

Scottish Affairs Committee

Oral evidence: [Secretary of State for Scotland, HC 363](#)

Monday 20 June 2022

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Members present: Pete Wishart (Chair); Deidre Brock; Wendy Chamberlain; Sally-Ann Hart; John Lamont; Douglas Ross.

Questions 1-95

Witnesses

I: Rt Hon Alister Jack MP, Secretary of State for Scotland, Office of the Secretary of State for Scotland; Iain Stewart MP, Parliamentary Under-Secretary of State (Minister for Scotland), Office of the Secretary of State for Scotland; The Lord Offord of Garvel, Parliamentary Under-Secretary of State, Office of the Secretary of State for Scotland; Laurence Rockey, Director, Office of the Secretary of State for Scotland.

Examination of witnesses

Witnesses: Alister Jack, Iain Stewart, Lord Offord and Laurence Rockey.

Q1 **Chair:** Welcome to the Scottish Affairs Committee. We have with us the Secretary of State for Scotland and the Scotland Office team, who are more than welcome. Gentlemen, it is very good to see you again. Secretary of State, I understand that you have a short statement to make, and perhaps you could introduce your team at the same time.

Mr Jack: Thank you, Mr Chairman. I am delighted to be here in my fifth appearance before the Committee since I became Secretary of State. I will introduce my team in order, if I may. My Minsters are Iain Stewart and Malcolm Offord, and at the other end of the table is the director of the Scotland Office, Laurence Rockey. As always, I hope we can be of help to the Committee.

Before we talk about the work of the Scotland Office, I thought I might put on record my disappointment, which I know we share, Mr Chairman, about Nicola Sturgeon's recent decision not to appear before the Committee. I think that is a great pity because Ministers from Holyrood or Westminster should endeavour, where possible, to appear before Committees. I am pleased to say that no fewer than five UK Government Ministers have appeared before Holyrood committees in the last 12 months.

I do not think the First Minister's decision was a snub to you personally, Mr Chairman. If you had made your invitation sometime during the jubilee weekend, when she and her husband were having a whale of a time, you might have been able to catch her. I think there was a bit of a gap, some time between St Paul's and the concert at Buckingham Palace, and that was your moment to nab her, but never mind.

Chair: All these missed opportunities.

Mr Jack: You missed your opportunity—never mind. Let us not look back; let us look forward. Today is a really important day for Scotland because it marks the start of a new phase in the roll-out of freeports in the United Kingdom. Today was the deadline for bids, and I am delighted to say that we have had five submissions from around the country—five exciting proposals to use freeport status to build businesses and create jobs. But I must be careful with my comments because it would be wrong to show favouritism towards any particular bid as we now start the rigorous official assessment process.

If I may, I would like to make the following general points on freeports. They have huge potential to boost Scotland's economy and to support our efforts to level up across the country. A couple of weeks ago, I was fortunate to visit Teesside freeport. It is having a huge impact on the local community in north England. I met the very impressive metro Mayor, Ben Houchen, who showed me around what they call the Teesworks site. I was absolutely bowled over by what I saw. What he has there is a 4,500-acre brownfield site—the former steelworks and iron ore works—which is being



HOUSE OF COMMONS

remediated for development. Alongside that, he has built a 1,045-metre deep quay that is over 1 km long. Construction is under way, and the first business will be cutting turf there on 7 July. They really are ahead of the game there, and the mood was very optimistic and upbeat. His teams are confident that in the next five years, they will create 18,000 new high-skill, high-wage jobs, and having met them, I have every confidence in them.

I hope that this time next year, the Scotland Office and your Committee will be able to visit a similar site in Scotland and see a similar amount of enthusiasm and can-do attitude to what we saw in Teesside. I have a regret, and it is that Teesside and the other English freeports have stolen a march on us, but that is a minor gripe, because the good news is that freeports are coming to Scotland, as we may touch on later. It is a very good example of our two Governments working together, and I say let us have more of that.

Finally, Mr Chairman, in that spirit, I urge the Committee to investigate the benefits for Scotland of gene-editing technology. That is another area in which we can work together and really make a difference to strengthen our food security, tackle climate change and bring down food prices. I want to be clear: gene editing is not genetic modification—again, if I am questioned on that later, I am happy to go into a bit more detail—but uses science to speed up what farmers have done for generations, breeding new strains of crop that are more disease and drought resistance. It is also back by bodies such as the James Hutton Institute in Scotland, which is world-leading in this field. Scotland's farmers and the National Farmers Union of Scotland have also been very vocal in their support. They do not want to be left behind. To that end, George Eustice and I wrote last month to the Scottish Government offering to broaden our Genetic Technology (Precision Breeding) Bill to cover Scotland, and we remain hopeful that they will agree.

