. I just wonder why he and his hon. Friends did not have the courage to put that before the British people at the election.

Small and medium-sized enterprises and the hard-working entrepreneurs who run them are the backbone of our economy, and they are the victims of this Finance Bill. In constituencies such as Bridgwater, where SMEs are key to local prosperity, the Government have imposed a huge national insurance hike that will make it more expensive to employ people. This rise, which breaks Labour's manifesto commitment not to raise national insurance, will cost SMEs £732 more per year for every employee earning £20,000. This tax on jobs will stifle growth and lead to higher unemployment. The rise in national insurance is especially damaging to those in the healthcare sector, and the proposed amendments will help to assess the damage that that causes. Last week, representatives from the social care—

**Madam Deputy Speaker (Caroline Nokes):** Order. In the interests of complete impartiality, I want to make sure that all Members are aware that they have to speak to the amendments as proposed in this Finance Bill, not any other amendments that they might wish had been proposed.

**Sir Ashley Fox:** I am grateful for your guidance, Madam Deputy Speaker.

People in the social care sector in Bridgwater were particularly concerned that the national insurance contributions rise had not been subject to an assessment. Assessing the damage that it and the other tax rises will do is therefore critical to the successful implementation of this Finance Bill.

**Joe Robertson (Isle of Wight East) (Con):** I am grateful to my hon. Friend for giving way and for his assessment of the Finance Bill. Does he agree that the best way the Government can raise revenue is not to raise taxes but to grow the economy and increase the money taken through taxes in that way? Does he also agree that the national insurance contribution increases will deliver the very opposite of what the Government say? They will not grow the economy at all; they will stifle it, which is likely to lead to an increase in taxes in the future.

**Sir Ashley Fox:** I am grateful for my hon. Friend's intervention. Indeed, combined with the rise in the minimum wage and Labour's Employment Rights Bill, the contents of this Finance Bill seem to deliberately set out to harm small businesses.

The Labour Government's plan to introduce inheritance tax on farmers and family businesses is more evidence, if it were needed, that they do not understand how farms and small businesses work. Under this Government, a family farm with land, buildings and machinery worth £5 million will incur inheritance tax of £400,000 when it passes to the next generation. That same farm might produce a return of 1%, or £50,000, in an average year, so the Government are proposing to take all that family's income for the next eight years. I have a question for the Minister: how does he expect that family to live in the

meantime? Labour's response to our farmers has been to sneer at our rural communities. The Treasury offered a Minister to farming representatives, who then spent that time telling them that there was not a problem. This is bad not just for farmers but for rural economies and our nation's food security.

This Finance Bill increases taxes, spending and borrowing. It makes our public sector larger and the private sector smaller. It does exactly the opposite of what is required. If we want a prosperous society, we need to encourage enterprise. We need low and simple taxes that incentivise people to work hard, to invest and to grow their businesses. This Finance Bill does exactly the opposite, and that is why we will oppose it this evening.

**Nesil Caliskan:** I want to thank the Members who have spoken so far. I have great enthusiasm for the Finance Bill, and I thank the hon. Member for North West Norfolk (James Wild) for his contributions, alongside the Minister at the time, over the several days I sat through the Bill's Committee stage. I speak in favour of the Finance Bill as a member of the Committee. I recognise that it is part of the Government's mission to turn the page on what was a period of decline for the country.

There are several aspects of the Bill that I would like to focus on. To begin with, I see the Government's proposals on non-dom status as a crucial part of our agenda to ensure that we are delivering a fair approach to taxation in this country. Closing the non-dom loophole, alongside extending the levy on oil and gas companies and ending the VAT exemption for private schools through this Bill, will raise the necessary income to deliver what the Government are trying to do: achieve a balanced budget that will stabilise and then grow the economy.

**Graham Stuart:** If it turns out that the energy profits levy, lugged up to even higher levels, leads to a lower tax take than there would have been if it were at a lower level, would the hon. Lady think that that was a mistake and urge her colleagues to change course?

**Nesil Caliskan:** Ministers have provided an assurance of their assessment, and they do not believe that will be the case. The Government are taking a rounded approach to energy that, alongside our commitments to GB Energy and to a transfer to more renewable energy, will allow there to be a more mission-led approach. I take the right hon. Member's point, but the Government have provided assurances that there will be constant monitoring and that if changes are required they will deliver them.

**Daisy Cooper:** The hon. Member will be aware that there is a mechanism within the Government's energy profits levy, which will kick in in 2030, to ensure that if energy prices start to go down, the levy will cease to work. So there is an intrinsic link between the money that the energy companies pay and energy prices. Does she agree, given that energy prices have now gone up for the third time in a row and all our constituents are struggling with energy prices, that it is right that the big oil and gas companies should pay their fair share, but that when energy prices come down, the levy will stop?

**Nesil Caliskan:** I absolutely support the principle of being able to use a mechanism to intervene in a market that is not working, and I think the Government's approach is right. There is an immediate issue with high pricing, certainly, but the truth is that the Government have to be able to take decisions for the long run. I am conscious that Madam Deputy Speaker might intervene and tell me to focus on the new clauses, but as I said earlier, a long-term approach to ensure that we have a just transition that sees energy stabilised for people across the country on a long-term basis is really important.

The Government's approach to energy levies is the right one, our focus on maintaining particular clauses on VAT on private schools is important, and, as I have said, the proposals on non-dom status are crucial.

**Harriet Cross** (Gordon and Buchan) (Con): The energy profits levy is expected to cause huge amounts of instability for North sea firms, driving away investment, driving down employment and driving businesses away from the North sea to invest abroad. Does that sound like stability, and if so, will it bring employment, economic growth and lower prices to the country, because it does not sound like the stability or investment environment that we are looking for?

6.30 pm

**Nesil Caliskan:** The Government's commitment on investment, whether through the wealth fund or the private sector combination of GB Energy, brings stability to the sector in the long term. The truth is there is an energy crisis that affects my constituents and people across the country. At this moment, efforts have to be taken to ensure that we do everything we can to bring down the prices people experience in their bills on a day-to-day-basis.

**Dave Doogan** (Angus and Perthshire Glens) (SNP): Will the hon. Member give way?

**Nesil Caliskan:** I will make some progress and conclude in a moment.

Politics is full of choices. The Government have to balance the books and take a decision to ensure that we close the black hole, so the choices they have made feel like the fairest ones. A long-term commitment to ensuring that we have stability in the energy markets, while ensuring that people who need help right now can benefit, is the correct approach.

I am happy to support the Government's position on the Bill. It is a Bill that sets out the right choices, as I have said, and it is the first important step to ensure that the country is back on the road to recovery after a dark period, where people were impacted not just through an economic crash, but in their day-to-day living through a cost of living crisis.

**Mr Paul Kohler** (Wimbledon) (LD): I will speak to new clauses 7 and 8. As the MP for Wimbledon, I am proud to represent a constituency with such a rich and diverse educational offering, including fantastic primary and secondary schools in both the independent and state sectors. But recent Government decisions, including the increases in employer NI contributions on all schools, the removal of business rates relief and the imposition of VAT on school fees at independent schools, are

pushing many in the state and private sectors to the brink. The changes to independent schools have caused considerable concern in my constituency, as can be clearly seen by the over 1,000 signatures from my constituents on the petition being debated today in Westminster Hall.

It is my belief and that of my party, as Liberals, that education should not be taxed and individuals should be able to freely make choices about how their children are educated. The ambition should be to reach a point where the state offering for schools is so high that no parent feels particularly compelled to send their children to independent schools. However, these ideologically driven policies of taxing education are not the solution. They simply put further strain on the state sector while financially hitting those who make what they believe to be the best choice for their child. These policies are a piece of red meat to show that the red flag is still fluttering on the Labour Benches.

Admittedly, the long-term impact that the changes will have on schools is still to be seen, but the early signs are not good. This academic year we have already seen a drop of 10,000 pupils at independent schools—three times higher than the Government estimated. Many believe that the change will not be a one-off event, but the start of a longer period, with more pupils expected to leave independent schools in the coming years, making any financial gains to improve the state sector illusory.

It is important to note that the cost per pupil is likely larger than the national average due to the sheer number of students in the independent sector who have special educational needs. The Independent Schools Council estimates that over 130,000 pupils in independent schools have special educational needs, with 90,000 of them receiving special educational needs and disabilities support with no education, health and care plan.

Independent schools in my constituency, such as the Hall school, Wimbledon high school and Donhead prep school, to name but three, do a huge amount to support children with special educational needs, and many parents choose to send their children there for that reason alone. I have spoken to many parents who have made tough financial sacrifices to send their children to those schools. They speak of the barriers to their children receiving the support they need in the state sector, including long waiting lists to receive an EHCP. The changes are already forcing many to reconsider their decision because they simply no longer can afford to use the private sector to relieve pressure on the state system.

As is well documented, there are huge issues around the provision of SEND support in state schools, with many children waiting years for support and many schools not being able to provide the support they would like to due to budgetary restraints. At a time when the Government and local councils are already struggling to support schools with the money they need for SEND support, avoiding further strain on state schools is vital—these decisions do the opposite.

Turning to new clause 8, I draw the House to my entry in the Register of Members' Financial Interests. I will speak about the impact the Bill will have on the wine industry, the night-time economy and hospitality in general. Under the current wine easement, 85% of all wine sold in the UK is subject to the same rate of duty. With the alcohol duty now set to be linked to the volume of alcohol in each bottle of wine, that will be



[Mr Paul Kohler]

replaced by 30—yes, 30—different rates of duty. While I understand the Government's broader intentions, the new regime is simply not workable in the context of wine. It fails to account for the fundamental difference between wine and other more manufactured drinks.

The alcohol by volume of wine cannot be predicted with precision before or during the wine-making process. The alcohol content is stable only at the point when the wine goes into the bottle. The ABV varies between different years and vats. Until bottling, we do not know the ABV of a particular bottle. It therefore creates huge uncertainty about price and profit margins for the industry if there are different rates of duty depending on the specific ABV, down to a gradation of 0.1%. That is particularly important with low-cost wines. This regime is utterly impractical for wine producers and merchants.

Hal Wilson, co-founder of Cambridge Wine Merchants, told me:

"In my business this feels like death by a thousand cuts, or even two thousand cuts. We sell over 2,000 different wines each year and from February will need to know the precise ABV of each and every one before being able to calculate their full cost. For each 0.1% ABV difference there is a different amount of tax to be paid."

I wrote to the Minister about the matter and received a long and detailed response, for which I am grateful. He made the point that His Majesty's Revenue and Customs will change its practice and accept the ABV on the label of the bottle to the nearest 0.5%, but that is current practice; it is not in the legislation as I understand it. It is still far too complex and much of my criticism still holds.

Secondly, the letter fundamentally misunderstands why people drink wine. Wine is consumed primarily for the taste, not the strength. The ABV affects the taste profile. Compare a light Beaujolais with a robust Rioja—it is all about taste, not whether it is stronger so one can get more drunk. That is not how people consume wine.

Turning briefly to hospitality and the night-time economy, the industry faces an existential crisis owing to the cost of living crisis, rising energy prices, inflation, labour shortages following Brexit, changes to commuting patterns and the more than doubling of business rates. The increase in alcohol duties will be yet another burden. Every incremental cost makes survival more difficult, as I know myself, and the Bill shows that the Government are still not taking the dangers seriously.

**Jim Shannon:** It is a pleasure to speak in the debate—is it the end? No, I am sure it is not. I thank you, Madam Deputy Speaker, for calling me so soon; I was just getting myself prepared. This is an opportunity to speak on this Bill one last time. I have spoken every time it has come to the Chamber, and I am pleased to do so again.

The shadow Minister, the hon. Member for North West Norfolk (James Wild), referred in his contribution, which was helpful for setting the tone and level of the debate on these important issues, to the impact of the inheritance tax changes on small and medium farms. That needs to be raised at every opportunity until the Government understand the devastation that it will wrought on farmers, causing them to sell their land and their future to pay the Government. I have sat beside

the Minister and asked for the threshold to be increased. If the threshold were increased by £1 million to £5 million for farms, it would mean that many farms would not be penalised by the changes. The Government urgently need to promote food security in the United Kingdom of Great Britain and Northern Ireland. This decision beggars belief. If they are aiming the measures at those who abuse the system, they should design a scheme for them—not a scheme that affects many farmers across this great United Kingdom, including 70% of farmers in Northern Ireland.

The other major concern is that of the NI contributions. GP clinic and health centres are the latest to suggest that they will have reduced hours and capacity because of the constraints of their NI contributions. That must not be the case.

I support the Opposition's new clause 2, on "Energy (oil and gas)". The shadow Minister made the case for it extremely well, and others have spoken to it. I agree with them, and my party will support the new clause if it is pressed to a Division, as I understand it will be.

On new clause 8, the hon. Member for St Albans (Daisy Cooper), who spoke for the Lib Dems, referred to the whisky sector. I will make the case for Irish Whiskey Association, which was clear when I met it before Christmas that the measures will have a great impact on a sector that is already under pressure. Let us be honest: most Irish whiskey organisations' trade is under pressure. They export most of their whiskeys to make their money, but the fact of the matter is that they find that extremely difficult to do. They tell me clearly that if they are taxed more heavily, it will lead to job losses and a reduction in what they are able to do. They do incredible work for the community. I have known the owners of three whiskey distilleries in my constituency—Rademon, Hinch and Echlinville distilleries—since they have had their businesses, and they are concerned about the impact of the measures.

**Daisy Cooper** *rose*—

**Jim Shannon:** Whenever the hon. Lady pushes her new clause, we will support it. I give way.

**Daisy Cooper:** The hon. Member will be acutely aware that there are huge supply chains. Distillers are fantastic for attracting people, including in the tourism industry, to create strong local economies. There is huge innovation going on in that industry. It is essential that the Government carry out an impact assessment not just of how much the measures will cost and of the tax revenue to the Treasury, but of the operational costs and the red tape over the 12 months before the measure, which will cause havoc, comes in. Does he agree?

**Jim Shannon:** The hon. Lady makes her point succinctly. I hope that the Minister has heard her comments about the impact. Her concerns are certainly my concerns—indeed, the concerns of all Members on the Opposition Benches. She referred to the review of the impact on small and medium-sized enterprises. I understand that new clause 4 will not be pressed to a vote, but if it were, it is another that my party would support.

**Ben Lake** (Ceredigion Preseli) (PC): Does the hon. Gentleman share my concern that there seems to be a disconnect between some of the statements made by the Government about the impact, or lack of impact, of the



measures on small and medium-sized enterprises, and the fact that, week after week, small businesses and family businesses tell us, as constituency MPs, that they will have to reconsider much of their investment and recruitment plans for the coming year as a result of the measures in the Bill?

**Jim Shannon:** The hon. Gentleman is absolutely right. That is what my small and medium-sized enterprises tell me—and, I believe, everyone else on the Opposition Benches—about that.

Ultimately, whenever the national insurance contributions are passed on to businesses, they will pass it on again to the customers—the wee man and the wee woman. They are the people that the Labour party—the party of conscience—says that it represents, but it will penalise them.

**Joe Robertson:** Does the hon. Member agree that the national insurance contribution rise for small and medium-sized businesses is not only passed on to the consumer but is damaging for the economy as a whole, because it stifles growth? Growth, not increasing tax rates, is the way to increase the tax take for the Treasury.

**Jim Shannon:** The hon. Gentleman is right—he makes that point well. One business in my constituency employs 1,200 people. It told me just before the new year that those measures would cost it £1.1 million per year. I asked, “What are you going to do to address that extra cost?” It said, “We cannot absorb very much of it, so we will pass it on.” That is exactly what will happen. If we want to promote growth, we have to consider all the aspects and problems.

6.45 pm

Let me turn to new clause 7, which I mentioned during my intervention on the shadow Minister, in relation to private schools—a last-ditch effort to highlight the plight of the independent school. It is not designed to help the wealthy elite. The families I know who send their children to independent faith schools are not the sort to drive a Rolls or have a massive palatial house; they are ordinary people who scrimp and save to send their children to those schools. They are not ones to demand that their children have access to a polo field or a swimming pool—although there is nothing wrong with that for parents who can afford it; I am not criticising anyone who can. My pleas are for small faith schools, and for international students who would be swallowed up by the mainstream system.

Let me outline one example. Bangor Independent Christian school seeks to provide a state standard of education within the sacrifice of that faith. The school provides standard GCSE English, but with a difference, as it lobbies for a greater selection of books to focus on—books that do not push the boat out in terms of language or relationship scenarios. Parents were and are happy to pay additionally towards that education to support that.

I will give the example of my parliamentary aide. She considered private school not because she thinks that her children are above anybody else, but because a case came through our office in Newtownards with an excerpt from a book that is highly offensive to the Christian, Muslim and Hindu faiths—indeed, to anyone of any

faith. The parent was told that that book was used in the curriculum and that the school would not censor it. No one asked for censorship; they just asked for their child to be removed. That could not happen in mainstream schools. The parent was concerned that their child could be reading books that highlight the allures of pornography but not the problems of pornography. There is something seriously wrong when that happens in a school. In the end, that person settled for another school with the ethos of a welcoming Christian state school.

The Government will penalise those schools through VAT, to the extent that parents and their children will have to consider their future. They have been pushed towards an education system because they have concerns, but they do not have any protection in that system. The Minister knows that I put things forward in a constructive fashion, like other Members, and I try not to be aggressive, so I point out respectfully to the Government that the role of faith schools is imperative in giving a structured and good education. The VAT measures have the potential to push parents into debt or close schools. Homeschooling is great for parents who have the ability and the desire, but for those who do not, a high school education is a dangerous thing to attempt to provide without help.

It is for those parents and children that I urge the Government, at this last hour, to find a loophole for small faith schools and schools that focus on international pupils whose parents work here and know that their child needs smaller and more focused classes. For those children, I sincerely urge a rethink. The Minister could move the threshold to large schools, if that is what he is aiming for, or come up with a system that gives small faith schools a chance to survive. The Government must leave small schools and faith schools to educate children with a world view that has a nod towards parental values and moral concerns.

**Dave Doogan:** I will crack on with new clause 2, as it relates to the Government's catastrophic management of the fiscal regime for Scotland's oil and gas. In December, Norway's sovereign wealth fund touched €1.7 trillion, but Scotland is no wealthier now in real terms than we were when North sea oil and gas was discovered in the 1970s. More than £400 billion has flowed from Scottish waters to the Treasury over the years, with very little coming back the other way. Rather than reverse that trend, the Labour party has chosen to accelerate it with an increase in the energy profits levy. The windfall tax was supposed to apply to the extraordinarily high profits from the high global oil price that preceded its introduction, but that level has long since gone. Through its changes to the EPL, the Labour party jeopardises investment and, in doing so, the future of our skilled offshore energy workforce and our ability to hit net zero.

Analysis from Offshore Energies UK shows that the increase to and extension of the EPL risk costing the economy £13 billion, which will in turn cost up to 35,000 jobs. The analysis also shows a reduction in viable capital investment offshore from £14.1 billion to £2.3 billion in the period 2025 to 2029 as a result of the changes that the Government are planning in the EPL. That loss of economic value impacts not only on the core sector itself but on the domestic onshore supply companies, many of which are in my constituency, and many of which will have a role to play in the just transition. That reflects a political choice by the Labour

[*Dave Doogan*]

party to deprioritise investment in the decarbonisation agenda. Rather than allow a more valuable decarbonisation relief as the solitary positive by-product of its tax hike, Labour has ensured that there can be absolutely no silver lining to this policy cloud.

The simple truth is that the UK cannot meet the net zero targets or create green growth if the Labour party's policies hack away at both investment and the domestic workforce that we need to deliver the energy transition. It is clear that the Labour party is abandoning Scotland's existing energy sector, and putting at risk the just transition in the process. With those changes to the EPL, Labour will have created a worst-of-all-worlds scenario whereby it starves industry of investment, sacrifices the jobs that we need to deliver net zero, puts at risk our energy security, will not bring down energy bills, and harms the economy of Scotland, while failing to invest the money required to truly deliver the benefits that we all need to see from the just transition.

**Sir Gavin Williamson** (Stone, Great Wyrley and Penkridge) (Con): Does the hon. Gentleman think that there is a real challenge in terms of the policies that the Government are encouraging? A much quicker retreat from the North sea will bring forward the decommissioning costs, which have not been taken into account by the Treasury and will add billions and billions of pounds in extra costs to the UK taxpayer.

**Dave Doogan:** The right hon. Gentleman is absolutely correct: wherever we look, the fiscal ambitions of the Labour Government on North sea oil and gas, or energy more generally, seem to be counterproductive. They are introducing a policy that anybody with a passing understanding of the industry realises will have precisely the opposite result of its stated aim, but the Government will not listen, much to my regret.

Analysis from OEUK shows that the oil and gas sector's total tax yield will peak in 2026 under Labour's increase in the EPL before declining, compared with the previous scenario, in which Treasury receipts continued to increase over the period. The analysis shows that while the expected tax take from UK oil and gas producers would increase in the very short term, ultimately it will result in a £12 billion net loss to tax receipts compared with the current regime. If the Labour party does not care about the jobs that the policy will cost, the harm it will do to the just transition or the damage to the economy of Scotland, surely Labour can accept that a tax increase that actually reduces the amount of tax received is, at best, counterproductive. That is why the SNP will support new clause 2 if it is pressed to a Division.

The SNP appreciates the many and varied reasons why parents choose to use private schools, but it is not fair or sustainable to treat private school fees differently from other discretionary spend for the purposes of VAT. The VAT exemption offered to private schools costs the UK taxpayer £1.6 billion annually—money that could be invested in other public services. However, the SNP also understands that for many parents whose children are enrolled in private schools the UK Government's decision to remove that exemption will be extremely worrying.

The Scottish Government have sought to ensure that the distinctive nature of the Scottish education system is understood by the UK Government in this transition. In particular, the Scottish Government have raised concerns with the UK Government about the decision to include grant-aided special schools in the policy. In Scots law, they are not considered independent schools. In Scotland, there is a clear distinction in educational law between grant-aided special schools and independent schools, and the UK Government's policy regrettably does not reflect that. I know the Minister studiously avoids almost everything that I say, but I hope that he heard that, and I would be very grateful if he could address it when he sums up.

On Scotch whisky, when the last Tory Government hiked whisky duty, the tax revenue raised from the industry fell by £300 million. That should have been a salutary lesson to any Government who came afterwards. The sensible option for both supporting Scotch whisky and Treasury receipts would have been to cut whisky duty. Instead, the Labour party is raising it again. On top of that, we now have a UK Government plan to grant a different definition of a single malt to English producers than that of Scottish single malts. The definition is entirely inconsistent with the global reputation of the quality of single malts, and seeks to tear up a well-established dictionary definition of a single malt while pulling the rug from underneath Scotch whisky producers. The Government must listen to warnings from the industry, the Scottish Government and those from across the political spectrum, and scrap the plans and duty hikes, which are an act of sabotage to Scotland's world-class industry.

The industry already faces the risk of Trump tariffs, which cost over £600 million in exports the last time they were applied under his first presidential term. Rather than further damage from the UK Government, the industry needs support, starting with the reversal of the plans to hike duties still further. It is high time that Westminster finally listened to organisations such as the Scotch Whisky Association and stopped discriminating against Scotland's national drink, which supports more than 40,000 jobs and delivers more than £7.1 billion to the London Treasury every year. The SNP will support new clause 8 if it is pressed.

I have spoken consistently about what is under debate in the Bill, but the wider context cannot be ignored. Labour has no cogent plan for reforming the economy. It seeks to reduce the deficit and not raise taxes, and it wants to stimulate growth with large investments. It is impossible to do all those things at once, and it is astonishing that the Government seem to persist with this wilful ignorance. A Government may increase spending to kick-start the economy and deliver growth and public services, but that requires tax increases and/or deficit spending, both of which the Labour Government are too scared to pursue because of their short-sighted election promises to abide by fiscal rules and not increase the highest-revenue sources. We are therefore stuck in the worst of all possible worlds, with insufficient growth—especially green growth—insufficient investment, a deficit causing a rising debt burden, and no way to increase revenue meaningfully. The UK Government are bizarrely persisting with gaslighting themselves in thinking that they are “fixing the foundations” and delivering growth.

They are doing nothing of the sort, and if they stick with this Bill and the Budget on which it is predicated, they never will.

Finally, is it not astonishing that when farmers push back on agricultural property relief, family businesses push back on business property relief, pensioners push back on their winter fuel allowance, the Scotch whisky industry pushes back on duty hikes, the North sea oil and gas industry pushes back on the EPL, and when the Women Against State Pension Inequality Campaign pushes back, they are all told, “No. The situation is too bad. You’ve just got to suck it up,” but when the non-doms push back, they get swept right to the heart of the Treasury and the Chancellor, and they get whatever they want? That is the Labour Government.

**Sarah Olney** (Richmond Park) (LD): I will speak in favour of new clause 4, tabled in the name of my hon. Friend the Member for St Albans (Daisy Cooper). The amendment would require the Government to carry out an impact assessment on the changes that the legislation would introduce for small and medium-sized businesses. Small businesses are the backbone of our economy and the heart of our local communities, and they create the jobs that we all rely on. I hear time and again from the small businesses across my constituency that they are struggling to keep up with soaring energy prices, business rates and the costs of exporting. The Chancellor is absolutely right to be focused on economic growth; however, my Liberal Democrat colleagues and I are deeply concerned about the impacts of the changes in the Bill on our high streets, and particularly on those in the hospitality industry, who are very concerned about the impact that duty rises on wine, beer and cider will have.

The wellbeing of small businesses acts as an indicator of the health of the economy as a whole. As such, the new clause would be a useful tool to allow us to understand the broader implications of the legislation on our economic prosperity. More broadly, an impact assessment would look at the combined effect on small businesses, both directly and indirectly, of all policies in the Bill to ensure that SMEs remain at the heart of the Government’s economic policy. It is crucial that the necessary tough spending decisions to clear up the mess that the previous Conservative Government left behind do not hit our small local businesses, which are vital to our economy.

To encourage growth for our small businesses, the Chancellor should be looking to reduce the burden on businesses through means such as cutting Brexit red tape, securing better trade deals with Europe and entering a customs union. The combination of the cost of hiring staff, the cost of additional red tape and higher business rates will be simply too much for many SMEs to absorb, which is why I urge the Minister to support our new clause and assess the impact of the legislation on local businesses.

7pm

I also wish to speak in favour of new clause 7, which would require the Government to produce an impact assessment of the effect of the VAT provisions in the Bill on pupils who have special educational needs but do not have an education, health and care plan. The Liberal Democrats do not support imposing VAT on private school fees, and we do not support treating independent schools differently to other education providers for VAT purposes. It is unnecessary, unfair and counterproductive.

Almost 100,000 privately educated pupils in the UK have special educational needs, yet do not have an EHCP. These children will face significant disruption to their education, as many parents will find that they cannot afford the sharp fee increase. The consequences of the Bill will include a steep rise in demand for local authorities to issue EHCPs and a rapid influx of pupils into the state system. Local authority resources for special educational needs and disabilities are already stretched to breaking point, and many state schools will struggle to cope with the additional demand.

New clause 7 demands transparency on the impact that the policy will have on pupils across the UK. This change will have a disproportionate impact on children with SEND, which will create not just hardship for those children and their parents, but enormous difficulties for the local authorities and state schools that will be required to provide alternative schooling. I urge the Government to back the new clause and reconsider this policy.

**Graham Stuart:** It is a pleasure to take part in tonight’s debate on the Finance Bill, and on the amendments and new clauses that have been tabled. The debate follows several remarkable days and this afternoon’s session when pretty much the whole House came together to congratulate the Prime Minister on his composure and leadership on Ukraine. The need to rebuild our military capability and our hard power as this decade goes on, if we are to ensure the security of Ukraine, Europe, including the UK, and the wider world, was made clear. The Finance Bill has been introduced in that context, because the only way to deliver that security is by having a strong economy and the economic growth that colleagues from across the House have discussed, yet this Budget is the most growth-destructive Budget imaginable.

As we look at the amendments and new clauses, it is worth going back over the context of the Bill, following the pandemic and the energy crisis, which continues in some ways. Thanks to the hard decisions made by the Conservatives, which did not always lead to our popularity and in fact contributed to our electoral disaster last July, inflation was back on target at 2% when the election came. We were the fastest growing economy in the G7 and some 4 million additional jobs had been created. That was the legacy. The incoming Labour Government, with their unprecedented majority and the good will to get on and do something, needed to hold their nerve and recognise that the key components for economic growth had been put in place, which was vital to meet the demands of the NHS, an ageing population and an ever more dangerous world. Instead, what we got from this Labour Government was the most disastrous economic suicide note in history, which has been devastating for the popularity of their party. Never has such a huge majority been squandered so quickly.

New clause 1 addresses the tax that will be taken from a state pension. The Labour Government propose that someone whose only income is the state pension could pay tax on that income. Forget the winter fuel payment being taken away as well—is that really what Labour Members came here hoping to do? I do not think they did, so new clause 1, which would ensure that we look at that, understand it and look for opportunities to change it, is sensible.



[Graham Stuart]

New clause 3 looks at the overall tax impact on households and sets out an approach that has to be right. My hon. Friend the Member for North West Norfolk (James Wild) gave a powerful speech at the beginning of the debate and I fully support the points he made.

We have heard powerful speeches from across the House on special educational needs. Again, I say to Labour Members, did they really get elected to come here and target children with special educational needs? Some 100,000 children who are in the private sector do not have an education, health and care plan, even though they are eligible for one. They will be forced out of their schools with no notice and no time to change and plan. It is a cruel policy that the Labour party should be ashamed of. I fully support amendments 67 to 69, which focus on VAT on private school, as well as new clause 7 proposed by the Liberal Democrats, which was spoken to powerfully by the hon. Member for St Albans (Daisy Cooper).

On non-doms, it is ironic that, as colleagues have said, the Government have not listened to pensioners, small businesses, farmers and all those with domestic interests. One might have thought that the Government would want to listen to them, reflect and make some changes to lower the negative impacts, but none of them has been listened to in the least. But non-doms in Davos? The Chancellor has gone off there and there is some change on non-doms, but let us not let the Government off entirely on that, because driving out the very rich, who bring us a massively disproportionate amount of revenue, is not sensible.

Socialists often put equality above all other values. As Churchill said:

“The inherent vice of capitalism is the unequal sharing of blessings. The inherent virtue of Socialism is the equal sharing of miseries.”—[*Official Report*, 22 October 1945; Vol. 414, c. 1703.]

One of the greatest ways of creating more equality in this country is to drive all the rich people out; drive all the people out who invest, give us jobs and take little from public services, but contribute enormously to them. That always goes down well with the union backers of the Labour party.

**Naushabah Khan** (Gillingham and Rainham) (Lab)  
On that point, will the hon. Gentleman give way?

**Graham Stuart:** I promised I would not go on for too long, so I am going to sit down—[*Interruption.*]

**Hon. Members:** More!

**Graham Stuart:** I said I would speak for six minutes and I have now spoken for six minutes, but interestingly I have not talked about the main topic I was going to touch on: oil and gas. I made my point in an earlier intervention, but I appeal to the Government because putting up taxes on oil and gas in the North sea will mean that there will be tens of thousands of job losses, and a loss of engineering and other capacity in this country, which is vital to the transition to net zero. In response to my interaction with the hon. Member for Barking (Nesil Caliskan) earlier, no one expects the tax take from this sector to go up in the coming years as a result of the measure; the tax take will go down. The rate

can be put up to such a level that it means there will be a lower tax take; the hon. Member for Angus and Perthshire Glens (Dave Doogan) spoke powerfully about that as well.

The hon. Member for Barking appeared to accept that point, and she seemed to have a belief in the Minister on the Front Bench that they would listen if it turned out that that was a short-sighted move. If it means that we import more oil and gas from abroad—by the way, that almost always has a higher embedded carbon content than domestically produced oil and gas—that does not benefit the environment, it certainly does not benefit all the jobs that we would have in this country, and it loses us tax revenue. It is truly a crazy policy.

I appeal to Labour Members, especially the new Members, on this point. We heard from the distinguished economist the hon. Member for Loughborough (Dr Sandher) earlier, who was retreading his speech for about the fourth time, little realising it was supposed to be focused on these particular amendments—[*Interruption.*] Anyway, he did it with great good humour. But I would ask him to take his finely honed mind and address these issues. If the oil and gas policy is as crazy as every expert witness says it is, then he and others should suggest that the Government change course. The hon. Member for Barking said that the Government should consider changing course if the policy did not deliver what it was supposed to deliver, so I ask Government Members to support the amendments that we have put down tonight and oppose this ridiculous Bill. I look forward to hearing from the Minister.

#### **The Exchequer Secretary to the Treasury (James Murray):**

At the heart of the Prime Minister's plan for change is our mission to grow the economy to put more money in people's pockets. We are determined to make people better off. We know that investment and growth depend on the essential foundations of economic stability, fiscal responsibility and public services being on a firm footing, but this Government inherited a challenging and unsustainable set of future spending plans based on unfunded commitments that had not been shared with the OBR or the British people.

No responsible Government could have let things carry on as they were. That is why at the autumn Budget, my right hon. Friend the Chancellor set out the Government's plans to fix the foundations of the economy and deliver change—a plan to protect working people, fix public services, including the NHS, and rebuild Britain. That has meant taking difficult decisions on tax, spending and welfare to repair the public finances and support investment in public services, and the Government have done that while protecting people's payslips. We have also ensured that the UK is one of the best places in the world to grow a business, with corporation tax capped at 25% and reforms that will support small businesses and the British high street. This Finance Bill represents the next step in delivering on the autumn Budget by legislating for several key manifesto commitments, supporting businesses to invest and implementing reforms to the tax system.

I thank all hon. Members for their contributions during the debate; before I turn to the individual amendments, I will briefly address some of the points that they made. I thank my hon. Friend the Member for Loughborough (Dr Sandher) for setting out the importance of growth



and making people better off, and for his thorough analysis of all the amendments and new clauses to the Bill, which I seem to recall. Perhaps that was in fact my hon. Friend the Member for Dartford (Jim Dickson), who did go through all the new clauses—I thank him for his contribution. I also thank my hon. Friend the Member for Barking (Nesil Caliskan) for being on the Finance Bill Committee, although I note her description that she “sat through” it, rather than thoroughly enjoying the episode.

I also thank Opposition Members for their contributions to the debate. The hon. Member for Bridgwater (Sir Ashley Fox) recognised that even in his view, he could agree with a few points in our Bill, which I welcome.

**Sir Ashley Fox:** I invited the Minister to explain how the Budget would improve the lot of farmers. In particular, I gave the example of the £5 million family farm that would incur an inheritance charge of £400,000. How will that family pay that out of an annual income of about £50,000? That is eight years’ income, with nothing to live on.

**James Murray:** The debate on this Finance Bill has to focus on matters that are within the Bill and in the new clauses and amendments. As the hon. Gentleman will know, and as Madam Deputy Speaker reminded him, he strayed rather outside the ambit of the Finance Bill by referring to important changes to agricultural property relief that are not dealt with by the Bill or by any of the new clauses or amendments. I gently point out that any of his constituents, whatever industry they work in, will see that the income tax on their earnings does not go up as a result of this Government keeping their commitment in that regard.

**Dr Luke Evans:** The Minister is right to point to the amendments in front of us. New clause 3 looks at household income specifically. If he is so confident in the measures he and the Chancellor are putting forward, why will he not accept new clause 3, which has the ability to show just how fantastic the Budget and the Finance Bill are from the evidence base that we have?

**James Murray:** I was hoping that the hon. Gentleman would again leap to the defence of Liz Truss, as he did just last week. Sadly, that was not to be the case in his intervention. I will come on to the new clauses in a moment; I am only halfway through thanking people on his side of the House for intervening, so I would be grateful if he would let me make a little progress.

The hon. Member for Wimbledon (Mr Kohler) spoke about his concerns that things will be unworkable when the wine easement ends, but it ended over a month ago. Our early indications are that firms, warehouse keepers and HMRC have adapted well to the new system, although I and my officials will carefully monitor the situation.

**Mr Kohler:** Has the Minister actually spoken to people in the wine industry? They are absolutely at their wits’ end about this.

**James Murray:** I have been in routine contact with people from the wine industry throughout my time as Exchequer Secretary, and my officials are also in touch

with the industry. As I said, the end of the wine easement happened at the beginning of February, and our early indications are that firms, warehouse keepers and HMRC have adapted well.

The hon. Member for Strangford (Jim Shannon) made a rare early speech during the debate, which rather took me by surprise. He raised his points with typical grace and forthrightness. I will address some of his points later in my remarks, but on the point about the impact of changes in the Finance Bill on some of the firms that export their spirits, I remind him that duty does not apply to exports. That part of the legislation would not be relevant to those considerations.

7.15 pm

The hon. Member for Angus and Perthshire Glens (Dave Doogan) spoke about several topics; I will briefly address two of them. He spoke about the energy profits levy, which I will come on to more substantively in a moment. I briefly underscore the fact that the Government are committed to managing the energy transition in a way that supports jobs in existing and future industries, and GB Energy will of course be based in Aberdeen.

On the hon. Gentleman’s question about schooling in Scotland, if I understood it correctly, I should say that in line with the approach taken to special schools in the rest of the UK grant-aided special schools in Scotland will remain in scope of this policy. The block grants that the Scottish Government provide to grant-aided special schools fall outside the scope of VAT, as they are not pupil-specific. Funding that local authorities pay for individual pupils will be subject to VAT, but local authorities can reclaim that VAT via the section 33 VAT refund scheme. I hope that goes some way towards answering the hon. Gentleman’s questions.

The hon. Member for Richmond Park (Sarah Olney) spoke to the Lib Dem amendments, which I will turn to in one moment. I always enjoy the contributions of the right hon. Member for Beverley and Holderness (Graham Stuart), and I am always interested to hear what he has to say, but I note that he seems to have developed rather a blind spot when it comes to remembering the inheritance that we had from the previous Government, whom he supported.

I turn to the amendments tabled by the Government, then those tabled by the Opposition, on Report. As hon. Members will be aware, one measure that the Bill delivers is our commitment to remove the outdated concept of domicile status from the tax system. From 6 April 2025, it will be replaced by a new residence-based regime, ensuring that everyone who makes their home in the UK pays their taxes here, with our approach raising an additional £12.7 billion in revenue over the forecast period.

The Government are clear that our new residence-based regime will be internationally competitive and focused on attracting the best talent and investment to the UK. This is very complex legislation, so it was the Government’s expectation that amendments would be required during the parliamentary passage of the Bill to ensure that the drafting aligns with the policy intention. Accordingly, we are tabling minor technical changes and administrative easements that will ensure that the regime works as intended.

I turn first to the amendments relating to the new four-year foreign income and gains regime. The Government are making technical changes to the legislation that will ensure that any claims by individuals for relief on foreign income and gains are properly accounted for with regard to access to other forms of tax relief. Further amendments make changes to maintain the competitiveness of the new regime by ensuring equal treatment of gains in trusts that migrate to the UK, and those that do not, for the purposes of relief on those gains.

I turn to the amendments to clause 40 and schedule 9, which abolishes the remittance basis of taxation from 6 April. The amendments make changes to correct references to domicile found in other legislation, as well as ensuring that the rules around remittances of intangible assets work as intended. In addition, the amendments will ensure that individuals who have made remittances while non-resident for a long period will not be taxed if they use the amounts previously remitted after resuming their UK residence.

I turn to the amendments relating to the temporary repatriation facility, or the TRF. These changes were announced by my right hon. Friend the Chancellor in January and are intended to address specific concerns raised by non-doms and experts about the operation of the TRF. Together, these amendments will ensure that the legislation aligns with the policy intent and ultimately increase the amount of trust distributions that can be designated by addressing specific barriers to using the TRF. Further amendments address inconsistencies in clause 41, with the effect of making the TRF easier to use and ensuring that the new residence-based regime works as intended.

I turn to the amendments relating to the taxation of foreign income and gains arising in settlor-interested trusts. These changes will ensure that the legislation functions as intended, including by expanding the TRF to cover trust distributions as previously explained and by incorporating changes based on feedback from external stakeholders.