In conclusion, if Members feel that they would like a formal Committee inquiry into this, we would be very happy to contribute to that public debate and engage with you. Those are the points I wanted to raise at the outset. It might be that we return to some of them during questioning. As I said earlier, I hope we can be of assistance to your Committee this afternoon.

Q2 **Chair:** Thank you for your concise and, as always, helpful remarks, Secretary of State. I was still under the impression that it was green ports in Scotland that we were looking forward to establishing.

Mr Jack: Green freeports. That is what we have agreed, but we will come on to that later if you like.

Q3 **Chair:** It is important that we get these terms right at the outset of these Committee sessions. I also thank you for your very helpful suggestion about the work of this Committee. I read about it in the papers this morning. I have to say it greatly surprised me. It is highly unusual for that to be said and for a Secretary of State to suggest and recommend



HOUSE OF COMMONS

inquiries to a Committee that is notionally responsible for the scrutinisation of the Secretary of State's work. We will listen very carefully to what you have to say. Some people might even describe it as disrespect to this Committee to place it in the press first without any conversation with members of the Committee, the Chair or the Clerk's team, but we will leave it at that.

Mr Jack: I apologise if any offence has been caused. I will ask my office how that story came to end up in the papers. We did not intend to cause any offence, I can assure you. On my offer for gene editing, it is just that it is such an important thing. We are on the right side of history with this. I am sure that when you look back in a few years' time, you will see that we just wanted to help as much as we can.

Q4 **Chair:** It's a Bill that is exclusively for England, too. I think I have seen correspondence from the responsible Scottish Government Minister, who says she has no intention of supporting this Bill or having it adopted for Scotland.

Mr Jack: On that, discussions are still going on between officials and Ministers. The Bill at the moment is respecting the devolution settlement, which is why it is England-only, but we have offered it to the Scottish Government, and our door remains firmly open in that regard.

Q5 **Chair:** I want to get into the relationship that we have between Scotland and the UK Government. If, for example, there was a refusal of your very generous offer for Scotland to be included within the auspices of the Bill, and a refusal and a determination from Scotland to do its own thing, would you use the permissions of the single market Act to oblige Scotland to become part of it?

Mr Jack: The United Kingdom Internal Market Act, along with frameworks that we worked up in conjunction with the devolved Administrations, would protect producers and jobs.

Chair: English producers.

Mr Jack: I will come to that. If Scotland decides not to be part of the gene editing Bill and farmers in Scotland cannot use those seeds for their crops, it would still be the case that, for instance, 20% or 25% of the Scotch whisky industry's malt and barley would come from Northumberland or East Anglia in any given year. Even if there is a particularly good harvest, there is still a requirement for malt and barley from south of the border. It is important to us that those businesses can still produce and sell their whisky. Or it could be biscuit manufacturers who require wheat. It is a similar thing, and on it goes. It is important, with mutual recognition and non-discrimination, that we do not carve out and do damage to people's livelihoods.

Q6 **Chair:** My question was: would you use the provisions of the single market Act to ensure that English producers were able to have access to the Scottish market, even though there was an objection from the Scottish Government to have this in place?



HOUSE OF COMMONS

Mr Jack: The Scottish Government object to farmers using the seed to produce barley or wheat or whatever. That is what their objection is. As I say, we are still in discussion with the Scottish Government to try and overcome that. Farmers are backing us. The National Farmers Union of Scotland are backing us. Food and drink and so on are backing us. All the major stakeholders back our position, but we want to leave the door open and keep the discussions ongoing. They have not concluded yet. If we do not come to an agreement, at the stage at which the position becomes clear, we will get legal advice as to how we proceed so that we do not damage the UK internal market and do damage to manufacturing businesses in Scotland, because we do not want manufacturers to not be able to get the raw material and as a result damage their businesses, with a potential loss of jobs.

Q7 **Chair:** We also don't want Governments to be disrespected.

Mr Jack: No, and that is why we have not included Scotland in the Genetic Technology (Precision Breeding) Bill—because we are not disrespecting it.

Q8 **Chair:** I am just wondering. When we look at some of the issues around the single market Act and some of the difficulties we are having with the Sewel convention just now—I am trying to think of a time in my 21 years in this House when relationships between the Scottish and UK Governments were so bad. Is that how you see it just now? Can you think of a point in our recent history where the relationship that seems to exist across the UK, between the Scottish and UK Governments, has been at such a low ebb?

Mr Jack: We want to work with the Scottish Government to help to deliver their legislation. We saw this with the United Nations convention on the rights of the child Bill, where clauses 6 and 19 to 21 were out of scope, but I wrote to John Swinney in some detail to explain how that could be rectified. We want to work with the Scottish Government so that they can deliver their legislation, within scope.

Inevitably, there have been Bills that have gone through without a legislative consent motion, but we knew that would be the case, because Mike Russell made it very clear to us right at the start of the Brexit process that Brexit-related Bills would not get an LCM. We understand that, but, for the good of the UK economy and to protect Scottish jobs, we have had to proceed on that basis and bring certain Bills through.

We understand that there is a disagreement. I get up every day and want to strengthen the United Kingdom. Nicola Sturgeon gets up every day and wants to destroy it. I understand that, but we have to deliver—as two Governments, we have to deliver for the good of people. Scotland has two Governments. Our job is to make sure that we work with the Scottish Government as best we can and I implore them to work with us so that we can deliver for the people of Scotland on their priorities.

Q9 **Chair:** I am just wondering whether that type of language actually helps the situation.



Mr Jack: Well, I'm just trying to put it in a nutshell.

- Q10 **Chair:** Let me put it to you that when you talk about Nicola Sturgeon wanting to break up the UK where you want to strengthen it—do you think these sorts of remarks actually help build—you're the Secretary of State, for goodness' sake!

Mr Jack: Well, I have said it at the Dispatch Box, so it is in *Hansard* and I am not going to row back from it now.

Iain Stewart: Chairman, I wonder whether I could give you a couple of examples where we do have very constructive working relationships. The first is in the vitally important area of welfare. I work very closely with my counterparts, Shona Robison and Ben Macpherson, on looking at the whole programme of the shared competence the two Governments have. We are dealing with some of the most vulnerable people in society, so it is absolutely essential we get those arrangements right, and I am happy to say we are making very good progress on delivering the transfer of welfare powers and delivery that was agreed in the Scotland Act 2016. We have gone out of our way, for example on the adult disability payment, to speed up the processes here, so that the Scottish Government can meet its timescale. The second example I would give is that just last week I had two meetings at very short notice with Ivan McKee to deal with a particular issue with one of the city and regional growth deals. So, on a day-to-day basis, we have very productive and constructive relationships.

- Q11 **Chair:** Thank you for that. I am absolutely certain I have seen some of that work myself and I congratulate Ministers who do work consensually and across Government to deliver that type of package. But there is one particular area where there is no agreement, and I would just like your view on it, given that it is so current. Last week, the First Minister announced her intention to hold a second independence referendum, in October of next year, and it looks like the Scottish Government is likely to bring legislation to the Scottish Parliament to have that approved. We have already heard that the UK Government are of a mind to rule this out and not to sanction or grant any section 30 order. What is therefore the democratic route for Scotland to secure independence? If there isn't a route with the agreement of the UK, what does Scotland have to do to secure its independence and to dissolve the Union between these two nations of the United Kingdom?

Mr Jack: Our firm belief is that now is not the time, and we have been very clear about that. We think this is not high on the list of priorities for people in Scotland. We believe they want, as I said earlier, to see the two Governments working together constructively, tackling the cost of living challenge, looking at long-term energy security, leading on the response to Russia's invasion of Ukraine, and growing our economy so that people have better livelihoods, having saved their lives with the vaccine. That is what we believe that the people of Scotland see as their priorities, alongside the things that keep them awake at night, if you like: if their children are at school, it might be failing school standards; or it might be the covid backlog, needing an NHS appointment, drug deaths in some



HOUSE OF COMMONS

communities, or even the F-word—if you live in the highlands and islands, you would like a ferry. Those are the things that people care about and think are the priorities that the Scottish Government should be focusing on and, for a lot of those first items listed, working with the UK Government on.