Finally, the Government have proposed 11 technical amendments to the new residence-based system for inheritance tax. These changes ensure that the new rules work as intended by addressing a mismatch between the new long-term UK residence test and the old inheritance tax rules for deemed domicile when it comes to operating within several of the UK's double taxation agreements. The Government have also tabled several amendments to provide clarity on the treatment of existing excluded property trusts, while also relaxing the test for whether the inheritance tax carve-out applies. As a result, the property will only need to be offshore immediately before the transfer or the settlor's death, rather than being kept offshore until that time. That easement will enable trusts to invest in the UK in the interim, thereby helping to grow the economy.

As I mentioned in my opening remarks, the Finance Bill not only delivers on our plan to repair the public finances, but supports the investment necessary for long-term economic growth. Such investment is, of course, crucial for clean energy, an area in which the Prime Minister's plan for change makes clear that we are committed to securing the UK's place as a global leader. *[Interruption.]* That is why we are supporting the repurposing of oil and gas assets for use in carbon capture, usage and storage by legislating to allow tax relief on payments made into decommissioning funds.

I will move on, Madam Deputy Speaker. I will perhaps not go into some of the amendments in as much depth as I had hoped, as I am getting very well attuned to the subtle signals from my hon. Friends.

**Graham Stuart:** Will the Minister give way before he moves on?

**James Murray:** One more time.

**Graham Stuart:** The Minister is gracious, if not always in the Whips' best books. Does he expect pensioners who are solely reliant on the state pension to get drawn into tax and the need to produce a tax return? Has he made an assessment of that, and what kinds of numbers would there be?

**James Murray:** As the right hon. Gentleman will be aware, in the coming financial year 2025-26 the personal allowance will be above the level of the new state pension, so what he said should not apply when it is people's sole income. However, there are already cases of individual pensioners who do owe tax; indeed, around two thirds of pensioners pay tax, because they also have private pensions. They pay via pay-as-you-earn or self-assessment.

I will not go into detail about the Government amendments to visual effects relief, because I assume they have the consent of the whole House. However, I will briefly speak to some of the amendments tabled by Opposition Members, as I feel I should address them. I will take together new clauses 1, 2, 3, 5, 6 and 8, which would require the Government to review the number of individuals receiving the full state pension and their income tax liabilities over the next four years, and to publish various impact assessments regarding the impact of changes to the energy profits levy, as well as the impact of the Bill on households, small and medium-sized enterprises, distilleries, wine producers and the hospitality industry.

The Government remain opposed to all of these new clauses, for the same reasons that I gave in Committee. First, the relevant information on those receiving the state pension and their tax liabilities is already published by HMRC, the Department for Work and Pensions and the OBR, and is publicly available.

**Daisy Cooper:** In new clause 8, which deals with alcohol pricing, we have made explicit that we are not just looking for an impact assessment of the tax that the Government intend to raise. It is about the estimate of administrative operational costs—that is, the red tape that is going to be put on the industry. Does the Minister agree that we need that impact assessment, and will he meet me to discuss how we can do it?

**James Murray:** The impacts of the changes to the alcohol duty and the energy profits levy have already been set out in the tax information and impact note that was published alongside the autumn Budget, so that information is already in the public domain. Information on the impact on households was also published alongside the autumn Budget in the "Impact on households" report, which demonstrated that households are on average better off in 2025-26 as a result of these decisions.

Finally, I will address the amendments tabled by the Opposition that deal with VAT on private school fees—several hon. Members have spoken about that matter.

Amendments 67 to 69 would collectively remove clauses 47 to 49, which remove the VAT exemption for private schools and set out anti-forestalling provisions and the commencement date.

Ending the VAT tax break for private schools is a tough but necessary decision that will secure the additional funding needed to help deliver on our commitments, including those relating to education and young people. This policy took effect at the beginning of January, and I note that in his speech, the shadow Minister, the hon. Member for North West Norfolk (James Wild), did not say how his party would pay for its decision to reintroduce that tax break for private schools. The policy will raise £1.7 billion by the final year of this Parliament, so it is essential that the Opposition explain what they would cut from the schools budget, from education services, or from any other public services to pay for the reintroduction of that tax break. I will happily give way if the shadow Minister would like to make an intervention to place on record how he will pay for it. I do not see him leaping to his feet, so I will move on.

Finally in the debate we are having about VAT on private schools, the Government set out the expected impacts of this policy in the autumn Budget, so I do not believe that new clause 7—which would require the Government to make a regular statement on the impact of pupils with special educational needs and disabilities—is necessary. However, I take this opportunity to make clear that in developing this policy, the Government carefully considered the impact it would have, including on pupils with special educational needs and disabilities. I am sure that the hon. Member for St Albans (Daisy Cooper) and her colleagues will welcome the extra £1 billion next year for high needs funding that we have been able to announce thanks to our decisions on tax policy, including on private schools.

I hope I have set out why the Opposition amendments are unnecessary, and indeed why reintroducing the VAT tax break for private schools not only runs counter to the manifesto on which the Government were elected, but represents an unfunded tax cut from the Opposition—have they learned nothing? I therefore urge the House to reject those amendments, and I commend our amendments to the House. Again, I extend my thanks to all Members who have contributed to this debate.

**James Wild:** I beg to ask leave to withdraw the clause.  
*Clause, by leave, withdrawn.*

## New Clause 2

### ENERGY (OIL AND GAS) PROFITS LEVY: IMPACT ASSESSMENT OF INCREASE IN RATE

“(1) The Chancellor of the Exchequer must, within six months of this Act coming into force, commission and publish an assessment of the expected impact of Sections 15 to 17 of this Act on—

- (a) domestic energy production and investment;
- (b) the UK’s energy security;
- (c) energy prices, and;
- (d) the UK economy.

(2) The assessment must examine the impact of provisions in this Act in comparison with what could have been expected had the energy (oil and gas) profits levy remained unchanged.”—*(James Wild.)*

*This new clause would require the Chancellor to commission and publish an assessment of the expected impact of changes to the energy (oil and gas) profits levy on domestic energy production, the UK’s energy security, energy prices and the UK economy.*

*Brought up, and read the First time.*

*Question put, That the clause be read a Second time.*

*The House divided: Ayes 113, Noes 331.*

## Division No. 109]

[7.26 pm

### AYES

Allister, Jim	Lamont, John
Anderson, Lee	Law, Chris
Anderson, Stuart ( <i>Proxy vote cast by Mr Mohindra</i> )	Leadbitter, Graham
Andrew, rh Stuart	Leigh, rh Sir Edward
Atkins, rh Victoria	Lewis, rh Sir Julian
Bacon, Gareth	Logan, Seamus
Baldwin, Dame Harriett	Lopez, Julia
Barclay, rh Steve	Lowe, Rupert
Bedford, Mr Peter	Mak, Alan
Bhatti, Saqib	Malthouse, rh Kit
Blackman, Bob	Mayhew, Jerome
Bool, Sarah	McVey, rh Esther
Bowie, Andrew	Medi, Llinos
Brandreth, Aphra	Mohindra, Mr Gagan
Braverman, rh Suella	Moore, Robbie
Burghart, Alex	Morrissey, Joy
Campbell, Mr Gregory	Morton, rh Wendy
Cleverly, rh Mr James	Mullan, Dr Kieran
Clifton-Brown, Sir Geoffrey	Murrison, rh Dr Andrew
Cocking, Lewis	Norman, rh Jesse
Cooper, John	Obese-Jecty, Ben
Costa, Alberto	O’Brien, Neil
Coutinho, rh Claire ( <i>Proxy vote cast by Joy Morrissey</i> )	O’Hara, Brendan
Cross, Harriet	Patel, rh Priti
Davies, Ann	Paul, Rebecca
Davies, Gareth	Philp, rh Chris
Davies, Mims	Pritchard, rh Mark
Davis, rh David	Raja, Shivani ( <i>Proxy vote cast by Mr Mohindra</i> )
Dewhurst, Charlie	Rankin, Jack
Dinenage, Dame Caroline	Reed, David
Doogan, Dave	Robertson, Joe
Evans, Dr Luke	Saville Roberts, rh Liz
Flynn, rh Stephen	Shannon, Jim
Fortune, Peter	Shastri-Hurst, Dr Neil
Fox, Sir Ashley	Shelbrooke, rh Sir Alec
Francois, rh Mr Mark	Simmonds, David
French, Mr Louie	Smith, Greg
Fuller, Richard	Smith, rh Sir Julian
Gale, rh Sir Roger	Smith, Rebecca
Garnier, Mark	Spencer, Dr Ben
Gethins, Stephen	Spencer, Patrick
Grant, Helen	Stephenson, Blake
Griffith, Andrew	Stuart, rh Graham
Griffiths, Alison	Swann, Robin
Harris, Rebecca	Swayne, rh Sir Desmond
Hinds, rh Damian	Thomas, Bradley
Hoare, Simon	Timothy, Nick
Holden, rh Mr Richard	Tugendhat, rh Tom
Hollinrake, Kevin	Vickers, Martin
Huddleston, Nigel	Vickers, Matt
Hudson, Dr Neil	Whittingdale, rh Sir John
Jenkin, Sir Bernard	Wild, James
Jenrick, rh Robert	Williamson, rh Sir Gavin
Johnson, Dr Caroline	Wilson, rh Sammy
Kearns, Alicia ( <i>Proxy vote cast by Joy Morrissey</i> )	Wood, Mike
Kruger, Danny	Wright, rh Sir Jeremy
Lake, Ben	
	<b>Tellers for the Ayes:</b>
	<b>Katie Lam and</b>
	<b>Gregory Stafford</b>



## NOES

Abbott, rh Ms Diane (*Proxy vote cast by Bell Ribeiro-Addy*)

Abbott, Jack  
 Abrahams, Debbie  
 Ahmed, Dr Zubir  
 Akehurst, Luke  
 Alaba, Mr Bayo  
 Alexander, rh Mr Douglas  
 Alexander, rh Heidi  
 Al-Hassan, Sadik  
 Ali, Rushanara  
 Ali, Tahir  
 Allin-Khan, Dr Rosena  
 Anderson, Callum  
 Anderson, Fleur  
 Arthur, Dr Scott  
 Asser, James  
 Athwal, Jas  
 Atkinson, Catherine  
 Bailey, Mr Calvin  
 Bailey, Olivia  
 Baines, David  
 Baker, Alex  
 Baker, Richard  
 Ballinger, Alex  
 Bance, Antonia  
 Barker, Paula  
 Barron, Lee  
 Barros-Curtis, Mr Alex  
 Baxter, Johanna  
 Beales, Danny  
 Beavers, Lorraine  
 Begum, Apsana (*Proxy vote cast by Zarah Sultana*)  
 Bell, Torsten  
 Benn, rh Hilary  
 Berry, Siân  
 Betts, Mr Clive  
 Billington, Ms Polly  
 Bishop, Matt  
 Blake, Olivia (*Proxy vote cast by Chris Elmore*)  
 Blake, Rachel  
 Blundell, Mrs Elsie (*Proxy vote cast by Chris Elmore*)  
 Bonavia, Kevin  
 Botterill, Jade  
 Brackenridge, Mrs Sureena  
 Brash, Mr Jonathan  
 Brickell, Phil  
 Bryant, Chris  
 Buckley, Julia  
 Burgon, Richard  
 Burton-Sampson, David  
 Butler, Dawn  
 Caliskan, Nesil  
 Campbell, rh Sir Alan  
 Campbell, Irene  
 Campbell, Juliet  
 Campbell-Savours, Markus  
 Carden, Dan  
 Carling, Sam  
 Carns, Al  
 Champion, Sarah  
 Charalambous, Bambos  
 Charters, Mr Luke  
 Chowns, Ellie  
 Collier, Jacob  
 Collins, Tom  
 Conlon, Liam

Coombes, Sarah  
 Cooper, Andrew  
 Costigan, Deirdre  
 Cox, Pam  
 Coyle, Neil  
 Craft, Jen  
 Creagh, Mary  
 Creasy, Ms Stella  
 Crichton, Torcuil  
 Curtis, Chris  
 Daby, Janet  
 Dakin, Sir Nicholas  
 Dalton, Ashley  
 Davies, Jonathan  
 Davies, Paul  
 Davies, Shaun  
 De Cordova, Marsha  
 Dean, Josh  
 Dearden, Kate  
 Denyer, Carla  
 Dhesi, Mr Tanmanjeet Singh  
 Dickson, Jim  
 Dixon, Anna  
 Dixon, Samantha  
 Dodds, rh Anneliese  
 Dollimore, Helena  
 Doughty, Stephen  
 Dowd, Peter  
 Downie, Graeme  
 Duncan-Jordan, Neil  
 Eagle, Dame Angela  
 Eagle, rh Maria  
 Edwards, Lauren  
 Edwards, Sarah  
 Efford, Clive  
 Egan, Damien  
 Ellis, Maya  
 Elmore, Chris  
 Entwistle, Kirith  
 Eshalomi, Florence  
 Esterson, Bill  
 Evans, Chris  
 Fahnbulleh, Miatta  
 Fenton-Glynn, Josh  
 Ferguson, Mark  
 Ferguson, Patricia  
 Fleet, Natalie  
 Foody, Emma  
 Foster, Mr Paul  
 Foxcroft, Vicky  
 Foy, Mary Kelly  
 Francis, Daniel  
 Frith, Mr James  
 Furniss, Gill  
 Gardiner, Barry  
 Gardner, Dr Allison  
 Gelderd, Anna  
 Gemmell, Alan  
 Gilbert, Tracy  
 Gill, Preet Kaur  
 Glindon, Mary  
 Goldsborough, Ben (*Proxy vote cast by Chris Elmore*)  
 Gosling, Jodie  
 Gould, Georgia  
 Grady, John  
 Greenwood, Lilian  
 Gwynne, Andrew (*Proxy vote cast by Chris Elmore*)  
 Hack, Amanda  
 Hall, Sarah

Hamilton, Fabian  
 Hamilton, Paulette  
 Hardy, Emma  
 Hatton, Lloyd  
 Hayes, Helen  
 Hazelgrove, Claire  
 Healey, rh John  
 Hinder, Jonathan  
 Hodgson, Mrs Sharon  
 Hopkins, Rachel  
 Hume, Alison  
 Huq, Dr Rupa  
 Hurley, Patrick  
 Hussain, Mr Adnan  
 Hussain, Imran  
 Irons, Natasha  
 Jameson, Sally  
 Jarvis, Dan  
 Jermy, Terry  
 Johnson, Kim  
 Johnson, rh Dame Diana  
 Jones, rh Darren  
 Jones, Lillian  
 Jones, Louise  
 Jones, Sarah  
 Josan, Gurinder Singh  
 Joseph, Sojan  
 Juss, Warinder  
 Kane, Chris  
 Kaur, Satvir (*Proxy vote cast by Chris Elmore*)  
 Khan, Afzal  
 Khan, Naushabah  
 Kirkham, Jayne  
 Kitchen, Gen  
 Kumar, Sonia  
 Kumaran, Uma  
 Kyle, rh Peter  
 Lamb, Peter  
 Lavery, Ian  
 Leadbeater, Kim  
 Leishman, Brian  
 Lewell-Buck, Mrs Emma  
 Lewin, Andrew  
 Lightwood, Simon  
 Long Bailey, Rebecca  
 MacAlister, Josh  
 Macdonald, Alice  
 MacNae, Andy  
 Madders, Justin  
 Malhotra, Seema  
 Martin, Amanda  
 Maskell, Rachael  
 Mayer, Alex  
 McAllister, Douglas  
 McCarthy, Kerry  
 McCluskey, Martin  
 McDonagh, Dame Siobhain  
 McDonald, Andy  
 McDonald, Chris  
 McDonnell, rh John  
 McDougall, Blair  
 McEvoy, Lola  
 McGovern, Alison  
 McIntyre, Alex  
 McKee, Gordon  
 McKenna, Kevin  
 McKinnell, Catherine  
 McMahan, Jim  
 McNally, Frank  
 McNeill, Kirsty  
 Midgley, Anneliese

Miliband, rh Ed  
 Minns, Ms Julie  
 Mishra, Navendu  
 Mohamed, Abtisam  
 Mohamed, Iqbal  
 Moon, Perran  
 Morgan, Stephen  
 Morris, Grahame  
 Morris, Joe  
 Mullane, Margaret  
 Murphy, Luke  
 Murray, Chris  
 Murray, rh Ian (*Proxy vote cast by Chris Elmore*)  
 Murray, James  
 Myer, Luke  
 Naish, James  
 Nash, Pamela (*Proxy vote cast by Chris Elmore*)  
 Newbury, Josh  
 Niblett, Samantha  
 Nichols, Charlotte  
 Onn, Melanie  
 Opher, Dr Simon  
 Oppong-Asare, Ms Abena  
 Osborne, Kate (*Proxy vote cast by Kim Johnson*)  
 Osborne, Tristan  
 Owen, Sarah  
 Paffey, Darren  
 Pakes, Andrew  
 Patrick, Matthew  
 Payne, Michael  
 Pearce, Jon  
 Pennycook, Matthew  
 Phillips, Jess  
 Pinto-Duschinsky, David  
 Pitcher, Lee  
 Platt, Jo  
 Pollard, Luke  
 Powell, Joe  
 Powell, rh Lucy  
 Poynton, Gregor  
 Prinsley, Peter  
 Quigley, Mr Richard  
 Qureshi, Yasmin  
 Ramsay, Adrian  
 Reader, Mike  
 Reed, rh Steve  
 Reid, Joani  
 Reynolds, Emma  
 Reynolds, rh Jonathan  
 Rhodes, Martin  
 Ribeiro-Addy, Bell  
 Richards, Jake  
 Rimmer, Ms Marie  
 Robertson, Dave  
 Roca, Tim  
 Rodda, Matt  
 Rushworth, Sam  
 Russell, Mrs Sarah  
 Rutland, Tom  
 Ryan, Oliver  
 Sackman, Sarah  
 Sandher, Dr Jeevun  
 Scroggum, Michelle  
 Sowards, Mark  
 Shah, Naz  
 Shanker, Baggy  
 Shanks, Michael  
 Siddiq, Tulip  
 Simons, Josh



Slaughter, Andy  
 Slinger, John  
 Smith, Cat  
 Smith, Jeff  
 Smith, Sarah  
 Snell, Gareth  
 Sobel, Alex  
 Stainbank, Euan  
 Stevenson, Kenneth  
 Stone, Will  
 Strathern, Alistair  
 Streeting, rh Wes  
 Strickland, Alan  
 Stringer, Graham  
 Sullivan, Kirsteen  
 Sultana, Zarah  
 Tami, rh Mark  
 Tapp, Mike  
 Taylor, Alison  
 Taylor, David  
 Taylor, Rachel  
 Thornberry, rh Emily  
 Tidball, Dr Marie  
 Timms, rh Sir Stephen  
 Toale, Jessica  
 Turley, Anna  
 Turmaine, Matt  
 Turner, Karl  
 Turner, Laurence  
 Twigg, Derek

Twist, Liz  
 Uppal, Harpreet  
 Vaughan, Tony  
 Vince, Chris  
 Wakeford, Christian  
 Walker, Imogen  
 Ward, Chris  
 Ward, Melanie  
 Waugh, Paul  
 Webb, Chris  
 Welsh, Michelle  
 West, Catherine  
 Western, Andrew  
 Western, Matt  
 Wheeler, Michael  
 Whitby, John  
 White, Jo  
 White, Katie  
 Whittome, Nadia  
 Williams, David  
 Woodcock, Sean  
 Wrighting, Rosie  
 Yang, Yuan  
 Yasin, Mohammad  
 Yemm, Steve  
 Zeichner, Daniel

**Tellers for the Noes:**  
**Keir Mather and**  
**Taiwo Owatemi**

*Question accordingly negated.*

### New Clause 8

#### REVIEW OF SECTIONS 63 AND 64

“(1) The Chancellor of the Exchequer must, within six months of the passing of this Act and every six months thereafter, review the impact of the measures contained in sections 63 and 64 of this Act.

(2) Each review must consider the impact of the measures on—

- (a) Scotch whisky distilleries,
- (b) small spirit distilleries,
- (c) wine producers and wholesalers,
- (d) the hospitality industry, and
- (e) those operating in the night-time economy.

(3) Each review must include an estimate of administrative and operational costs for the preceding 12-month period for each of the sectors listed in subsection (2).

(4) Each review must consider the impact of the measures on the retail price for consumers of products subject to alcohol duty.

(5) Each review must also examine the expected effect of the measures on the domestic wine trade.

(6) A report setting out the findings of each review must be published and laid before both Houses of Parliament.”—(*Daisy Cooper.*)

*This new clause would require the Government to produce an impact assessment of the measures on the Act on distilleries, wine producers and the hospitality industry.*

*Brought up, and read the First time.*

*Question put, That the clause be read a Second time.*

*The House divided: Ayes 176, Noes 332.*

### Division No. 110]

[7.43 pm

#### AYES

Allister, Jim  
 Amos, Gideon  
 Anderson, Lee  
 Anderson, Stuart (*Proxy vote cast by Mr Mohindra*)  
 Andrew, rh Stuart  
 Aquarone, Steff  
 Atkins, rh Victoria  
 Babarinde, Josh  
 Bacon, Gareth

Baldwin, Dame Harriett  
 Barclay, rh Steve  
 Bedford, Mr Peter  
 Bennett, Alison  
 Bhatti, Saqib  
 Blackman, Bob  
 Bool, Sarah  
 Bowie, Andrew  
 Brandreth, Aphra  
 Braverman, rh Suella  
 Brewer, Alex  
 Brown-Fuller, Jess  
 Burghart, Alex  
 Campbell, Mr Gregory  
 Cane, Charlotte  
 Carmichael, rh Mr Alistair  
 Chadwick, David (*Proxy vote cast by Mr Forster*)  
 Chamberlain, Wendy  
 Chambers, Dr Danny  
 Cleverly, rh Mr James  
 Clifton-Brown, Sir Geoffrey  
 Cocking, Lewis  
 Coghlan, Chris  
 Collins, Victoria  
 Cooper, Daisy  
 Cooper, John  
 Costa, Alberto  
 Coutinho, rh Claire (*Proxy vote cast by Joy Morrissey*)  
 Cross, Harriet  
 Dance, Adam  
 Darling, Steve  
 Davey, rh Ed  
 Davies, Ann  
 Davies, Gareth  
 Davies, Mims  
 Davis, rh David  
 Dewhurst, Charlie  
 Dillon, Mr Lee  
 Dinenage, Dame Caroline  
 Doogan, Dave  
 Dyke, Sarah  
 Evans, Dr Luke  
 Farron, Tim  
 Flynn, rh Stephen  
 Foord, Richard  
 Forster, Mr Will  
 Fortune, Peter  
 Fox, Sir Ashley  
 Francois, rh Mr Mark  
 Franklin, Zöe  
 French, Mr Louie  
 Fuller, Richard  
 Gale, rh Sir Roger  
 Garnier, Mark  
 George, Andrew  
 Gethins, Stephen  
 Gibson, Sarah (*Proxy vote cast by Mr Forster*)  
 Gilmour, Rachel  
 Goldman, Marie  
 Grant, Helen  
 Green, Sarah  
 Griffith, Andrew  
 Griffiths, Alison  
 Harding, Monica  
 Harris, Rebecca  
 Heylings, Pippa  
 Hinds, rh Damian  
 Hoare, Simon  
 Hobhouse, Wera

Holden, rh Mr Richard  
 Hollinrake, Kevin  
 Huddleston, Nigel  
 Hudson, Dr Neil  
 Hussain, Mr Adnan  
 Jardine, Christine  
 Jarvis, Liz  
 Jenkin, Sir Bernard  
 Jenrick, rh Robert  
 Johnson, Dr Caroline  
 Jones, Clive  
 Kearns, Alicia (*Proxy vote cast by Joy Morrissey*)  
 Kohler, Mr Paul  
 Kruger, Danny  
 Lake, Ben  
 Lam, Katie  
 Lamont, John  
 Law, Chris  
 Leadbitter, Graham  
 Leigh, rh Sir Edward  
 Lewis, rh Sir Julian  
 Logan, Seamus  
 Lopez, Julia  
 Lowe, Rupert  
 MacCleary, James  
 MacDonald, Mr Angus  
 Maguire, Ben  
 Mak, Alan  
 Malthouse, rh Kit  
 Mathew, Brian  
 Mayhew, Jerome  
 McVey, rh Esther  
 Medi, Llinos  
 Miller, Calum  
 Milne, John  
 Mohamed, Iqbal  
 Mohindra, Mr Gagan  
 Moore, Robbie  
 Morello, Edward  
 Morgan, Helen  
 Morrison, Mr Tom (*Proxy vote cast by Mr Forster*)  
 Morrissey, Joy  
 Morton, rh Wendy  
 Mullan, Dr Kieran  
 Munt, Tessa  
 Murrison, rh Dr Andrew  
 Norman, rh Jesse  
 Obese-Jecty, Ben  
 O'Brien, Neil  
 O'Hara, Brendan  
 Olney, Sarah  
 Patel, rh Priti  
 Paul, Rebecca  
 Perteghella, Manuela  
 Philp, rh Chris  
 Pinkerton, Dr Al  
 Pritchard, rh Mark  
 Raja, Shivani (*Proxy vote cast by Mr Mohindra*)  
 Rankin, Jack  
 Reed, David  
 Reynolds, Mr Joshua  
 Robertson, Joe  
 Roome, Ian  
 Savage, Dr Roz  
 Saville Roberts, rh Liz  
 Shannon, Jim  
 Shastri-Hurst, Dr Neil  
 Shelbrooke, rh Sir Alec  
 Simmonds, David

Slade, Vikki  
 Smart, Lisa  
 Smith, Greg  
 Smith, rh Sir Julian  
 Smith, Rebecca  
 Sollom, Ian  
 Spencer, Dr Ben  
 Spencer, Patrick  
 Stafford, Gregory  
 Stephenson, Blake  
 Stone, Jamie  
 Stuart, rh Graham  
 Swann, Robin  
 Swayne, rh Sir Desmond  
 Thomas, Bradley  
 Tice, Richard

Timothy, Nick  
 Tugendhat, rh Tom  
 Vickers, Martin  
 Vickers, Matt  
 Voaden, Caroline  
 Whittingdale, rh Sir John  
 Wild, James  
 Wilkinson, Max  
 Williamson, rh Sir Gavin  
 Wilson, Munira  
 Wilson, rh Sammy  
 Wood, Mike  
 Wright, rh Sir Jeremy

**Tellers for the Ayes:**  
**Susan Murray and**  
**Charlie Maynard**

### NOES

Abbott, rh Ms Diane (*Proxy vote cast by Bell Ribeiro-Addy*)  
 Abbott, Jack  
 Abrahams, Debbie  
 Ahmed, Dr Zubir  
 Akehurst, Luke  
 Alaba, Mr Bayo  
 Alexander, rh Mr Douglas  
 Alexander, rh Heidi  
 Al-Hassan, Sadik  
 Ali, Rushanara  
 Ali, Tahir  
 Allin-Khan, Dr Rosena  
 Anderson, Callum  
 Anderson, Fleur  
 Arthur, Dr Scott  
 Asser, James  
 Athwal, Jas  
 Atkinson, Catherine  
 Bailey, Mr Calvin  
 Bailey, Olivia  
 Baines, David  
 Baker, Alex  
 Baker, Richard  
 Ballinger, Alex  
 Bance, Antonia  
 Barker, Paula  
 Barron, Lee  
 Barros-Curtis, Mr Alex  
 Baxter, Johanna  
 Beales, Danny  
 Beavers, Lorraine  
 Begum, Apsana (*Proxy vote cast by Zarah Sultana*)  
 Bell, Torsten  
 Benn, rh Hilary  
 Berry, Siân  
 Betts, Mr Clive  
 Billington, Ms Polly  
 Bishop, Matt  
 Blake, Olivia (*Proxy vote cast by Chris Elmore*)  
 Blake, Rachel  
 Blundell, Mrs Elsie (*Proxy vote cast by Chris Elmore*)  
 Bonavia, Kevin  
 Botterill, Jade  
 Brackenridge, Mrs Sureena  
 Brash, Mr Jonathan  
 Brickell, Phil  
 Bryant, Chris  
 Buckley, Julia  
 Burgon, Richard  
 Burton-Sampson, David  
 Butler, Dawn  
 Caliskan, Nesil  
 Campbell, rh Sir Alan  
 Campbell, Irene  
 Campbell, Juliet  
 Campbell-Savours, Markus  
 Carden, Dan  
 Carling, Sam  
 Carns, Al  
 Champion, Sarah  
 Charalambous, Bambos  
 Charters, Mr Luke  
 Chowns, Ellie  
 Collier, Jacob  
 Collins, Tom  
 Conlon, Liam  
 Coombes, Sarah  
 Cooper, Andrew  
 Costigan, Deirdre  
 Cox, Pam  
 Coyle, Neil  
 Craft, Jen  
 Creagh, Mary  
 Creasy, Ms Stella  
 Crichton, Torcuil  
 Curtis, Chris  
 Daby, Janet  
 Dakin, Sir Nicholas  
 Dalton, Ashley  
 Davies, Jonathan  
 Davies, Paul  
 Davies, Shaun  
 De Cordova, Marsha  
 Dean, Josh  
 Dearden, Kate  
 Denyer, Carla  
 Dhesi, Mr Tanmanjeet Singh  
 Dickson, Jim  
 Dixon, Anna  
 Dixon, Samantha  
 Dodds, rh Anneliese  
 Dollimore, Helena  
 Doughty, Stephen  
 Dowd, Peter  
 Downie, Graeme  
 Duncan-Jordan, Neil  
 Eagle, Dame Angela  
 Eagle, rh Maria  
 Edwards, Lauren  
 Edwards, Sarah  
 Efford, Clive  
 Egan, Damien

Ellis, Maya  
 Elmore, Chris  
 Entwistle, Kirith  
 Eshalomi, Florence  
 Esterson, Bill  
 Evans, Chris  
 Fahnbulleh, Miatta  
 Fenton-Glynn, Josh  
 Ferguson, Mark  
 Ferguson, Patricia  
 Fleet, Natalie  
 Foody, Emma  
 Foster, Mr Paul  
 Foxcroft, Vicky  
 Foy, Mary Kelly  
 Francis, Daniel  
 Frith, Mr James  
 Furniss, Gill  
 Gardiner, Barry  
 Gardner, Dr Allison  
 Gelderd, Anna  
 Gemmell, Alan  
 Gilbert, Tracy  
 Gill, Preet Kaur  
 Glindon, Mary  
 Goldsborough, Ben (*Proxy vote cast by Chris Elmore*)  
 Gosling, Jodie  
 Gould, Georgia  
 Grady, John  
 Greenwood, Lilian  
 Gwynne, Andrew (*Proxy vote cast by Chris Elmore*)  
 Hack, Amanda  
 Hall, Sarah  
 Hamilton, Fabian  
 Hamilton, Paulette  
 Hardy, Emma  
 Hatton, Lloyd  
 Hayes, Helen  
 Hazelgrove, Claire  
 Healey, rh John  
 Hinder, Jonathan  
 Hodgson, Mrs Sharon  
 Hopkins, Rachel  
 Hughes, Claire  
 Hume, Alison  
 Huq, Dr Rupa  
 Hurley, Patrick  
 Hussain, Imran  
 Irons, Natasha  
 Jameson, Sally  
 Jarvis, Dan  
 Jermy, Terry  
 Johnson, Kim  
 Johnson, rh Dame Diana  
 Jones, rh Darren  
 Jones, Lillian  
 Jones, Louise  
 Jones, Sarah  
 Josan, Gurinder Singh  
 Joseph, Sojan  
 Juss, Warinder  
 Kane, Chris  
 Kaur, Satvir (*Proxy vote cast by Chris Elmore*)  
 Khan, Afzal  
 Khan, Naushabah  
 Kirkham, Jayne  
 Kitchen, Gen  
 Kumar, Sonia  
 Kumaran, Uma

Kyle, rh Peter  
 Lamb, Peter  
 Lavery, Ian  
 Law, Noah  
 Leadbeater, Kim  
 Leishman, Brian  
 Lewell-Buck, Mrs Emma  
 Lewin, Andrew  
 Lightwood, Simon  
 Long Bailey, Rebecca  
 MacAlister, Josh  
 Macdonald, Alice  
 MacNae, Andy  
 Madders, Justin  
 Malhotra, Seema  
 Martin, Amanda  
 Maskell, Rachael  
 Mayer, Alex  
 McAllister, Douglas  
 McCarthy, Kerry  
 McCluskey, Martin  
 McDonagh, Dame Siobhain  
 McDonald, Andy  
 McDonald, Chris  
 McDonnell, rh John  
 McDougall, Blair  
 McEvoy, Lola  
 McGovern, Alison  
 McIntyre, Alex  
 McKee, Gordon  
 McKenna, Kevin  
 McKinnell, Catherine  
 McMahon, Jim  
 McNally, Frank  
 McNeill, Kirsty  
 Midgley, Anneliese  
 Miliband, rh Ed  
 Minns, Ms Julie  
 Mishra, Navendu  
 Mohamed, Abtisam  
 Moon, Perran  
 Morgan, Stephen  
 Morris, Grahame  
 Morris, Joe  
 Mullane, Margaret  
 Murphy, Luke  
 Murray, Chris  
 Murray, rh Ian (*Proxy vote cast by Chris Elmore*)  
 Murray, James  
 Myer, Luke  
 Naish, James  
 Nash, Pamela (*Proxy vote cast by Chris Elmore*)  
 Newbury, Josh  
 Niblett, Samantha  
 Nichols, Charlotte  
 Onn, Melanie  
 Opher, Dr Simon  
 Oppong-Asare, Ms Abena  
 Osborne, Kate (*Proxy vote cast by Kim Johnson*)  
 Osborne, Tristan  
 Owen, Sarah  
 Paffey, Darren  
 Pakes, Andrew  
 Patrick, Matthew  
 Payne, Michael  
 Pearce, Jon  
 Pennycook, Matthew  
 Phillips, Jess  
 Pinto-Duschinsky, David

Pitcher, Lee	Strickland, Alan
Platt, Jo	Stringer, Graham
Pollard, Luke	Sullivan, Kirsteen
Powell, Joe	Sultana, Zarah
Powell, rh Lucy	Tami, rh Mark
Poynton, Gregor	Tapp, Mike
Prinsley, Peter	Taylor, Alison
Quigley, Mr Richard	Taylor, David
Qureshi, Yasmin	Taylor, Rachel
Ramsay, Adrian	Thornberry, rh Emily
Reader, Mike	Tidball, Dr Marie
Reed, rh Steve	Timms, rh Sir Stephen
Reid, Joani	Toale, Jessica
Reynolds, Emma	Turley, Anna
Reynolds, rh Jonathan	Turmaine, Matt
Rhodes, Martin	Turner, Karl
Ribeiro-Addy, Bell	Turner, Laurence
Richards, Jake	Twigg, Derek
Rimmer, Ms Marie	Twist, Liz
Robertson, Dave	Uppal, Harpreet
Roca, Tim	Vaughan, Tony
Rodda, Matt	Vince, Chris
Rushworth, Sam	Wakeford, Christian
Russell, Mrs Sarah	Walker, Imogen
Rutland, Tom	Ward, Chris
Ryan, Oliver	Ward, Melanie
Sackman, Sarah	Waugh, Paul
Sandher, Dr Jeevun	Webb, Chris
Scrogham, Michelle	Welsh, Michelle
Sewards, Mark	West, Catherine
Shah, Naz	Western, Andrew
Shanker, Baggy	Western, Matt
Shanks, Michael	Wheeler, Michael
Siddiq, Tulip	Whitby, John
Simons, Josh	White, Jo
Slaughter, Andy	White, Katie
Slinger, John	Whittome, Nadia
Smith, Cat	Williams, David
Smith, Jeff	Woodcock, Sean
Smith, Nick	Wrighting, Rosie
Smith, Sarah	Yang, Yuan
Snell, Gareth	Yasin, Mohammad
Sobel, Alex	Yemm, Steve
Stainbank, Euan	Zeichner, Daniel
Stevens, rh Jo	
Stevenson, Kenneth	<b>Tellers for the Noes:</b>
Stone, Will	Keir Mather and
Strathern, Alistair	Taiwo Owatemi

*Question accordingly negated.*

### Clause 26

FILMS AND TELEVISION PROGRAMMES: INCREASED  
RELIEF FOR VISUAL EFFECTS

*Amendments made:* 1, page 17, line 32, leave out  
“the Chapter 3 credit amount”  
and insert

“the adjusted VFX portion of those credits”.

*This amendment is consequential on Amendment 2.*

*Amendment 2,* page 17, line 35, leave out from beginning  
to end of line 27 on page 18 and insert—

“(4) Take the following steps to determine the adjusted VFX  
portion of previously claimed Chapter 3 credits—

*Step 1 (identify the total UK expenditure in the AVEC period)*

Determine the total amount of the company’s relevant  
global expenditure (see section 1179CA(2)) that—

- (a) is UK expenditure (see section 1179AB), and
- (b) was incurred for accounting periods falling within  
the company’s AVEC period.

*Step 2 (identify the amount of visual effects expenditure)*

Determine how much of the result of Step 1 is relevant  
visual effects expenditure.

*Step 3 (determine the extent to which the 80% cap applied)*

Determine the amount (if any) of the excess to be deducted  
at Step 3 in section 1179CA(1) for the most recent  
accounting period for which a claim for Chapter 3  
credit was made (which may be the claim period). If  
that amount is nil go to Step 4, otherwise go to Step 5.

*Step 4 (where the 80% cap did not apply, calculate the  
adjusted VFX portion)*

If this Step applies, the adjusted VFX portion is the amount  
given by multiplying—

- (a) the sum of Chapter 3 credits claimed by the  
production company, by
- (b) the amount given by dividing the result of Step 2 by  
the result of Step 1.

*Step 5 (treat the 80% cap as affecting the VFX portion first)*

Subtract the result of Step 3 from the result of Step 2. If  
the result is nil or less, the adjusted VFX portion is  
nil. If not, go to Step 6.

*Step 6 (calculate the adjusted VFX portion, taking account  
of the 80% cap)*

If this Step applies, the adjusted VFX portion is the amount  
given by multiplying the result of Step 5 by 0.34.”

*This amendment clarifies, and corrects, the calculation of the relief.*

*Amendment 3,* page 18, line 32, leave out “remainder”  
and insert

“result of Step 5 in that subsection”.

*This amendment is consequential on Amendment 2.*

*Amendment 4,* page 18, line 36, at end insert—

“a company’s “AVEC period” means the period beginning  
with the commencement of the first accounting period  
for which this Part applies further to the election by  
the company under section 1179B(1) and ending with  
the end of the claim period;.”.—(*James Murray.*)

*This amendment is consequential on Amendment 2.*

### Clause 37

CLAIM FOR RELIEF ON FOREIGN INCOME

*Amendments made:* 5, page 28, line 17, leave out  
“and” and insert “to”.

*This amendment is consequential on Amendment 6.*

*Amendment 6,* page 29, line 36, at end insert—

**“845CA Effect of claim, foreign employment election or foreign  
gain claim: costs of dwelling-related loan**

(1) This section applies where an individual—

- (a) has a relievable amount for a tax year in respect of an  
overseas property business for the purposes of  
section 274A (reduction for individuals: entitlement),  
and
- (b) makes a foreign income claim, a foreign employment  
election or a foreign gain claim for the tax year.

(2) The individual is not entitled to relief under section 274A  
for that tax year in respect of that relievable amount.

(3) For the purposes of section 274A, the individual’s  
brought-forward amount for the following tax year in respect of  
the overseas property business is nil.”

*This amendment means that an individual who makes a foreign  
income claim, foreign employment election or foreign gain claim for  
a tax year is not entitled to relief under section 274A of ITTOIA  
2005 for any relievable amount for that tax year in respect of an  
overseas property business.*

*Amendment 7,* page 30, line 13, at end insert—



**“845DA Effect of claim on relief for contributions to registered pension schemes**

(1) Subsection (2) applies where—

- (a) an individual makes a foreign income claim for a tax year,
- (b) the individual is entitled to relief under section 188 of FA 2004 (relief for contributions) for that tax year, and
- (c) the maximum amount of relief to which the individual is entitled under that section for that tax year is greater than the basic amount within the meaning of section 190(4) of that Act.

(2) The maximum amount of relief to which the individual is entitled under section 188 of that Act for that tax year is to be reduced by the lesser of—

- (a) the relevant amount, and
- (b) the amount that would reduce the maximum amount of relief to the basic amount.

(3) The “relevant amount” is the amount of the relief to which the individual is entitled under section 845A(2) of this Act as a result of making the foreign income claim, so far as that amount reflects relevant qualifying foreign income.

(4) An amount of qualifying foreign income is “relevant qualifying foreign income” if the income is relevant UK earnings within the meaning of section 189(2) of FA 2004.”

*This amendment means that where an individual has made a foreign income claim, any relief for contributions to registered pension schemes to which the individual is entitled is reduced by the amount of the relief obtained as a result of the foreign income claim so far as the relief reflects income that is relevant UK earnings (but not below the basic amount).*

Amendment 8, page 34, line 1, leave out “section 38” and insert “section 34”.—(*James Murray.*)

*This amendment corrects a cross-reference.*

**Clause 38**

**CLAIM FOR RELIEF ON FOREIGN EMPLOYMENT INCOME**

*Amendments made:* 9, page 36, line 18, leave out “and” and insert “to”.

*This amendment is consequential on Amendment 6.*

Amendment 10, page 40, line 17, at end insert—

**“41RA Effect of claim on relief for contributions to registered pension schemes**

(1) This section applies where an individual who is an active member of a registered pension scheme for the purposes of section 188 of FA 2004 (relief for contributions) makes a foreign employment relief claim for a tax year.

(2) For the purposes of sections 189(1)(a) and 190 of that Act, references to the amount of the individual’s relevant UK earnings chargeable to income tax for that year are to be read as references to that amount minus the relieved amount.

(3) The “relieved amount” is the amount of the relief to which the individual is entitled under section 41P(2) of this Act as a result of making the foreign employment relief claim.”—(*James Murray.*)

*This amendment means that where an individual has made a foreign employment claim, any relief for contributions to registered pension schemes to which the individual is entitled is reduced by the amount of relief obtained as a result of the foreign employment claim (but not below the basic amount).*

**Clause 39**

**CLAIM FOR RELIEF ON FOREIGN GAINS**

*Amendments made:* 11, page 46, line 1, leave out “section 87” and insert “sections 87 and 89(2)”.

*This amendment is consequential on Amendment 12.*

Amendment 12, page 46, line 4, after “87” insert “or 89(2)”.

*This amendment secures that relief is available under the FIG regime for gains treated as accruing under section 89(2) of the Taxation of Chargeable Gains Act 1992 (migrating settlements).*

Amendment 13, page 46, line 5, leave out “non-resident”.

*This amendment is consequential on Amendment 12.*

Amendment 14, page 46, line 15, leave out “and 87A” and insert “, 87A and 89(2)”.

*This amendment is consequential on Amendment 12.*

Amendment 15, page 46, line 34, leave out “and” and insert “to”.—(*James Murray.*)

*This amendment is consequential on Amendment 6.*

**Clause 40**

**REMITTANCE BASIS NOT AVAILABLE AFTER  
TAX YEAR 2024-25**

*Amendments made:* 16, page 49, line 3, leave out “subsection (5)” and insert “subsections (4A) and (5)”.

*This amendment is consequential on Amendment 24.*

Amendment 17, page 49, line 4, at end insert—

“(4A) Paragraph 5A (relief for amounts remitted again on becoming UK resident) is to be treated as having always had effect.”—(*James Murray.*)

*This amendment is consequential on Amendment 24.*

**Clause 47**

**REMOVAL OF EXEMPTION FOR PRIVATE SCHOOL FEES**

*Amendment proposed:* 67, page 53, line 30, leave out clause 47.—(*James Wild.*)

*This amendment removes Clause 47, which removes the VAT exemption for private school fees.*

*Question put,* That the amendment be made.

*The House divided:* Ayes 167, Noes 347.

**Division No. 111]**

**[7.58 pm**

**AYES**

Allister, Jim	Carmichael, rh Mr Alistair
Amos, Gideon	Chadwick, David ( <i>Proxy vote cast by Mr Forster</i> )
Anderson, Lee	Chamberlain, Wendy
Anderson, Stuart ( <i>Proxy vote cast by Mr Mohindra</i> )	Chambers, Dr Danny
Andrew, rh Stuart	Cleverly, rh Mr James
Aquarone, Steff	Clifton-Brown, Sir Geoffrey
Atkins, rh Victoria	Cocking, Lewis
Babarinde, Josh	Coghlan, Chris
Bacon, Gareth	Collins, Victoria
Baldwin, Dame Harriett	Cooper, Daisy
Barclay, rh Steve	Cooper, John
Bedford, Mr Peter	Costa, Alberto
Bennett, Alison	Coutinho, rh Claire ( <i>Proxy vote cast by Joy Morrissey</i> )
Bhatti, Saqib	Cross, Harriet
Blackman, Bob	Dance, Adam
Bool, Sarah	Darling, Steve
Bowie, Andrew	Davey, rh Ed
Brandreth, Aphra	Davies, Gareth
Braverman, rh Suella	Davies, Mims
Brewer, Alex	Davis, rh David
Brown-Fuller, Jess	Dewhurst, Charlie
Burghart, Alex	Dillon, Mr Lee
Campbell, Mr Gregory	Dinenage, Dame Caroline
Cane, Charlotte	

Duncan Smith, rh Sir Iain  
 Dyke, Sarah  
 Evans, Dr Luke  
 Farage, Nigel  
 Farron, Tim  
 Foord, Richard  
 Forster, Mr Will  
 Fortune, Peter  
 Fox, Sir Ashley  
 Francois, rh Mr Mark  
 Franklin, Zöe  
 French, Mr Louie  
 Fuller, Richard  
 Gale, rh Sir Roger  
 Garnier, Mark  
 George, Andrew  
 Gibson, Sarah (*Proxy vote cast by Mr Forster*)  
 Gilmour, Rachel  
 Grant, Helen  
 Green, Sarah  
 Griffith, Andrew  
 Griffiths, Alison  
 Harding, Monica  
 Harris, Rebecca  
 Heylings, Pippa  
 Hinds, rh Damian  
 Hoare, Simon  
 Hobhouse, Wera  
 Holden, rh Mr Richard  
 Hollinrake, Kevin  
 Huddleston, Nigel  
 Hudson, Dr Neil  
 Hussain, Mr Adnan  
 Jardine, Christine  
 Jarvis, Liz  
 Jenkin, Sir Bernard  
 Jenrick, rh Robert  
 Johnson, Dr Caroline  
 Jones, Clive  
 Kearns, Alicia (*Proxy vote cast by Joy Morrissey*)  
 Kohler, Mr Paul  
 Kruger, Danny  
 Lamont, John  
 Leigh, rh Sir Edward  
 Lewis, rh Sir Julian  
 Lopez, Julia  
 Lowe, Rupert  
 MacCleary, James  
 MacDonald, Mr Angus  
 Maguire, Ben  
 Mak, Alan  
 Malthouse, rh Kit  
 Mathew, Brian  
 Mayhew, Jerome  
 Maynard, Charlie  
 McVey, rh Esther  
 Miller, Calum  
 Milne, John  
 Mohindra, Mr Gagan  
 Moore, Robbie  
 Morello, Edward

Morgan, Helen  
 Morrison, Mr Tom (*Proxy vote cast by Mr Forster*)  
 Morrissey, Joy  
 Morton, rh Wendy  
 Mullan, Dr Kieran  
 Munt, Tessa  
 Murray, Susan  
 Murrison, rh Dr Andrew  
 Norman, rh Jesse  
 Obese-Jecty, Ben  
 O'Brien, Neil  
 Olney, Sarah  
 Patel, rh Priti  
 Paul, Rebecca  
 Perteghella, Manuela  
 Philp, rh Chris  
 Pinkerton, Dr Al  
 Pritchard, rh Mark  
 Raja, Shivani (*Proxy vote cast by Mr Mohindra*)  
 Rankin, Jack  
 Reed, David  
 Reynolds, Mr Joshua  
 Robertson, Joe  
 Roome, Ian  
 Savage, Dr Roz  
 Shannon, Jim  
 Shastri-Hurst, Dr Neil  
 Shelbrooke, rh Sir Alec  
 Simmonds, David  
 Slade, Vikki  
 Smart, Lisa  
 Smith, Greg  
 Smith, rh Sir Julian  
 Smith, Rebecca  
 Sollom, Ian  
 Spencer, Dr Ben  
 Spencer, Patrick  
 Stephenson, Blake  
 Stone, Jamie  
 Stuart, rh Graham  
 Swann, Robin  
 Swayne, rh Sir Desmond  
 Thomas, Bradley  
 Tice, Richard  
 Timothy, Nick  
 Tugendhat, rh Tom  
 Vickers, Martin  
 Vickers, Matt  
 Voaden, Caroline  
 Whittingdale, rh Sir John  
 Whit, James  
 Wilkinson, Max  
 Williamson, rh Sir Gavin  
 Wilson, Munira  
 Wilson, rh Sammy  
 Wood, Mike  
 Wright, rh Sir Jeremy

**Tellers for the Ayes:**  
**Katie Lam and**  
**Gregory Stafford**

#### NOES

Abbott, rh Ms Diane (*Proxy vote cast by Bell Ribeiro-Addy*)  
 Abbott, Jack  
 Ahmed, Dr Zubir  
 Akehurst, Luke

Alaba, Mr Bayo  
 Alexander, rh Mr Douglas  
 Alexander, rh Heidi  
 Al-Hassan, Sadik  
 Ali, Rushanara  
 Ali, Tahir

Allin-Khan, Dr Rosena  
 Anderson, Callum  
 Anderson, Fleur  
 Arthur, Dr Scott  
 Asser, James  
 Athwal, Jas  
 Atkinson, Catherine  
 Bailey, Mr Calvin  
 Bailey, Olivia  
 Baines, David  
 Baker, Alex  
 Baker, Richard  
 Ballinger, Alex  
 Bance, Antonia  
 Barker, Paula  
 Barron, Lee  
 Barros-Curtis, Mr Alex  
 Baxter, Johanna  
 Beales, Danny  
 Beavers, Lorraine  
 Begum, Apsana (*Proxy vote cast by Zarah Sultana*)  
 Bell, Torsten  
 Benn, rh Hilary  
 Berry, Siân  
 Betts, Mr Clive  
 Billington, Ms Polly  
 Bishop, Matt  
 Blake, Olivia (*Proxy vote cast by Chris Elmore*)  
 Blake, Rachel  
 Blundell, Mrs Elsie (*Proxy vote cast by Chris Elmore*)  
 Bonavia, Kevin  
 Botterill, Jade  
 Brackenridge, Mrs Sureena  
 Brash, Mr Jonathan  
 Brickell, Phil  
 Bryant, Chris  
 Buckley, Julia  
 Burgon, Richard  
 Burton-Sampson, David  
 Butler, Dawn  
 Caliskan, Nesil  
 Campbell, rh Sir Alan  
 Campbell, Irene  
 Campbell, Juliet  
 Campbell-Savours, Markus  
 Carden, Dan  
 Carling, Sam  
 Carns, Al  
 Champion, Sarah  
 Charalambous, Bambos  
 Charters, Mr Luke  
 Chowns, Ellie  
 Collier, Jacob  
 Collins, Tom  
 Conlon, Liam  
 Coombes, Sarah  
 Cooper, Andrew  
 Costigan, Deirdre  
 Cox, Pam  
 Coyle, Neil  
 Craft, Jen  
 Creagh, Mary  
 Creasy, Ms Stella  
 Crichton, Torcuil  
 Curtis, Chris  
 Daby, Janet  
 Dakin, Sir Nicholas  
 Dalton, Ashley  
 Davies, Ann

Davies, Jonathan  
 Davies, Paul  
 Davies, Shaun  
 De Cordova, Marsha  
 Dean, Josh  
 Dearden, Kate  
 Denyer, Carla  
 Dhesi, Mr Tanmanjeet Singh  
 Dickson, Jim  
 Dixon, Anna  
 Dixon, Samantha  
 Dodds, rh Anneliese  
 Dollimore, Helena  
 Doogan, Dave  
 Doughty, Stephen  
 Dowd, Peter  
 Downie, Graeme  
 Duncan-Jordan, Neil  
 Eagle, Dame Angela  
 Eagle, rh Maria  
 Edwards, Lauren  
 Edwards, Sarah  
 Efford, Clive  
 Egan, Damien  
 Ellis, Maya  
 Elmore, Chris  
 Entwistle, Kirith  
 Eshalomi, Florence  
 Esterson, Bill  
 Evans, Chris  
 Fahnbulleh, Miatta  
 Fenton-Glynn, Josh  
 Ferguson, Mark  
 Ferguson, Patricia  
 Fleet, Natalie  
 Flynn, rh Stephen  
 Foody, Emma  
 Foster, Mr Paul  
 Foxcroft, Vicky  
 Foy, Mary Kelly  
 Francis, Daniel  
 Frith, Mr James  
 Furniss, Gill  
 Gardiner, Barry  
 Gardner, Dr Allison  
 Gelderd, Anna  
 Gemmell, Alan  
 German, Gill  
 Gethins, Stephen  
 Gilbert, Tracy  
 Gill, Preet Kaur  
 Glindon, Mary  
 Goldsborough, Ben (*Proxy vote cast by Chris Elmore*)  
 Gosling, Jodie  
 Gould, Georgia  
 Grady, John  
 Greenwood, Lilian  
 Gwynne, Andrew (*Proxy vote cast by Chris Elmore*)  
 Hall, Sarah  
 Hamilton, Fabian  
 Hamilton, Paulette  
 Hardy, Emma  
 Hatton, Lloyd  
 Hayes, Helen  
 Hazelgrove, Claire  
 Healey, rh John  
 Hinder, Jonathan  
 Hodgson, Mrs Sharon  
 Hopkins, Rachel  
 Hughes, Claire

Hume, Alison  
 Huq, Dr Rupa  
 Hurley, Patrick  
 Hussain, Imran  
 Irons, Natasha  
 Jameson, Sally  
 Jarvis, Dan  
 Jermy, Terry  
 Johnson, Kim  
 Johnson, rh Dame Diana  
 Jones, rh Darren  
 Jones, Gerald  
 Jones, Lillian  
 Jones, Louise  
 Jones, Sarah  
 Josan, Gurinder Singh  
 Joseph, Sojan  
 Juss, Warinder  
 Kane, Chris  
 Kaur, Satvir (*Proxy vote cast by Chris Elmore*)  
 Khan, Afzal  
 Khan, Naushabah  
 Kirkham, Jayne  
 Kitchen, Gen  
 Kumar, Sonia  
 Kumaran, Uma  
 Kyle, rh Peter  
 Lake, Ben  
 Lamb, Peter  
 Lavery, Ian  
 Law, Chris  
 Law, Noah  
 Leadbeater, Kim  
 Leadbitter, Graham  
 Leishman, Brian  
 Lewell-Buck, Mrs Emma  
 Lewin, Andrew  
 Lightwood, Simon  
 Logan, Seamus  
 Long Bailey, Rebecca  
 MacAlister, Josh  
 Macdonald, Alice  
 MacNae, Andy  
 Madders, Justin  
 Malhotra, Seema  
 Martin, Amanda  
 Maskell, Rachael  
 Mayer, Alex  
 McAllister, Douglas  
 McCarthy, Kerry  
 McCluskey, Martin  
 McDonald, Andy  
 McDonald, Chris  
 McDonnell, rh John  
 McDougall, Blair  
 McEvoy, Lola  
 McFadden, rh Pat  
 McIntyre, Alex  
 McKee, Gordon  
 McKenna, Kevin  
 McKinnell, Catherine  
 McMahon, Jim  
 McNally, Frank  
 McNeill, Kirsty  
 Medi, Llinos  
 Midgley, Anneliese  
 Miliband, rh Ed  
 Minns, Ms Julie  
 Mishra, Navendu  
 Mohamed, Abtisam  
 Moon, Perran

Morgan, Stephen  
 Morris, Grahame  
 Morris, Joe  
 Mullane, Margaret  
 Murphy, Luke  
 Murray, Chris  
 Murray, rh Ian (*Proxy vote cast by Chris Elmore*)  
 Murray, James  
 Myer, Luke  
 Naish, James  
 Nash, Pamela (*Proxy vote cast by Chris Elmore*)  
 Newbury, Josh  
 Niblett, Samantha  
 Nichols, Charlotte  
 O'Hara, Brendan  
 Onn, Melanie  
 Opher, Dr Simon  
 Oppong-Asare, Ms Abena  
 Osborne, Kate (*Proxy vote cast by Kim Johnson*)  
 Osborne, Tristan  
 Owen, Sarah  
 Paffey, Darren  
 Pakes, Andrew  
 Patrick, Matthew  
 Payne, Michael  
 Pearce, Jon  
 Pennycook, Matthew  
 Phillips, Jess  
 Pinto-Duschinsky, David  
 Pitcher, Lee  
 Platt, Jo  
 Pollard, Luke  
 Powell, Joe  
 Powell, rh Lucy  
 Poynton, Gregor  
 Prinsley, Peter  
 Quigley, Mr Richard  
 Qureshi, Yasmin  
 Ramsay, Adrian  
 Ranger, Andrew  
 Reader, Mike  
 Reed, rh Steve  
 Reid, Joani  
 Reynolds, Emma  
 Reynolds, rh Jonathan  
 Rhodes, Martin  
 Ribeiro-Addy, Bell  
 Richards, Jake  
 Rimmer, Ms Marie  
 Robertson, Dave  
 Roca, Tim  
 Rodda, Matt  
 Rushworth, Sam  
 Russell, Mrs Sarah  
 Rutland, Tom  
 Ryan, Oliver  
 Sackman, Sarah  
 Sandher, Dr Jeevun  
 Saville Roberts, rh Liz  
 Scrogham, Michelle  
 Sowards, Mark  
 Shah, Naz  
 Shanker, Baggy  
 Shanks, Michael  
 Siddiq, Tulip  
 Simons, Josh  
 Slaughter, Andy  
 Slinger, John  
 Smith, Cat

Smith, Jeff  
 Smith, Nick  
 Smith, Sarah  
 Snell, Gareth  
 Sobel, Alex  
 Stainbank, Euan  
 Stevens, rh Jo  
 Stevenson, Kenneth  
 Stone, Will  
 Strathern, Alistair  
 Strickland, Alan  
 Stringer, Graham  
 Sullivan, Kirsteen  
 Sultana, Zarah  
 Tami, rh Mark  
 Tapp, Mike  
 Taylor, Alison  
 Taylor, David  
 Taylor, Rachel  
 Thornberry, rh Emily  
 Tidball, Dr Marie  
 Timms, rh Sir Stephen  
 Toale, Jessica  
 Tufnell, Henry  
 Turley, Anna  
 Turmaine, Matt  
 Turner, Karl  
 Turner, Laurence  
 Twigg, Derek  
 Twist, Liz

Uppal, Harpreet  
 Vaughan, Tony  
 Vince, Chris  
 Wakeford, Christian  
 Walker, Imogen  
 Ward, Chris  
 Ward, Melanie  
 Waugh, Paul  
 Webb, Chris  
 Welsh, Michelle  
 West, Catherine  
 Western, Andrew  
 Western, Matt  
 Wheeler, Michael  
 Whitby, John  
 White, Jo  
 White, Katie  
 Whittome, Nadia  
 Williams, David  
 Witherden, Steve  
 Woodcock, Sean  
 Wrighting, Rosie  
 Yang, Yuan  
 Yasin, Mohammad  
 Yemm, Steve  
 Zeichner, Daniel

**Tellers for the Noes:**  
 Keir Mather and  
 Taiwo Owatemi

*Question accordingly negated.*

### Schedule 3

#### PAYMENTS INTO DECOMMISSIONING FUNDS

*Amendments made:* 18, page 116, line 30, leave out paragraph (a).

*This amendment removes a condition that is now not needed as a result of the condition inserted by Amendment 19.*

Amendment 19, page 117, line 4, leave out paragraph (c) and insert—

“(c) the payment has been certified in an approval notice given under section 30A(5)(b) or 30B(3)(b) of that Act.”

*This amendment provides that a payment (direct or indirect) into a decommissioning fund must be certified by the Secretary of State in order for it to qualify as decommissioning expenditure.*

Amendment 20, page 117, line 9, leave out sub-paragraph (3) and insert—

“(3) For the purposes of sub-paragraph (2), a payment to a licensed company under an agreement to pay a required amount for the purposes of payment into the decommissioning fund is to be regarded as a payment into that fund.

(3A) But the onward payment into the fund by that licensed company is not a qualifying payment.”—(*James Murray.*)

*This amendment clarifies that an indirect payment into a decommissioning fund is capable of being a qualifying payment (provided it meets the conditions in paragraph 1(2) of Schedule 3 to the Bill).*

### Schedule 9

#### INCOME TAX AND CAPITAL GAINS TAX: REMITTANCE BASIS AND DOMICILE

*Amendments made:* 21, page 214, line 11, leave out from “in” to end of line 13 and insert

“property situated outside the United Kingdom becoming situated in the United Kingdom.”



*This amendment makes it clear that the new section 809(9A)(b) of ITA 2007 only applies where the situs of existing intangible property changes.*

Amendment 22, page 214, line 13, at end insert—

“(9B) Sections 275 to 275C of TCGA 1992 (location of assets) apply for the purposes of subsection (9A)(b) as they apply for the purposes of TCGA 1992.

(9C) But subsection (9B) does not apply where the intangible property is a debt other than a judgment debt.”

*This amendment means that the common law will determine where a debt (other than a judgment debt) is situated for the purposes of the new section 809L(9A)(b) of the Income Tax Act 2007.*

Amendment 23, page 215, line 10, after “to” insert

“income tax or capital gains”.

*This amendment is consequential on Amendment 24.*

Amendment 24, page 215, line 10, at end insert—

“Relief for amounts remitted again on becoming UK resident

5A (1) This paragraph applies where—

(a) income or chargeable gains of an individual have been remitted to the United Kingdom during a period that exceeds 5 years—

(i) that ends before 6 April 2024, and

(ii) in which there was no period for which the individual was UK resident, and

(b) after the end of that period, but before 6 April 2025—

(i) the same, or part of the same, income or chargeable gains (“the repeated remitted amount”) were again remitted to the United Kingdom, and

(ii) a relevant charge has arisen in relation to that remittance.

(2) A “relevant charge” in relation to a remittance means—

(a) income tax becoming chargeable on that remittance, or

(b) a gain accruing under paragraph 1(2) of Schedule 1 to TCGA 1992 on that remittance.

(3) Any relevant charge that has arisen on the first occasion on which the repeated remitted amount is remitted in circumstances falling within sub-paragraph (1)(b) is to be treated as never having arisen.

(4) But a remittance that is not charged to income tax or capital gains tax as a result of sub-paragraph (3) is to be treated as if it were charged to income or capital gains tax (as the case may be) for the purposes of section 809P(12) of ITA 2007.

(5) This paragraph is to be treated as never having applied where—

(a) for either, or each, of the tax years 2024-25 and 2025-26, the individual is not UK resident, or

(b) either, or each, of those tax years is a split year as respects the individual.

(6) References in this paragraph to amounts being remitted to the United Kingdom are to be construed in accordance with Chapter A1 of Part 14 of ITA 2007 (see, in particular, sections 809L to 809O of that Act).”

*This amendment gives relief to individuals who have remitted foreign income and gains during an extended period of non-residence, but remit them again on becoming UK resident before the end of tax year 2024-25.*

Amendment 25, page 215, line 15, at end insert—

“Transferable tax allowance for married couples etc

6A In section 55C of ITA 2007 (election to reduce personal allowance), in subsection (3)(b), for “domiciled in the United Kingdom” substitute “not a qualifying new resident”.

*This amendment makes an amendment to the Income Tax Act 2007 that is consequential on the ending of the relevance of domicile for income tax purposes and the introduction of relief for qualifying new residents.*

Amendment 26, page 218, leave out lines 34 and 35.

*This amendment omits the repeal of section 174(6)(a) of the Finance Act 1993 because that provision has already been repealed by Schedule 41 of the Finance Act 1996.*

Amendment 27, page 219, leave out lines 2 to 29 and insert—

“23 (1) In section 22 of F(No.2)A 1931 (Treasury power to issue securities with a FOTRA condition), in subsection (1)(b) for “neither domiciled nor” substitute “not”.

(2) In section 154 of FA 1996 (FOTRA securities), omit subsection (1).

(3) Any security issued with a FOTRA domicile condition is treated in relation to times on or after 6 April 2025 as if—

(a) it were a security issued with the post-1996 Act FOTRA conditions (and with no other FOTRA condition), and

(b) the post-1996 Act FOTRA conditions had been authorised in relation to the issue of that security by virtue of section 22 of F(No.2)A 1931.

(4) In sub-paragraph (3)—

“a FOTRA condition” means a condition about exemption from taxation authorised by section 22 of F(No.2)A 1931;

“a FOTRA domicile condition”, in relation to a security, means a FOTRA condition requiring the security to be in the beneficial ownership of persons who are not domiciled in the United Kingdom for an exemption from taxation to apply;

“the post-1996 Act FOTRA conditions” means the FOTRA conditions with which 7.25% Treasury Stock 2007 was first issued.”—(James Murray.)

*This amendment ensures that FOTRA securities cannot be issued with conditions about tax exemption requiring any beneficial owners (whether or not they are individuals) to be non-UK domiciled. It also means that any FOTRA securities that were issued with such a condition will be treated as if they were not.*

## Schedule 10

### TEMPORARY REPATRIATION FACILITY

*Amendments made:* 28, page 221, line 14, leave out “or” and insert “and”.

*This amendment corrects a minor error (incorrect conjunction).*

Amendment 29, page 222, line 38, leave out paragraphs (b) and (c).

*This amendment removes the possibility of designating foreign income and gains that are subject to section 279 of TCGA 1992 (delayed remittances) or section 842 of ITTOIA 2005 (unremittable income).*

Amendment 30, page 223, line 11, after “87” insert “and 89 TCGA 1992”.

*This amendment is consequential on Amendment 31.*

Amendment 31, page 223, line 12, leave out paragraph 3 and insert—

“3 (1) This paragraph applies for the tax year 2025-26, 2026-27 or 2027-28 in relation to an individual if—

(a) chargeable gains are treated as accruing to the individual in that tax year as a result of section 87(2) or 89(2) of TCGA 1992 in relation to a capital payment from the trustees of a settlement for which the individual is a beneficiary, and

(b) the settlement has a section 1(3) amount that is greater than nil for one or more tax years before 2025-26.

(2) So much of the payment as is matched with section 1(3) amounts for tax years before 2025-26 is qualifying overseas capital.

(3) For the purposes of matching those amounts, apply section 87A of TCGA 1992 as if—

- (a) the section 1(3) amount for each tax year after the tax year 2024-25 were nil, and
- (b) the reference in Step 2 in subsection (2) of section 87A of that Act to the total amount of capital payments received by the beneficiaries were to the total amount of capital payments—
  - (i) received by the individual and other beneficiaries that are qualifying individuals for the relevant tax year, and
  - (ii) to which section 87(2) or 89(2) of that Act applies.
- (4) For the purposes of this paragraph, ignore any reduction of a section 1(3) amount for the tax year 2024-25 or an earlier tax year resulting from the application of section 87 or 89(2) of TCGA 1992 in the tax year 2025-26 or any subsequent tax year.
- (5) Sub-paragraph (6) applies where—
  - (a) an amount of a capital payment has been matched with a section 1(3) amount under sub-paragraph (2), and
  - (b) that amount is designated as designated qualifying overseas capital.
- (6) The section 1(3) amount is to be taken to have been reduced (but not below nil) by so much of it as matches with the capital payment for the purposes of any subsequent application of this paragraph.
- (7) This paragraph is not to be taken as affecting the application of section 87A of TCGA 1992 for any purpose other than for the purposes of this paragraph and paragraphs 3A and 4 (and no section 1(3) amounts or capital payments are to be taken to have been reduced as a result of the application of this paragraph for any other purpose).
- (8) For the purposes of this paragraph—
  - (a) “section 1(3) amount” has the meaning it has in section 87 of TCGA 1992, and
  - (b) section 97 of TCGA 1992 (supplementary provisions) applies as it applies for the purposes of sections 86A to 96 of that Act.
- (9) For the purposes of this paragraph, and paragraphs 3A and 4, an individual is a qualifying individual in a tax year if the individual—
  - (a) is UK resident for the purposes of income tax and capital gains tax for that tax year, and
  - (b) was subject to the remittance basis for at least one tax year (being a tax year before the tax year 2025-26)."

*This amendment extends the previous paragraph 3 of Schedule 10 (temporary repatriation facility) to migrant settlements and secures that the calculation of qualifying overseas capital works as intended.*

Amendment 32, page 223, line 32, at end insert—

*“Capital payments made by settlement: offshore income gains cases*

- 3A (1) This paragraph applies for the tax year 2025-26, 2026-27 or 2027-28 in relation to an individual if—
  - (a) chargeable gains are treated as accruing to the individual in that tax year as a result of section 87(2) of TCGA 1992, as it applies in relation to OIG amounts as a result of regulation 20 of the OFT Regulations, in relation to a capital payment from the trustees of a settlement for which the individual is a beneficiary, and
  - (b) the settlement has an OIG amount that is greater than nil for one or more tax years before 2025-26.
- (2) So much of the payment as is matched with OIG amounts for tax years before 2025-26 is qualifying overseas capital.
- (3) For the purposes of matching those amounts, apply section 87A of TCGA 1992 as if—
  - (a) the OIG amount for each tax year after the tax year 2024-25 were nil, and
  - (b) the reference in Step 2 in subsection (2) of 87A of that Act to the total amount of capital payments

received by the beneficiaries were to the total amount of capital payments—

- (i) received by the individual and other beneficiaries that are qualifying individuals for the relevant tax year, and
- (ii) to which section 87(2) of that Act applies in relation to OIG amounts (as a result of regulation 20 of the OFT regulations).
- (4) For the purposes of this paragraph, ignore any reduction of an OIG amount for the tax year 2024-25 or an earlier tax year resulting from the application of section 87 or 89(2) of TCGA 1992 in the tax year 2025-26 or any subsequent tax year.
- (5) Sub-paragraph (6) applies where—
  - (a) an amount of a capital payment has been matched with an OIG amount under sub-paragraph (2), and
  - (b) that amount is designated as designated qualifying overseas capital.
- (6) The OIG amount is to be taken to have been reduced (but not below nil) by so much of it as matches with the capital payment for the purposes of any subsequent application of this paragraph.
- (7) This paragraph is not to be taken as affecting the application of section 87A of TCGA 1992 for any purpose other than for the purposes of this paragraph and paragraphs 3 and 4 (and no OIG amount or capital payments are to be taken to have been reduced as a result of the application of this paragraph for any other purpose).
- (8) For the purposes of this paragraph—
  - (a) the “OFT Regulations” means the Offshore Funds (Tax) Regulations 2009,
  - (b) “OIG amount” is to be construed in accordance with the OFT Regulations, and
  - (c) section 97 of TCGA 1992 (supplementary provisions) applies as it applies for the purposes of sections 86A to 96 of that Act.”

*This amendment applies the same treatment under paragraph 3 of Schedule 10 (temporary repatriation facility) in relation to offshore income gains (see regulation 20 of the Offshore Funds (Tax) Regulations 2009).*

Amendment 33, page 223, line 34, leave out paragraph 4 and insert—

“4 (1) This paragraph applies for the tax year 2025-26, 2026-27 or 2027-28 in relation to an individual if—

- (a) chargeable gains are treated as accruing to the individual in that tax year as a result of paragraph 8(1) of Schedule 4C to TCGA 1992 in relation to a capital payment from the trustees of a relevant settlement for which the individual is a beneficiary, and
- (b) the section 1(3) amount in the Schedule 4C pool is greater than nil for one or more tax years before 2025-26.
- (2) So much of the payment as is matched with section 1(3) amounts in the Schedule 4C pool for tax years before 2025-26 is qualifying overseas capital.
- (3) For the purposes of matching those amounts, apply section 87A of TCGA 1992 as if—
  - (a) the section 1(3) amount in the Schedule 4C pool for each tax year after the tax year 2024-25 were nil, and
  - (b) the reference in Step 2 in subsection (2) of section 87A of that Act to the total amount of capital payments received by the beneficiaries were to the total amount of capital payments—
    - (i) received by the individual and other beneficiaries that are qualifying individuals for the relevant tax year, and

- (ii) to which paragraph 8(1) of Schedule 4C to that Act applies in relation to section 1(3) amounts in the Schedule 4C pool.

(4) For the purposes of this paragraph, ignore any reduction of a section 1(3) amount in the Schedule 4C pool for the tax year 2024-25 or an earlier tax year resulting from the application of paragraph 8(1) of Schedule 4C to TCGA 1992 in the tax year 2025-26 or any subsequent tax year.

(5) Sub-paragraph (6) applies where—

- (a) an amount of a capital payment has been matched with a section 1(3) amount in the Schedule 4C pool under sub-paragraph (2), and
- (b) that amount is designated as designated qualifying overseas capital.

(6) The section 1(3) amount in the Schedule 4C pool is to be taken to have been reduced (but not below nil) by so much of it as matches with the capital payment for the purposes of any subsequent application of this paragraph.

(7) This paragraph is not to be taken as affecting the application of section 87A of TCGA 1992 for any purpose other than for the purposes of this paragraph and paragraphs 3 and 3A (and no section 1(3) amount in the Schedule 4C pool or capital payments are to be taken to have been reduced as a result of the application of this paragraph for any other purpose).

(8) For the purposes of this paragraph—

- (a) “section 1(3) amount in the Schedule 4C pool” and “relevant settlement” are to be construed in accordance with Schedule 4C to TCGA 1992, and
- (b) section 97 of TCGA 1992 (supplementary provisions) applies as it applies for the purposes of sections 86A to 96 of that Act.”

*This amendment replaces paragraph 4 of Schedule 10 (temporary repatriation facility) in order to make it more consistent with paragraph 3 as amended by Amendment 31.*

Amendment 34, page 225, line 2, at end insert—

*“Deemed income under section 732 of ITA 2007 where pre-2025 gains available for matching*

5 (1) Sub-paragraph (2) applies where—

- (a) an individual is treated as having an amount of income for any of the tax years 2025-26, 2026-27 or 2027-28 as a result of section 732 of ITA 2007 (individuals receiving a benefit as a result of relevant transactions),
- (b) the amount of income does not fall within paragraph 5(1)(c), and
- (c) the benefit by reference to which that income is treated as arising would, if it were not chargeable to income tax, be an amount of qualifying overseas capital of the individual by virtue of paragraph 3 or 4 (capital payments).

(2) The amount is to be treated as an amount of qualifying overseas capital of the individual.

(3) The amount may only be designated in a return for the tax year in which the income was treated as arising to the individual.”

*This amendment allows income treated as arising in tax years 2025-26 to 2027-28 under section 732 of ITA 2007 to be matched against pre 2025-26 settlement gains.*

Amendment 35, page 226, line 26, at end insert “and relief”.

*This amendment is consequential on Amendment 36.*

Amendment 36, page 226, line 29, leave out sub-paragraph (2) and insert—

“(2) No liability to income tax arises on an amount of income treated as qualifying overseas capital under paragraph 5 if the amount is designated.

(2A) But such an amount is to be treated for the purposes of section 97(1) of TCGA 1992 (capital payments not to include amounts chargeable to income tax) as if it were chargeable to income tax.

(2B) No liability to income tax arises on an amount of income treated as qualifying overseas capital under paragraph 5A if the amount is designated.

(2C) Accordingly the amount—

- (a) will be a capital payment for the purposes of sections 86A to 96 of, and Schedule 4C to, TCGA 1992 (see section 97(1) of that Act), and
- (b) will, as a result of paragraph 3 or 4 (or both), be qualifying overseas capital.

(2D) Any such qualifying overseas capital is to be treated as having been designated by the individual (under that paragraph or those paragraphs), but no liability to the TRF charge is to arise as a result of that deemed designation.

(2E) Sub-paragraph (2F) applies where—

- (a) offshore income gains, within the meaning of the Offshore Funds (Tax) Regulations 2009, are treated as accruing to an individual in a tax year under section 87(2) of TCGA 1992 (as applied by regulation 20 of those regulations) as a result of a capital payment made to an individual, and
- (b) an amount of that capital payment is qualifying overseas capital that has been designated by the individual.

(2F) The offshore income gains are to be reduced by the amount of that designated qualifying overseas capital.”

*This amendment is consequential on amendments 34 and 32.*

Amendment 37, page 226, line 32, at end insert—

*“Income tax exemptions: application of transfer of assets abroad rules in future years*

8A (1) This paragraph applies where an amount of income that is treated as arising to an individual under section 732 of ITA 2007 (“the deemed income”) is exempt from income tax by virtue of paragraph 8.

(2) If the deemed income is qualifying overseas capital by virtue of paragraph 5(1)(c), Chapter 2 of Part 13 of ITA 2007 has effect as though the deemed income had been charged to tax under section 731 of that Act.

(3) Accordingly—

- (a) in the application of section 733(1) of ITA 2007 to the individual for subsequent tax years, the amount of the deemed income will be deducted at Step 2 and at paragraph (a) of Step 5, and
- (b) in the application of section 733(1) of ITA 2007 to any other individual for subsequent tax years, the amount of the deemed income will be deducted at paragraph (b) of Step 5.

(4) If the deemed income is qualifying overseas capital by virtue of paragraph 5A, Chapter 2 of Part 13 of ITA 2007 has effect as though the benefit by reference to which the deemed income was treated as arising had never been provided.

(5) Accordingly, in the application of section 733(1) of ITA 2007 to any individual for subsequent tax years—

- (a) that benefit will not be taken into account at Step 1,
- (b) no deduction in respect of the deemed income will be made at Step 2 or Step 5, and
- (c) the total untaxed benefits will not be reduced in respect of that benefit by virtue of section 734 (previous capital gains charge).”

*This amendment sets out how the transfer of assets abroad rules will apply for future tax years if deemed income under those rules is exempt from tax under the TRF.*

Amendment 38, page 227, line 4, after “87(2)” insert “or 89(2)”.

*This amendment is consequential on Amendment 31.*

Amendment 39, page 227, line 7, after “individual” insert “under paragraph 3”.

*This amendment is consequential on Amendment 32.*



Amendment 40, page 227, line 23, leave out “paragraph 3(1)(c)” and insert “paragraph 3(2)”.

*This amendment is consequential on Amendment 31.*

Amendment 41, page 227, line 28, leave out “paragraph 3(1)(c)” and insert “paragraph 3(2)”.

*This amendment is consequential on Amendment 31.*

Amendment 42, page 227, line 36, after “individual” insert “under paragraph 4”.

*This amendment is consequential on Amendment 33.*

Amendment 43, page 228, line 11, leave out “paragraph 4(1)(b)” and insert “paragraph 4(2)”.

*This amendment is consequential on Amendment 33.*

Amendment 44, page 228, line 17, leave out “paragraph 4(1)(b)” and insert “paragraph 4(2)”.

*This amendment is consequential on Amendment 33.*

Amendment 45, page 228, line 29, leave out from “individual” to end of line 30 and insert “if—”.

*This amendment and Amendment 46 secure that the temporary relaxation of the nominated income and gains ordering rules does not apply where those rules have previously operated in relation to a taxpayer.*

Amendment 46, page 228, line 31, leave out paragraphs (a) and (b) and insert—

- “(a) the tax year is tax year 2025-26, 2026-27 or 2027-28,
- (b) the individual—
  - (i) makes a designation of qualifying overseas capital for that tax year, or
  - (ii) the individual has made such a designation for a previous tax year, and
- (c) that section has not applied in relation to that individual for the tax year 2024-25 or an earlier tax year.”