- Q12 **Chair:** I know everybody has a view about a referendum, but my question was about what Scotland has to do—if it is not through the Scottish Parliament we secure an independence referendum, what is the democratic route for Scotland to secure its independence?

Mr Jack: As I say, when I look at the desire for an independence referendum in these opinion polls, the numbers are relatively low, not just for next year, but over the next three years. I do not acknowledge—I have said this before—that, last year, having not secured a majority and having got only a third of the electorate to vote for the SNP at Holyrood, I do not see that as a mandate for an independence referendum. I make that quite clear: I think people want us to focus on the priorities.

- Q13 **Chair:** More MSPs than ever who support an independence referendum were voted into the Scottish Parliament—that is simply the case. It looks like the Scottish Parliament will legislate, and the UK Government are obviously very much opposed to that. What will you do to stop that taking place?

Mr Jack: We will cross that bridge when we come to it. That is entirely a matter for the Law Officers, as I have said in the past. Our position, as a UK Government, is that we want to carry on delivering on the priorities: levelling up, saving livelihoods, the things that the people of Scotland care about. That is where our priority lies. Any constitutional wrangling or uncertainty, we do not think is good for the Scottish economy, and we don't think it is where people's priorities lie at the moment.

You referred to that majority in the Scottish Parliament, but I point you back to the interview that the First Minister gave to *The Herald* during the Holyrood election last year, when early on she thought that people would vote for Alex Salmond's Alba party, as he was asking for their second vote—SNP first, and give the list vote to Alba—and she said that that is "gaming the system". That is how she phrased it in the paper, and I agree: I think it is gaming the system. Equally, however, it is gaming the system if you think that the Greens achieve the same thing. She relies heavily on her coalition partners, the Greens, for this, and yet they are very similar travellers to the Alba party in that regard.

Chair: I am just trying to find out what the UK Government intend to do, given that this is likely to be before the Scottish Parliament even in the next few months. Can you give us no suggestion of—

Mr Jack: We intend to get on with the day job and focus on the people's priorities.

- Q14 **Chair:** Lastly from me, has the Prime Minister got the full support of the UK party of government in Scotland? Has he got the full support of your



party?

Mr Jack: Yes. He is the Prime Minister of the United Kingdom. We all work together to deliver on the priorities. He is a staunch supporter of the Union. He is a staunch supporter of and advocate for all parts of the United Kingdom. He is right behind the levelling-up agenda. When I wanted to take structural funding and deliver it directly to local authorities, practising real devolution, the first person to back me on that project was the Prime Minister, and we can all see the benefits of that. The UK Government are showing their relevance in Scotland—two Governments working together in Scotland, as I say. The Prime Minister is right behind that agenda, and he hugely appreciates all the benefits that all parts of the United Kingdom bring to the pot. He is a Unionist to his core.

Q15 **Chair:** So the Prime Minister has the full support of MPs and MSPs from the party of government in Scotland?

Mr Jack: I would ask that question of the First Minister or Ian Blackford. We know that no one has the full support of everyone in this trade that you and I are in—we know that that isn't the case.

Q16 **Sally-Ann Hart:** Good afternoon to the panel. I am going to look a bit at the shared prosperity fund. The UK Government have made it clear that huge investment in Scotland is a key part of their economic plans for the next decade. What are the UK Government's main ambitions for the shared prosperity fund in Scotland?

Iain Stewart: If I can take the lead on that, first, I would say that the shared prosperity fund is just one of strand of a wider ambition, taken together with the city and regional growth deals, the levelling-up fund, the community ownership fund, and so on. That is to empower local areas to identify the longer-term investments that they want to see. Sometimes that will be an individual local authority; sometimes it will be a cluster of authorities working together. The shared prosperity fund is just one strand of that.

We think that, by empowering those local areas, we work from the bottom up. I do not sit with a spreadsheet, saying "I want x% of the investment to be in regeneration and y% to be in transport"—and so on and so forth. It is about the quality of the bids that come out from the local area—the quality of the projects. That is the overall ambition for the shared prosperity fund, as part of the wider levelling-up agenda.

Q17 **Sally-Ann Hart:** Looking at the bids, obviously you will be measuring success. What does success look like for levelling up in Scotland, and how will you measure the outcomes? I know that, when the local areas are making the bids, they need to set out their aims and the outcomes that they want. How will you measure those outcomes?