*This amendment and Amendment 45 secure that the temporary relaxation of the nominated income and gains ordering rules does not apply where those rules have previously operated in relation to a taxpayer.*

Amendment 47, page 234, line 13, leave out “at a relevant time”.

*This amendment removes some unnecessary words.*

Amendment 48, page 234, line 18, leave out “at a relevant time”.

*This amendment removes some unnecessary words.*

Amendment 49, page 239, line 37, at end insert—

*“No tax credits for pre 2016-17 dividends etc*

16A Sections 397 to 398 of ITTOIA 2005 (which have been repealed and only have effect in relation to distributions made before tax year 2016-17) do not apply in relation to any amount of designated qualifying overseas capital.”—(*James Murray.*)

*This amendment prevents tax credits being claimed under the dividends etc tax credits regime repealed from tax year 2016-17, where a distribution (made before that tax year) is designated as qualifying overseas capital.*

## Schedule 12

### TRUSTS: CONNECTED AMENDMENTS, TRANSITIONAL PROVISION ETC

*Amendments made:* 50, page 253, line 36, at end insert—

“(2B) For the purposes of subsection (1), if in a tax year—

- (a) income is treated as arising to an individual under section 732(2), and
- (b) the income is identified as qualifying foreign income on a foreign income claim,

the income is treated for later tax years as not having been charged to income tax under section 731.

(2C) It follows from subsection (2B) that—

- (a) in the application of subsection (1) to the individual for subsequent tax years, the amount of the income will be deducted at Step 2 and at paragraph (a) of Step 5, but
- (b) in the application of subsection (1) to any other individual for subsequent tax years, the amount of the income will not be deducted at paragraph (b) of Step 5.

(2D) See paragraph 8A of Schedule 10 to FA 2025 (temporary repatriation facility) for special provision about income that is treated as arising under section 732 but that is exempt from income tax under that Schedule.”

*This amendment ensures that, if a beneficiary obtains qualifying new resident relief in respect of a tax charge under the transfer of assets abroad rules, the pool of relevant income by reference to which other beneficiaries are taxed is not artificially depleted.*

Amendment 51, page 260, line 16, leave out paragraph 49.

*This amendment is consequential on Amendment 37, which makes equivalent (and more detailed) provision in Schedule 10.*

Amendment 52, page 260, line 31, leave out “(2A)(a), omit “, 87K, 87L”” and insert “(2A), omit paragraph (a)”.

*This amendment is consequential on paragraph 54 of Schedule 12.*

Amendment 53, page 264, line 7, leave out “(7)(b), omit “, 87K, 87L”” and insert

“(7), omit paragraph (b) (but not the “and” after it)”.

*This amendment is consequential on paragraph 54 of Schedule 12.*

Amendment 54, page 264, line 8, leave out “(6)(c), omit “, 87K, 87L”” and insert “(6)—

(a) after paragraph (a) insert “and”;

(b) omit paragraph (c) and the “and” before it.”

*This amendment is consequential on paragraph 54 of Schedule 12.*

Amendment 55, page 265, line 27, leave out paragraph 71 and insert—

“71 (1) The amendments made by paragraphs 1 to 54, 56 to 65 and 68 to 70 have effect for the tax year 2025-26 and subsequent tax years.

(2) The amendment made by paragraph 55 to section 62 of TCGA 1992 (death: general provisions) has effect in relation to deaths occurring on or after 6 April 2025.

(3) The amendments made by paragraphs 66 and 67 to sections 279A and 279C of TCGA 1992 (deferred unascertainable consideration: election for treatment of loss) have effect in relation to disposals made on or after 6 April 2025 of rights to which section 279A of that Act applies.”—(*James Murray.*)

*This amendment brings the commencement provision for Schedule 12 into line with the other income-tax- and capital-gains-tax-related provisions in the Bill about residence and domicile.*

## Schedule 13

### INHERITANCE TAX

*Amendments made:* 56, page 268, line 19, leave out

“at all times on and after 30 October 2024 and before the time when”

and insert “immediately before”.

*This amendment relaxes the test for determining whether the exemption for existing excluded property trusts in new section 53(4A) of the Inheritance Tax Act 1984 applies. It provides that the property only needs to be invested offshore (or in an AUT or OEIC) immediately before the person's interest comes to an end (as opposed to at all times after 30 October 2024).*

Amendment 57, page 269, line 1, leave out

“at all times on and after 30 October 2024 and”

and insert “immediately”.

*This amendment relaxes the test for determining whether the exemption for existing excluded property trusts in new section 54(2C) of the Inheritance Tax Act 1984 applies. It provides that the property only needs to be invested offshore (or in an AUT or OEIC) immediately before the person's death (as opposed to at all times after 30 October 2024).*

Amendment 58, page 275, line 4, at end insert—

**“267ZF Double taxation conventions operating by reference to deemed domicile**

(1) This section applies to a case in which the application of any arrangements having effect under section 158 (double taxation conventions) depends (to any extent) on whether a person is treated as domiciled in the United Kingdom for the purposes of inheritance tax.

(2) The person is treated as domiciled in the United Kingdom for the purposes of inheritance tax if they are a long-term UK resident.

(3) Sections 276ZC to 267ZE (persons treated as long-term resident by virtue of election) are to be disregarded in applying this section in relation to any arrangements that are specified in an Order in Council made under section 158 of IHTA 1984 before 17 July 2013 (other than by way of amendment by an Order made on or after that date).

(4) Nothing in this section affects the interpretation of any such arrangements as are mentioned in section 158(6) (certain pre-1975 arrangements).”

*This amendment provides that, where existing double taxation arrangements operate by reference to whether the UK treats a person as domiciled in the UK for the purposes of inheritance tax, the person is treated as so domiciled if they are a long-term UK resident. It does not affect pre-1975 arrangements and, in relation to pre-2013 arrangements, provides for certain elections to be disregarded.*

Amendment 59, page 276, line 13, leave out “gift” and insert

“disposal and remained settled property at all times after the disposal and before the relevant time”.

*This amendment clarifies the exemption from the gifts with reservation rules for existing excluded property trusts. It ensures that the exemption only applies where the property has remained in the trust throughout.*

Amendment 60, page 276, line 17, leave out

“at all times on and after 30 October 2024 and”

and insert “immediately”.

*This amendment relaxes the test for determining whether the exemption from the gifts with reservation rules for existing excluded property trusts applies. It provides that the property only needs to be invested offshore (or in an AUT or OEIC) immediately before the relevant time (as opposed to at all times after 30 October 2024).*

Amendment 61, page 276, line 29, at end insert—

“(7C) In subsection (7A)(c), “for the purposes of the 1984 Act” includes for the purposes only of Chapter 3 of Part 3 of that Act (ten-year anniversary charges etc) because of the operation of section 81 of that Act (property moving between settlements).”

*This amendment ensures that the exemption from the gifts with reservation rules for existing excluded property trusts applies to property which was excluded property only under the relevant property rules in the Inheritance Tax Act 1984, because it was treated as comprised in a different settlement from that in which it was in fact comprised.*

Amendment 62, page 279, line 22, leave out

“not been resident in the United Kingdom for any tax year”

and insert

“been resident in the United Kingdom for no tax year”.

*This amendment is minor and technical and clarifies an ambiguity.*

Amendment 63, page 279, line 26, leave out

“not resident in the United Kingdom for any”

and insert

“resident in the United Kingdom for none”.

*This amendment is minor and technical and clarifies an ambiguity.*

Amendment 64, page 279, line 28, leave out

“not resident in the United Kingdom for more than 14”

and insert

“resident in the United Kingdom for fewer than 15”.

*This amendment is minor and technical and clarifies an ambiguity.*

Amendment 65, page 280, line 12, leave out paragraph (b).

*This amendment is consequential on Amendment 58.*

Amendment 66, page 280, line 19, leave out subparagraph (3).—(James Murray.)

*This amendment is consequential on Amendment 58.*

*Third Reading*

8.12 pm

**James Murray:** I beg to move, That the Bill be now read the Third time.

At the autumn Budget, my right hon. Friend the Chancellor laid the essential foundations for boosting investment and growth to put more money in people's pockets, the No. 1 mission of the Government under the Prime Minister's plan for change. The Budget was built on robust fiscal rules, rules that put a stop to day-to-day spending being funded through borrowing and to get net financial debt falling as a share of GDP.

The Finance Bill delivers on our manifesto commitments by removing the outdated concept of domicile status from the tax system, increasing the capital gains tax rate for carried interest, increasing the higher rates of stamp duty for additional dwellings, introducing the 20% standard rate of VAT on private school fees, and changing the energy profits levy by extending the period over which it applies and adjusting its rate by 3 percentage points.

As we know, my right hon. Friend the Chancellor set out at Budget how the fiscal inheritance was far worse than we had expected. The Opposition, when in government, let public spending plans become unsustainable. They did not share this with the OBR or the British people. It fell to us to fix that mess when we took office. That is why we had to make an increase to capital gains tax, changes to inheritance tax thresholds and a plan to close the tax gap by a record package of £6.5 billion of additional tax revenue by the end of the Parliament.

I thank right hon. and hon. Members from across the House for their often helpful and insightful contributions to the debates during the Bill's passage. I would like to thank officials at the Treasury and in Parliament for their work on the policies and the legislation that have led to the Bill whose consideration we are now concluding. The Bill plays a key role in delivering economic stability, repairing the public finances and laying the essential foundations for growth. It is through that growth that we will put more money into the pockets of people across Britain, and I commend it to the House.

8.14 pm

**James Wild:** I join the Minister in thanking hon. Members on both sides of the House who participated in the debates we have had so far on the Bill, which I do

[James Wild]

not intend to extend unduly. I join him in thanking the parliamentary staff and the hon. Members who chaired the Committee.

The driving mission of the Government, according to the Prime Minister, is growth, but despite inheriting the fastest growing economy in the G7, he and the Chancellor chose to talk down our economy. The impact of their words was to weaken confidence. Then, in the October Budget, the Government made choices and put in place a raft of measures in this and other Bills that have stopped growth stone dead: £40 billion a year of extra taxes; higher national insurance; increasing tax on investors; deterring the risk takers and the wealth creators we need; pushing up inflation; and hitting working people and pensioners.

In just the last two days, senior business leaders from the retail and hospitality sectors have warned about the damage the Budget and Labour's costly employment laws will have. They are just the latest businesses sounding the alarm, but the Chancellor is not listening. For all the talk of growth, we can already see from their actions that we have a Government committed to higher taxes, higher spending, more borrowing and more regulation—the classic Labour approach. It does not work. The Government need to change course, otherwise we will all pay the price. That is why we will not be supporting the Bill this evening.

*Question put*, That the Bill be now read the Third time.

*The House divided*: Ayes 339, Noes 172.

## Division No. 112]

[8.16 pm

### AYES

Abbott, rh Ms Diane ( <i>Proxy vote cast by Bell Ribeiro-Addy</i> )	Begum, Apsana ( <i>Proxy vote cast by Zarah Sultana</i> )
Abbott, Jack	Bell, Torsten
Abrahams, Debbie	Benn, rh Hilary
Ahmed, Dr Zubir	Berry, Siân
Akehurst, Luke	Betts, Mr Clive
Alaba, Mr Bayo	Billington, Ms Polly
Alexander, rh Mr Douglas	Bishop, Matt
Alexander, rh Heidi	Blake, Olivia ( <i>Proxy vote cast by Chris Elmore</i> )
Al-Hassan, Sadik	Blake, Rachel
Ali, Rushanara	Blundell, Mrs Elsie ( <i>Proxy vote cast by Chris Elmore</i> )
Ali, Tahir	Bonavia, Kevin
Allin-Khan, Dr Rosena	Botterill, Jade
Anderson, Callum	Brackenridge, Mrs Sureena
Anderson, Fleur	Brash, Mr Jonathan
Arthur, Dr Scott	Brickell, Phil
Asser, James	Bryant, Chris
Athwal, Jas	Buckley, Julia
Atkinson, Catherine	Burgon, Richard
Bailey, Mr Calvin	Burton-Sampson, David
Bailey, Olivia	Butler, Dawn
Baines, David	Caliskan, Nesil
Baker, Alex	Campbell, rh Sir Alan
Baker, Richard	Campbell, Irene
Ballinger, Alex	Campbell, Juliet
Bance, Antonia	Campbell-Savours, Markus
Barker, Paula	Carden, Dan
Barron, Lee	Carling, Sam
Barros-Curtis, Mr Alex	Carns, Al
Baxter, Johanna	Champion, Sarah
Beales, Danny	
Beavers, Lorraine	

Charalambous, Bambos	Greenwood, Lilian
Charters, Mr Luke	Gwynne, Andrew ( <i>Proxy vote cast by Chris Elmore</i> )
Chowns, Ellie	Hack, Amanda
Collier, Jacob	Hall, Sarah
Collins, Tom	Hamilton, Fabian
Conlon, Liam	Hamilton, Paulette
Coombes, Sarah	Hardy, Emma
Cooper, Andrew	Hatton, Lloyd
Costigan, Deirdre	Hayes, Helen
Cox, Pam	Hazelgrove, Claire
Coyle, Neil	Healey, rh John
Craft, Jen	Hinder, Jonathan
Creagh, Mary	Hodgson, Mrs Sharon
Crichton, Torcuil	Hopkins, Rachel
Curtis, Chris	Hughes, Claire
Daby, Janet	Hume, Alison
Dakin, Sir Nicholas	Huq, Dr Rupa
Dalton, Ashley	Hurley, Patrick
Davies, Jonathan	Hussain, Mr Adnan
Davies, Paul	Hussain, Imran
Davies, Shaun	Irons, Natasha
De Cordova, Marsha	Jameson, Sally
Dean, Josh	Jarvis, Dan
Dearden, Kate	Jermy, Terry
Denyer, Carla	Johnson, Kim
Dhesi, Mr Tanmanjeet Singh	Johnson, rh Dame Diana
Dickson, Jim	Jones, rh Darren
Dixon, Anna	Jones, Gerald
Dixon, Samantha	Jones, Lillian
Dodds, rh Anneliese	Jones, Louise
Dollimore, Helena	Jones, Sarah
Doughty, Stephen	Josan, Gurinder Singh
Dowd, Peter	Joseph, Sojan
Downie, Graeme	Juss, Warinder
Duncan-Jordan, Neil	Kane, Chris
Eagle, rh Maria	Kaur, Satvir ( <i>Proxy vote cast by Chris Elmore</i> )
Edwards, Lauren	Khan, Afzal
Edwards, Sarah	Khan, Naushabah
Efford, Clive	Kirkham, Jayne
Egan, Damien	Kitchen, Gen
Ellis, Maya	Kumar, Sonia
Elmore, Chris	Kumaran, Uma
Entwistle, Kirith	Kyle, rh Peter
Eshalomi, Florence	Lamb, Peter
Esterson, Bill	Lavery, Ian
Evans, Chris	Law, Noah
Fahnbulleh, Miatta	Leadbeater, Kim
Fenton-Glynn, Josh	Leishman, Brian
Ferguson, Mark	Lewell-Buck, Mrs Emma
Ferguson, Patricia	Lewin, Andrew
Fleet, Natalie	Lightwood, Simon
Footy, Emma	Long Bailey, Rebecca
Foster, Mr Paul	MacAlister, Josh
Foxcroft, Vicky	Macdonald, Alice
Foy, Mary Kelly	MacNae, Andy
Francis, Daniel	Madders, Justin
Frith, Mr James	Malhotra, Seema
Furniss, Gill	Martin, Amanda
Gardiner, Barry	Maskell, Rachael
Gardner, Dr Allison	Mayer, Alex
Gelder, Anna	McAllister, Douglas
Gemmell, Alan	McCarthy, Kerry
German, Gill	McCluskey, Martin
Gilbert, Tracy	McDonald, Andy
Gill, Preet Kaur	McDonald, Chris
Gittins, Becky	McDonnell, rh John
Glindon, Mary	McDougall, Blair
Goldsborough, Ben ( <i>Proxy vote cast by Chris Elmore</i> )	McEvoy, Lola
Gosling, Jodie	McFadden, rh Pat
Gould, Georgia	McGovern, Alison
Grady, John	



McIntyre, Alex  
 McKee, Gordon  
 McKenna, Kevin  
 McKinnell, Catherine  
 McMahon, Jim  
 McNally, Frank  
 McNeill, Kirsty  
 Midgley, Anneliese  
 Miliband, rh Ed  
 Minns, Ms Julie  
 Mishra, Navendu  
 Mohamed, Abtisam  
 Moon, Perran  
 Morden, Jessica  
 Morgan, Stephen  
 Morris, Grahame  
 Morris, Joe  
 Mullane, Margaret  
 Murphy, Luke  
 Murray, Chris  
 Murray, rh Ian (*Proxy vote cast by Chris Elmore*)  
 Murray, James  
 Myer, Luke  
 Naish, James  
 Nash, Pamela (*Proxy vote cast by Chris Elmore*)  
 Newbury, Josh  
 Niblett, Samantha  
 Nichols, Charlotte  
 Onn, Melanie  
 Opher, Dr Simon  
 Oppong-Asare, Ms Abena  
 Osborne, Kate (*Proxy vote cast by Kim Johnson*)  
 Osborne, Tristan  
 Owen, Sarah  
 Paffey, Darren  
 Pakes, Andrew  
 Patrick, Matthew  
 Payne, Michael  
 Pearce, Jon  
 Pennycook, Matthew  
 Phillips, Jess  
 Pinto-Duschinsky, David  
 Pitcher, Lee  
 Platt, Jo  
 Pollard, Luke  
 Powell, Joe  
 Powell, rh Lucy  
 Poynton, Gregor  
 Prinsley, Peter  
 Quigley, Mr Richard  
 Qureshi, Yasmin  
 Ramsay, Adrian  
 Ranger, Andrew  
 Reader, Mike  
 Reed, rh Steve  
 Reid, Joani  
 Reynolds, Emma  
 Reynolds, rh Jonathan  
 Rhodes, Martin  
 Ribeiro-Addy, Bell  
 Richards, Jake  
 Rimmer, Ms Marie  
 Robertson, Dave  
 Roca, Tim  
 Rodda, Matt  
 Rushworth, Sam  
 Russell, Mrs Sarah  
 Rutland, Tom  
 Ryan, Oliver

Sackman, Sarah  
 Sandher, Dr Jeevun  
 Scrogham, Michelle  
 Sowards, Mark  
 Shah, Naz  
 Shanker, Baggy  
 Shanks, Michael  
 Siddiq, Tulip  
 Simons, Josh  
 Slaughter, Andy  
 Slinger, John  
 Smith, Cat  
 Smith, Jeff  
 Smith, Nick  
 Smith, Sarah  
 Snell, Gareth  
 Sobel, Alex  
 Stainbank, Euan  
 Stevens, rh Jo  
 Stevenson, Kenneth  
 Stone, Will  
 Strathern, Alistair  
 Strickland, Alan  
 Stringer, Graham  
 Sullivan, Kirsteen  
 Sultana, Zarah  
 Tami, rh Mark  
 Tapp, Mike  
 Taylor, Alison  
 Taylor, David  
 Taylor, Rachel  
 Thornberry, rh Emily  
 Tidball, Dr Marie  
 Timms, rh Sir Stephen  
 Toale, Jessica  
 Tufnell, Henry  
 Turley, Anna  
 Turmaine, Matt  
 Turner, Karl  
 Turner, Laurence  
 Twigg, Derek  
 Twist, Liz  
 Uppal, Harpreet  
 Vaughan, Tony  
 Vince, Chris  
 Wakeford, Christian  
 Walker, Imogen  
 Ward, Chris  
 Ward, Melanie  
 Waugh, Paul  
 Webb, Chris  
 Welsh, Michelle  
 West, Catherine  
 Western, Andrew  
 Western, Matt  
 Wheeler, Michael  
 Whitby, John  
 White, Jo  
 White, Katie  
 Whittome, Nadia  
 Williams, David  
 Witherden, Steve  
 Woodcock, Sean  
 Wrighting, Rosie  
 Yang, Yuan  
 Yasin, Mohammad  
 Yemm, Steve  
 Zeichner, Daniel

**Tellers for the Ayes:**  
 Keir Mather and  
 Taiwo Owatemi

## NOES

Allister, Jim  
 Amos, Gideon  
 Anderson, Lee  
 Anderson, Stuart (*Proxy vote cast by Mr Mohindra*)  
 Andrew, rh Stuart  
 Aquarone, Steff  
 Atkins, rh Victoria  
 Babarinde, Josh  
 Bacon, Gareth  
 Baldwin, Dame Harriett  
 Barclay, rh Steve  
 Bedford, Mr Peter  
 Bennett, Alison  
 Bhatti, Saqib  
 Blackman, Bob  
 Bool, Sarah  
 Brandreth, Aphra  
 Braverman, rh Suella  
 Brewer, Alex  
 Brown-Fuller, Jess  
 Burghart, Alex  
 Campbell, Mr Gregory  
 Cane, Charlotte  
 Carmichael, rh Mr Alistair  
 Chadwick, David (*Proxy vote cast by Mr Forster*)  
 Chamberlain, Wendy  
 Chambers, Dr Danny  
 Cleverly, rh Mr James  
 Clifton-Brown, Sir Geoffrey  
 Cocking, Lewis  
 Coghlan, Chris  
 Collins, Victoria  
 Cooper, Daisy  
 Cooper, John  
 Costa, Alberto  
 Coutinho, rh Claire (*Proxy vote cast by Joy Morrissey*)  
 Cross, Harriet  
 Dance, Adam  
 Darling, Steve  
 Davey, rh Ed  
 Davies, Ann  
 Davies, Gareth  
 Davies, Mims  
 Davis, rh David  
 Dewhirst, Charlie  
 Dillon, Mr Lee  
 Dinage, Dame Caroline  
 Doogan, Dave  
 Duncan Smith, rh Sir Iain  
 Dyke, Sarah  
 Evans, Dr Luke  
 Farage, Nigel  
 Farron, Tim  
 Flynn, rh Stephen  
 Foord, Richard  
 Forster, Mr Will  
 Fortune, Peter  
 Fox, Sir Ashley  
 Francois, rh Mr Mark  
 Franklin, Zöe  
 French, Mr Louie  
 Fuller, Richard  
 Gale, rh Sir Roger  
 Garnier, Mark  
 George, Andrew  
 Gethins, Stephen  
 Gibson, Sarah (*Proxy vote cast by Mr Forster*)  
 Gilmour, Rachel  
 Goldman, Marie  
 Grant, Helen  
 Green, Sarah  
 Griffith, Andrew  
 Griffiths, Alison  
 Harding, Monica  
 Harris, Rebecca  
 Heylings, Pippa  
 Hinds, rh Damian  
 Hoare, Simon  
 Hobhouse, Wera  
 Holden, rh Mr Richard  
 Hollinrake, Kevin  
 Huddleston, Nigel  
 Hudson, Dr Neil  
 Hussain, Mr Adnan  
 Jardine, Christine  
 Jarvis, Liz  
 Jenrick, rh Robert  
 Johnson, Dr Caroline  
 Jones, Clive  
 Kearns, Alicia (*Proxy vote cast by Joy Morrissey*)  
 Kohler, Mr Paul  
 Kruger, Danny  
 Lake, Ben  
 Lamont, John  
 Law, Chris  
 Leadbitter, Graham  
 Leigh, rh Sir Edward  
 Lewis, rh Sir Julian  
 Logan, Seamus  
 Lopez, Julia  
 Lowe, Rupert  
 MacCleary, James  
 MacDonald, Mr Angus  
 Maguire, Ben  
 Mak, Alan  
 Malthouse, rh Kit  
 Mathew, Brian  
 Mayhew, Jerome  
 Maynard, Charlie  
 Medi, Llinos  
 Miller, Calum  
 Milne, John  
 Mohindra, Mr Gagan  
 Moore, Robbie  
 Morello, Edward  
 Morgan, Helen  
 Morrison, Mr Tom (*Proxy vote cast by Mr Forster*)  
 Morrissey, Joy  
 Morton, rh Wendy  
 Mullan, Dr Kieran  
 Munt, Tessa  
 Murray, Susan  
 Murrison, rh Dr Andrew  
 Norman, rh Jesse  
 Obese-Jecty, Ben  
 O'Brien, Neil  
 O'Hara, Brendan  
 Olney, Sarah  
 Patel, rh Priti  
 Paul, Rebecca  
 Perteghella, Manuela  
 Philp, rh Chris  
 Pinkerton, Dr Al  
 Pritchard, rh Mark  
 Raja, Shivani (*Proxy vote cast by Mr Mohindra*)

Rankin, Jack  
 Reed, David  
 Reynolds, Mr Joshua  
 Robertson, Joe  
 Roome, Ian  
 Savage, Dr Roz  
 Saville Roberts, rh Liz  
 Shannon, Jim  
 Shastri-Hurst, Dr Neil  
 Shelbrooke, rh Sir Alec  
 Simmonds, David  
 Slade, Vikki  
 Smart, Lisa  
 Smith, Greg  
 Smith, rh Sir Julian  
 Smith, Rebecca  
 Sollom, Ian  
 Spencer, Dr Ben  
 Spencer, Patrick  
 Stephenson, Blake

Stone, Jamie  
 Stuart, rh Graham  
 Swayne, rh Sir Desmond  
 Thomas, Bradley  
 Timothy, Nick  
 Tugendhat, rh Tom  
 Vickers, Martin  
 Vickers, Matt  
 Voaden, Caroline  
 Whittingdale, rh Sir John  
 Wild, James  
 Wilkinson, Max  
 Williamson, rh Sir Gavin  
 Wilson, Munira  
 Wood, Mike  
 Wright, rh Sir Jeremy

**Tellers for the Noes:**  
**Katie Lam and**  
**Gregory Stafford**

*Question accordingly agreed to.*

*Bill read the Third time and passed.*

## Business without Debate

### DELEGATED LEGISLATION

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

#### INSURANCE

That the draft Flood Reinsurance (Amendment) Regulations 2025, which were laid before this House on 15 January, be approved.—(*Anna Turley.*)

*Question agreed to.*

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

#### POLICE

That the draft Safeguarding Vulnerable Groups Act 2006 (Amendment) (Provision of Information) Order 2025, which was laid before this House on 9 January, be approved.—(*Anna Turley.*)

*Question agreed to.*

### DELEGATED LEGISLATION (COMMITTEES)

#### FINANCIAL ASSISTANCE TO INDUSTRY

*Ordered,*

That the Motion in the name of Secretary Peter Kyle relating to Financial Assistance to Industry shall be treated as if it related to an instrument subject to the provisions of Standing Order No. 118 (Delegated Legislation Committees) in respect of which notice has been given that the instrument be approved.—(*Lucy Powell.*)

### STANDARDS

*Ordered,*

That Mark Ferguson be discharged from the Committee on Standards and Michael Wheeler be added.—(*Mark Tami.*)

### PRIVILEGES

*Ordered,*

That Mark Ferguson be discharged from the Committee of Privileges and Michael Wheeler be added.—(*Mark Tami.*)

### BACKBENCH BUSINESS

*Ordered,*

That Jack Abbott be discharged from the Backbench Business Committee and Jonathan Davies be added.—(*Mark Tami, on behalf of the Committee of Selection.*)

### ENVIRONMENTAL AUDIT

*Ordered,*

That Alison Griffiths be a member of the Environmental Audit Committee.—(*Mark Tami, on behalf of the Committee of Selection.*)

### PETITIONS

*Ordered,*

That David Baines be discharged from the Petitions Committee and Jacob Collier be added.—(*Mark Tami, on behalf of the Committee of Selection.*)

### STATUTORY INSTRUMENTS (JOINT COMMITTEE)

*Ordered,*

That Mark Ferguson and Claire Hughes be discharged from the Joint Committee on Statutory Instruments and Rachel Blake and David Pinto-Duschinsky be added.—(*Mark Tami, on behalf of the Committee of Selection.*)

### PETITION

#### Potential closure of Newton Ferrers Pharmacy

8.30 pm

**Rebecca Smith** (South West Devon) (Con): Further to a similar online petition that is approaching 1,000 signatures, I present this petition of over 100 constituents from Newton Ferrers and Noss Mayo who rely on Newton Ferrers pharmacy, which is owned and run by Esi Kumurdzi. My constituents are deeply concerned about the future of this vital pharmacy, which is under threat due to soaring costs and the out-of-date NHS contract.

The petition states:

The petition of residents of South West Devon,

Declares that the potential closure of Newton Ferrers Pharmacy is causing significant concern for the local community; further declares that the pressures placed on local pharmacies include inadequate funding, rising operating costs, the difficulty in recruiting and retaining community pharmacists, and the recent rise in National Insurance rates for employers, which is expected to cost pharmacies an additional £50 million; further notes that these closures have led to increased pressure on GP surgeries and hospitals, as patients are forced to seek alternative care options; and acknowledges that the vital role that community pharmacies play in providing accessible, convenient, and cost-effective healthcare to local populations should be recognised in the renegotiated Community Pharmacy Contractual Framework.

The petitioners therefore request that the House of Commons urges the Government to take immediate action to address the challenges facing community pharmacies, including assessing the adequacy of funding in this area, providing support to reduce operating costs, addressing the impact of National Insurance rises, and improving workforce retention strategies in the lead-up to the renegotiation of the Community Pharmacy Contractual Framework.

And the petitioners remain, etc.

## Church of England: Safeguarding

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

8.33 pm

**Luke Myer** (Middlesbrough South and East Cleveland) (Lab): I declare my role as a member of the Ecclesiastical Committee.

I am grateful that we have been granted this opportunity to discuss a serious matter of importance to our constituents, to the Church of England, and most importantly to the victims and survivors of abuse. I am grateful to all right hon. and hon. Members who are here on behalf of their constituents.

As a Member of Parliament and a Christian who believes in the Church and the positive, powerful role it plays in our communities, I believe that the stories of survivors and their calls for change must be heard, both here today and by the General Synod of the Church of England. For those in the Chamber, in the Gallery and at home, it is important to note that this debate may include difficult matters. I trust that it will be a measured debate. This is a sensitive topic, and I know that Members on both sides will want to advance the interests of those who have suffered abuse within the Church.

My constituent Dame Jasvinder Sanghera will be known to Members across the House for her campaigning on abuse of many kinds. She served as the survivor advocate on the Church of England's independent safeguarding board. In this role, she worked closely with survivors, some of whom join us today. My team and I have worked with her since my election last year. Along with her colleague Steve Reeves, she has advocated for survivors by escalating their cases for review, challenging processes and pushing for justice. I commend her and her work.

In preparation for this debate, I met members of the group of survivors involved with the independent safeguarding board sample cases—they call themselves the ISB 11. I have heard stories that I will never forget. What struck me most is that they see themselves as survivors not only of the initial abuse they received but of the Church's safeguarding process—one that has forced these brave and courageous people, who have stood up to power, to re-live, lengthen and even amplify the abuse they have received.

**Dawn Butler** (Brent East) (Lab): I thank my hon. Friend for the way he is setting out this debate. Does he agree that independent safeguarding is paramount? As he said, survivors of abuse have had to re-live it over and over. This is an establishment where they should have felt safest.

**Luke Myer:** I could not agree more; that is the crux of my speech. It is essential that the victims and survivors are heard. I am grateful to the Minister and the Second Church Estates Commissioner, both of whom are leaders on these matters, for being here to hear the stories and to respond.

The stories include that of Mr X, who was the first and only survivor to have an ISB case review published. Throughout his life, Mr X has sought justice after he was abused by three individuals in the Church. He ended up having his business and livelihood destroyed

by civil litigation and he is yet to see justice. Another survivor told me of an ongoing, decades-long fight for justice. West Midlands police commented on the case:

"it doesn't normally take 20 years for a complaint to be investigated".

Another survivor, a woman who wishes to remain anonymous, told me that she now has a heart monitor because of her severe panic attacks. She told me:

"The priest that abused me still lives in my area. The community has ostracised me and I am now housebound, I want the truth to come out. Jas and Steve have supported me the best they can, at one point we talked every week. If they had not been there I think I would have taken my life."

Another survivor told me that he feels that previous recommendations have fallen on deaf ears, with steps to protect perpetrators rather than to support victims. Perhaps most harrowingly of all, one of the ISB 11, who is just over 18 years old, having initially suffered abuse at the age of eight, is still fighting for justice. At such a young age, he has already been waiting over half his life to see justice. I have no doubt that many Members across this House will have heard similar stories.

**Alison Bennett** (Mid Sussex) (LD): I thank the hon. Member for securing this important debate and for setting out what has happened in such measured terms. Mr X is a constituent of mine. I spoke to him this afternoon, and he described to me the catalogue of betrayals that he has been subject to from the age of 12 until now at the age of 56, initially through the abuse and then through subsequent failings by the Church of England. I thank my constituent for retelling his story to me; it is the 28th time that he has had to re-tell the story to a stranger. I thank him for sticking his neck out to try to get change. He told me that he has lost the ability to walk away from this. Does the hon. Member agree that it is only through meaningful accountability from the Church of England that he will get justice?

**Luke Myer:** I absolutely agree. Hearing Mr X's case and reading the report that was published showed the stark experiences that he went through. He is one of the ISB 11, but there are many others. They all must seek justice.

**Jim Shannon** (Strangford) (DUP): I commend the hon. Gentleman, who I spoke to beforehand, for securing the debate. I, like others, seek some level of legal process, whatever that may be. Does he agree that the Church of England and all charitable bodies must be subject to the law of the land in exactly the same manner, whether religious or non-religious? Those working with vulnerable adults or children should have training and background searches, whether they are in a church hall or a local community hall. Safeguarding has to be of the same standard across this great United Kingdom of Great Britain and Northern Ireland. Justice is what we are after.

**Luke Myer:** I absolutely agree with the hon. Gentleman. His point reminds me of a line from the second report by Alexis Jay; I spoke to her at the weekend and she reiterated this to me. It says that that the

"Church safeguarding service falls below the standards for consistency expected and set in secular organisations",

whether those be local authorities or anything else.



**Melanie Onn** (Great Grimsby and Cleethorpes) (Lab): My hon. Friend is making a powerful case. He is right that many constituencies have been affected. Members will have constituents who have suffered abuse in a place where they should have felt very safe. It is the same for the constituent who contacted me: he participated in football activities and experienced abuse as a young child that has affected the whole of his life. His mental health has been shredded.

There has been a lack of accountability, a lack of seriousness and slow pace from the Church of England when it comes to taking such cases seriously and giving people the justice they feel is necessary. The Church just does not seem to be catching up with the expectations of modern society and the safeguarding that happens in every other institution and organisation that works with young people and vulnerable people. Does my hon. Friend agree that the Church really has to pull its socks up and get its act together if it is to restore the faith that this country should have in this most honoured of institutions?

**Luke Myer:** I completely agree with my hon. Friend, who is a real champion for her constituent and all her constituents. Sadly, the case that she has outlined is all too familiar and like many other cases across the country.

We owe it to the survivors and others who have endured physical, emotional and spiritual abuse to highlight the serious shortcomings in the Church's safeguarding structures. Too often, while instances of abuse may have lasted moments, the Church's processes for investigating and reviewing these cases have been painfully slow, frustrated and needlessly complex. It cannot be right that the systems intended to support survivors often further traumatised them.

I, too, have been told stories of those who tragically have taken their own lives in the view that their perpetrators will never face justice. Survivors tell me of feeling trapped in a seemingly endless cycle of uncertainty and distress. One told me that they will not feel fully comfortable while this issue is

"kept within the walls of the Church."

**Ms Polly Billington** (East Thanet) (Lab): I appreciate my hon. Friend's efforts in getting the debate held. I have previously raised in the House the possibility of holding the Church of England accountable to the public through being subject to the strictures of the Freedom of Information Act. I was advised that that was unsuitable because it is technically not a public body, and yet it is an institution and part of the fabric of this country.

It is unconscionable for people who use and revere this institution to find that they are not safe in it, that instead it protects its own—it protects perpetrators—and that the people right at the top use the excuse of legal constructions or institutional formations to justify not pursuing these situations. Does my hon. Friend agree that as legislators we must argue for greater transparency in the Church of England, as the hon. Member for Strangford (Jim Shannon) said about other public bodies?

**Luke Myer** *rose—*

**Madam Deputy Speaker (Ms Nusrat Ghani):** Order. Before the hon. Member gets back to his feet, I should say that, although I can see that this is a serious and important debate, interventions must be short.

**Luke Myer:** I completely agree with my hon. Friend the Member for East Thanet (Ms Billington), who has had a long career holding powerful people to account in many different ways. As she outlined, this is a case of an institution for which it is difficult to get accountability and transparency. I am glad that we have this forum to discuss these issues, but Parliament itself is quite limited in how it can hold the Church to account.

I sit on the Ecclesiastical Committee, which has to wait for Measures to come forward from the Synod to be approved. There is some discussion as to whether that Committee ought to have greater powers to hold the Church to account, but the broader point is the same as the one I made earlier, which is that the Church falls below the standards required of other organisations.

**Rachael Maskell** (York Central) (Lab/Co-op): I am grateful to my hon. Friend for bringing forward this debate and for the way in which he is doing so. Does he agree that the technical nuances that caused the Church of England to go for option 3 rather than option 4 could be overcome by formulating a process of accountability around the safeguarding structures within the Church of England, to ensure that any provider of such services had a strong line of communication in order to hear what is needed in places such as York, where we have a cathedral, which I understand is where some of the challenges are coming from?

**Luke Myer:** I agree with my hon. Friend. Various issues were raised at Synod, and one of them was around the Charity Commission. I have discussed this precise issue with Professor Jay, and it is her view that there is nothing in this that cannot be resolved. I understand that the Charity Commission is taking a direct interest in safeguarding at the moment, and I hope that an arrangement can be made on that, but the point that my hon. Friend makes is right. There are too many blockers, culturally and in terms of technical details, but what the Church needs to do is move forward with pace and make sure that victims and survivors see justice.

It is our responsibility in this House to do all we can to urge the Church to act so that these failures are addressed, survivors' voices are heard and meaningful, sensible and effective reforms are implemented. We touched on one of the main reforms earlier, and I will come to that in a moment, but before I do, let me be clear that I have the utmost respect for local clergy up and down the country who are doing so much work within our communities. I also respect the laity and all the volunteers who are doing good work to keep people safe, including the church warden and the local parish safeguarding officers. They too are let down by systemic failure and many of them are crying out for change. In fact, it is my understanding that the sample carried out by the Church's response group to the Jay report finds that not only survivors, but the majority of local clergy support the recommendations.

I also wish to recognise the work of many members of the General Synod, and in particular Clive Billenness, a lay member of the Synod who represented the Diocese in Europe and was a powerful ally of victims and survivors. He sadly passed away just last month, and I know that survivors truly valued his efforts and contribution to their cause. I also recognise the work of my own

constituent, Father Adam Gaunt of Loftus, who has helped me to understand the structures of Synod and is working on the abuse redress scheme as well.

**Martin Vickers** (Brigg and Immingham) (Con): The hon. Gentleman is making a powerful speech. Speaking as a member of the Church of England and someone who has served on parochial church councils and as a church warden, I recognise how important it is that we move forward. He mentioned moving forward a moment ago, but in order to do that, is it not necessary for the leadership of the Church to take a lead on this? I say this with the Second Church Estates Commissioner, the hon. Member for Battersea (Marsha De Cordova) listening to the debate. Surely the sooner we have a new Archbishop of Canterbury who can lead the Church and hopefully provide dynamic leadership for that institution, the better. Only then can the Church of England move forward.

**Luke Myer:** I thank the hon. Gentleman for that intervention. The Church has been making various decisions on this, but it has not been moving forward with the required pace. My intention in bringing forward this debate is to shine a light on that and urge it to act with pace. I thank him for making that point.

I have listed various individuals and groups within the Church, and my intention in this debate is not to diminish or tarnish any of their contributions but to highlight how processes have not functioned and how survivors have been let down, and what we can do as a House to encourage the Church to implement better structures.

The journey of safeguarding reform in the Church is long and complex. It runs from the Clergy Discipline Measure 2003 through the past cases reviews in the 2000s, the Chichester visitation in 2012, the establishment of the national safeguarding panel and national safeguarding team in 2014 and 2015, the Stobart review in 2018, the Social Care Institute for Excellence report in 2019, the Chichester/Peter Ball investigation in 2019, the independent inquiry into child sexual abuse—IICSA—by Professor Jay, the Elliott report in 2020, the Wilkinson report in 2023 and the further Alexis Jay report in 2024 to the recent Makin report, among others.

We have had plenty of reports, but while some improvements have been made, there remains “systemic underlying vulnerabilities” arising from the Church’s safeguarding structure. Survivors have told me that there are complex, hard-to-navigate structures and slow, institutionally defensive responses. Around 2020, calls for an independent structure to oversee safeguarding practices emerged.

The Archbishops’ Council debated what that should look like—whether to create a fully independent body or to establish a board for the oversight of safeguarding, which would develop further independence. That board became the ISB, which was established in 2021. There were problems that affected the ISB, as the Wilkinson review explored, but its work was important. It built trust with victims and survivors. In fact, Mr X told me that he was

“initially sceptical of the ISB when it was set up”

but said that it went on to

“provide a ray of hope for the survivor community”.

By 2022, the ISB had started reviewing cases and making recommendations, with the first published in November that year, but, as Wilkinson found, there was a “lack of trust” between the ISB and the Church’s safeguarding structures concerning

“how the recommendations should be implemented.”

As issues escalated, ultimately, in June 2023 the board members were sacked and the board disbanded.

Wilkinson found that

“no risk assessment beyond informal conversations was carried out by or on behalf of the Archbishops’ Council members about the effect of”

this decision

“on victims and survivors who were engaged with them, particularly those involved in case reviews”.

She went on to say that it

“showed lamentably little trauma-informed regard for the vulnerability of the individuals with whom the ISB were working”.

I have heard from some of the 11 survivors, who suffered mental distress after the decision. Three landed in emergency mental services, and two developed serious suicidal thoughts. Mr X called it an “obliteration of hope.” The treatment of survivors here is itself a serious safeguarding failure. It is clear that the secretary-general of the Archbishops’ Council has questions to answer.

Around the time of the dissolution of the ISB, Professor Jay was invited to provide recommendations on the way forward. Her report said that “the only way” in which safeguarding can be improved is by making it

“truly independent of the Church.”

The central problem is that the complexity of the Church means that rather than one approach, there are 42 different dioceses, each with different safeguarding systems. Safeguarding practitioners have said that this limits effective safeguarding. Professor Jay noted in her report:

“Church safeguarding service falls below the standards for consistency expected and set in secular organisations.”

Lesley-Anne Ryder, the independent co-chair for the response group to Jay, said to Synod that

“this level of complexity is incomprehensible. It is counter productive”.

She said that it is

“One of the ways in which you are losing the trust...of the nation”.

The complexity creates a patchwork of different approaches. Some dioceses do implement robust safeguarding practices, and some have independent sexual violence advisers. The diocese of Newcastle has four permanent staff members with key safeguarding roles, including a caseworker and a training lead.

I pay tribute to the Bishop of Newcastle, whose leadership on the issue has been commendable. I met her last year to discuss these matters, and she has much support in the country and, I am sure, the House. Other dioceses, however, lack such comprehensive systems, often relying on bringing in external consultants. It is simply not acceptable that the experience of survivors should vary depending on where they live. There must be a unified and consistent system that is evenly resourced with the same quality of support, respecting the independent expertise of safeguarding professionals.

Professor Jay recommended the

“creation of two separate charities, one for independent operational safeguarding and one for independent scrutiny of safeguarding.”

[Luke Myer]

It is that issue that went before the General Synod last month. While Synod voted in favour of setting up an external scrutiny body, it only backed the principle of an independent operations body. That is deeply disappointing—a two-stage approach for an issue of such urgency, when survivors have already waited decades, moving from one system to another with no sign of any meaningful resolution. One survivor told me that he first reported his abuse over 40 years ago. Any further delay in delivering justice for survivors is simply unacceptable.

I do not wish to be misunderstood. The agreement of the Synod to

“affirm its commitment to greater independence”

going forward is an important step, but the decision on operations did not follow the recommendation from Professor Jay and many other specialists and professionals, or the preference of many survivors. I believe that more delay will simply confirm the survivors’ view that the Church is kicking the can down the road. Having spoken to Synod members, I do not think that that is the intention, but the reality is that, as things stand, this patchwork of procedures remains, and the Church effectively continues marking its own homework. That is clearly not acceptable.

We will hear from the Minister shortly. It is a welcome step that, earlier this year, the Government agreed to implement Professor Jay’s IICSA recommendations on safeguarding and abuse. That makes it all the more pressing that Professor Jay’s recommendations for the Church be implemented, too. As Mr X said to me:

“This is a critical point for the Church.”

Scripture teaches us to

“Speak up for those who cannot speak for themselves.”

The Church ought to be a place of refuge, of grace, of trust. Yet, for far too many, it has been a place of harm. We have seen apologies, report and reviews, yet survivors still tell us that they are unheard, ignored and left to fight alone for basic justice. That must change. The Church’s safeguarding structures must be independent, transparent and accountable. Its days of marking its own homework must end. Survivors must be not just consulted but placed at the heart of reform. Let us be absolutely clear: protecting the reputation of an institution must never, ever come before protecting the safety of a person.

The test of faith is not in the easy moments but in the hard truths, and the hard truth is this: trust in the Church will only be restored when every survivor who steps forward is met with compassion, justice and meaningful action.

**Madam Deputy Speaker (Ms Nusrat Ghani):** I call Marsha De Cordova.

8.56 pm

**The Second Church Estates Commissioner (Marsha De Cordova):** Thank you, Madam Deputy Speaker, for allowing me to speak in the debate in my capacity as Second Church Estates Commissioner. I congratulate my hon. Friend the Member for Middlesbrough South and East Cleveland (Luke Myer) on securing this extremely

important debate, and on the way in which he so eloquently set out the issue, the challenges, and the action and next steps that need to be taken. I share his desire to see survivors of abuse treated justly, with dignity and respect, and for perpetrators to be fully held to account. Like him, I look forward to a time when we all have our confidence in the Church of England’s safeguarding practices fully restored.

When I was appointed Second Church Estates Commissioner last October, I could not have foreseen the storm that was about to engulf the Church. Since the publication of the Makin report, which exposed the devastating abuse inflicted by John Smyth, MPs—myself included—have received correspondence from constituents, local clergy, and victims and survivors. Indeed, in this debate we have heard from many Members from across the House about the many challenges that this issue has raised for them. They have rightly expressed their concern about the historical and ongoing failures to keep people safe in the Church—the one place that anybody would expect to be a place of safety and sanctuary. They have also expressed concern about what looks to be a lack of consistency and transparency in the Church’s approach to safeguarding and disclosures of abuse.

**Dawn Butler:** One of my constituents told me that they could not go back and tell their parents what was happening to them because it was at the church, which was supposed to be a place of sanctuary where they were safe. To find out that those at the head of the Church would move abusers to another church, instead of moving them out of the Church and into jail, just added another insult to injury. Does my hon. Friend agree that that needs to stop now?

**Marsha De Cordova:** My hon. Friend will not be surprised to hear that I agree with her 100%.

These failures are not new. As my hon. Friend the Member for Middlesbrough South and East Cleveland highlighted, before the Makin review there was the independent inquiry into child sex abuse. Over the past nine years, there have been multiple reviews into safeguarding abuses in the Church of England—multiple reviews with multiple recommendations, I might add. There have been some positive steps and changes, and I commend the work of the national safeguarding team and many people in our local parishes and dioceses around the country, who have all been working incredibly hard, but I think we can collectively agree that more needs to be done. Victims and survivors have been waiting for too long. We have come to a point where both Parliament and the public need to see the Church fully committed to change.

We have to ensure that safeguarding is transparent, accountable, consistent in its approach to disclosures of abuse, and trusted by the public, congregations, clergy and, most importantly, victims and survivors. That is why, at the General Synod in February, during my maiden speech, I made clear my support for the Church’s safeguarding operations to be wholly independent of the Church. That was the approach put forward by the Church’s lead bishop for safeguarding, Joanne Grenfell, and it was known as model 4. That approach would have created independent safeguarding operations, an independent complaints process, an independent scrutiny function and independent audits. It was supported by



Professor Alexis Jay, who was the author of the report “The Future of Church Safeguarding”, known as the Jay review, and by local clergy in my constituency of Battersea. They made it clear to me that, while they are getting on with the day-to-day work of the Church, serving and supporting their local community on the frontline, they want to see the Church as an institution show some humility. Like me, they do not think that the Church should mark its own homework.

It was therefore a huge disappointment to me that the Synod chose not to back a wholly independent model of safeguarding. Instead, it opted for the creation of an external scrutiny body to examine the Church’s safeguarding practices. That approach was known as model 3, and it will see the transfer of most of the functions currently delivered by the Church’s national safeguarding team, except policy development, to an external employer.

Although model 3 includes looking at some of the practicalities of creating a fully independent safeguarding body to take on all the Church’s safeguarding work, I do not believe that that was the approach that needed to be taken, as I have outlined. It is vital, however, that the work is taken up with urgency and at pace. At present, there are no clear deadlines and no clear plan for taking the work forward. I believe we need to see a clear plan if we are to give victims and survivors, and the public, hope that the Church will really transform its approach to safeguarding, and the safety of those who are part of it.

It was right that the Synod voted to

“lament and repent of the failure of the Church to be welcoming to victims and survivors and the harm they have experienced and continue to experience in the life of the Church”,

but we need to remember that keeping people safe and ensuring accountability is the best way to honour victims and survivors of abuse. Some are probably watching today’s debate; some may even be here in person. They will be listening, and they will know better than any of us that there is still a long way to go. The Church must treat its work on independent safeguarding operations as a matter of urgency. We need no more blocking; we just need action, because action will speak louder than any words that any of us say here today.

I am grateful to my hon. Friend the Member for Middlesbrough South and East Cleveland for his commitment to seeing this change through. He should be commended for his relentlessness in ensuring that this place has the opportunity to debate the issue. This is one of the first Adjournment debates on an issue that affects the Church, and it is important that many hon. Members have chosen to be in the Chamber, to contribute and to raise such important issues.

As I said when the Makin report was published in November last year, this has to be a watershed moment for the Church to transform both its culture and its safeguarding structures. Unless that happens, what will happen to the Church? Many of us here are Christians and followers of Jesus, so we want to see the Church change. The Church is a voice for the voiceless, as many of us know, and I hope I will not find myself in this Chamber in a year or two repeating the same sentiment.

**Ms Billington:** We are talking not just about changing attitudes and culture, but about changing safeguarding structures. While power is held by a small number of people who are refusing to let go of that power, it is

becoming increasingly apparent that it is impossible to change that culture, so the structures of the Church itself need to change.

**Marsha De Cordova:** My hon. Friend has also been using her voice to speak up on this issue. We need to focus on the matter at hand: safeguarding in the Church of England. We have seen the recommendations in the Makin review and in all the previous reviews, so my question is: if change does not happen now, then when will it happen?

9.7 pm

**Richard Baker** (Glenrothes and Mid Fife) (Lab): It is a pleasure to follow the Second Church Estates Commissioner, my hon. Friend the Member for Battersea (Marsha De Cordova). I thank her for her powerful speech and for all she does to encourage the Church to face up to its responsibilities on safeguarding and to acknowledge the pain and suffering the Church has caused to far too many people, because of its failures around safeguarding. I thank her for ensuring that the House has a proper role in the scrutiny of the process, as the Church must move forward.

I also thank my hon. Friend the Member for Middlesbrough South and East Cleveland (Luke Myer) for his considered, thoughtful and harrowing speech, and for all the work he has so powerfully taken forward on behalf of the survivors of the abuse with whom he is working. We must look to those people for the way forward, to ensure that the Church properly recognises the actions it must take to make sure that those crimes are not repeated in the future. I thank him for giving me the chance to make a brief contribution on such a serious matter.

I must declare a number of interests. Both my parents are retired members of the clergy in the Church of England, in the diocese of Carlisle. I am member of St Serf’s church in Burntisland, in the diocese of St Andrews, in the Scottish Episcopal Church, which is a member of the worldwide Anglican Communion. I am both formerly the safeguarding co-ordinator for our congregation and, prior to my election, I was the convener of the Provincial Safeguarding Committee of the Scottish Episcopal Church.

I am one of millions of people across the world for whom faith and worship within the Anglican communion plays a huge and positive part in my life. We belong to our Church because we want it to be a force for good, not just in our own lives and the lives of our congregations, but for our wider community. That is why our congregations should be and must be places where every member is respected, valued and safe.

It is appalling and deeply saddening that that has not been the case for far too many people over so many years in the Church of England, and that these safeguarding failures—these crimes of abuse—have been allowed to go on. We have heard in this debate why they have been allowed to go on and about the failures of leadership that lie behind that. The horrific acts of abuse documented in the independent report of the child sexual abuse inquiry into the Church of England and, more recently, the shocking events investigated by the Makin review must never be allowed to happen again.

I believe it is important, as we have heard from others, to recognise that in making the case to take forward the important recommendations in those reports, the focus

[Richard Baker]

is not on restoring the reputation of the Church or on discussing who in the Church leadership has to take ultimate accountability, important though that is. The focus of the process must be on the accountability of the Church to the survivors of abuse, who have so bravely spoken out about the need for change—the ISB 11 and so many others. I find it appalling and incredible that they have not been heard by Church leaders as they should have been. Crucially, they must be listened to in order to ensure that these crimes are not repeated in the future, that people in our congregations are safe and that we are actually true to our Christian mission.

During my own involvement in safeguarding policy in the Scottish Episcopal Church, we made significant changes to our policies and processes because we recognised that even though we are a far smaller Church, we still had to do more to ensure that there was proper recognition of the importance of safeguarding in every congregation in the province. I was greatly assisted in that work by an expert in safeguarding, David Strang, a former chief constable of Lothian and Borders police.

Although I am sure that we can still do much more in our Church, crucial to the process for reform in the Episcopal Church was both increasing resources for safeguarding and establishing the fundamental principle of independent oversight of safeguarding. That experience leads me to conclude that the Church of England should listen not only to survivors of abuse, who have suffered from its own failures of leadership and safeguarding, but to the experts who have investigated so fully, with such great intensity and so diligently, how these appalling events were allowed to happen.

After the vote at Synod last month not to move immediately to independent safeguarding professionals at all levels of the Church, Professor Alexis Jay said of the decision:

“It will be devastating for victims and survivors, whose trust and confidence will absolutely not be restored as a consequence of the decision.”

Given the failures of safeguarding that have happened within dioceses and within cathedral vestries, as we have heard, that appears to be a very rational conclusion to what was agreed at Synod.

We have been assured that the model of safeguarding that has been approved will facilitate all safeguarding in the Church moving into an independent organisation in due course, but it has now been nearly two years since the Church’s independent advisory board on safeguarding was dismissed. I believe that the Church should now finally act swiftly to complete that process and move to a fully independent structure for safeguarding.

Given the scale of the abuse and the suffering caused, I hope that the Minister will agree it is vital that the Government and this House play our part in shining a light on the process within the Church. The victims and survivors of abuse within the Church have asked to be heard. They have made their case so powerfully and with such patience, despite all that they have faced and endured. It is vital that, after all they have suffered and the dignity with which they have made their arguments for change, they are heard in the Church and in this Parliament.

9.13 pm

**Sean Woodcock** (Banbury) (Lab): I am grateful to my hon. Friend the Member for Middlesbrough South and East Cleveland (Luke Myer) for securing this important debate. Safeguarding is the responsibility of everyone in our society, and the Church of England is just one of many institutions that have fallen short after having issues with abuse and safeguarding.

My hon. Friend mentioned that although there are clear issues in parts of the Church, there are examples of good practice. He made mention of his own Church, and I point to the example of the diocese of Oxford. Last September, an independent report said that the diocese of Oxford had a “solid safeguarding foundation”, which was delivered by an

“exceptionally well-led and blended safeguarding team”.

It also commended what it described as a “safeguarding first” philosophy and congratulated the parishes in the diocese on their work on the frontline,

“where talented parish safeguarding officers lead by example”

and where “collaboration is strong”. I mention that because that should be the standard. It should not be a postcode lottery; it should be the standard across the Church. What I have described is proof that it can be done by the institution, but in too many cases, it is not being done.

Victims want a victim-centred approach—one that is not about protecting the reputations of individuals or the institution. Practical action is needed, and frankly, the victims must also have confidence that those who have been involved in the Church’s failings will not be able to influence future decision making in this area. That is why the decision of the General Synod on this issue is entirely regrettable, and one to be lamented by this House.

9.15 pm

**Jonathan Davies** (Mid Derbyshire) (Lab): I thank my hon. Friend the Member for Middlesbrough South and East Cleveland (Luke Myer) for the sensitive way in which he opened this debate, and for the detailed way in which he set out the journey that has brought us to tonight’s discussion. It is telling that there are a lot of Members present across the Chamber tonight. Of course, we stand with victims and we are appalled that there have been so many, but I am sure I speak for many of us when I say that we are passionate about the Church of England, what it stands for and what it seeks to do—how it seeks to lift us to another plane and give us hope. We want to see it succeed, but it is so important that the Church gets its relationship with safeguarding right, because so many victims have been failed: victims of physical and sexual abuse, of emotional or financial abuse, and of coercion.

As the Church of England is the established Church and enjoys a privileged position in this country, it is right that it is accountable to Parliament and that we are having this debate. It is important to note that it is not just the Church that has had issues with safeguarding, as profound as those issues may be. It is not just religious groups or organised religions, whether Christianity or other religions; there are many other sectors across society, including the media, education and healthcare, where we can point to very poor safeguarding practices.

However, what many people find particularly disappointing about the Church is that they feel it is a place where they ought to be safe, and they ought to be able to trust its leaders. Many of those leaders do an outstanding job, often in difficult circumstances, but fundamentally—as with the other sectors that have experienced these issues—the Church is run by people. In that respect, it is no different.

I want to touch on how the Church has responded to some safeguarding issues and where, in an attempt to provide redress for its past failings, it has been ham-fisted in dealing with cases of people who perhaps have not met the threshold for being on the receiving end of sanction for something that they may or may not have done. I am reminded of the case of Bishop George Bell, whose reputation had been solid, and who was deemed not to have committed any crime at all. There are similar instances that will never be reported, and those people carry around that burden with them. It is important that the Church learns to be proactive about safeguarding and supporting victims, but also ensures that it does not take people through a safeguarding process who should not be there, or perhaps should be investigated but with no further action taken. It is important that the Church understands that it must strike that balance, because if it is taking action against people to safeguard its own reputation, it is failing a whole different set of people. I am sorry to have seen some cases like that in the course of my work.

I am pleased that the Church is beginning to come to terms with what it needs to do to put this right, so that people trust it more than they have been able to in recent years, and that it is keen to learn lessons. However, it is deeply disappointing that the Church has not chosen to have an independent process to give people more trust, removing the almost political priorities of its leaders and their desire to save their reputation—leaders right from the top, down to parish level—in favour of something that can be more objective about individuals' cases, as well as about wider policy.

As I began by saying, we are desperate for the Church to succeed. It brings so much to all of our communities—there are food banks that have been set up because of what the Church does, and social activities that bring people together. That is aside from all the work that the Church does to support people in their faith and give them hope, so we need it to succeed. It is the custodian of so many of the world's most important buildings. It makes a fantastic and huge contribution to our cultural life, but it absolutely must get this issue right. If it fails to do so, it will face an existential threat, and I cannot countenance that as a proud Anglican. I want to see the Church succeed, but it must do right by victims. It must embed the change that it needs to embed and change its culture so that it is not characterised in these terms going forward, so that we do not have to discuss this issue any further and so that the Church can get on with what it is here to do.

9.20 pm

**The Parliamentary Under-Secretary of State for the Home Department (Jess Phillips):** First, I thank everybody who has spoken in the debate. I give special mention to my hon. Friend the Member for Middlesbrough South and East Cleveland (Luke Myer) for the passionate and detailed manner in which he took the House through

the issues. The stories of victims that we have heard today are harrowing, not just in the facts of their abuse, but in the ignorance and the shutdown described by my hon. Friend and by Mr X's constituency MP, the hon. Member for Mid Sussex (Alison Bennett), which I suppose is the issue that compounds it.

My hon. Friend the Member for Mid Derbyshire (Jonathan Davies) talked about this being an issue faced in many institutions. The Church of England or any other religious institution is not alone in having faced safeguarding issues and problems over the years, but it is how we react to that safeguarding challenge and what we put in place that matters. It is not for the Government to tell the Church of England how to have its processes—the Synod is there to do that. When my hon. Friend was listing institutions that had faced safeguarding issues, one that was not listed was this institution. I recall—many of the people here today were here then—that one of the things we did here, which people like me fought for, was to put in an independent process to oversee issues of sexual abuse and violence within this institution.

Safeguarding is rightly the responsibility of all, and I am grateful for the important contributions made today. I welcome the opportunity to talk about the Government's approach to safeguarding. Let me be clear that I cannot tell the Synod what it has to do, but I condemn the acts of psychological, emotional and physical and sexual abuse against both adults and children, including where those occur in religious settings or contexts. As with every case of abuse, my thoughts are first and foremost with the victims and survivors.

**Ms Billington:** I understand what the Minister is saying. However, we have a situation where the institution is compounding that abuse, by the way that it is protecting the people in power or the people in power are protecting the perpetrators, thereby further hurting victims. I understand that the Minister cannot tell the Church of England how to conduct its safeguarding. However, will she please acknowledge that its failure to conduct proper safeguarding is compounding that abuse and is something that the Church of England has a duty to correct?

**Jess Phillips:** I gladly agree with my hon. Friend. What I know from years working on the frontline with victims of historical and current abuses—it is usually sexual abuse that I am talking about in this particular instance—is that victims tell me that what happened to them was horrendous, but what continued to happen to them because of failures by institutions to act was worse. It is a longer, more traumatic experience.

Whether this involves our court systems, our policing systems, our local authorities or—as in this instance—the Church, we have opportunities, as those who take a role in safeguarding, to do the right thing. It is not always easy to do the right thing straightaway and to make everything perfect, and I do not think anyone is asking for that. However, it is important for the processes that are put in place—and we have to do this as a nation, let alone what the Church has to do—to ensure that even if the outcome is not perfect, for justice is not always served, the procedure that people go through does not cause further harm. That should be the bare minimum that victims can expect. We are committed to tackling all forms of abuse against children wherever they occur, including the despicable crime of child sexual abuse.



**Sam Carling** (North West Cambridgeshire) (Lab): I welcome the Government's commitment to implementing the IICSA recommendations, notably the introduction of mandatory reporting, which will go a long way towards tackling abuse in religious settings. Does the Minister agree, particularly in the context of more independent safeguarding processes, that as we work to improve safeguarding in the Church of England we should also take the opportunity to bolster safeguarding within smaller religious groups, especially high-control religious groups like the one in which I grew up, in respect of which public awareness of the scale of failings is very low?

**Jess Phillips:** Absolutely. I will go on to talk about mandatory reporting, but the fundamental point is that, big or small, rich or poor, organisations that are in a position of power and responsibility and are working with children or vulnerable adults have a safeguarding responsibility. I would hope that bigger institutions, whether they are Governments or the larger religious institutions, want always to lead by example in this regard.

As has been mentioned, the Government have made a commitment to introduce a mandatory duty for those working with children to report sexual abuse and exploitation, making it a clear legal requirement for anyone in regulated activity—which will include the Church—relating to children in England to report to the police or the local authority if they are made aware that a child is being sexually abused. We are pleased that that commitment was introduced last week in the Crime and Policing Bill. We are also committed to making grooming an aggravating factor, toughening up sentencing and setting up a new victims and survivors panel, and we will set out a clear timeline for taking forward the 20 recommendations of the final IICSA report on child sexual abuse. As a nation, we also received recommendations from Professor Alexis Jay.

We like to conduct reviews. Institutions and Governments like to conduct reviews. We will not always agree with every recommendation, or even be able to implement every recommendation, but what is the point of constantly conducting reviews and just saying, "Lessons will be learned"? Lessons must actually be learned, and that must be followed by actions. It would seem from the litany of reviews detailed by my hon. Friend the Member for Middlesbrough South and East Cleveland that a great many actions could be being undertaken currently.

The Government are committed to safeguarding children and protecting them from harm in all settings. There are already many legal powers in place to protect them, and local authorities have a legal duty to investigate when they believe that a child is suffering or is likely to suffer significant harm. Keeping children safe in all settings is our priority, and we are driving forward important work including updating guidance for staff and parents

regarding out-of-school settings and strengthening guidance for local authorities on their legal powers to intervene, and the upcoming call for evidence will inform long-term proposals for safeguarding reform.

The Government have introduced the landmark Children's Wellbeing and Schools Bill, which puts protecting children at its heart, in addition to other measures such as the 2023 update of the Government's "Working together to safeguard children" statutory guidance. The Bill will improve information sharing across and within agencies, strengthening the role of education in multi-agency safeguarding arrangements, and will require the implementation of multi-agency child protection teams so that children are better protected in both school and out-of-school settings.

We will not let up in our efforts to safeguard and protect children and adults. It is crucial that we continue to step up prevention efforts, drive up reporting, bring more offenders to justice, and ensure that victims and survivors receive better care and support.

**Rachael Maskell:** I am grateful to the Minister for what she is saying. Given that it has been cited that there could be a technical reason with the Charity Commission as to the roles of trustees within the structures of cathedrals, will she meet representatives of the Charity Commission to ensure that any impediment is worked through and that, if necessary, this place legislates to remove that impediment?

**Jess Phillips:** I thought my hon. Friend was going to ask me a very technical question about the trustees of cathedrals; characteristically, I would have stood up and said I do not know the answer. I can absolutely commit to meeting representatives of the Charity Commission to talk to them about what the impediment in this instance appears to be, because it almost certainly has read across for safeguarding in other institutions. If there is in fact an impediment, as the Minister for Safeguarding, I would be keen to find out what the impediment is.

There should be no status that is protected from scrutiny, and the culture of silence—through wilful ignorance or, worse, malign intent—to safeguard reputations above children must end wherever we see it. Lamenting and repenting is all well and good, but what my mom used to say to me is, "Sorry is just a word you say. Changing your behaviour proves to me that you are sorry." We owe a debt to the victims who come forward about any institutional abuse. We owe them more than lamenting and repenting. We owe them change.

*Question put and agreed to.*

9.32 pm

*House adjourned.*

# Westminster Hall

*Monday 3 March 2025*

[MARTIN VICKERS *in the Chair*]

## **Independent Schools: VAT and Business Rates Relief**

4.30 pm

**Martin Vickers (in the Chair):** Before we begin, I will make a short statement on the House's sub judice resolution. There are legal proceedings active in relation to the policy of applying VAT to private schools. However, Mr Speaker issued a waiver on 5 February to allow reference to those cases, now and in future proceedings, on the grounds of national importance. For the record, I point out that my daughter is a teacher in a school affected by the VAT on fees.

**John Lamont** (Berwickshire, Roxburgh and Selkirk) (Con): I beg to move,

That this House has considered e-petition 701268 relating to VAT on independent school fees and business rates relief for independent schools.

It is a pleasure to serve with you in the Chair, Mr Vickers. The petition is on an important subject and has gained over 114,000 signatures in two months. The lead petitioner, Hugh Beckinsale, is in the Public Gallery today with his daughter Amelia—someone who will be directly impacted by this policy decision. The petition has a straightforward ask of the Government: do not apply VAT to independent school fees or remove business rates relief.

The petition states that

"the Government needs to understand that not all independent school parents are wealthy, appreciate the benefits of independent schools and do better due diligence... We think this policy will split children from established friend networks, familiar environments and place the burden and cost on public schools."

I will build on those points throughout the debate, but those succinct statements go straight to the heart of the issue. I commend the petition organisers on being so direct and clear.

I will turn to my own view on this issue. The topic is divisive; usually, that would cause a Government to approach it with caution, respect and careful deliberation, but this Labour Government have taken the opposite approach. They have been deliberately divisive, because their goal is not to improve education for all or even some young people. The decision was taken for purely political and ideological reasons. It is a direct result of the politics of envy and bitterness that extreme elements of the Labour party subscribe to and champion. It will do damage to young people, directly and indirectly, but the Government are not listening or even pretending to listen.

In truth, Labour Ministers do not care about the negative impact of the policy, and they have not considered what may happen as a result of it. As the Independent Schools Council has made clear, independent schools were shocked at the rushed nature of the introduction of the policy. In my discussions with representatives of independent schools, they have said that it has not been well thought through.

Before I turn to the negative impact that the policy will have, I will briefly mention my constituency in the Scottish Borders. We are lucky to have excellent schools in the state and independent sectors across the Scottish Borders. St Mary's in Melrose is the only independent located in my constituency. However, many of my constituents send their children to independent schools in Edinburgh, East Lothian and across the border to Longridge Towers school near Berwick-upon-Tweed. St Mary's school was founded in 1895, and has been providing an extraordinary educational experience for boys and girls between two and 13-years-old. All those young people will be directly affected by the policy, so I have received many letters and emails from concerned parents and teachers.

As a result of the lack of care when this policy was brought in, Labour has created serious issues that will impact pupils, parents and the public purse. First, the policy will burden parents with huge costs when bills are already high; they have already been taxed on the money that they earn, but they will now be forced to pay tax on it again. As the Independent Schools Council has stated, this policy is

"a blanket tax that assumes independent schools are a stereotype".

It assumes, wrongly, that all parents who send their children to independent schools are immensely wealthy and can afford to pay more and more.

That was also noted by Matthew Dent, who is the public affairs and policy officer at the Independent Schools Council. He highlighted that the policy treats everyone who sends children to independent schools as wealthy, as well as the fact that it is simply not realistic to raise taxes by 20% with no warning. That is a good point: there are few other instances in which the Government would even consider introducing a 20 percentage-point tax rise in a single year.

The second issue that Labour has created is the impact on vulnerable pupils, who seem to have been neglected entirely. There seems to be no recognition from the Government that independent schools do not cater exclusively for wealthy children, but for young people who may need extra support. As the Independent Schools Council's chief executive, Julie Robinson, has said, the policy will,

"cause huge disruption for thousands of families and children, especially those in low-fee faith schools, specialist arts education, single-sex schools, or those who need special needs support."

The Scottish Council of Independent Schools has also endorsed that point, saying:

"Pupils with additional support needs will be affected the most by disruption to their education."

The policy will also have an impact on people on the margin of being able to afford independent schooling for their children. The ISC claims that around a third of independent schoolchildren are not paying full fees; they are there because of special needs or academic excellence, not because of how rich their parents are. In fact, in most cases, money cannot buy a place at a top independent school—only merit can. As the SCIS highlighted, children in receipt of fee assistance will be the most at risk of being forced out of independent schools. It stated that the finances of those families have

"already been rigorously means tested and assessed as at the limit of what they can afford therefore we know they cannot pay any more. Being forced to move school will be particularly detrimental to children with additional support needs."

[John Lamont]

None of that seems to have been properly, or even slightly, considered by this Labour Government, who charged ahead with this policy at breakneck speed. They did not sit down to have discussions about the impact that the policy would have on vulnerable children; they charged ahead, because this is an ideological and political move. It is not meant to help the country; it is intended to appease the left-wing fringe of the Labour party.

The third problem is the dreadful consequences on some young people who will be forced to move school. The policy could be devastating for those who will have to start again somewhere new. Students forced to move schools may be ripped out of a friend network or taken out of the stable set-up that they are used to. They may be forced, through absolutely no fault of their own, into a very different learning environment. Have the Government not made any assessment of the emotional and mental health damage that will cause to our young children, or do they just not care?

To make matters worse, that could happen to those young people at a critical moment in their education—for instance, in an exam year or when they are about to choose subjects that will influence their later career. How can it be fair to inflict that on young people? What have they done to deserve such upheaval? Why could this policy, if it had to be brought in, not have come through with a delayed introduction period so that parents could, at least, plan with a bit of warning?

It is clear that this policy is not an attack on wealthy parents but an attack on vulnerable children. As I have also already noted, many of those young people will have additional support needs and may not be well suited to a sudden change of environment. It is estimated that, in Scotland alone, 6,000 pupils will have their learning disrupted by being forced out of the sector. That is 6,000 young people in Scotland who will suffer for no good reason. What the Government are inflicting on young people is wrong, but they seem to neither listen nor care.

**Dr Scott Arthur** (Edinburgh South West) (Lab): The hon. Gentleman is talking with great passion about a subject that is of interest to him and to us all. He talked of many thousands of children facing displacement, but, in Edinburgh, I think the number of children being moved from the private sector to the state sector is somewhere between 50 and 60. Edinburgh has one of the largest private sectors in the UK, so where are the other thousands coming from?

**John Lamont:** The hon. Gentleman represents a part of Scotland where the proportion of young people going to independent schools is among the highest, if not the highest, in the country. I have had conversations with constituents and the teaching staff at a number of schools in his constituency, so I know how concerned they are. A number of parents are now considering taking their children out of the sector because they can no longer afford to pay the fees.

The hon. Gentleman knows from his discussions with those parents that they are not necessarily wealthy. During the last election, I spoke to parents who had made really tough choices about how they lead their lives to ensure that they can pay school fees—very often in schools in his constituency. They have made that choice about how they want their children to be brought up, and I think it

is wrong that the Government are potentially taking that choice away or making it much more difficult for families to send children to the very good schools that he supposedly represents.

**Christine Jardine** (Edinburgh West) (LD): I represent a different part of Edinburgh, where one in four or five pupils goes to independent school. I have already received representations from parents who have had to take their children out of their schools and are concerned about where they can be placed in the city, given that the Labour council has already said that at least 15, and possibly 16, schools will be at capacity by the end of the decade even if there are no extra pupils.

**John Lamont:** The hon. Lady makes an excellent point. Many young people, particularly in the city that she represents, go to schools in the independent sector, so the effect of this policy will be disproportionately higher in her city and the constituency of the hon. Member for Edinburgh South West (Dr Arthur), than in other parts of Scotland and the United Kingdom. It is disappointing how dismissive Labour Members are of the concerns raised by the schools that the hon. Gentleman supposedly represents.

My fourth point, which really undermines Labour's stated reasons for going ahead with this policy, is that there are huge potential costs to state schools arising from pupils moving out of independent schools. Every pupil who moves from an independent school to a state school will incur more cost to taxpayers. Those students did not cost the Government any money, but now their entire education will be met at a cost to the taxpayer.

The Government think that they have been clever by raising a tax to support public services, but they have not come to the obvious realisation that they are also raising the cost of providing public services. Just look at the number of students: there are 30,000 pupils in independent schools in Scotland alone. Survey data from the Independent Schools Council shows that, across the UK, 8,500 children have already left independent schools or did not start last September, and another 3,000 are expected to have left in January. The Independent Schools Council has stated that that is nearly four times the Government's estimate for this year alone. The kicker is that the real test will come in September 2025, once this policy really hits parents hard. All those pupils will now have their education delivered by the state, and taxpayers will have to pay for it.

Now that I have outlined the great damage that the policy could do, let me turn to what the Labour Government have said in response and rebut some of their ridiculous claims. The Government stated in response to the petition that the policy

"will raise £1.8bn a year, helping to deliver the Government's commitments for children in state schools."

Except that may not be the case. It may not raise anywhere near that amount, because that is an estimate, not a hard fact. That claim also does not fully take into account the cost to the public finances of so many young people joining the state school system all at once. It is a big claim, and it does not really stack up.

**Dr Arthur:** It is important to remember that, although there is uncertainty with the number, and the revenue could be slightly lower or slightly higher—we do not



know—the policy will none the less generate revenue. I spoke to the principal of an independent school in my constituency last week, and she outlined some of the challenges that she faces because of the policy, but the challenge that we face is that if we cancel the policy today—I know we cannot—the revenue that it generates will have to be found somewhere else. I ask the hon. Gentleman: where should we find that revenue? Perhaps we can find that money from public services in his constituency.

**Martin Vickers (in the Chair):** Order. I remind hon. Members that interventions should be short.

**John Lamont:** The last Government increased revenue expenditure in our schools during our time in office. If fewer pupils go into the independent sector, the Labour Government will have fewer opportunities to charge VAT, so the policy will not raise the anticipated revenue. I am intrigued to know whether, in the discussions that the hon. Gentleman has had with the multiple independent schools in his constituency, a single one indicated any support for the policy. I am more than happy for him to intervene again if he can name one school in Edinburgh that supports the policy.

**Dr Arthur:** I thank the hon. Gentleman for inviting my intervention. What I will say is that more than half of voters in Edinburgh voted for the policy. Does he think that they were wrong?

**John Lamont:** I would be amazed if the voters of Edinburgh endorse the policy in the way that the hon. Gentleman suggests. He should put that suggestion to some of the Facebook groups that support the directly affected Edinburgh parents—some of his constituents are directly affected by the policy—and see how many of their members say they support the policy. I suspect that very few will. If he paid any attention to those groups, he would know how much animosity there is towards the policy among parents in Edinburgh.

**Richard Tice (Boston and Skegness) (Reform):** Does the hon. Member agree that it is quite possible that this ludicrous policy raises the square root of net zero once we knock off possibly 100,000 children not going to independent schools, the recovery of input costs from schools, the closure of schools and the reduction in bursaries because the schools cannot afford to give them?

**John Lamont:** The hon. Member is absolutely right, and that leads me neatly to my next point. Let us look at what else the Labour Government have claimed. They said:

“Ending tax breaks for private schools was a tough but necessary decision that will secure additional funding to help deliver the Government’s commitments relating to education and young people.”

That supposed extra funding is far from guaranteed. The policy is unlikely to raise what has been stated, and it may well incur far greater costs to taxpayers than anticipated.

Let me state it plainly: nothing about this decision was necessary. This did not need to happen now or in this manner. At the very least, it could have been considered in detail, with all the repercussions weighed up. The Government estimate that in the long term, 37,000 pupils will leave or never enter the UK private school sector as a result of the VAT charge. That number

may also prove to be nonsense; if it is, the Government’s entire basis for doing this will fall apart. If the number is higher, the cost to the public finances will be higher and less revenue will be raised. That is a potentially vicious double whammy for the Treasury, inflicted entirely by Labour’s own design.

**Alison Taylor (Paisley and Renfrewshire North) (Lab):** Does the hon. Gentleman agree that the policy was well documented in the 2017, 2019 and 2024 Labour manifestos? People voting in the 2024 election were well aware of Labour’s policy.

**John Lamont:** If the hon. Lady engages with the parents and schools affected, as I am sure she has, she will know that one of their criticisms is the haste with which the policy was introduced, and the inability of schools and parents to make plans to adjust to this severe tax. I cannot think of another example of a Government trying to increase a tax by 20% in one go. One of the main reasons schools and parents are so concerned is the failure to engage, discuss and properly understand the impact, as well as the suggestion that only wealthy parents will be affected. The hon. Lady will know from her constituency that people are making tough choices about whether they send their young people to one of the local independent schools; they are making choices about how they lead their lives, and budgeting accordingly. It is very sad that the lives of young people will be disrupted as a consequence of the policy.

The Government also stated:

“Many of the resulting moves into state schools are expected to take place at natural transition points, such as when a child moves from primary to secondary school, or at the beginning of exam courses.”

That is pure assertion. It is made up. It is fantasy. The Government have no guarantees that that will be the case. There is no evidence to suggest that pupils will move only “at natural transition points”. Many parents will be unable to afford the extra bills and will have to move their children immediately, and not at a “natural” time. As I stated earlier, that could easily be at a critical moment in the child’s development.

The Government have said:

“These policies will not impact pupils with the most acute additional needs.”

That is plainly false. It is not even close to the truth. The Independent Schools Council, the Scottish Council of Independent Schools and individual headteachers all say the opposite. The Government’s policy will have an impact on vulnerable pupils with additional needs. It is simply shameful to claim otherwise, and does a huge disservice to the many parents out there doing their best for young people who just need a bit more help.