Iain Stewart: In terms of each individual project, of course, there has to be the appropriate business case and the due diligence that any public spending must go through. However, as I say, the success is not for me to say, "Well, we've ticked 18 boxes". That is not what it is about; it is not



HOUSE OF COMMONS

about central Government—whether that is Edinburgh or Westminster—dictating to each area what it wants.

The success, for me, is the development of those local partnerships between Governments of all spheres and community organisations, the academic sector, the third sector and the private sector. That is what we are seeing. The city and regional growth deals have been at different stages in different parts of Scotland, but they have been around for a number of years now. That is what we are seeing—that good, local partnership working is there, and the thinking and the development going into the other funds is strengthening that. That is success, for me: those rich networks in each local area identifying what they wish to see, and us giving them the means to deliver it.

- Q18 Sally-Ann Hart:** The Public Accounts Committee said quite recently that, “Despite billions spent on local growth policies over many years, the Government still does not have a strong understanding of what works.” Would you agree with that assertion?

Iain Stewart: I do not, because it goes back to that basic principle that we, as central Government, are wanting to achieve a specific outcome in terms of a regeneration project or transport connectivity, or whatever it is. That is not what it is about. I would turn that point on its head; it is what works in local areas. Are those local areas happy with the investment going on?

I think we are already starting to see some of the tangible benefits of the early investment. If you take Glasgow, for example, where the growth deal enabled the regeneration of the Clyde at Tradeston, that work then enabled Barclays to come in and build its new headquarters with—I forget the number, but it is in the region of 2,000 jobs. That is a demonstration of success—when these projects start to come to fruition. However, by their very nature, they are long-term in their development.

- Q19 Sally-Ann Hart:** Looking at that a little bit closer, the UK shared prosperity fund in Scotland will be used more locally, and it will be local organisations, local authorities and local partnerships that will look at the evidence base and a strategic focus.

Iain Stewart: That is correct. Just to be clear on the difference between the shared prosperity fund and the levelling-up fund bids, the levelling-up fund is competitive, whereas the shared prosperity fund is an allocation to each of Scotland’s 32 local authorities. However, the local authorities have the flexibility to decide, if two or more want to partner, to use some or all of that funding for a specific project. The thinking behind it is that those locally driven agendas and priorities are the key.

Sally-Ann Hart: Localism working at its best.

Iain Stewart: Yes.

Laurence Rockey: To respond to your previous question, at the heart of the levelling-up White Paper, which sets the broader scene for these



HOUSE OF COMMONS

funds, were 12 missions that will successively be measured over a 10-year period and, as set out in legislation, reported on annually. There is a desire from the Government to report on progress. The important point is that economic growth in a place takes quite a long time; one of the lessons from the past is that there has been too much chopping and changing rather than a long-term approach. That 10-year timeframe is an important piece of context.

- Q20 **Sally-Ann Hart:** Thank you for that clarity. What will be the role of the UK-wide ministerial forum for the UK shared prosperity fund? How will it support the delivery of the fund?

Iain Stewart: What we want to see is all the devolved Administrations involved. A lot of the time, the money spent through the shared prosperity fund and the other levelling-up ones will be to complement other spending streams and enable other investments to come in. We think that the forum will be a useful body through which to facilitate those discussions.

- Q21 **Sally-Ann Hart:** Have the Scottish Government accepted your invitation to be part of that ministerial forum?

Iain Stewart: We have made the invitation, as you say, and we are awaiting a definitive response.

- Q22 **Sally-Ann Hart:** Why do you think they have not responded?

Iain Stewart: I am afraid you would need to ask the Scottish Government that.

- Q23 **Sally-Ann Hart:** You say the UK shared prosperity fund investment priorities are to do with local people, local communities and local businesses. As the funding goes directly to those local communities, what steps are you taking to work directly with local communities on their priorities?

Iain Stewart: That is a very good question. It is a dialogue I am having with local authorities across Scotland. A couple of weeks ago, I was in Inverness, meeting with representatives from Highland Council, the University of the Highlands and Islands and a whole range of other local stakeholders. One of my questions was about how they were reaching out to the different communities in their area—in particular Highland Council, because it is such a large geographic area. I was very pleased that the community engagement forums and other mechanisms that they have in place are there, because the ideas and requests will come up. I don't think there will be a shortage of interest in requesting funds.

- Q24 **Sally-Ann Hart:** Does anyone else want to add to that?