I conclude by thanking the petitioner again and all those who have signed this important petition. I look forward to hearing from other right hon. and hon. Members about their views of the petition. I believe that this reckless policy is being pursued for political and ideological reasons. It is not about what is best for the country; it is a move to placate the left wing of the Labour party. It will cost pupils, parents and taxpayers. It will leave both independent and state schools worse off. Labour promised change—well, here it is: change for the worse.

Several hon. Members rose—

**Martin Vickers (in the Chair):** Order. I remind Members that they should, bob if they wish to take part in the debate.

4.52 pm

**Alison Taylor** (Paisley and Renfrewshire North) (Lab): It is a pleasure to serve under your chairmanship, Mr Vickers. I thank the hon. Member for Berwickshire, Roxburgh and Selkirk (John Lamont) for his introduction to the petition today.

I have considerable sympathy with the petitioners. I know that families make the choice to send their children to a private school for many reasons. I have been contacted by constituents who felt that their children's needs were not being met in local state schools, and that they had no choice but to go private. I know, too, that families make sacrifices to be able to afford fees. I have been contacted by families who send their children to St Columba's junior and senior schools in Kilmacoll in the neighbouring constituency to mine. I know that the new VAT measures, combined with other costs, have led to a 20% increase in school fees from the beginning of 2025, and that is difficult for the families and for the school. I also appreciate that for some families, and not just the 50 or so signatories to the petition in my constituency, the speed with which this measure was introduced has been difficult.

I am encouraged by the extent to which schools have been able to offset VAT on capital charges against input VAT, to make the effective increase lower than the 20%, but it is clear that other pressures have made the increase in school fees necessary. I am aware that school fees have been increasing year on year in any event, so not all of the increase is down to VAT.

Ultimately, government is about making choices. This Government were elected on a clear manifesto commitment to introduce VAT on private school fees. The express intention was to use the revenue raised to improve funding for schools in the state sector. In England, the Government have been setting out plans for school rebuilding, introducing breakfast clubs, supporting school attendance and recruiting new teachers, all of which will help to build up the state sector and give pupils in England the best chance of a foundational education that has the capacity fundamentally to change the trajectory of children's lives.

**Aphra Brandreth** (Chester South and Eddisbury) (Con): The UK is now the only country in Europe to tax education. Does the hon. Member recognise that this policy is about Labour's ideology and not about improving education for all children across our country, irrespective of whether they are in the state sector or the independent sector?

**Alison Taylor:** I simply do not agree. I refer to my earlier point that this policy was in Labour's manifesto in 2017, 2019 and 2024. It is a long-standing policy of the Labour party.

**Gregory Stafford** (Farnham and Bordon) (Con): If I understand the hon. Lady's point, it is that because the Labour Government now have a stonking majority, this policy is therefore approved by the British people. Is she

therefore saying that in 2017 they rejected this policy, in 2019 they rejected this policy, and then suddenly in 2024 the majority of the population converted to supporting this policy? Or is she really saying what we all know, namely that the British people did not vote for Labour based on this policy and they did not understand the effect that it will have, not just on the independent sector but on the state sector?

**Alison Taylor:** I think my point refers to the timing point that the hon. Gentleman has been making. I will carry on.

In Scotland, it is up to the national Scottish Government to decide how to use the significant additional funds that they receive through the block grant. As expenditure on education in England increases, so do the resources available to the Scottish Government, but despite Scottish families being taxed more than families in any other part of the UK and despite Scotland receiving the largest increase in the block grant since the Scottish Parliament was formed, there is little to show for those things in state schools in Scotland. In spite of the incredible hard work of teachers and support staff in schools in Scotland, the attainment gap continues to increase, and standards and results continue to fall.

**Christine Jardine:** I agree with the hon. Lady that the state of the education system in Scotland is appalling, and the blame lies squarely with the SNP, but how does she think the state sector will be helped to recover by putting extra pressure on it through forcing parents to move their children to places that do not exist?

**Alison Taylor:** As is well documented, this policy will raise £1.8 billion for the state sector. I will carry on.

This Government have made the hard decisions, including introducing VAT on private school fees, that are necessary to improve education for all children. That is already starting to make a difference in England. I sincerely hope that the Scottish Government will take a short break from stirring up grievance within the UK and instead will focus their attention on meeting the real needs of families in Scotland.

In the past, I and other members of my family have spent all or part of our education in the independent sector, but currently I have no family members in the independent sector. Given how much time has passed, I honestly do not know whether the increase in fees would have resulted in my family making different choices. My comments today are informed by what I have been told by parents in my constituency who have been impacted.

4.58 pm

**Damian Hinds** (East Hampshire) (Con): As always, it is a great pleasure to see you in the Chair, Mr Vickers.

I thank and commend Mr Beckinsale and the other 114,948 petitioners, including 611 in my constituency of East Hampshire, for bringing this very important subject to Westminster Hall today. After all that we have heard today, we might ask, "Why? Why would the Government do this?" The measure is a revenue-raiser, but in the grand scheme of things it is not the most enormous revenue-raiser. It is already causing all sorts of disruption in children's education, and there is more disruption ahead. So why are the Government doing it?

I think the answer is fairly straightforward. The Government were genuinely in the market for tax rises, especially tax rises that did not break the rules they had set for themselves on income tax, on VAT and—I say this with a cough—national insurance contributions; and when they looked down the list, this one looked quite popular. It is certainly popular with Labour members and it is very popular with the left wing of the Labour party.

I think the Government thought the measure could be sold quite easily to the British public. They could link it to definable things—to the provision of breakfast clubs, mental health support or recruiting 6,500 teachers. None of those things is new, though. There are already breakfast clubs in thousands of schools supported by state funding. As far as I can tell, this Government's programme for mental health support continues the previous Government's programme for mental health support, and recruiting 6,500 teachers to the state sector is a material slowdown compared with the number of teachers recruited in the previous five years.

The Government will have calculated that many schools will absorb the increase; they think that some families might be priced out, but that the number will be relatively minor, and that it will be massively outweighed by the revenue anyway. They also think—we have heard this line so many times from a Government spokesperson—there are so many places that are free and empty in the state sector that pupils can be easily absorbed.

Many Opposition Members think that taxing education is just wrong in principle—we value diversity and believe in the sanctity of parental choice—but from a Labour point of view, given everything I have just listed, it is so far, so good. I think the Government have made five crucial errors. The first is the belief that schools might be able to absorb such a tax increase. Economists know—the one thing we know about the Chancellor is that she is an economist, very definitely; periodically she reminds us—that when we get an increase in an indirect ad valorem tax, that does not get absorbed fully by the producer. It gets shared between the seller and the buyer. With a tax increase of this degree—20% added to the price of a service—that is clearly going to be very difficult for any organisation, but organisations such as schools just do not have those kinds of margins to fall back on to be able to absorb such an increase. To the extent that they can absorb the increase, they can do so only by cutting their service to families, which therefore increases the displacement effect of children from the private sector to the state.

**Alison Taylor:** Does the right hon. Gentleman agree that schools can offset some of the VAT?

**Damian Hinds:** That is what I just said.

**Alison Taylor:** So it is not 20%, then—it is closer, probably, to 15%.

**Damian Hinds:** I am coming to that. I am grateful to the hon. Lady—she can keep teasing me up.

The Government's second error was to fail to consider the cumulative effect of all the different cost pressures added on to schools; as well as VAT, there are also business rates, which are mentioned in the petition. There is also the increase in the employer contribution

for the teachers' pension scheme—before somebody says it, this was introduced by the previous Government to come in this year—which is material for schools in that scheme. Now, of course, we have employer national insurance contributions as well. The hon. Lady is right that the amount added through VAT would not be quite 20%; it might come down to 15%, but all those other things add cost as well.

The third error the Government made was to ignore the existence of geography. There may well be thousands of places available in the country, but they are utterly worthless from this perspective if they are not in the right places and the right age groups for the children who will be displaced. Overall—this is a great simplification—the effect of the measure in primary schools will be relatively small because there is a lot of capacity in primary schools in not quite all, but almost all, parts of the country. In secondary, though, there are lots of areas—in places like Bristol, Bury, Salford and Surrey—where there just are not enough places to accommodate significant numbers of children being displaced from the private sector.

The Government's fourth error was to fail to segment the market. By the way, the media do this as well: whenever there is a story about this topic, it is always accompanied by a picture of children in exotic headwear, as though wearing a boater or a top hat represented the only type of private school available. It is true that there is probably plenty of VAT to be had from the parents of boys at Eton, and the elasticity of demand is probably quite low—those famous old schools, by the way, will also benefit disproportionately from being able to reclaim VAT on capital; that is actually a benefit for them—but what the Government have ignored is the existence of another tranche of schools.

For a low-fee faith school, for example, the Exchequer makes somewhere between £500 and £1,000 VAT per child a year, but every one of those children displaced into the state sector will cost £7,000 or more. That figure is higher again when we are talking about children with special educational needs or disabilities, whose parents in many cases have just found a place that can accommodate their child, that can cater to their needs and where their child is happy. In many cases, parents are making huge sacrifices to fund the fees, but they are doing so willingly. For some of them—not all of them—this will push them over the edge; they will not be able to afford it any more. The cost per child for those children in the state sector is that much more.

In extreme cases, parents will be unable to afford to send their children to their school, which might be very expensive, so they will go to the local authority and get an education, health and care plan; and the local authority will deem that they have to go back to the same school, but now the state will be paying, including possibly for their transport.

The fifth error that the Government made was to ignore the effect on specific groups of children and families who we should be seeking to support and encourage, for example through the continuity of education allowance for our armed forces—there has been a partial mitigation on that. There has also been a partial mitigation for the music and dance scheme, which drives forward the talent of tomorrow and our creative industries, but only for families with a household income below £45,000.



[Damian Hinds]

As has already been said, this change makes our country an outlier—almost unique in the world in putting a tax on learning. It does not level the field between the state and the private; it makes private schools more exclusive than they were before, and therefore widens the divide. It risks losing teachers from the profession. The biggest effect of all is that it is going to make class sizes in state schools bigger, fill up more state schools and therefore, in the end, make it less likely that parents get their children into the school of their choice.

This has now happened—it happened in January. It is done, but it is not too late for the Minister to say that he will keep an open mind. The Government could review the effects on revenue, the displacement of children, the disruption of education, and the number of extra education, health and care plans after two years of the policy being in place. If it turned out that those effects have not all been as they expected, would they reverse this move?

5.7 pm

**Dr Rupa Huq** (Ealing Central and Acton) (Lab): It is a pleasure to serve under your chairship, Mr Vickers, and to see the newly minted Minister in his place—I think it is the first time I have been in a debate with him. It is also a pleasure to follow the right hon. Member for East Hampshire (Damian Hinds), who was the Secretary of State; I sometimes see him on the District line, because we head the same way.

I rise to speak on behalf of constituents who have contacted me about this issue—in my inbox, in person at the advice surgery I do every Friday, and on the doorsteps when meeting and greeting voters in the recent general election. This issue comes alongside an array of others raised by mums and dads. I am familiar with the arguments and have read the Government's response; it contains very compelling figures—94% of schoolchildren in the UK, including my own, attend state schools. I also know that the policy polls very well. However, there is also that 6%, and 14 of those private schools are in the constituency of Ealing Central and Acton; in 2023 there were 15, in fact, but one has closed its doors since then. I want to vocalise some of their concerns to my hon. Friend the Minister.

Fourteen is a higher than average number of private schools in a constituency, and the petition was signed by 821 people in the constituency—although that is not even in the top 10. The heat map shows that the top 10 seats all have more than 1,000 signatories. I think two of those constituencies are in Surrey, but the remaining eight tend to have a W, NW or SW postcode. What I am trying to say is that the distribution of the signatures and the schools is a fairly west London-type phenomenon. In fact, if we look at the 650 constituencies across the land, the first one on the list is single digits; it is a seat in Wales starting with A—Aberconwy, or somewhere like that. This is not a phenomenon everywhere, but in west London it is not that unusual.

The high school of the hon. Member for Farnham and Bordon (Gregory Stafford) was not very far from my high school in my constituency. I was a Notting Hill girl, and I know that he was a St Benedict's pupil back in the day. The prep school of the Minister who is often

sent to respond to this debate—my hon. Friend the Member for Ealing North (James Murray), who is my neighbouring MP—was Durston House, and it is in my seat of Ealing Central and Acton. We should not demonise these parents. In some senses, they are people who I have grown up with and live alongside, and they do have genuine concerns.

As a parent, I would never dream of going private, but I can understand and accept that people do. I went to school in the 80s—the dark days of Thatcherism—before the Labour Government reforms that made excellent state schools in my constituency. My parents chose to put me in the state sector for primary school, at Montpelier primary, and as a parent myself, I have benefited from Gordon Brown's reforms. The child trust fund came to maturity for my son recently; it did go up in the end—it was the one that could go up as well as down. I have not used the private sector as a parent—as a child I did, but it was not my own choice. I completely appreciate that people, like my own parents at the time, make enormous sacrifices to send their children to independent schools, as my hon. Friend the Member for Paisley and Renfrewshire North (Alison Taylor) said. I have heard people say on the doorstep, “We have the worst car. We never go on holiday.” That was me in the '80s.

I want to point out some unintended consequences of the policy to the Minister aware. These are people who consider themselves to be working people. The strapline of the Labour manifesto was “No taxes on working people”. We should be careful with our rhetoric sometimes and not seek to—[HON. MEMBERS: “Come over here!”] Hang on—let me carry on.

The first unintended consequence—or commonly misstated thing—is that pupils with an education, health and care plan still remain eligible. It is impossible to get one in west London. We have all taken on new wards in our boundaries, so now I do not only represent Ealing borough but a bit of Hammersmith and Fulham too. A head from one of primary schools was saying that they have a large percentage of special educational needs and disabilities pupils. The wards that I have inherited are from the north of the borough—Shepherd's Bush way. Apparently, by the age that a child goes to school and those issues show up, it is kind of too late. A sharp-elbowed, middle-class parent from the south of the borough might have had their child assessed privately at a very young age, ensuring they have support all the way through, but by school age, there is a waiting list of many years to get the assessment and then it is potluck.

The problem is that the words “private school” imply a whole load of things—but they are not all Eton. Some of the comms around this policy have not been done very sensitively. I know that offence was taken at a comment about how they all have astro turf pitches, swimming pools and embossed stationery; that did not go down well with parents and heads in my constituency. They are not all like that. There are smaller SEND schools and smaller faith schools—what I am trying to say is that they are not all Eton, and some of the comms are based on a caricature. We should be careful about what we do in that regard.

One parent, Matthew, forwarded me a missive from the private school that his boys are at, which read:

“For music lessons with peripatetic teachers employed by the School...VAT will need to be applied at 20%.”

He continued:

“Traditionally the tax system has been a way of discouraging people from picking up bad habits like smoking and drinking. Not from picking up a trombone”.

It seems as though people are capitalising on the policy, and then other things are coming in through the back door.

I have been replying and trying to sound sympathetic to these parents. My constituent also said:

“you referred to a consultation...on the VAT proposals—yet like most government consultations, what was passed didn’t seem, in any significant way, different to what had been proposed.”

Maybe that is a lesson in life for all of us: if we put something out for consultation, we should make it look like we listened, because he is saying that it came back exactly the same.

The right hon Member for East Hampshire raised that elitist private schools such as Eton have actually done quite well out of this policy, because they can cash in on windfalls from the new VAT rules on independent schools—they can claim it back on capital projects, such as buildings and land acquisition, over the last 10 years. All the VAT on costs, which is now 20%, is recoverable when factoring in non-business use, so the policy will basically hand money back to schools such as Eton from Treasury coffers. Surely there is a loophole there—an unintended consequence—that needs to be addressed by my hon. Friend the Minister.

There are long lists of such things. *The Times* says:

“Eton spent more than £20 million on a sports centre in 2023 and Winchester College’s”—

where I think our former Prime Minister went—

“accounts from the same year said it spent £15 million on capital expenditure”.

It also says that Radley College, in Oxfordshire has a 20-acre solar farm and 40-acre woodland, and that Charterhouse in Surrey

“built two boarding houses in 2021 and is developing a theatre and lecture theatre”

Again, costs can come back for the big boys, but not for the little ones.

**Jack Rankin (Windsor) (Con):** As the MP for Windsor, Eton is in my constituency. I appreciate, as the hon. Lady says, that not all private schools are Eton, but I point out in its defence that the sports centre she mentioned is used by local schools and community groups, and that Eton does an awful lot in my community. I accept her point that Eton is not among the schools that we necessarily want to focus on in this debate, but I suggest that some of those points are a bit unfair.

**Dr Huq:** It is interesting to learn that—

**Rachel Gilmour (Tiverton and Minehead) (LD):** Will the hon. Member give way on Eton?

**Dr Huq:** I am not finished addressing the first point. Can we do this sequentially? I will respond to the hon. Member for Windsor (Jack Rankin) first and then I will take the hon. Lady’s intervention.

It is interesting to learn that, but my point is that such schools are still going to be quids in after this.

**Rachel Gilmour:** Will the hon. Member give up on all this stuff about Eton? I speak as a mother of two Old Etonians. I was a single parent; I worked three jobs. The right hon. Member for East Hampshire (Damian Hinds) said there is more money from Old Etonian parents, but there certainly is not—not from this one. Eton hands out completely free fees to 100-plus boys a year; they do not even have to pay for their pencils. When it comes to things like Dorney Lake and the sports centre, it hands that back a thousand times to local communities across the country. Give it up!

**Dr Huq:** I do not know how parliamentary that language is. I am not going to join in the praise of Eton, particularly because I think the hon. Lady may have been an atypical parent. I imagine that some parents there would be able to bear a 20% increase, and for a school that is clever with its accounts, these things may just be a rounding error. I am talking about smaller schools for which that does not apply.

It is interesting to see the hon. Member for Boston and Skegness (Richard Tice) here. I have a massively remain constituency, with 72% of my electorate voting remain, but, perversely for Reform, it is leaving the EU that has made this policy possible—it is a Brexit benefit. If only we had never left the EU, this would not be happening.

Usually education is not a taxable luxury good, and there is a fear that if this increase happens, what could be next—nurseries or universities? I used to work in that sector. There is a slight worry that there is a loophole, because the policy contradicts the EU’s VAT directive that specifies there should be no VAT on any form of education. In Greece in 2015, the left-wing Syriza Government wanted to introduce VAT at 23%. They had to abandon that for a slew of different reasons, including because it was contrary to the EU’s VAT directive.

University tuition is zero rated, and there is a worry among my friends in the sector there, who say, “You’re lucky to have got out when you did, because they’re closing so many university departments in the UK.” What could be next? I hope that my hon. Friend the Minister can assure me that nurseries and universities are off limits.

We have heard all these things—that schools are going to close—and we have heard a lot of catastrophising, but it remains to be seen whether those things will come to pass. One of my schools went in 2023. My worry is that this policy will make an elitist system more elitist. The Government say in their response:

“Ending tax breaks for private schools was a tough but necessary decision”,

but when growth comes, is there a way of undoing it? It was a very clear policy in many manifestos, so I understand that it will not all be undone, but let us think a bit creatively.

**Mr Gagan Mohindra (South West Hertfordshire) (Con):** What does the hon. Lady expect her Government to do if they will not give way on this point?

**Dr Huq:** I would suggest implementing it in a slightly different way, based on turnover—so doing it for the enormous schools that can afford it, but not for smaller ones that have been caught in the trap.

[Dr Huq]

There is also an argument for looking at grammar schools, which are a legacy from many years ago. We do not have them in my area, but when I was the Labour candidate in Chesham and Amersham in 2005, they came up as a hustings issue. The argument that the Labour party always gave me in those days was that we respect parental choice. At times, the Conservative party has flirted with bringing back more grammar schools, but they are even more elitist in a way because they take state funds for private school-type facilities. Dr Challoner's grammar school in Amersham was way bigger than the school I went to; I felt very small when I went there. Perhaps something could be done about the grammar school system, because that is an unequalitarian one.

I wanted to vocalise some of the concerns from my electorate and remind hon. Members that one size does not always fit all. In this case, that is far from the truth.

5.21 pm

**Christine Jardine** (Edinburgh West) (LD): It is a pleasure to serve with you in the Chair, Mr Vickers, and to follow the hon. Member for Ealing Central and Acton (Dr Huq). I feel as if the speakers so far have been talking about me, because they have been talking about parents who are not rich but who send their children to independent schools. I no longer have a declarable interest, but my daughter did go to an independent school. We were not wealthy, and it was not easy, but it was our choice. We never regretted it, but we often struggled to finance it. I know that there are thousands of parents, many in my constituency, who face an even bigger challenge because of this change.

My daughter went to an independent school in the west of Scotland. It was originally the town school—anyone from Glasgow knows which one I mean—and it had a tradition of awarding a large number of bursaries every year. A lot of the children who were at her school and are now doing well would not have got that place otherwise. A lot of them faced challenges, and the school helped them. We need to remember that we are talking not about the Etons and the Harrows—the big schools—but about a lot of independent schools that often provide a service in communities. It is a choice made by parents who are not always rich.

My city of Edinburgh is one of the areas of the country with the highest proportion of children educated in independent school—it is one in four. That is reflected in the figures in the petition. There were 740 signatures from my constituency, which is a higher number than for any other petition that I remember from my almost eight years in this place. That fact is also reflected in my mailbox and in the concern that parents in Edinburgh regularly express to me. They do not always have their children in the independent sector; a lot of them have their children in the state sector. Every week, parents come to me who cannot get a place for their child in the local state school because it is close to capacity. That problem will only be made worse if many of those one in four children are forced, by this Government, into the state sector because their parents can no longer afford the choice that they made.

**Dr Huq:** The hon. Lady and I were both girls in those schools, and she talked about her daughter. Does she accept that it is often the parents who want their daughters

to have an all-girls education. There are figures from the Girls' Schools Association. There is also the head of Dame Allan's girls' school, who said that girls thrive better in all subjects in all-girls environments and that they choose things such as physics and maths more when there are not boys around mucking about.

**Christine Jardine:** I accept that point and absolutely agree. It reminds me of the point that for a lot of parents, their children are in independent schools because they were struggling in the state sector. They moved their children into the independent sector, where they are thriving. Rightly or wrongly, that was the parents' choice, and we—or, at least, the Labour Government—would be taking that choice away from them, because of the fee increase. I also find it difficult to understand a Labour Government who would support the principle of taxing education. As well as the practical issues with the policy, they are taxing education, which is surely not something that they would support.

Introducing the change halfway through the school year has caused issues for many parents, who have suddenly found that all the budgeting they have done is out the window. They may have more than one child at a school that they can no longer afford due to the increase in school fees. That is why so many people are writing to me every weekend to say that they are having to think about what they will do about their child's education and where they will find a place.

**Dr Arthur:** I find it really interesting that Conservative and Liberal Democrat Members are talking about how wrong it is to place VAT on school fees, even though they thought nothing about introducing university fees, which place a huge cost on education, particularly for people from poorer backgrounds.

**Neil O'Brien** (Harborough, Oadby and Wigston) (Con): That was 1998!

**Dr Arthur:** The massive rise in tuition fees came later. Hon. Members know exactly what I am talking about. [Interruption.] Can I speak, please? Nobody here is questioning the motives of parents—every single parent who sends their children to an independent school wants the best for their children—but what we are questioning is, if we were to scrap this policy, what would we cut instead? I am just not hearing an answer. This policy will generate additional income for the constituency of the hon. Member for Edinburgh West (Christine Jardine). Where does she want that to be cut from instead? What does she say to the majority of people in Edinburgh who voted for parties that supported this policy?

**Christine Jardine:** Like the hon. Member for Berwickshire, Roxburgh and Selkirk (John Lamont), I would like to see the evidence that half of the people in Edinburgh voted for this policy. I have to tell the hon. Member for Edinburgh South West (Dr Arthur) that there are 311 signatories to this petition from his constituency. More than half of the people in Edinburgh West voted for me, so I would like to see where he is getting the figure that parents in the city have voted for the measure.

Where does the hon. Gentleman think that the City of Edinburgh council will find the places, when its own figures, produced by a Labour Administration before this policy was announced, showed that 16 schools in the city will be at capacity by 2030? The problem is that



where there are places, they are not necessarily convenient for the children who will be forced, by this policy, to look for a new school place. State school rolls are already stretched in Scotland because of the SNP's cuts to local government, and this change can only make that situation worse.

**Dr Arthur:** My goodness me. If this policy generates the £1.8 billion we heard about earlier—*[Interruption.]* It could generate more. If it generates £1.8 billion, it will benefit schools in Edinburgh—of course it will. The hon. Lady made reference to school roll analysis, and stressed that it was conducted before the policy was introduced. Since then, there has been an update, and it shows more than adequate capacity in Edinburgh, particularly as we have only 55 students moving from the private sector to the state sector. She is well aware of that analysis.

**Christine Jardine:** Yes, I am aware of that analysis, and it does not show a healthier figure. The point that I was making in saying that it was conducted before the policy's introduction is that the instant this Government came out with the policy, the Labour council went back and redid the figures. *[Interruption.]* No, I did not say that, but what I will say is that state schools across the country are stretched. If the hon. Gentleman is insisting that this £1.8 billion will go to Scotland, perhaps his Ministers will tell us how it will get to schools in Scotland, because they have no power to put that money into state education in Scotland.

This is a national policy. It is affecting families up and down this country, and it is putting more pressure on the state education system everywhere from Caithness to Cornwall. It is not just about Edinburgh; it is about the entire country. I am here to speak on behalf of my constituents, but I feel that their fears are reflected elsewhere in the country. If this Labour Government can tell us how they are going to make that money effective in protecting state education, and how they will get it into schools like ones in my constituency, then we might listen. The problem is that all they say is, "Find a different way of making the cuts." Well, we did put forward different ways of raising money. They could have raised money by reforming capital gains tax. They could raise money for schools by putting a tax on social media platforms, which we suggested. The alternatives are there, and they would not be a tax on education—an ill-thought-through, ideologically driven policy that does not take account of the unintended consequences.

5.31 pm

**Mr Gagan Mohindra** (South West Hertfordshire) (Con): It is a pleasure to serve under your chairmanship, Mr Vickers. I thank my hon. Friend the Member for Berwickshire, Roxburgh and Selkirk (John Lamont) for presenting the petition. Out of the nearly 115,000 petitioners, 500 were from my constituency.

Education has always been an important part of my purpose in coming to this place and in all my 21 years of elected office, because I know that education can change people's potential. I am lucky enough to have been brought up in this country, and educated well at school and university. As others in the House will be aware, I am dyslexic. My dyslexia was not diagnosed until my mid to late 20s, and I take that as a reflection of the excellent education that I was able to benefit from.

My concern is that the new Labour Government have come in with a strong mandate from the electorate, but I think that they are rewriting the terms of how they got that mandate. Comments have been made about previous manifestos talking about reform of the independent school sector, but I would argue that given the turnout figures, the Labour party having 411 MPs is probably the fault of my own party, rather than to the credit of the Labour party. I look forward to the next general election for those roles to be reversed.

My concern specifically with the proposal on independent schools is one that others have mentioned: the policy of taxing education. For me, that is a dangerous policy; others have described it as a policy of envy. We have spoken about VAT, but there is also the reform of the charity status of independent schools and the knock-on consequences for business rates. It is a pleasure to see the Treasury Minister in his place, because this is more a financial question than an education policy one. The issue is about the potential revenue generation of the policy, but for me, it is also about the wider conversation on supporting wealth creators and driving economic growth.

As with any business plan, assumptions are made, and the proposed £1.8 billion in revenue is probably a bit ambitious. I say that based on two things. First, the policy was introduced mid-term, at the beginning of this calendar year, and that did not allow families to adjust—there was no element of transition. I have spoken to parents who benefit from being able to send their children to independent schools, and they feel aggrieved because, in their view, they are paying twice. They are subsidising the state sector because their child is not using their place, and the parents are instead paying for a place at an independent school.

My biggest concern is about SEND provision in the state sector. Hertfordshire has had failings over many years that I know the county council is working hard to resolve. Part of that work has been subsidised and supported by the excellent private schools in my constituency, Merchant Taylors' and the Royal Masonic School for Girls being two of them. Where parents are able, they can send their children to independent schools to make sure that their children get the support they need in, typically, a smaller class. If those parents were reliant on the state and not able to afford an independent school, they would not necessarily get that provision; the timeframe to get an EHCP can be years. The Government are fundamentally destroying the life chances of children in the position I was in 35 years ago, and that worries me.

The Government's impact assessment admits that the education tax will impact girls more than boys because there are more single-sex private schools for girls than for boys, and those schools have less of a financial background and have not been around for as long. Given the pressure that this tax would place on single-sex schools like the Masonic School for Girls in my constituency, I am concerned about its impact on the excellent work that has been done by the private sector to lead the way in ensuring a high quality of education for girls, particularly in science, technology, engineering and maths and other fields where they are under-represented.

Not only will the tax impact children who are educated in the private sector and children who will feel the impact of increased pressure on the state sector, but it will greatly impact the industry and those employed in it.

[Mr Gagan Mohindra]

With over 100 independent schools allegedly expected to close over the next three years as a direct result of the tax, many who work in the sector face unemployment, and there is a risk of highly skilled teachers leaving the profession or the country. We live in a global world. One of the main drivers for communities and successful families to stay in this country is family links, but another is educational standards. Middle-class parents—who are typically those generating economic growth and employing people—are now considering leaving the country and home-schooling or privately educating their children in schools in other parts of the world. In the modern world, especially with the Government's drive for increased airport capacity, moving back and forth between here and the middle east or other parts of Europe will be less burdensome than the increase in the cost of private schools associated with the tax that this Government have suggested.

If children are forced to move to a new school within the school year, or at a key stage of their education, it will greatly disrupt their education and could cause long-term damage to their prospects. These are the same children who, not many years ago, were directly impacted by the pandemic. I do not think we have seen a lot of the harms associated with that come through yet. My concern is about not just finances, but the educational outcomes and life chances of those children if we force disruption on them during an academic year based on financials that may not stack up to the ambition of the Treasury.

The Government's own impact assessment admits that disruption will be caused to the education of SEND pupils, hurting progress in their education and the opportunities and resources available to pupils in the state sector. That will put more pressure on local authorities, which are already stretched to their capacity—I referred to Hertfordshire county council earlier.

My right hon. Friend the Member for East Hampshire (Damian Hinds) mentioned faith schools and art schools. In my old constituency of South West Hertfordshire, we had world-leading schools of both types. I am not their representative any more—others in the House have that honour—but I am sure they will be having meetings with their MPs to say that their ability to attract world-class pupils, who will go on to become world-class artists and be successful in the years ahead, will be greatly diminished by the Government's decision.

I am glad that a Treasury Minister will respond to this debate rather than a Department for Education one, because we have all been in education debates before. If he were being brave, at what point would the Minister look to reverse this decision? There was talk of a review in two years. I ask him to go further and put a sunset clause on the policy, because one of the greatest attractions of our great country has been its educational standards. I applaud my right hon. Friend the Member for East Hampshire for the great work he did over many years. For us to remain a global leader, both in the economy and in education, we need to give pupils the best opportunities possible, but we also need to attract the best educators in the world. Historically, we have done that with pay scales. My party has suggested that, given some of this Government's policies, teachers may end up taking a pay cut. I will be interested to hear what the Minister says on those points.

5.41 pm

**Richard Tice** (Boston and Skegness) (Reform): It is a pleasure to serve under your chairmanship, Mr Vickers. I congratulate the hon. Member for Berwickshire, Roxburgh and Selkirk (John Lamont) on securing this debate on the back of the petitioners.

[MRS EMMA LEWELL-BUCK *in the Chair*]

How many of us were elected to this great place to damage the prospects of our children? I would hope that the answer is none, but that is the direct consequence of this ludicrous policy to tax education. I think we are the only country in the developed world to do so. The unintended consequences are truly shocking. Within a fortnight of the policy coming into force at the beginning of this year, some four schools announced they were closing this summer—over 1,000 children were immediately plunged into uncertainty about where they were going to school and who were going to be their friends. The anxiety that that put on them as children, let alone their parents, should shame everybody in the Government. Tens of thousands of pupils will end up leaving the independent sector—and it is independent, not private, because most independent schools are charities that reinvest their surpluses.

**Dr Arthur:** I have independent schools in my constituency, and the challenges we face with this policy are real, but the numbers people are citing make it difficult to talk about those challenges. People have said that tens of thousands of students are going to move from the independent sector to the state sector, but I do not think anybody really thinks that is going to happen. Those sorts of numbers make it really difficult to have a serious debate about this issue. Does the hon. Gentleman agree that “tens of thousands of students” is perhaps at the upper end of estimates?

**Richard Tice:** I am grateful to the hon. Gentleman, because he has reminded me to declare a historical interest. Not only did I have children in independent schools, but I was the chairman of the finance and general purposes committee for a significant independent school over the past six or seven years; I finished just before the election. Even when this policy was announced as a prospect, I saw an immediate drop-off in applications for places at that school, so I can confirm with absolute experience that tens and tens of thousands, if not 100,000, will leave the sector.

Surely, of all children, those whose prospects we want least of all to damage are those with special educational needs, yet that is where the independent sector excels. Let me give a small example from the county of Lincolnshire. I got a letter from a constituent who can no longer afford to send two children, both with special educational needs, to the independent school. They are going to have to go into the state sector, where there is a capacity crisis that we keep hearing about in the Commons. Because of the distance, she cannot provide the travel, so the county council has to provide it. For those two children alone, the annual cost of taxis is £20,000 per child. This is absolute insanity, I would respectfully suggest, Mrs Lewell-Buck—it is lovely to see you.

So we have damage to children and the worst of all worlds. Then we look at the prospects of children in the state sector, and we hear that the policy is going to pay

for 6,500 teachers. That is about one teacher in every four or five schools—three, it is thought, in the secondary sector. Seriously? When we look at the extra children who will go into the state sector—the tens and tens of thousands—we see that actually there will be more pressure on existing class sizes and the existing teachers, who will therefore be able to dedicate less time per child in their existing school. The prospects of children are damaged not just across the independent sector, but across the whole of the state sector, under this deeply misguided policy.

I touched earlier on the cost. When the policy was announced, it was to raise £1.5 billion, and suddenly it is £1.8 billion. I suggest it will raise the square root of net zero. The reality is that schools will be recovering input costs, including on capital schemes. The reality is that schools will be losing children to the state sector. The reality is that bursaries will have to be slashed. We have heard about some schools giving hundreds of free places. All these things will put extra costs on to the state sector—the state schools—as well as the pressures on county councils' taxi budgets, which is ludicrous.

From an educational-quality point of view the policy makes no sense, and from a cost point of view it makes no sense. There was an opportunity for the Government to say, "You in the independent sector are doing some things really well, particularly with regard to special educational needs, so we would like the independent sector to help us a bit more—share some of your expertise. Can you give some more places for special educational needs?" That was the opportunity, and I can tell Members that the independent sector would have welcomed with open arms a request to share expertise with local schools. That would have been the right thing to do to improve the prospects for everybody.

The other right thing to do to improve the prospects for everybody was to adopt the Reform UK policy during the general election, which was to say, "If you can afford to pay a bit more, we encourage you to take your children out of the state sector and into the independent sector," and to relieve the pressure on class sizes by granting tax relief at the basic rate for those who sent their children to independent schools. That would have improved the prospects for everybody.

Those were the opportunities, but instead we have seen deep ideological socialism, with no evidence whatsoever that the policy will make any difference. It is discriminatory, because if it was logical, the Government would be applying VAT on university fees, because of course universities are elitist. Three or four in 10 youngsters go to university, so surely the same policy should be applied to universities.

Will the Minister confirm that if, when the legal cases go all the way up to the European Court of Human Rights—which some people love and some of us do not—the ruling from that court is that the policy is unlawful, the Government will agree with that ruling and apply it? This policy has no logic whatsoever. It is a tragedy for us all, but most importantly it is an absolute tragedy for children.

5.48 pm

**Dr Al Pinkerton** (Surrey Heath) (LD): It is a pleasure to speak with you in the Chair, Mrs Lewell-Buck.

My Surrey Heath constituency is home to many outstanding state schools and academies and to six small, extraordinary, highly performing independent schools: Hall Grove, Lyndhurst, Coworth Flexlands, Woodcote House, Knowl Hill and Fernways school. It is quite possible that no hon. Members have heard of those schools. They are not necessarily the big names, but they provide extraordinary education to an extremely loyal following. They provide not only excellent education but essential support, catering to a wide range of educational and pastoral needs. For children with special educational needs and disabilities, they offer tailored learning environments with small classes, dedicated learning assistants and specialist therapies that parents would otherwise have to battle to access through Surrey's appalling state system—very often unsuccessfully.

Beyond academic provisions, the schools foster a nurturing environment that prioritises wellbeing. That is particularly crucial for children from military families, who rely on their schools for stability and continuity of education amid the turbulence of frequent relocations and parental deployments overseas. For those children, the stability offered by the independent sector—particularly independent boarding schools—helps to ease the disruption of constant change, providing a reliable support system that nurtures mental health and lifts academic achievement. By offering structure, stability and familiarity, the schools play a crucial role in helping military children to thrive.

Back in October, I stood in this Chamber to highlight the damaging impact that VAT rises would have on independent schools, and particularly on service families. I am pleased to say that the Government subsequently committed to increasing funding for the continuity of education allowance to offset rising private school fees. That adjustment is undoubtedly welcome, but does not adequately cover the full cost of the VAT increase. As the RAF Families Federation has pointed out, military families who receive continuity of education allowance for private schooling are required to provide and contribute a minimum of 10% towards tuition fees. With rising school fees that by necessity reflect inflationary pressures, business rates, national insurance increases and the new VAT imposition, that 10% minimum contribution is growing significantly in real terms for hard-working, committed service families.

As a country, we ask our military families to make extraordinary sacrifices on our behalf. With the rapidly shifting geopolitical landscape, it looks as though we will need to lean on those families even more in the future. Arguably, nowhere is that more apparent than in my constituency of Surrey Heath. The presence of the Royal Military Academy Sandhurst and Army Training Centre Pirbright means that my constituency plays a vital role in supporting and accommodating service families. The six independent schools in Surrey Heath, and many others beyond, are essential pillars of support for those families, whose lives are often marked by uncertainty in the service of the state.

I ask the Minister to look again at the continuity of education allowance and to ensure that it keeps up with rising school fees, while making sure that service families are not financially penalised for their continued commitment to the defence of the United Kingdom.



5.52 pm

**Gregory Stafford** (Farnham and Bordon) (Con): It is a pleasure to serve under your chairmanship, Mrs Lewell-Buck. I congratulate my hon. Friend the Member for Berwickshire, Roxburgh and Selkirk (John Lamont) on leading today's debate. I declare an interest as the father of children who currently attend an independent school.

I am afraid it is not a pleasure to speak today about the vicious, vindictive and, ultimately, financially valueless policy that the Labour Government have brought in. As has been said, no other country—no serious country—in the world taxes education. The sorts of schools being taxed are faith schools; arts, drama and music schools; single-sex schools; and independent schools to which armed forces parents send their children. As a side note, a member of our armed forces said to me last week that, in their view, this policy was a breach of the military covenant.

This is not about a tax break, as Labour Members have said. Tax has never been levied on education in this country, so this policy is an additional tax on education. It is not a tax break. As other hon. Members have said, parents who make the sacrifice to send their children to the independent sector are saving money for the state sector.

Across my constituency of Farnham and Bordon, including Haslemere, Liphook and the surrounding villages, we are lucky to have 11 excellent independent schools that cater both to junior and to senior pupils. But unfortunately, only last Friday we discovered that one of those schools will close at the end of this academic year. The Royal school in Hindhead has been a cornerstone of education since 1840. It was formerly the Royal Naval school, and was specifically set up to educate girls—the founder had the ambition for girls to become independent members of society, and it was a pioneering school in that effort.

As other hon. Members have said, single-sex education has worked wonders for girls in terms of not only their education but their social mobility. The school became co-educational more recently but, as my hon. Friend the Member for South West Hertfordshire (Mr Mohindra) said, this is a real problem. I recognise that the school had ongoing financial difficulties, but it is deeply unfortunate that the Labour party's policies on low-fees schools—those that charge around £3,000 per term—seem to have been the final blow to the school's long-standing viability.

The Royal school has been not only a significant education institution for generations of pupils but a key part of the fabric of our community, employing people and helping the state sector with areas where it cannot produce. I take this opportunity to express my sincere gratitude to its dedicated teachers and staff who have worked tirelessly over the years, and to acknowledge the sense of loss felt by all of us in the Haslemere community. However, it is equally important to highlight the profound impact that the closure will have on the parents and families who are now faced with the difficult task of finding alternative provision.

Mr Chancellor, a single father of an adopted child, spoke to my office only this morning. He took on the financial strain of a fee-paying place at the Royal school to allow him to drop his child at school and know that, between the hours of 7.45 am and 5.30 pm, his child would be cared for, fed and looked after. That allowed

my constituent the flexibility of extra time to work on his small business. That is the sort of impact there is on the hard-working local people the Labour Government profess to want to support. Families such as Mr Chancellor's will either have to seek places in other independent schools or, regrettably, be forced to turn to an already overstretched and underfunded mainstream education system.

Although Mr Chancellor has commended the work of Surrey county council admissions team—who were also left in the dark about the school's closure—there is clear anxiety for parents whose children's fate is currently unclear. State schools across Farnham, Bordon, Haslemere and Liphook are already bursting at the seams. The fees charged by independent schools are often only a quarter, or even perhaps half, of the cost of state school provision per pupil. That has meant that for decades independent schools have taken huge strains from the state system in educating a percentage of pupils from nursery age until they are young people.

Last October, following a meeting I organised in my constituency with the then shadow Chancellor—my right hon. Friend the Member for Godalming and Ash (Jeremy Hunt)—and my right hon. Friend the Member for East Hampshire (Damian Hinds), I wrote to the Department for Education and the Treasury. The Exchequer Secretary's reply emphasised that the policy was supposedly forecast to raise around £1.8 billion, but realistically, even if that were true—the Opposition dispute that heavily—that is a mere drop in the ocean for Government spending, particularly when TaxPayers' Alliance research reported that the policy comes at a net loss for the Treasury, as state spending has been forced to stretch per capita to facilitate 35,000 pupils now expected to be educated in the mainstream schooling system. Last week, Surrey county council admitted to me that it does not have enough state school places to accommodate children transferring to state schools. When will the Government understand that these policies are crippling local authorities that are trying immensely hard to cope with the volume of displaced children?

It is not just about the fact that there are not enough places in the state sector. My right hon. Friend the Member for East Hampshire will know all too well that Alton Convent school in his constituency closed last year. During the general election campaign, I knocked on the door of a gentleman whose children had just got a place at that school, only to find that they now would not have it. But they could not get a place in the local state school because he had not sent his children to the local junior feeder schools. He would not have been able to get a place at the local school even if there had been one.

In my constituency, no group has been more profoundly affected by the Government's damaging policies towards independent schools than the parents and families of children with special educational needs and disabilities. The closure of the Royal School and the narrowing of available educational options serve only to exacerbate the already significant challenges faced by these families.

Across my constituency, we are fortunate to have three special schools: Undershaw, Pathways and More House. Since my election, I have met multiple headteachers, including Jonathan Hetherington, the headteacher at More House, a renowned SEND school for boys in Frensham.

Only this morning, I attended a meeting with 25 parents from the Last Wednesday SEN support group in Farnham. Because Wednesdays are not great for Members of Parliament, they were charitable enough to change their name to “First Monday” this week, just for me. I joke, but one lady was in tears this morning about the impact that this spiteful policy will have on her child. Many will be forced to navigate a new school and new academic curricula, all while receiving little to no support and without a formal education, health and care plan.

Some of my constituents, across both counties—Surrey and Hampshire—are having to wait 24 months to receive their EHCPs. Between 2019 and 2024, the uptake of EHCPs increased by 63% in Surrey and 93% in Hampshire—both well above the national average. When he responds, can the Minister tell us what is being done, and what conversations he is having with the Department of Health and Social Care and the Department for Education to expedite that process?

In my local area, I am genuinely concerned about the fact that 17% of independent school pupils receive SEND support, but only 6% of them have a formal EHCP. I want to quote the Prime Minister, who shared the Government’s supposed plan for SEND pupils who do not have an EHCP, or who are in the process of acquiring one. In June, the Prime Minister told LBC listeners:

“Where there isn’t a plan, then that exemption doesn’t apply.”

So there is no assurance for those children and those parents. I did not receive any assurance in last week’s debate on SEND education support, so I ask the Minister to confirm that the 93,000 children in the independent sector who receive SEND support but do not have a formal EHCP will not be included at all in the SEND education support plans, as the Prime Minister seemed to outline in June.

Increasing VAT on independent school fees to 20% is not just a fiscal policy; it is a direct assault on the educational choice and social mobility of our constituents. This policy threatens to attack thousands of students in an already strained system, undermining the very fabric of our diverse educational landscape. The influx from the independent sector will exacerbate existing pressures, leading to larger class sizes and diminished resources for all.

Is this really the legacy that this Labour Government want to leave: a society in which educational diversity, which leads to educational excellence, is sacrificed at the altar of a misguided and malign fiscal policy fuelled by class envy? I urge the Minister to reverse this punitive tax and champion a system that upholds choice, fosters excellence and truly invests in the future of every child.

6.2 pm

**Monica Harding** (Esher and Walton) (LD): It is a pleasure to serve under your chairmanship, Mrs Lewell-Buck. I thank the hon. Member for Berwickshire, Roxburgh and Selkirk (John Lamont), who secured this debate, and I thank those who signed today’s petition. I would like to point out, as other Members have done, the unintended consequences of this policy, which are affecting my constituents in Esher and Walton. For context, independent schools serve around 20% of pupils in Surrey.

First, I am concerned that this Government’s policy will put at risk the many valued partnerships between state and independent schools, which work so well in

my constituency. In Esher and Walton, the independent sector supports some of our state schools with capital projects, such as redecorating and renovating, and state primaries make use of independent schools’ playing fields to open up sport and outdoor activities. I wish that there was more of that, and I was encouraging my independent schools to do more, but they now say that the VAT increases make it unaffordable.

Secondly, alongside other Members, I want to focus on how this policy will impact the more than 40,000 pupils in Surrey who receive support for special educational needs. Surrey’s SEND system is in crisis. The six Liberal Democrat Surrey MPs have been shining a light on this fact ever since we were elected, even in meetings with the Minister for School Standards, the hon. Member for Newcastle upon Tyne North (Catherine McKinnell), and the Education Secretary. However, this Government’s policy is only putting more pressure on an already strained and even broken system.

To understand that clearly, it is important to look first at the situation in Surrey, which my hon. Friend the Member for Surrey Heath (Dr Pinkerton) alluded to, where more than 3,000 children are in limbo awaiting diagnosis for autism and ADHD, many for almost two years. These are colossal waiting lists at a critical juncture in a child’s education.

As recently as last year, Surrey was delivering fewer than one in six EHCPs on time. The quality of provision is so poor that more than 1,800 children are missing at least a third of school days because their needs are not being met. In despair, parents are turning to the independent sector, knowing that their child is unable to access education and, critically, sliding into poor mental health. These are not rich families but families in desperation, who cannot watch their children being unhappy and not attaining. As has been pointed out, often simply the smaller class sizes help an autistic child or a child who has ADHD.

The Government’s position is that local authorities will be able to reclaim the VAT on fees for a pupil with an EHCP who attends the independent school named in their plan, but that leaves a critical blind spot. Almost 30,000 children are receiving SEN support without having an EHCP, and it is increasingly difficult for strained state schools to give them adequate provision.

Following a lack of appropriate funding for schools from previous Governments, it is only in the past year that real-terms funding per pupil has reached the same level as in 2009. When we factor in the drop in capital spending on schools in the last 15 years and the fact that schools’ costs have risen faster than overall inflation, we are faced with the bleak reality that there is significantly more pressure on state school budgets than there was 15 years ago. We see the interaction of ballooning costs for state schools with rising demand for SEN support—even excluding ECHPs, that has risen by 50% in the last decade. Schools are therefore being asked to do more with fewer resources.

Although this policy may be intended to give schools more money, my understanding is that none of the money will go to better special educational needs provision. Indeed, the £1 billion that was put aside for that in the Budget does not even touch the sides of the £4.5 billion overspend in local authority budgets on special educational needs, let alone the ballooning cost of special educational needs provision.

[Monica Harding]

Thirdly, at this particularly challenging moment for our economy, the Government have chosen to impose further burdens on families. Independent school fees have risen by 13%—a surge in costs so severe that, alongside other factors, it has powered an uptick in inflation across the entire economy. That is due to the addition of VAT to fees and the decision of many schools not to absorb any of the costs, but rather to pass them along almost entirely to families.

For many hard-working parents, sending a child to an independent school has been made more unaffordable, and that particularly hurts families with SEN children who are looking for an alternative to a school in Surrey's failing system. That risks placing more financial strain on families at a time when the pain of inflation is still being felt, harming the mutually beneficial partnerships between state and independent schools and leaving more children languishing in a failed SEN system.

No headteacher I have met who complains about the strain that SEN places on their budgets has asked for the private sector to pay. They ask for the radical overhaul in education that the Government promised but are yet to deliver.

6.8 pm

**Jack Rankin** (Windsor) (Con): It is a pleasure to serve under your chairmanship, Mrs Lewell-Buck.

In Windsor, we are very lucky to have some of the finest state and independent schools in this country, and I am proud to represent them all. One has already been mentioned; it is very prominent, but it is not very reflective of the situation in my constituency.

On two constituency visits this morning before I came into Parliament, I counted the independent schools that I passed. I passed six; 23% of the pupils in my constituency attend independent schools. The caricature that my right hon. Friend the Member for East Hampshire (Damian Hinds) said was always in the papers when independent schools are discussed does not reflect 23% of the parents in my constituency.

In my recent surgeries, I have had many parents who are really struggling with the proposed policy. Often, both parents are working, and one of them may have taken on a second job. In many instances, they have remortgaged their house. They have gone without. Many marriages are under pressure, and I am concerned about those parents and their children.

Because we have such a high percentage of independent schools in my constituency, they are not the only ones affected, even though they might be the most directly affected. The displaced children hit my state schools, and that means our state sector is bracing for an influx of children that it will struggle to accommodate. That is why I think this is a false choice: it should not be state versus independent.

Our schools are an ecosystem, and they are all valuable, because education is a public good. It promotes social mobility, strengthens our economy and benefits society at large. No other country in the world tries to tax it. When they have tried—as in Greece, where it lasted only four months—it has massively backfired. In fact, many developed countries look to subsidise independent

education to promote parental choice and drive up school standards, so the Government are unique in their policy and, frankly, their vindictiveness.

Whenever the Labour Government hike taxes, there are unintended consequences. Just as their jobs tax is hitting charities and hospices, their tax on independent schools will hit military families and the 130,000 SEND pupils who are currently in independent schools. Many of the parents I have spoken to use those schools as a way of giving their children that extra bit of support that they would struggle to find in the state system. I think every single Member of this House recognises the challenges facing their local authority when it comes to SEND provision.

From my involvement with the all-party parliamentary group on Down syndrome, which my right hon. Friend the Member for East Hampshire chairs, it is clear that getting an EHCP is already an uphill struggle, and taxing independent schools will create the most regressive possible outcome. It will add to the pressures already facing our local authorities, and the SEND children in the existing state provision will pay the highest price.

In a similar vein—the hon. Member for Surrey Heath (Dr Pinkerton) discussed this—2,666 military families in this country rely on independent schools to give their children a stable education. For those families, VAT relief can make all the difference. I previously co-signed a letter that my hon. Friend the Member for Solihull West and Shirley (Dr Shastri-Hurst) sent to the Chancellor, calling on the Government to protect from VAT military families who make use of the continuity of education allowance.

Although the Chancellor has committed to re-rating CEA, I maintain that the full exemption from VAT is needed to truly support military families. That would make a real difference to those enlisted at either of Windsor's two great garrisons, to whom we owe so much. That support should be given special consideration in the light of the Prime Minister's discussions over the weekend and in the House today.

Labour Front Benchers frequently refer to parents who pay for independent education enjoying a tax break, but parents actually save the state £8,210—the money it costs to educate a child in the state sector—and receive no compensation for the income taxes that they pay. In my book, that is no tax break at all. Frankly, the numbers do not add up. The Adam Smith Institute has estimated that if even 10% of children move to the state sector—anecdotally, in my constituency I am seeing more than that—any revenue will be nullified. Any more than that 10%, and the policy will actually cost taxpayers money. That highlights the ideology behind the decision.

In my view, the Labour party is playing politics with children's futures. It is forcing families to have difficult conversations mid-year and make tough decisions. The saddest conversations I have had have been with parents who have felt the need to separate children from classes mid-year. Frankly, only a Labour Government could set out with the aim of improving education in this country and introduce policies that have led to 40 school closures since the Budget.

**Dr Arthur:** The hon. Member is talking with great understanding about the schools in his constituency, including state and independent, which is fantastic to hear. But we have heard in this debate about full state



schools in England, about overloaded schools and underfunded schools. He will acknowledge that funding had to be found somewhere to try to fix the problems. We have one solution. Is there an alternative?

**Jack Rankin:** My point is that this will not raise any money. It will exacerbate the problem, because if 10% of the students are displaced, that nullifies the revenue.

One thing that has not been mentioned is that all our local authorities are under some kind of financial strain, and the royal borough of Windsor and Maidenhead is under more than some others. One of the biggest exploding bills on its books is the school transport budget, which this policy harms by putting another unexpected pressure in the system that local authorities will have to pay for. I do not know whether that is in the numbers; perhaps the Minister will comment on that.

I find it almost humorous that some teachers' unions—it is not often that Conservative Members agree with them—are raising concern about the impact of this policy on staff and pupils in state schools. After only a few months, we are seeing pupils being taken out of private school at three times the previous rate. We will have to wait until September to see the full extent of the damage, as many parents are doing everything they can to get to the end of the school year before, sadly, taking their children out of the schools they love.

In this country, we should be aiming to set the highest standards across the board, using schools that excel in the independent and state sectors as examples of what can be achieved. Labour would rather cut down that aspiration in return for uniformity. We are seeing this attack in their dismantling of the academy system, which has blossomed under successive Governments of all colours. Far from guiding the invisible hand, Labour's education policy is strangling the school system. I wholeheartedly reject this "politics of envy" policy, which places politics above children, families and the good of the country, but if the Government are determined to stick with it, I urge them to introduce full exemptions for all SEND children, military families and specialist schools.

6.16 pm

**Rachel Gilmour** (Tiverton and Minehead) (LD): It is a joy to speak under your chairmanship, Ms Lewell-Buck. I will be brief.

I grew up the eldest of four children, and the only girl. My brothers and I were all grateful recipients of scholarships and bursaries to public schools. I am, believe it or not, a Cheltenham lady, and my brothers all attended King's, Canterbury. Two served in His Majesty's armed forces—Johnny was a half-colonel in the Grenadier Guards, and Ben still serves as a brigadier in what we still call the Black Watch. My other brother, James, worked as a heart surgeon before serving his community in Wales as a GP. In my own small way, I have tried to contribute to my country and my community. I am now serving as an MP, but I have also been a town and district councillor. I worked for international and national non-governmental organisations, and the National Farmers Union and the Environment Agency. That was made possible for all of us in large part by the education that we were fortunate enough to receive.

As Members can imagine, I very often get asked by people who tend to put their cross in the blue team box why I am a Liberal, and my answer is this: I am a Liberal because I was very well educated and I have a conscience. As a Liberal, individual political choice is part of my political DNA, and that is why I resist any attempts to erode choice. Steps taken to remove parental choice over where and how children receive their education are, to my mind, politically indigestible. Ultimately, parental agency must come first in any discussion about children's future; it is not for the state to disrupt that dynamic.

There are a few misconceptions about private schools in this country. One is that most of those who are fortunate enough to attend independent schools are somehow part of the elites. Many students in such schools up and down the country hail from families that have saved and made many a sacrifice to strive to provide the best possible education for their children. My parents were both teachers—not a particularly highly paid profession. This policy would overturn a long-established VAT exemption on independent schools and would hit hard-working families the most. Those schools would be forced to increase fees to stay afloat, cutting off opportunity for many children and driving the further balkanisation of our education system, with the result that only the most financially fortunate would be able to afford private school fees.

**Clive Jones** (Wokingham) (LD): The Government's policy will harm SEND children currently enrolled in independent schools. One constituent wrote to me to say that their daughter goes to a local independent school because of her autism, and that it is an environment that is best suited for her needs. Does my hon. Friend agree that the Minister should recognise the potentially detrimental effect on children with SEND if the VAT exemption causes schools to cut scholarships and bursaries?

**Rachel Gilmour:** I thank my hon. Friend for his interesting and adept intervention. I will be coming to that matter in a minute. There are some shocking—shocking—statistics on this from the Conservative party in Devon.

This policy will immeasurably increase the strain on the state school system, which is already bursting at the seams, through a large influx of pupils transferring across to comprehensive schools. This tax will not offset the impact. Moreover, many pupils at private schools are there because bursaries and scholarships have enabled them to be there, as was the case for me. For example, Blundell's school, the independent school in my constituency of Tiverton and Minehead, has a proud reputation of offering a very high number of bursary places to disadvantaged children from low-income households, who would otherwise not have the opportunity of a first-class education. It also opens its doors to the community, who regularly make use of its wonderful facilities. That is the case for independent schools up and down the country—I think I referred to one earlier.

What about those pupils in need of extra support with their learning? Here comes the shocking statistic about EHCP roll-out across Devon, where Conservative-run Devon county council fails to meet its statutory duty to issue 95% of EHCPs within 20 weeks. I think all of us—even the blue team—would agree that that is shameful.

[Rachel Gilmour]

Many parents whose pockets are not bottomless and who have children whose needs are not being met see independent schools as a means of securing the best possible future for their child. Who could possibly decry parents doing such a thing? [Interruption.] Mutter, mutter.

Of course, my desire is to see our state school system rise to such standards that parents would not feel as though independent schools were the only way for their children to receive a first-class education. I sincerely hope that that day comes sooner rather than later, and I have confidence that this Government will make that happen, but I cannot help but come back to choice, which is the central premise of my argument—the choice of parents to decide themselves, and themselves alone, where their children learn.

6.23 pm

**Munira Wilson** (Twickenham) (LD): It is an absolute pleasure to serve under your chairmanship, Ms Lewell-Buck. I thank the hon. Member for Berwickshire, Roxburgh and Selkirk (John Lamont) for introducing this debate and setting out the argument so eloquently. I also thank the almost 115,000 people who signed the petition, of whom 873 live in Twickenham.

I start by apologising to you, Ms Lewell-Buck, hon. Members and people in the Gallery if I have seemed a little distracted over the past 45 minutes. I have just found out that my daughter got her first choice of secondary school—a state school, I should say—for this September, so I have been a little distracted. All her classmates' parents have been messaging to find out, and I was trying to communicate with my husband to let our daughter know that she will be going where she wants to go. Forgive me, but I thought it was quite appropriate to mention that, given that we are talking about schools and independent schools. I am proud that my borough of Richmond upon Thames has outstanding secondary schools—in fact, all of them are outstanding or good—and some of the best primaries in the country, but that is not necessarily the case everywhere.

It goes without saying that every person in this House, whatever their party affiliation, aspires for every child to receive an excellent education. Every child deserves the opportunity to reach their full potential, yet too many children are not being supported to achieve it. We Liberal Democrats believe in creating state schools that provide a rich curriculum together with rich extracurricular options—schools so high performing that parents do not feel compelled to send their children to the independent sector. That is why we set out an ambitious education offer in our manifesto last year; we see education as an investment, not a cost. However, as we all know too well, that is very far from the current reality of our state system. For too many children, our school system is just not working; too many are simply not getting the support they need and are entitled to, especially if they have additional needs.

Teachers and other school staff as well as school leaders are struggling with ever tighter budgets to hire and keep the staff they need, especially in maths and science, with crumbling school buildings, and with a SEND system that is utterly broken. Is it any wonder

that many parents, for some of whom it is far from an easy financial decision, choose an independent education for their children? They want to invest in their children's future in the same way that I argue the Government should invest in our children, yet it is in that context that this Government have decided to tax independent schools and penalise families for making that choice.

We Liberal Democrats oppose in principle the taxation of education, whatever form it takes—whether it is tutoring, higher education, nursery fees or music lessons. Even more, we believe this measure is counterproductive. Since the policy was announced, pupil movement out of the independent school sector has been three times higher than the Government predicted, with the fall being highest in transition years of year 7 and reception, at 4.6% and 3.9% respectively. The Independent Schools Council's survey last year found that there were already 10,000 fewer pupils in independent schools. According to the ISC, this fall in numbers alone cost £92 million in state pupil funding, which is more than the Government will raise from business rates on independent schools that are charities.

The majority of independent schools are small: 40% have fewer than 100 pupils. With apologies to the hon. Member for Windsor (Jack Rankin), we are not talking about the Etons and the Harrows here. What I really struggle with in this policy is that, as others have said, it is not the very wealthy who will be impacted by it. The Minister will be very pleased to hear that I have met some rather wealthy people who have told me that they agree with the policy—but they can afford it; they can absorb the extra cost. It is especially the parents who never deliberately set out to secure a private education for their children, but felt forced to for various reasons, who are bearing the brunt and will be priced out. The impact of Labour's policy is to make our private schools yet more elitist, which is what the Government are waging a campaign against. I think the right hon. Member for East Hampshire (Damian Hinds) made this very point.

I wish to talk about two groups who are particularly harmed by the Government's policy. The first is families of children with SEND. As we have heard, there are in our independent schools almost 100,000 children with special needs who do not have EHCPs, and who, under this Government's policy, are not exempt from VAT. Often, their parents opted for private schools as a last resort, after being continually failed by the state system and even rejected. This policy penalises parents for trying to do right by their children.

One family in my constituency came in tears to a surgery last year, after it was announced that this policy was going ahead and would be implemented in January this year. Their son was in a local state primary school, but his challenging behaviour, which had manifested as a result of his additional needs, which the school could not support, had put him at risk of exclusion. His parents made the very difficult decision to move him to a local private school, where he is now thriving. They are paying an extra £18,000 a year on top of the basic school fees for the additional support he needs to learn and thrive. All those costs—not just the basic fees but the additional support fees—are subject to VAT under the Government's policy. They do not know how they are going to meet the cost, but they know that if their son goes back into the state sector and to the primary

he was at, he will be at risk of being excluded. I ask the Minister: why are the Government punishing families such as these? Arguably, they have saved the taxpayer a lot of money in terms of not just the child's schooling costs, but all the further knock-on costs that we know result from a child being excluded from school.

We all know that SEND provision in this country is utterly broken. Our local authorities and state schools are buckling under the demand, yet this policy threatens to place an ever-greater burden on the state SEND system, as parents are incentivised to battle the system for EHCPs—which many children probably could get if their parents tried hard enough—in order to secure the VAT exemption. Indeed, some parents of SEND children are simply being priced out of the independent sector and back into state schools, where the additional needs will need to be supported. I have repeatedly asked Ministers to monitor and report to the House on that particular impact of the VAT policy, and I ask again: will the Minister monitor and report on the impact on SEND provision for those children who do not have EHCPs and are not exempt?

The second impacted group that I will briefly touch on is military families. Statistics from the Boarding Schools' Association reveal that the Government's new policy will have an adverse impact on military families using the continuity of education allowance scheme. Under the scheme, parents must make a minimum 10% contribution to fees, but even with the Ministry of Defence's recalculation in response to the Government's policy, parental contributions will have to increase by a further 18% on average, rising from £14,000 to £17,000 for a child in senior school. As my hon. Friend the Member for Surrey Heath (Dr Pinkerton) pointed out, that will be unaffordable for many families, and will impact retention in the forces. Those serving our country should not be financially penalised for doing so, and we should endeavour to provide service families with continuity and stability. I hope that the Minister, alongside his colleagues in the Ministry of Defence, will make a clear statement on how the impact of VAT will be monitored for CEA families, and the criteria by which they will decide to make further changes. I hope they will also commit to reviewing the CEA over the longer term to ensure that families are protected from the impact of VAT, or exempt CEA families from VAT all together.

Aside from the two specific groups that I have talked about, who I think the Government have overlooked, I want to return to the wider principles. We Liberal Democrats would like to see independent schools routinely giving back to their community by way of recognition of the tax exemption they had previously benefited from, and that we believe should continue. Many of these schools already give back a huge amount to their communities through exemplary partnerships with local schools, where not only facilities but learning and experiences are shared between the state and the independent sector.

Independent schools ran over 9,200 partnerships in 2024; each school involved in partnership worked with approximately 11 state schools and with 403 pupils in those schools. Examples of those partnerships include sharing sports facilities, theatre spaces, specialist teachers, mentoring schemes, cooking schools, higher education support and debating clubs, as well as bursaries and scholarships. The Liberal Democrats want to see that become the norm for every independent school, but as

my hon. Friend the Member for Esher and Walton (Monica Harding) pointed out, the VAT policy will mean that greater partnership work is the first thing independent schools cut back on.

In these debates, I have often referred to Hampton and Lady Eleanor Holles schools in my constituency, which have a brilliant partnership with a Reach academy in Feltham that is serving a disadvantaged community that has typically not had many children going into further or higher education. That school has seen its results soar and pupils accessing university and medical school as a result of the partnership. The headteacher of Hampton, Kevin Knibbs, said to me this morning:

"While it's too early to identify the immediate impact of the Government's policies on our schools...it is deeply regrettable and a missed opportunity that independent schools elsewhere in the country will simply be unable to replicate the Reach-LEH-Hampton partnership model due to the new tax regime. Moreover, the imposition of a tax on education will compromise our and other independent schools' ability to provide transformative, means-tested free places that are such excellent examples of social mobility in action."

I thought that was something that the Minister and his colleagues were all in favour of. We should be making the most of the benefits that independent schools can provide, opening them up to more children, not making them more exclusive and adding to the state system's burden.

I am coming in to land now, I promise. The Government have dismissed the stories of families affected by this tax, choosing to prize numbers over human experience. I fear they are being driven by ideology, but I am perplexed as to why Ministers have been hellbent on this particular policy, which hits parents' pockets directly, and yet they have resisted my party's attempts to amend the Children's Wellbeing and Schools Bill to ensure that private equity companies that are profiteering from private special schools are not being subjected to the profit cap that this Labour Government are imposing on children's homes and fostering agencies that are often run by the same companies. They are making eye-watering profits, with margins of more than 20%, which local authorities have to pay. The Labour Government do not want to do anything about that, but they are attacking parents who want to send their kids to private schools. It makes no sense to me, and I hope the Minister will address that point.

I understand that the fiscal situation right now is hard. Unlike the Labour party, during the election campaign my party laid out a whole host of areas where taxes could be raised fairly in order to invest in our children's education and our country's future. Whether that is properly reforming capital gains tax, reversing the Conservatives' tax cuts for bankers or increasing the tax on big tech companies, we are ambitious for every child. We want to put a dedicated mental health professional in every primary and secondary school, to expand free school meals for all children in poverty and to ensure that those children who have fallen behind are supported through tutoring. That vision can be realised without penalising parents who are choosing to do what every parent naturally wants to do: to invest in their children's education and future.

6.36 pm

**Neil O'Brien** (Harborough, Oadby and Wigston) (Con): It is a pleasure to serve under your chairmanship, Mrs Lewell-Buck. We have had some superb speeches



[Neil O'Brien]

on all sides of the House today, starting with my hon. Friend the Member for Berwickshire, Roxburgh and Selkirk (John Lamont) who led us brilliantly. I thank the nearly 115,000 people who triggered this debate by signing a petition against the education tax, and particularly those who are here today.

There is a good reason why all previous Governments of all colours have avoided taxing education. It is hard to imagine a Tony Blair Government doing what this one are now doing. In fact, we know that he slapped the idea down hard when it was suggested. Likewise, Clement Attlee did not do it, and nor did Harold Wilson or Jim Callaghan. The rest of Europe does not do it. But under this Government, schools are being hit by a triple whammy of VAT, business rates and higher national insurance. Even some Government Ministers have their doubts about this. The Chief Secretary to the Treasury, no less, told the girls at Redmaids' high school in 2022 that he opposed his party's policy on taxing independent schools and said that it would not bring in what his own party was claiming. What an extraordinary thing for the Chief Secretary to have said.

As the Labour hon. Member for Ealing Central and Acton (Dr Huq) said, the Government are doing exactly what they promised they would not do by raising tax on working people. The Government's claim is that they need to find some money. I note that they are able to find billions and billions to fund their bizarre payment to Mauritius to take our own territory off of us, but even if I could not think of anywhere that the Government could save some money—and I can—my advice would be that, if they want to tax people who have more money, they should tax people who have more money, rather than taxing education. The problem with taxing education is that it catches people who are not rich; it catches people who are sacrificing so much to invest in education. That is unselfish and has wider social benefits. If the Government wanted to tax fancy cars or holidays, or meals out or something like that, I would at least understand, but taxing investment in education is a mistake—and starting it halfway through a school year makes it worse and is vindictive.

In my constituency on the edge Leicester, we benefit from lots of different types of people, but particularly from second-generation communities who really value education. I see whole extended families in my constituency coming together to spend what money they have not on fancy cars or luxuries, but on school. In the biggest independent school in my constituency, Leicester grammar, probably the most common occupation among parents is to be a doctor working in the NHS, and being a doctor is still a very common dream for the pupils there, too. Education has these wider social benefits, and I am struck that the Government praise these people one minute and then wallop them the next; one minute they love them, and the next they hate them.

The other common reason that my constituents end up paying twice over for education is that their child has some sort of special needs. They first pay the tax, then they do not use the service that they paid for and then they pay again themselves to get what they think is the right thing for their child. Parents know what the EHCP system is like and they can see the ever-rising demand, so instead of adding to that demand they pay up

themselves out of their own pocket. They are content to make sacrifices to get the care they need for their child and their special needs.

Independent schools educate more than 130,000 pupils with SEND, of which around 100,000 do not have EHCPs. This is one of the big challenges created by the education tax: if a significant chunk—maybe not even a big chunk—of that 100,000 or so children with special needs but no EHCP are taxed into the state system, that will be a huge new load on a special needs system that has already seen demand explode over recent years. Councils are already struggling, and will have to do more assessments and find even greater resources.

We know that 100,000 figure from both the Government's own data and the ISC's census, but behind every statistic is a real child. There was an example recently of how this is playing out just over the border from us into Lincolnshire: a girl was forced to move school because her parents could not afford the new tax, and the council has now gone from paying nothing to spending £8,200 a year of taxpayers' money to transport her a long way to the nearest school that can take her.

Some of these cases are profoundly sad. There was a report in *The Independent* recently about a girl who was hospitalised for eight months last year with a rare brain condition, which left her needing a very high level of support and unable to cope with the change of school placement. The daughter had attended a private school, which her dad says they had just about afforded, but the 20% charge on top made it unaffordable. She had been living in intensive care, and once she came out, she had only eight months left at her old school because she was in year 11. Her father raised her plight with the DFE, and he says of the letter back from Ministers:

"I could have smashed my head against a wall when I got that letter, I was so angry and upset. It's so heartless."

The Government claim that this is a great and vital revenue raiser, but in reality, that has always been highly uncertain. The rate at which it will shift pupils into state education is hard to predict, and the effects of this large group of children with SEN moving makes it even more uncertain. Pupil movement out of independent schools is already three times higher than predicted, as has been noted in the debate. Some 10,000 fewer pupils are in independent schools already, according to the September 2024 ISC pupil numbers survey. The drop was largest in the transition years, with a drop of just over 4.5% in year 7 entrance.

The Government want to present all the parents who end up sending their children to independent schools as incredibly wealthy, but according to analysis by Diarmid Mackenzie, around 90,000 families who use independent schools are on below average incomes. They will be the ones who are most affected, and independent schools will become more exclusive.

The hon. Member for Paisley and Renfrewshire North (Alison Taylor) talked about the ability of schools because of this change to reclaim historical VAT on capital spending. That is worth about £5 million for Eton, but nothing at all for lots of smaller schools that are less well resourced—and some of them are not well resourced.

I think of a small Christian school in Leicester, which got in touch with me because it was so concerned about this. Its income per pupil is probably below those of the neighbouring state schools, its fees are low, the teachers

could get paid a lot more elsewhere and the parents are definitely not rich. Why do those people do it? They do it because it is a labour of love, and it is a labour of love for others, too. There are all kinds of reasons that children end up in the independent sector. Maybe it is their special needs; maybe it is faith; maybe it is to do with language; or maybe it is a particular educational approach that works for their child. In a word, this is pluralism.

On the other side of the ledger, what do we have to show for it? The Government occasionally try to claim that the money is ringfenced for some purpose or other, but of course the truth is, as the Minister knows, that there are no ringfences at the Treasury. In the troubled schools Bill, we see measures that will unwind the educational reforms to state schools that propelled England up the international league tables. The Institute for Fiscal Studies says that, over the last Parliament, per pupil spending in mainstream schools rose by about 11% between 2019 and 2024 when adjusted for inflation. That is an 11% per pupil real-terms increase, but for this coming year, the IFS has pointed out that state schools' costs are going up faster than their income, with costs up 3.6% and funding up only 2.8%. It is therefore not the case that the education tax is unlocking some great funding bonanza for those of us who have got our kids in state schools. In fact, I see that the National Education Union has recently relaunched its "Stop School Cuts" campaign.

There are 43 schools that have closed or announced closure since Labour came to power, and many of them have explicitly pointed to the education tax as the thing that tipped them over the edge. Schools that have closed include Hemdean House school, Abercorn school, Portland Place school, River House Montessori school, Alton school, Conifers school, Kilgraston school, the Study school, Ursuline preparatory school, the Hampshire school, St Joseph's preparatory school in Stoke-on-Trent, Wings school, Argyll House, Chartfield school, Gracefield preparatory school, Lawrence House, North London Rudolf Steiner school, Redbourn Park secondary school, Sheiling school, the Copper academy, the GFC school, the Prepatoria school, Ashcroft school, Downham preparatory school, LIFE Wirral Sports school, Iona school, Brighton Waldorf school, Progress Schools, Summit school, Advance Education, Tashbar boys nursery, Maidwell Hall school near me in Northamptonshire, Loughborough Amherst school, Godolphin prep in Salisbury, the Village school for girls in Camden, Highfield prep in Maidenhead, Oxford House school in Colchester, Carrdus school in Oxfordshire, Bedstone college in Bucknell and Fairfield PNEU school in Backwell. Schools that have merged and reduced in numbers include Headington and Rye St Antony; Orchard House and Chiswick and Bedford Park; and Westbury House and the Study schools.

I read those out because, as well as the number of children who will move into the state sector and have their education disrupted in that way—which seems to be much higher than the Government predicted—a huge number will have their education disrupted even if they end up in another independent school. That is precisely what is happening to a lot of parents in my constituency because of local closures. The Government will say that those children are privileged; I say they are children. Being forced to change schools and perhaps being separated from friends is disruptive and bad, whoever they are.

The Government have often countered that not many pupils will be affected. We hear about the small percentage of pupils who will move, and how easy it will be for the state sector to accommodate them. We hear much less about how much extra that will cost, and we have heard nothing from the Government about the 10,000 fewer children in independent schools I already mentioned. The official impact predictions for VAT estimated that 3,000 pupils would leave this academic year; now we have seen 10,000 in the first term. There are still five months until August, so it may get worse before the year is out.

If the number of pupils leaving the sector continues to run at three times the predicted levels, we would face not just—"just"—35,000 pupils displaced, but more than 100,000. In many cases, they will struggle to get a state school place. In at least 27 authorities, schools are full in certain age cohorts and, since Labour announced this policy, pupil number projections in the state sector have been revised up nationally—significantly so in many local authorities. That means fewer people in the state system will get their first choice of school.

Although there is uncertainty about the fiscal impact of this policy, there is no uncertainty about it not being the best way to raise revenue. The other day, the Chancellor announced the introduction of a special new business rates relief for the film industry, even as the Government take away business rates relief for schools. The argument is, "The film industry is good. This is an investment in our future"—but schools are an investment in our future. The argument is, "This is good culturally. This is part of our culture"—but education is good for our culture as well.

I will come to an end. There is uncertainty about the fiscal impact of this measure, but there is no uncertainty about it causing a lot of misery for parents with special needs kids and for parents who do not want to have their kids' education disrupted. The Government are doing this for political reasons. There is no doubt that this is not the best way to raise revenue; this is a purely political decision and it is having significant, real-world, bad effects on our constituents right across this country.

6.47 pm

**The Parliamentary Secretary to the Treasury (Torsten Bell):** It is a pleasure to serve under your chairship, Mrs Lewell-Buck, for this debate secured not by an hon. Member, as is often the case, but by public petitioners, including some who are present in the Public Gallery. The public paying attention to an issue is good grounds for it being debated. I also thank the hon. Member for Berwickshire, Roxburgh and Selkirk (John Lamont) for introducing the debate—also, for closing it shortly—and all hon. Members who have spoken during it.

There are lots of things that are not common ground on this issue, as I will come on to, but I will start by noting that we are all motivated by the same determination to support the aspirations of every parent in the UK to get the best education for their children. In that context, we should all congratulate the hon. Member for Twickenham (Munira Wilson) on her good news and agree with my hon. Friend the Member for Ealing Central and Acton (Dr Huq) that we all know people who have made a wide range of decisions about the educational choices for their children and that no one here is judging other parents' choices.

[Torsten Bell]

The best education for children is also what motivates the Government to break down barriers to opportunity to ensure that every child has access to high-quality education—and every child includes the 94% of children who attend state schools. The reforms to VAT and business rates that we are debating will raise about £1.8 billion a year; I will come on to the questions about the costing shortly. That will help to improve state education.

In the autumn Budget, the Government announced a £2.3 billion increase to the core schools budget, and it is to deliver such commitments—not for any other purpose—that we have made the tough but necessary decisions that we are debating today. The hon. Member for Harborough, Oadby and Wigston (Neil O'Brien) called for even larger increases in spending on schools, but it was noteworthy that he did not set out the means by which such increases would be paid for.

I will briefly outline the policy changes that the Government are making, before turning to the important issues that hon. Members have raised during the debate. Since 1 January, education services provided by private schools have been subject to VAT. While private schools are now required to charge VAT, they are also able, as has been discussed, to recover the VAT that they incur when purchasing goods and services. The Government are also legislating to remove the eligibility for charitable rate relief from private schools that are charities in England. This is intended to take effect in England from April; it is already the case in Scotland and is being taken forward in Wales.

As I have said, the goal of those changes is to provide additional funding for the state education sector. However, I fully recognise that they will increase the cost for some parents and carers who have chosen a private education for their children. This change is necessary, but I am not hiding from the reality that any rise in costs is unwelcome for those affected by them.

**Gregory Stafford:** We disagree on whether this change is going to raise any money. However, I want to understand the policy point being made here, namely that to raise the money to fund the state education sector, the Government have decided to raise tax on the independent education sector. Why did they decide to raise money from the education sector rather than from any other sector, or from any other rich individuals?

**Torsten Bell:** I thank the hon. Member for his intervention. I might be a bit more sympathetic to Conservative Members focusing on this change if I saw them supporting any of the revenue measures that we have had to take to start turning around public services and improving the public finances. They oppose this measure, they oppose changes on national insurance, and they oppose cuts to the winter fuel payment and the rest. Now, I will make some progress.

On the timing of implementation, as my hon. Friend the Member for Paisley and Renfrewshire North (Alison Taylor) pointed out, this change was clearly signposted in Labour's manifesto. Also, His Majesty's Revenue and Customs is working hard to support schools through this change by providing bespoke support to schools alongside

comprehensive guidance on how they can register for VAT. A dedicated mailbox for queries has also been made available to schools and their tax representatives.