Lord Offord: I think the main lens through which to look at this issue is that, over the past 30 years, there has been an unequal spread of prosperity across the UK. We would say that talent is equal everywhere, but opportunity may not be. The place to start is a lot to do with local community, civic pride, getting a feeling of localism and getting things

spruced up. Levelling up is a big agenda. It covers a whole raft of things, some of which are devolved and some of which are reserved.

I would say that if you want to achieve levelling up, the first thing to do is sort out the education system—but that is a devolved matter, so let's not go there. The UK Government have an interest in saying that the UK as a whole needs to begin to look more equal; as it does not look that equal, let's target areas that have supposedly been deprived. Let's start, at least, with localism and local people deciding what is best for them. Let local people judge whether it was a good investment.

Iain Stewart: I would add that there is a growing awareness that not one body or part of Government has all the answers. That is why this partnership working is incredibly important. It was first evident with the city and regional growth deal working. That has worked at different paces and in different ways in different parts of Scotland, as you would expect. What we are seeing now is the enrichment of it, and a willingness for different areas to work together to realise their ambitions.

Q25 **Sally-Ann Hart:** And the city and regional growth deals in Scotland have been successful? You have been able to measure the success of those?

Iain Stewart: Yes, with some of the older ones. I think Glasgow was the first back in 2014. There has been a pipeline of them. There is a deal in place for every authority. Some have still to get to the full business case sign-off, but around Scotland we have plenty of examples of where it is working very well. I think I can see at least four Members around the table who have very good projects in their area, which I have been able to visit. I was at the Eden Campus in north east Fife and the James Hutton Institute in Perth and north Perthshire. I was also at the launch of the digital health initiative for Moray, which has the potential to be a global game changer in how we deliver healthcare. There are already tangible benefits visible, but, as has been pointed out, a lot of the investments are long term in their nature. There won't be bricks and mortar and tangible outcomes everywhere at once.

Laurence Rockey: I would just add that, from a technical perspective, each area or region produces and agrees with both Governments an annual performance report. That obviously goes through their local governance. We then have an annual conversation—both the Scottish Government and the UK Government—with the region on progress to date over the year. Hopefully, that strikes the right balance between local accountability, which is at the heart of the agenda, and making sure that we have an active conversation.

The final thing I would say is that from having been out with local partners, both the business community and local authorities, the city and growth deals, UKSPF and the levelling-up fund feel like a continuum, rather than a separate piece. There is a huge amount of enthusiasm for the funding to be available to deliver the projects they have identified. There is the sense that they have quite clear strategies for what success looks like in their own areas, and what they need is for the Government to



HOUSE OF COMMONS

support them, rather than tell them what to do. I think that principle is in the city and growth deals and plays through to UKSPF.

- Q26 **Sally-Ann Hart:** The Secretary of State for Levelling-up, Michael Gove, has said that there will be no gap in funding with the UK shared prosperity fund compared with EU levels received. How much EU legacy funding remains to be invested in Scotland for the period of 2022 to 2025? Who can answer that question?

Iain Stewart: We are in this transition period at the moment, whereby the tail of the EU funds is gradually winding down. That will last over the next two to three years. At the same time, the shared prosperity fund, which is there to replace the two EU structural funds, will ramp up. So, yes, there will be no gap in the total amount that comes, but the mix of it will change over the years.

- Q27 **Sally-Ann Hart:** The Scottish Government have claimed that there will be a £337 million shortfall in funding over that three-year period. The Scottish Government use a different approach to the UK Government to calculate the amount required to supplant EU funds. Can you explain the different approaches?

Iain Stewart: I do not agree with the Scottish Government's figures for a number of reasons. First, they are including in their sum money that is not included in the EU structural funds. Those are principally in the agriculture spending, so that money is still being spent but by a different route. It is wrong to include it in what would come through the structural funds. The two structural funds—the ERDF, the European regional development fund, and the European social fund—are what the shared prosperity fund is replacing. Other schemes are dealt with in a different way.

Also, we are not sure that they are using the correct exchange rate figure to translate from euros into sterling. We do not think they are using the correct inflation rate to make the appropriate adjustments, and there are a number of other technical reasons why we do not agree with the Scottish Government's figure, but I am satisfied that we are meeting our commitment to replace the two structural funds with the shared prosperity fund.