Several hon. Members have discussed the impact that the changes will have on pupils and their families, and on state schools and private schools more widely. Many Members have understandably returned to questions that were addressed in the tax information and impact note, or to the Government's response to the consultation that was conducted between July and September last year.

The issue of costings was raised by the hon. Member for Boston and Skegness (Richard Tice). The underlying methodologies used were certified by the independent Office for Budget Responsibility, and the costings take into account exactly the issues that he raised about behavioural responses.

On the issue of pupils moving schools or sectors, we recognise that there will be some movement of that kind. However, we believe that the number of students who will switch to the state sector represents less than 0.5% of all UK state pupils, so we are confident that the state sector will be able to accommodate any change.

The hon. Member for Farnham and Bordon (Gregory Stafford) raised the issue of school closures. The evidence suggests that around 50 private schools close each year during normal business. Although we would expect some additional closures, we have not seen any evidence to revise our view that the overall number of extra closures will be modest—perhaps something in the order of 100 schools over three years.

We also recognise the concerns that have been raised about the impact on pupils with special educational needs, including by the hon. Member for South West Hertfordshire (Mr Mohindra). That is why we will ensure that those pupils with the most acute additional needs, whose needs can be met only in private schools, will be unaffected. For example, in England, where attendance at a private school is required by a child's EHCP, that child's parents or carers will not pay VAT and councils supporting them will be able to reclaim the VAT. In Wales, post-16 provision of this kind is funded by the Welsh Government rather than by councils. They cannot reclaim VAT in the same way, so ringfenced funding will be provided until 2028-29, when responsibility will pass to local authorities.

More broadly, we are committed to transforming the system of supporting children and young people with SEN, because it is badly needed, as the hon. Members for Esher and Walton (Monica Harding) and for Tiverton and Minehead (Rachel Gilmour) clearly set out. The Budget announced a £1 billion uplift to high needs funding in 2025-26, providing additional support for more than 1 million children in the state sector with special educational needs and disabilities.

The hon. Members for Surrey Heath (Dr Pinkerton) and for Windsor (Jack Rankin) raised the issue of service families, but I fear they downplayed the increase of more than 12% in the continuity of education allowance from the Ministry of Defence. The issue of faith schools was also raised. They are an important part of our educational landscape, but the argument that private faith schools should be exempt from these changes is not compelling. An exemption would reduce the revenue available for pupils in state schools, including those of faith, and would be inconsistent with this Government's strong view that a state education is suitable for children of all faiths and for children of no faith.



**Damian Hinds:** On faith-based education, the Minister is quite right that there are large numbers of faith-based schools in the state sector. However, there are some denominations and particular religious traditions for which there are not large numbers of schools, and whose actual charge fees sometimes considerably below the average cost of a state school place. Does he recognise that there may be a case for an exemption in such cases?

**Torsten Bell:** I recognise the description of the status quo as the right hon. Gentleman describes it, but I reiterate my view and the Government's view that a state education is suitable for all families of all faiths.

A public petition has decided that we should have today's debate. On those grounds alone, it is right that we have had it. I recognise many of the points that hon. Members have raised, even if I have attempted to set out why the Government believe that in some cases they are overdone. As we rightly debate the impact of these policies, we must recognise the reason that they have been made: the priority that we must attach to providing extra resources for our state schools—resources that I have not heard a huge number of suggestions for replacing today. These are schools where 94% of our children are educated, and where this Government will deliver an education system fit for all.

6.55 pm

**John Lamont:** I am conscious of the time and that the House of Commons is about to vote. I will not detain hon. Members much longer.

I thank the petitioner for bringing forward this petition and the 115,000 people who bothered to sign it. I also thank all hon. Members who contributed to this important debate. I think it is telling that the vast majority of right hon. and hon. Members spoke against the Government's policy regarding the VAT charge on school fees and the removal of business rates relief. The empty Government

Benches are also very telling, although there were notable exceptions in the hon. Members who did come to try and defend their Labour Government's policy. It was interesting to hear some of the caution that was also being expressed, however, most notably by the hon. Member for Ealing Central and Acton (Dr Huq), who gave a very important contribution.

I was struck by all the contributions about the impact that this policy will have on young people with additional needs, and the fact that it is not simply about wealthy families choosing to send their children to independent schools. There are lots of young people who go into the independent sector to get the educational support that they need to be able to achieve their full potential. Many of them will be deprived of that opportunity because of this policy. We also heard from a number of hon. Members about the impact on military families, which I had not previously considered.

I am deeply disappointed by the Government's response, as I am sure all the petitioners are. There was no recognition that there might need to be a review of this policy in future and of how it will affect the independent sector and the opportunities of young people.

Again, I thank Hugh, the petitioner. One of the highlights of the day was meeting his daughter, Amelia, who is in the Gallery. I hope that she has enjoyed the debate and has found it interesting, although I suspect that the purchase of a House of Commons teddy bear before the debate will be the high point for her.

*Question put and agreed to.*

*Resolved,*

That this House has considered e-petition 701268 relating to VAT on independent school fees and business rates relief for independent schools.

6.58 pm

*Sitting adjourned.*



# Written Statements

*Monday 3 March 2025*

## BUSINESS AND TRADE

### Post Office Horizon: Redress

**The Parliamentary Under-Secretary of State for Business and Trade (Gareth Thomas):** The delivery of redress for victims of the Post Office Horizon IT scandal is a key manifesto commitment for this Government. As part of our commitment, I have been actively considering whether the Department for Business and Trade should take on responsibility for the redress schemes currently managed by the Post Office. This is something that postmasters, campaigners and parliamentarians, including the Business and Trade Select Committee, have called for.

I am today announcing that the Department's Horizon convictions redress scheme (HCRS) will broaden its scope and take on responsibility for redress for postmasters who have had their convictions overturned by the courts.

There will be a three-month transition period to allow for the smooth transfer of active claims from one scheme to the other. At the end of May 2025, claims for redress under the Post Office's overturned convictions scheme will be transferred into the HCRS and the Post Office will cease to be involved in the administration of redress for overturned convictions. From Tuesday 3 June, all existing and new overturned convictions claims will be processed by the Department for Business and Trade.

There will be no gap in service for postmasters who have claims in the system. During the transition period, the Post Office will continue to actively progress claims towards settlement. The Department is already working with the Post Office to ensure that the transfer process is as smooth as possible for individuals and will work with them and their legal representatives throughout the process. Our intention is for a seamless transition for existing claims.

The assessment framework for HCRS was deliberately aligned with the principles for decision in the overturned convictions scheme to ensure fairness of outcome across the two schemes. All postmasters can therefore expect consistency of treatment between the HCRS and overturned convictions schemes.

In advance of 3 June, I encourage all those eligible to apply for redress under the overturned convictions scheme to continue to engage with the Post Office, which is committed to continuing to process existing claims swiftly until the transfer date.

As I have previously indicated, I am considering whether responsibility for delivering the Horizon shortfall scheme should also be transferred to the Department. I will make a separate statement about that in due course. We have already committed to running the Horizon shortfall scheme appeals process within the Department, rather than allowing it to be run by the Post Office.

[HCWS483]

## TREASURY

### Ukraine

**The Chancellor of the Exchequer (Rachel Reeves):** Three years on from the onset of the war in Ukraine, the Government remain steadfast in their support for Ukraine. The UK's total military, budgetary and humanitarian support now stands at £12.8 billion, and the Government have committed to contributing £3 billion in guaranteed military support each year for as long as it takes.

The Government have on Saturday 1 March 2025 signed a loan agreement with Ukraine, setting out the terms by which the UK will provide our contribution of £2.26 billion under the G7 extraordinary revenue acceleration loans to Ukraine scheme. The loan will be limited recourse. The UK's contribution is additional to all previous commitments to Ukraine. This agreement enables the Government to begin disbursing ERA funding to Ukraine shortly.

The G7 ERA initiative is set to collectively provide approximately \$50 billion in loans to Ukraine. This crucial funding will be repaid using future flows of extraordinary profits generated from immobilised Russian sovereign assets.

On 16 January 2025, The Financial Assistance to Ukraine Act 2025 achieved Royal Assent. This Act provides HM Treasury with the authority to allocate funding towards the UK's contribution to the ERA. The Government intend to disburse this contribution in three equal tranches over the next three fiscal years, starting in the current fiscal year 2024-25.

Given the urgent needs of Ukraine and the significant public interest in Ukraine's defence of its territory and our shared aim of peace through strength, as well as the broader security of Europe and the UK, it is imperative that the first tranche of UK support under this scheme is distributed to Ukraine as soon as possible.

Parliamentary approval for additional capital of £752,667,000 for this new expenditure has been sought in a supplementary estimate for HM Treasury. Urgent expenditure estimated at £752,667,000 will be met by repayable cash advances from the Contingencies Fund.

The second and third tranches, payable in future financial years, will be funded in the usual way through the estimates process.

[HCWS485]

## ENVIRONMENT, FOOD AND RURAL AFFAIRS

### Species Reintroductions

**The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Mary Creagh):** Beavers were once widespread across England but became nationally extinct due to overhunting. In recent years they have returned to our waterways through a combination of licensed releases, escapes, unlawful wild releases and natural breeding.



Beavers can bring many benefits: boosting biodiversity, creating and restoring wetland habitats, and reducing downstream flooding. Their positive effect on water ecosystems can bring benefits for a variety of other organisms, supporting delivery of the Government's statutory species abundance and extinction targets. River restoration and creation of wetlands by beavers can also potentially contribute towards delivery of the Government's statutory target to restore or create wildlife-rich habitat outside of protected sites.

The Government are now setting out their approach to the wild release and management of beavers in England.

#### *Licensing the wild release of beavers*

The Government have asked Natural England to begin assessing licence applications to release beavers into the wild. Beavers released by these projects will be allowed to expand their range naturally, with management plans in place to promote their return to the landscape. On 10 February 2025 the National Trust received a licence to release beavers into the wild as part of their Purbeck beaver project in Dorset.

Beaver reintroductions must be carefully planned to avoid negative effects on farming, food production, and infrastructure. They can pose challenges to those responsible for land and infrastructure in some locations, especially if their activity is not effectively managed.

#### *How the licensing scheme will work*

A licence is needed to release any beavers into the wild. Applications will be considered against comprehensive wild release criteria. The criteria have been developed through extensive engagement with stakeholders.

Applicants will need to submit an expression of interest to Natural England who will assess the project. Only those likely to meet the criteria will be invited to make a full application.

The first expression of interest window will open from 1 March 2025 and will close on 2 May 2025. There will be more opportunities to submit expressions of interest on a regular basis. Full licence applications will need to:

- demonstrate clear environmental benefits;
- provide evidence of meaningful engagement with local landowners and managers;
- explain how the risks of identified negative outcomes will be effectively avoided, mitigated or managed.

These criteria have been designed to ensure that only high-benefit, low-risk projects are licensed, and that beavers are reintroduced at a measured pace in a well-managed way.

Projects must help communities adapt to living with beavers. All new reintroduction projects that receive a licence must develop a project plan. This will usually need to cover at least a 10-year period to support the introduction of beavers into a landscape. The project plan must include an exit strategy for transition to longer-term beaver management to ensure that support to farmers, landowners and local communities continues after this initial period. Natural England must be consulted before a reintroduction project starts its exit strategy.

We will keep this approach under review. We will use what we learn to inform the long-term approach to beaver management in England, and where necessary to update our guidance.

#### *Support for living alongside beavers*

We recognise that some groups and individuals are concerned about the effects of beaver activity. Beavers can cause problems in some situations. However, with the right support and management in place, the overall benefits provided by wild beaver populations more than outweigh the risks.

We want to make sure that support is available to help beavers and people live alongside each other. Our five-step beaver management approach ensures effective management of beavers and supports people to live alongside them.

Environmental land management support and advice for land managers will be available through countryside stewardship higher tier and capital grants. In addition, some actions in the sustainable farming incentive have a role to play in riparian management.

If lower-level interventions without a licence are ineffective or not appropriate, licensed management of beavers may be considered, which can include removing or reducing the height of a dam. As a last resort, beavers may be trapped and translocated, or lethally controlled.

#### *Managing existing wild beaver populations*

Beavers are already present and breeding in the wild in several catchments in England. One population, on the River Otter in Devon, has already been allowed to remain and expand naturally following the licensed River Otter beaver trial.

We want to support the ongoing effective management of all existing populations. The Government will allow all existing beaver populations to remain and expand naturally, and will ensure that appropriate management measures are put in place. Existing wild populations will be proactively managed through their local beaver management group. Natural England will support these groups to develop their capabilities. This will include helping them to:

- develop and implement beaver management and stakeholder engagement plans;
- conduct risk and benefit analyses to an equivalent standard as new wild release applications.

We will not tolerate the continued unlawful release of beavers. It is an offence in England under section 14 of the Wildlife and Countryside Act 1981 to release a beaver into an enclosure or the wild except under the authority of a licence from Natural England. Doing so without a licence carries a penalty of either an unlimited fine or up to six months in prison.

#### *Developing a long-term management plan for beavers*

Our management approach and the support available for people living alongside beavers will develop and adapt to ensure that we continue to meet the challenges posed by an expanding beaver population. Building on the approach that we have already developed for wild release and management, we will collaboratively develop a management plan for the long-term reintroduction and recovery of beaver populations in England. This will help us identify any changes we need to make to adapt to an increasing beaver population, before problems arise. In this way, we will continue to support farmers, landowners and local communities in the long term.

## HEALTH AND SOCIAL CARE

## GP Contract: 2025-26 Consultation

### Rare Diseases Action Plan

**The Parliamentary Under-Secretary of State for Health and Social Care (Ashley Dalton):** The Government published England's fourth Rare Diseases Action Plan on [www.gov.uk](http://www.gov.uk) on Friday, which was international Rare Disease Day. This Government remain committed to improving the lives of people living with rare diseases, and today's action plan provides more detail on the steps we will be taking over the next year to meet these four priorities.

The UK Rare Diseases Framework was published in January 2021 following the National Conversation on Rare Diseases, which received nearly 6,300 responses. This helped identify the four priorities of the framework in tackling rare diseases: helping patients get a final diagnosis faster, increasing awareness of rare diseases among healthcare professionals, better co-ordination of care, and improving access to specialist care, treatment and drugs.

The 2025 action plan updates on progress we have made across the system—in the NHS, in health education, in regulation—to address the four priorities of the framework:

On faster diagnosis, the Generation Study has started recruitment to pilot whole genome sequencing of newborns to identify rare diseases before symptoms develop.

On raising awareness in healthcare professionals, specific strategies for increasing awareness of rare diseases in the nursing and midwifery, pharmacy and primary care workforce have been published.

On better co-ordination of care, research is now under way on how to improve better co-ordination of care in the NHS.

On improved access to specialist care, treatment and drugs, we have worked with industry, clinicians and patients to understand the challenges and opportunities of early access pathways for rare disease therapies.

The action plan also commits to three new actions for the year ahead. This will expedite improvements in co-ordination of care to patients, and looks ahead to enabling new therapies to reach people who need them as quickly as possible and maintaining the UK's position as a leader in life sciences:

NHS England is incentivising providers to run multi-system "carousel" clinics to enable patients to see multiple specialists on the same day, reducing the logistical burden on people living with rare diseases and their families.

The new clinical trial legislation laid last year will enable the MHRA to address some of the challenges in research for new rare disease therapies.

NHS England will explore the development of an operational framework for service delivery of individualised, or "n-of-1", gene therapies to patients within the NHS. These are truly cutting-edge therapies that have the potential to change and save lives.

Centring the voices of those with lived experience remains an underpinning principle of the approach to rare diseases. The advocacy and expertise of the patient organisations, patients and families, has raised the awareness of rare diseases and driven progress. The action plan will be monitored for progress and outcomes during 2025-26.

[HCWS489]

**The Secretary of State for Health and Social Care (Wes Streeting):** I wrote to the House on 6 January announcing an £889 million proposed funding uplift to general practice, the largest funding uplift in years. Alongside this, I shared an overview of some proposals for the 2025-26 GP contract consultation.

I am pleased to share that the BMA General Practitioners Committee in England, have voted to accept the 2025-26 GP contract for the first time in four years. As the front door of our NHS, general practice plays a key role in managing pressures across the system and delivering care closer to home. This is an important milestone in the Government's plan for change, and begins delivery on key manifesto commitments to bring back the family doctor and end the 8 am scramble, marking a step forward in fixing our NHS and resetting relationships with the profession.

Over the formal consultation with the GPCE officer team, changes to the 2025-26 GP contract were discussed with my Department and NHS England officials. I am grateful for their work at pace to collaborate and agree a fair deal for the NHS, for the profession and for patients. The 2025-26 GP contract will deliver increased investment, improvements in patient access and outcomes, reduced bureaucracy, and increased flexibilities for primary care networks to hire the right staff mix for their local population. The GPCE officer team recommended this package to the wider committee, which voted in favour. This signals the beginning of our work together to achieve the "left shift", moving more care from hospitals into the community, ensuring the focus is on prevention and not sickness.

This package will support bringing back the family doctor by incentivising practices to identify patients who would benefit most from continuity of care. We will also build capacity in general practice by increasing flexibilities in how they recruit staff. This will improve productivity, optimise workforce balance, and support the hiring of more GPs and practice nurses.

We will make progress in moving towards a neighbourhood health service through a greater focus on prevention and system integration. To achieve this, we will remove 32 outdated targets while strengthening existing targets for cardiovascular disease, supporting the Government's mission to reduce deaths from the biggest killers. We will also reinforce integration with community pharmacies through better access to records, enhancing patient care co-ordination. To make significant progress on cutting waiting lists, GPs will be encouraged to seek advice from specialists when unsure about making a referral to hospital. Up to £80 million of funding will be made available for doctors to liaise with specialist consultants, which can avoid people being added on to waiting lists unnecessarily.

We will improve digital access by requiring practices to have their online consultation portals switched on throughout core hours, providing parity with walk-in and phoning in. This will ensure patients can reach their practice via the means that suits them best and helping to end the 8 am scramble. To empower patients and increase transparency, we will introduce a patient charter that clearly outlines what patients can expect from general practice and what general practice can expect from patients, improving communication and service use.

Aside from the consultation, we have made significant strides over the last eight months, including the addition of GPs into additional roles reimbursement scheme from October 2024, listening to the profession's call for action required to tackle GP unemployment. I look forward to continued collaborative working with the general practice profession, as we build a better future for general practice and step back from collective action.

[HCWS486]

## HOUSING, COMMUNITIES AND LOCAL GOVERNMENT

### Islamophobia: Definition Working Group

**The Secretary of State for Housing, Communities and Local Government (Angela Rayner):** The Government have established a working group to provide a definition of anti-Muslim hatred/Islamophobia, chaired by the right hon. Dominic Grieve KC.

The group will advise the Government on how to best understand, quantify and define prejudice, discrimination and hate crimes against Muslims. Details of the group's terms of reference and membership will be placed in the Libraries of both Houses.

Incidents of anti-Muslim hate crime are at a record high in England and Wales, and the group's work will support wider efforts to tackle religiously motivated hate crime, delivering on the Government's plan for change mission for safer streets.

Alongside drawing on their own expertise, members will engage widely to ensure the definition accounts for the variety of backgrounds and experiences of Muslim communities across the United Kingdom.

The group's proposed definition will be non-statutory and will seek to provide the Government and other relevant bodies with an understanding of unacceptable treatment and prejudice against Muslim communities.

The group's proposed definition must be compatible with the unchanging right of British citizens to exercise freedom of speech and expression—which includes the right to criticise, express dislike of, or insult religions and or the beliefs and practices of adherents. This work will support these important freedoms, ensuring that they are preserved.

The Government will continue to work with communities and other partners to heal the divisions of recent years and renew our country together. The working group announced today is an important step in that mission.

[HCWS487]

### Commonhold

**The Minister for Housing and Planning (Matthew Pennycook):** For far too many leaseholders, the reality of home ownership has fallen woefully short of the dream—their lives marked by an intermittent, if not constant, struggle with punitive and escalating ground rents, unjustified permissions and administration fees, unreasonable or extortionate charges, and onerous conditions imposed with little or no consultation. This is not what home ownership should entail.

We remain steadfast in our commitment to providing leaseholders with greater rights, powers and protections over their homes. Alongside the extensive programme of detailed secondary legislation that we are bringing forward to implement the remaining provisions of the Leasehold and Freehold Reform Act 2024, we will further reform the existing leasehold system by legislating to tackle unregulated and unaffordable ground rents, removing the disproportionate and draconian threat of forfeiture, acting to protect leaseholders from abuse and poor service at the hands of unscrupulous managing agents, and enacting remaining Law Commission recommendations on enfranchisement and the right to manage.

However, while we are working to provide leaseholders subject to unfair and unreasonable practices with relief as quickly as possible, we will not lose sight of the wider set of reforms necessary to honour our manifesto commitment to finally bring the feudal leasehold system to an end.

The Government are determined to ensure that commonhold becomes the default tenure. To take a crucial step toward realising that objective, we are today publishing a "Commonhold White Paper" that sets out the proposed new commonhold model for home ownership in England and Wales.

Commonhold is a modern home ownership structure that is used widely around the world. It is not merely an alternative to leasehold ownership, but a radical improvement on it. At the heart of the commonhold model is a simple principle: the people who should own buildings, and who should exercise control over their management, shared facilities and related costs, are not third-party landlords, but the people who live in flats within them and have a direct stake in their upkeep.

In enabling flats to be owned on a freehold basis, commonhold ensures that the interests of homeowners are preserved in perpetuity rather than their value depreciating over time as it does under leasehold, and it transfers decision-making powers to homeowners so they have a greater say over how their home is managed and the bills they pay, as well as flexibility to respond to the changing needs of their building and its residents.

Unlike many other countries across the world that moved away from leasehold ownership structures long ago, flats here continue to be owned, almost universally, on a leasehold basis.

That is partly the result of the natural inclination to stick with the familiar, but also because there was more money to be made by selling leasehold flats through the significant additional income to be generated from leasehold homeowners. Yet the shortcomings of this form of home ownership are obvious and the case for decisive change is overwhelming.

Commonhold was introduced in England and Wales in 2004 through the Commonhold and Leasehold Reform Act 2002, but for a variety of reasons it failed to establish itself and is now out of date. Having learnt the lessons of that false dawn, it is now time to finish the job. Commonhold-type models are used all over the world. The autonomy and control that it provides for are taken for granted in many other countries. It can and does work and this Government are determined, through both new commonhold developments and conversions to commonhold, to see it take root.



As the White Paper makes clear, we intend to reinvigorate commonhold through the introduction of a comprehensive new legal framework based on the vast majority of the recommendations made by the Law Commission in its 2020 report. This new legal framework will be supplemented by a ban on the sale of new leasehold flats, so that commonhold becomes the default tenure.

We will consult later this year on the best approach to banning new leasehold flats so it can work effectively alongside a robust ban on leasehold houses, and we will

seek input from industry and consumers on other fundamental points such as potential exemptions for legitimate use and how to minimise disruption to housing supply.

I know my ministerial colleagues in Wales share our desire to deliver these bold reforms and so we will continue to work jointly with the Welsh Government to ensure they apply across England and Wales.

[HCWS488]



# Petitions

Monday 3 March 2025

## OBSERVATIONS

### ENVIRONMENT, FOOD AND RURAL AFFAIRS

#### Intensive Poultry Units

*The petition of residents of the United Kingdom,*

Declares that industrial chicken farming produces huge volumes of polluting chicken manure which, when spread as fertiliser on nearby fields, can cause phosphate from the manure to leech into rivers, causing algal blooms which starve the river of oxygen; further that the River Wye is close to complete ecological collapse, with damaging pollution from industrial chicken farming as a leading cause; notes that the Environment Agency reports ‘unacceptable levels’ of phosphate in over half of English rivers; and further that other rivers across the United Kingdom are also at serious risk from an increase in intensive poultry units; and further notes that a similar online petition by the Soil Association received over 30,000 signatures.

The petitioners therefore request that the House of Commons urges the Government to introduce a ban on new intensive poultry units, to support farmers to exit this industry and to take action to reduce chicken consumption to more sustainable levels.

And the petitioners remain, etc.—[Presented by Ellie Chownes, *Official Report*, 27 January 2025; Vol. 761, c. 123.]

[P003035]

*Observations from the Secretary of State for Environment, Food and Rural Affairs (Steve Reed):*

Cleaning up our rivers, seas, and lakes, including iconic sites such as the River Wye, is a top Government priority. Restoring the river will require cross-border working between English and Welsh authorities to effectively influence the right changes on the ground. Government are working constructively with a range of stakeholders, including local MPs, farmers, and environmental non-governmental organisations, to tackle pollution in the Wye. The Environment Agency continues to target advice-led inspections, to check adherence to pollution prevention regulations—including the farming rules for water—in the area. Intensive poultry farms generally consist of enclosed buildings, without fields on which manure is spread and from which soil might erode. All farms, including non-permitted poultry farms, are subject to the farming rules for water, slurry silage and agricultural fuel oil regulations, and nitrates regulations (within nitrate vulnerable zones, which cover a large proportion of the River Wye special area of conservation), and are inspected for compliance by the Environment Agency.

The Department for Environment, Food and Rural Affairs has committed to consulting on national planning reforms to enable the farming sector to diversify and grow their businesses to deliver sustainable and higher-welfare food production. As part of this commitment, the Secretary of State committed to a series of roundtables

with the farming sector. We will shortly be organising these, to understand in greater detail the issues faced by farmers, and how they can be addressed.

The Government are committed to developing a truly plan-led system, with a policy framework that is accessible and understandable to all. To that end, we intend to consult on future policy changes, including a set of national policies for decision making, in spring 2025.

DEFRA is working with the Ministry of Housing, Communities and Local Government ahead of its upcoming consultation on national development management policies to develop solutions to issues faced by farmers in the planning system. In addition, we are also examining ways to enable poultry farmers to improve animal welfare by reducing stocking density. We will be engaging with the sector and stakeholders to find an appropriate solution that improves welfare, supports food production and does not come at a cost to the environment. Sustainability is central to this Government’s mission, and animal welfare legislation will continue to play a crucial role in food security and sustainable farming.

That is why this Government are committing £5 billion for farming over two years, and are working with farmers to deliver a profitable farming sector and unlock rural growth. This will include a cast-iron commitment to food security, while introducing reforms to help farmers diversify their income streams to support them during poor harvests. As part of the plan for change, the Government have announced a series of reforms, delivering on the Government’s new deal for farmers, including:

*Backing British produce:* For the first time ever, the Government will monitor food currently bought in the public sector and where it is bought from. This is a significant first step to deliver on a manifesto pledge to use the Government’s own purchasing power to back British produce, with an ambition for 50% of food in hospitals, army bases and prisons to be local or produced to high environmental standards, making it easier for British farmers to win a share of the £5 billion spent each year on public sector catering contracts.

*Using planning reforms to support food production:* Ensuring our reforms make it quicker for farmers to build the buildings, barns and other infrastructure they need on their farms to boost food production.

*Diversifying income streams:* Helping farmers make additional money from selling surplus energy from solar panels and wind turbines by accelerating connections to the grid, and supporting them during difficult harvests and supply shocks.

*A fair supply chain:* Boosting profitability through fair competition across the supply chain. New rules for the pig sector will come this spring, ensuring contracts clearly set out expectations and changes can only be made if agreed by all parties. Similar regulations for eggs and fresh produce sectors will follow, with the Government ready to intervene with other sectors if needed.

## TRANSPORT

### Safety standards in the scaffolding industry

*The petition of Maria Georgina Dennis,*

Declares that the petitioner’s 11-year old son was tragically killed in December 2022, when an unsecured scaffold board came loose from the back of a flatbed van and travelled through the windscreen of the petitioner’s vehicle; notes that the Health and Safety Executive wrote in her report that the securing of the load was “grossly inadequate” and “the insecure loading caused an immediate and likely risk of ‘harm’”; and further notes that the defendant protested in court that he had not been trained properly.



The petitioner therefore requests that the House of Commons urge the Government to review current laws and guidance followed by scaffolding businesses and ensure that scaffolding personnel must, by law, be a member of a governing body who are responsible for controlling how scaffolding businesses are run including safety standards, strengthening skills training and to improve the level of scaffolding competence.

And the petitioners remain, etc.—[Presented by Helena Dollimore, *Official Report*, 12 February 2025; Vol. 762, c. 354.]

[P003044]

*Observations from the Parliamentary Under-Secretary of State for Transport (Lilian Greenwood):*

I want to begin by offering my sincere condolences to Maria Dennis and her family.

On 9 December 2024, Driver and Vehicle Standards Agency, with support from Health and Safety Executive, published updated guidance on the safe loading of

vehicles. This includes a section specifically covering scaffolding loads. The updated guidance has been communicated to operator licence holders directly and through social media channels. Under section 2 of the Health and Safety at Work etc. Act 1974, employers must ensure their drivers have sufficient training, knowledge and experience if they are loading and securing their own vehicles, to ensure safety of the load and that of other road users.

Furthermore, I have met with Maria Dennis and her MP and instructed Department for Transport officials to explore the possibility of a load security awareness course being offered as an alternative to a fixed penalty—like the approach taken for minor speeding offences—and to look at how to raise awareness of the existing guidance on load securing published on [www.gov.uk](http://www.gov.uk).

The request to mandate a governing body for the scaffolding industry is not a matter for my Department. My officials have made the Department for Work and Pensions aware.

# Written Corrections

*Monday 3 March 2025*

## Ministerial Corrections

### BUSINESS AND TRADE

#### Plant Oxford Site

*The following extracts are from the urgent question on the Plant Oxford site on 24 February 2025.*

**Clive Jones** (Wokingham) (LD): This is yet another failure in the Government's main aim of getting Britain growing again. Zero-emission vehicles are too expensive and, it appears, too hard to manufacture in the UK. That forces us into an unfortunate reality in which we are reliant on Elon Musk for our supply of EVs, and are funnelling money into his already very deep pockets, rather than promoting a productive domestic market with good jobs. We need to show ambition and make it easier for ordinary families to buy EVs. What measures will the Government take to support and encourage consumer demand for electric vehicles?

**Sarah Jones:** The hon. Gentleman talks about the Government's policies for growing the economy. A few months ago, we held an international investment summit, at which £63 billion of investment was announced. As I have mentioned, there was £2 billion announced in the Budget for the automotive industry. Interest rates have been cut three times, wages are up, and more than 70,000 jobs have been secured in the UK since the Government came to power. The International Monetary Fund and the OECD predict that the UK will be Europe's fastest-growing economy over the next few years. The industrial strategy was scrapped under the last Government; our industrial strategy will be the backbone of ensuring that we deliver growth...

[*Official Report*, 24 February 2025; Vol. 762, c. 509.]

*Written correction submitted by the Minister for Industry, the hon. Member for Croydon West (Sarah Jones):*

**Sarah Jones:** The hon. Gentleman talks about the Government's policies for growing the economy. A few months ago, we held an international investment summit, at which £63 billion of investment was announced. As I have mentioned, there was £2 billion announced in the Budget for the automotive industry. Interest rates have been cut three times, wages are up, and more than 70,000 jobs have been secured in the UK since the Government came to power. The International Monetary Fund and the OECD predict that the UK will be **Europe's fastest-growing major G7 economy in the coming years**. The industrial strategy was scrapped under the last Government; our industrial strategy will be the backbone of ensuring that we deliver growth...

**Jim Shannon** (Strangford) (DUP): The Minister has a real interest in the matters for which she has ministerial responsibility; I want to put on the record my thanks to

her. When we have had meetings on other issues relating to Northern Ireland, she has been anxious to help and support me, and I appreciate that.

The decision not to go ahead with the EV production is disappointing to say the least, but it perhaps indicates a wider issue that we face in the manufacturing industry due to rising costs. What can the Minister do to help companies attract more investment through lower energy costs, and what can the Government do to ensure that British jobs are not sent to China, and to ensure that firms that choose to relocate jobs understand that no future help will be forthcoming?

**Sarah Jones:** I thank the hon. Gentleman for his kind words. I should be clear for the House that the decision has not been made to not go ahead; this is a delay and a change in timing. BMW is committed to going ahead with the investment. At the moment, its e-Mini is being produced in China. This investment will bring it here to the UK.

[*Official Report*, 24 February 2025; Vol. 762, c. 512.]

*Written correction submitted by the Minister for Industry:*

**Sarah Jones:** I thank the hon. Gentleman for his kind words. I should be clear for the House that the decision has not been made to not go ahead; this is a delay and a change in timing. BMW is committed to going ahead with the investment. At the moment, its e-Mini is being produced in China. This investment will bring **EV production to the UK, in addition to China**.

### EDUCATION

#### Children's Wellbeing and Schools Bill Committee

*The following extract is from the 13th sitting of the Children's Wellbeing and Schools Bill Committee on 11 February 2025.*

**Catherine McKinnell:** On 7 January, the Home Secretary outlined in Parliament commitments to introduce a mandatory duty for those engaging with children to report sexual abuse and exploitation, making grooming an aggravating factor to toughen up sentencing and introduce a new performance framework for policing.

On 16 January, the Home Secretary made a further statement to the House that before Easter the Government will lay out a clear timetable for taking forward the 20 recommendations in the final IICSA report, which my hon. Friend the Member for Portsmouth North powerfully set out. **All of those recommendations were for the Home Office, including on disclosing and barring, and work on them is already under way.**

The Government will implement all the remaining recommendations in IICSA's separate stand-alone report on grooming gangs from February 2022, and as part of that we will update key Department for Education guidance.

[*Official Report*, *Children's Wellbeing and Schools Public Bill Committee*, 11 February 2025; c. 514.]

*Written correction submitted by the Minister for School Standards, the hon. Member for Newcastle upon Tyne North (Catherine McKinnell):*

**Catherine McKinnell:** On 6 January, the Home Secretary outlined in Parliament commitments to introduce a mandatory duty for those engaging with children to report sexual abuse and exploitation, making grooming an aggravating factor to toughen up sentencing and introduce a new performance framework for policing.

On 16 January, the Home Secretary made a further statement to the House that before Easter the Government will lay out a clear timetable for taking forward the 20 recommendations in the final IICSA report. **My hon. Friend the Member for Portsmouth North spoke powerfully about a previous report.**

The Government will implement all the remaining recommendations in IICSA's separate stand-alone report on grooming gangs from February 2022, and as part of that we will update key Department for Education guidance.

### Children's Wellbeing and Schools Bill

*The following extracts are from the eleventh sitting of the Children's Wellbeing and Schools Bill Committee on 6 February 2025.*

**Catherine McKinnell:** Where the adjudicator upholds an objection to the published admission number, I cannot foresee a circumstance where that might be the case—

**Neil O'Brien:** I can see that very easily.

**Catherine McKinnell:** It will very much depend on the local context. Obviously, it will be for the adjudicator as an independent professional to take that decision for maintained schools. To be clear, for academies it will be for the Secretary of State to end a funding agreement, and for maintained schools it will be for the local authority to determine.

[Official Report, Children's Wellbeing and Schools Public Bill Committee, 6 February 2025; c. 430.]

*Written correction submitted by the Minister for School Standards, the hon. Member for Newcastle upon Tyne North (Catherine McKinnell):*

**Catherine McKinnell:** It will very much depend on the local context. Obviously, it will be for the adjudicator as an independent professional to take that decision **on schools' PANs, following an objection.** To be clear, for academies it will be for the Secretary of State to end a funding agreement, and for maintained schools it will be for the local authority to determine **closures.**

**Catherine McKinnell:** The fundamental point is that school closures need to be managed very carefully through significant change or prescribed alteration processes.

[Official Report, Children's Wellbeing and Schools Public Bill Committee, 6 February 2025; c. 432.]

*Written correction submitted by the Minister for School Standards, the hon. Member for Newcastle upon Tyne North (Catherine McKinnell):*

**Catherine McKinnell:** The fundamental point is that school closures need to be managed very carefully through **published closure** processes.

**Catherine McKinnell:** It is the local authority that has the responsibility to agree published admission numbers with the schools in its area.

[Official Report, Children's Wellbeing and Schools Public Bill Committee, 6 February 2025; c. 436.]

*Written correction submitted by the Minister for School Standards, the hon. Member for Newcastle upon Tyne North (Catherine McKinnell):*

**Catherine McKinnell:** It is the local authority that has the responsibility to agree published admission numbers **for the community and voluntary controlled** schools in its area.

**Catherine McKinnell:** For other possible scenarios, we will provide guidance on the factors that we expect decision makers to take into account in the variety of decisions that may be required. That will be based on the existing guidance for opening new schools and will include the vision for the school, whether it is deliverable and affordable, the quality of the education, the curriculum and the staffing plans. Those are all the factors taken into account when determining the opening of a new school.

[Official Report, Children's Wellbeing and Schools Public Bill Committee, 6 February 2025; c. 438.]

*Written correction submitted by the Minister for School Standards, the hon. Member for Newcastle upon Tyne North (Catherine McKinnell):*

**Catherine McKinnell:** For other possible scenarios, we will provide guidance on the factors that we expect decision makers to take into account in the variety of decisions that may be required. That will be based on the existing guidance for opening new schools and will include the vision for the school, whether it is deliverable and affordable, the quality of the education, the curriculum and the staffing plans. Those are **all factors** taken into account when determining the opening of a new school.

### Children's Wellbeing and Schools Bill

*The following extracts are from the twelfth sitting of the Children's Wellbeing and Schools Bill on 6 February 2025.*

**Catherine McKinnell:** Regardless of the admissions policy set by the admission authority, faith schools remain subject to the same obligations as any other state-funded school to actively promote the fundamental British values of democracy, the rule of law, individual liberty and mutual respect and tolerance of those of different faiths and beliefs, and to teach a broad and balanced curriculum. That will apply to all schools as part of the changes introduced by this Bill.

[Official Report, Children's Wellbeing and Schools Public Bill Committee, 6 February 2025; c. 454.]

*Written correction submitted by the Minister for School Standards, the hon. Member for Newcastle upon Tyne North (Catherine McKinnell):*

**Catherine McKinnell:** Regardless of the admissions policy set by the admission authority, faith schools remain subject to the same obligations as any other state-funded school to actively promote the fundamental British values of democracy, the rule of law, individual



liberty and mutual respect and tolerance of those of different faiths and beliefs, and to teach a broad and balanced curriculum. **That already applies to all schools.**

**Catherine McKinnell:** This Government take corporate parenting seriously, and recognise the key role that local authorities play in providing care, stability and support to care leavers—like any parent would. We are introducing the new clause to ensure that, where a council is their corporate parent, no care leaver can be found to have become intentionally homeless.

[*Official Report, Children's Wellbeing and Schools Public Bill Committee*, 6 February 2025; c. 467.]

*Written correction submitted by the Minister for School Standards, the hon. Member for Newcastle upon Tyne North (Catherine McKinnell):*

**Catherine McKinnell:** This Government take corporate parenting seriously, and recognise the key role that local authorities play in providing care, stability and support to care leavers—like any parent would. We are introducing the new clause to ensure that, **where a care leaver is in scope of the corporate parenting duty, they cannot be found** to have become intentionally homeless.

**Catherine McKinnell:** In response to the question from the right hon. Member for East Hampshire, the amendment will impact children classed under the Children Act 1989 as relevant children or former relevant children who present for homelessness assistance. That would cover young people aged 16 to 24 who have been looked after by a local authority for a period of at least 13 weeks, or periods that amount to 13 weeks, since their 14th birthday, at least one day of which must have been since they attained the age of 18.

[*Official Report, Children's Wellbeing and Schools Public Bill Committee*, 6 February 2025; c. 468.]

*Written correction submitted by the Minister for School Standards, the hon. Member for Newcastle upon Tyne North (Catherine McKinnell):*

**Catherine McKinnell:** In response to the question from the right hon. Member for East Hampshire, the amendment will impact children classed under the Children Act 1989 as relevant children or former relevant children who present for homelessness assistance. That would cover young people aged 16 to 24 who have been looked after by a local authority for a period of at least 13 weeks, or periods that amount to 13 weeks, since their 14th birthday, at least one day of which must have been since they attained **the age of 16**.



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**not later than  
Monday 10 March 2025**

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