Mr Jack: I would just add to that that the Treasury are satisfied as well, because we have obviously kept a beady eye on it in our discussions with them.

- Q28 **Sally-Ann Hart:** Thank you for that clarification; that is very helpful. Just looking at the Multiply programme, what work has the UK Government undertaken to ensure that that programme complements learning provision in Scotland, rather than duplicating existing provision, if any? The Scottish Government published an adult learning strategy in May, I think. Does it contain anything that might duplicate the Multiply programme?

Iain Stewart: Again, we have been deliberately non-prescriptive about how each local area uses their Multiply. We absolutely want it to be



complementary to other schemes that are, or are planned to be, in existence.

If I can give you one hypothetical example where it could operate, many councils and charities will offer families debt counselling and management support. If, as part of that, they can identify a need for greater adult numeracy to complement the service that is offered, that would be a good use of the Multiply scheme, but again, it is not for us to be prescriptive and say, "This is what you do with the money." It is for the local areas to determine what works best in their area to complement what else might be available, whether from the authority themselves, the Scottish Government, or the third sector. It is designed to—pardon the pun—add to numeracy skills, not duplicate.

Sally-Ann Hart: Any further comment from anyone before I finish? Thank you. No further questions, Chair.

- Q29 **John Lamont:** Good afternoon to the panel. I want to ask about three different areas; the first one is just a brief reflection to the Secretary of State. The first 18 minutes of this Committee session were taken up by questions from the SNP Chair around constitutional grievance, referendum, and the continual disruption that the SNP try to cause for Scotland, as opposed to the investment the UK Government is making into Scotland, levelling up, or the cost of living crisis. What does that say about the SNP's priorities?

Mr Jack: It is always the same old drum. Sturgeon's document last week was called a scene setter; as far as I was concerned, and reading the media in Scotland last week, it was a "seen it all before". It is as simple as that.

This comes around time and time again, but it is not where we are. We know what the priorities of the Scottish people are; we know their concerns. We want to work with the Scottish Government to address those concerns, and in the devolved areas, it is entirely a matter for the Scottish Government where they focus their energies, but we would like them to focus their energies on the things that matter to people, such as educational standards, the NHS backlog, drug deaths and so on. As someone who pays my taxes in Scotland, that is where I would like to see them focusing their energies, and as a grandparent, etc, I would like to see the focus going into the public services and the things that devolution was meant to be about. That is what devolution was for: in 1998, when the Scotland Act was written, it was written to devolve powers more locally to people. To that end, that is what I would like the Scottish Government to focus on, because it is to all our advantages if that works.

- Q30 **John Lamont:** Thank you—I agree, by the way. In your opening remarks, you made reference to gene editing technology, and you rightly stated that Scotland is a world leader in this area, with the James Hutton and Roslin institutes being at the forefront of that research. You also referenced that the National Farmers Union of Scotland is very supportive of this work. What can you do to ensure that Scotland enjoys the benefit



HOUSE OF COMMONS

of this technology in the same way that England does?

Mr Jack: We will continue to talk to the Scottish Government at ministerial and official level. We have months ahead of us when the door can remain open as the Bill progresses. We are very keen that the Scottish Government takes the opportunity to engage in this, because we and the EU are consulting on it and, potentially, Scotland is going to be left behind.

This is not genetic modification. The technology that is coming is what farmers have done for centuries. However, what would have taken 10 years can now take weeks or months. I should be clear that it is still gene editing, not genetic modification. There has been some misunderstanding, and I make that point because some Scottish Government Ministers—one in particular—have confused the difference between GM and GE. This is GE. This is not adding genes but proceeding with editing genes, as farmers have done with cross breeding for centuries.

I think we are on the right side of history, because it will help against climate change and disease, it will reduce fertiliser requirements for farmers and, therefore, it will reduce costs, which in turn will bring down the cost of food in the shops. On every measure we are on the right side of the balance sheet, as every stakeholder organisation we have engaged with has told us: the Food and Drink Federation, the National Farmers' Union of Scotland, the scientific institutes you mentioned, and the farming community.

I have had a lot of farmers, particularly in your constituency, Mr Lamont, getting in touch and saying, "This is something we absolutely need." The example they use is Golden Promise, the barley, which was gene edited in the 1960s and was transformational for the industry. By reducing the stalk and making it stronger, the straw stood up and it had higher yields. This technology has been around for a long time. It is right that we get back in front of it now.

Q31 **John Lamont:** Good. You described very well the difference between gene-edited and gene-modified crops. In terms of the UK Government's precision breeding Bill, will you explain why they are regulated in slightly different ways?

Mr Jack: Funnily enough, I am told by DEFRA that there was a misjudgment in the EU in a ruling where the judge confused GM and GE. The EU have acknowledged that and are now looking at it, so they are consulting on this themselves and intend to rectify that. Seven or eight EU member states have already come forward in the last month and said that they would like that to be rectified.

Genetic modification is where you take genes that are not related in any way to something and bring them in. That is not what this is about and, to be clear, we do not agree with that. Genetic editing is breeding out genes in order to edit the plant or the animal. It happens all the time in the animal world, but it is a bit more instantaneous there and it takes a lot longer with crops. This will speed things up, and at a time when we need to speed things up.



HOUSE OF COMMONS

Laurence Rockett: Just to build on that, the process for getting authorisation for a genetically modified crop requires an awful lot of trials and testing, which effectively means it is not commercially viable to do so. At the moment, that similar process applies to gene-edited products, so although the technology used is there, the costs and barriers to market are sufficient that they make it not possible. The Bill is designed to remove those barriers and make the registration process akin to other naturally developed crops, thereby making the market much more viable.

- Q32 **John Lamont:** Thank you; that is very helpful. My last question is to Minister Stewart and—surprise, surprise—it is about the Borders railway. I very much welcome the funding in the Borderlands growth deal for the feasibility study. However, as you will know, there is growing frustration that the feasibility study has not yet got off the ground. Could you update us on that?

Iain Stewart: To the extent that discussions with DFT are ongoing, and I hope to get an answer very soon. The money that is part of the growth deal is there. Like any bid for growth deal money, it has to go through the usual due diligence tests, but I am hopeful that we will get there very soon. Discussions are ongoing. I wrote to the leaders of the local authorities last week to say it is still a live discussion. It has not been forgotten about.

- Q33 **John Lamont:** But the UK Government remain committed to the feasibility study.

Iain Stewart: Five million pounds is part of the deal, yes.

- Q34 **Wendy Chamberlain:** Thank you, panel, for your time this afternoon. Secretary of State, what is your and the Scotland Office's analysis of the main implications for Scotland of the changes to the Northern Ireland protocol being proposed by the UK Government?

Alister Jack: We think that the changes we are making are relatively tweaky rather than wholesale changes. We are not tearing up the protocol; what we are proposing in this Bill is to make what I think are eminently sensible changes to east-west trade. We are not changing north-south trade between the Republic of Ireland and Northern Ireland; it is about Scotland and GB into Northern Ireland—those east-west changes.

What we are proposing is a red channel and a green channel—you will have read about this—with the green channel for goods going from, let's say, Cairnryan to Larne or Belfast, and they go straight through. Goods going to the Republic of Ireland would go through the red channel, and they would be subjected to checks. Potentially, those would be helped or ameliorated by a trusted trader scheme, which is another concept that is well known to the European Union. We are not doing anything that is not perfectly sensible and good for traders, good for businesses and good for consumers.

- Q35 **Wendy Chamberlain:** So you see a benefit to Scotland from the changes that have been imposed by the Government?



HOUSE OF COMMONS

Alister Jack: I do. I see an enormous benefit from the changes. Smaller traders, who have found costs prohibitive with the current system, will be able to use the green channel. Those costs will disappear, and it will increase trade.

- Q36 **Wendy Chamberlain:** Okay. One of the challenges of what you have outlined there is potential retaliatory action by the European Union, which they have stated they will go ahead with as a result of the Bill's First Reading last week. What do you think will be the impact of those retaliatory measures?

Alister Jack: They have suggested that there will be infractions and legal proceedings. First of all, the Bill has not come forward, so there is no impact at the moment on traders, because nothing is going to happen. I would say to everyone, "Stand firm and don't change what you are doing," because there is no immediate impact. But we will keep in constant dialogue with the Scottish Government, traders and businesses on this. In the north of England there may be trade going through Cairnryan, for instance, so it is a pan-UK communications challenge.

I still think there is no reason for the EU to start a trade war with us over this, because when they look at our proposals for the red and green channels, they will see that they are perfectly sensible. We are still saying that, with the red channel, you can do the checks that you want to do—that is not changing in any shape or form. But we know that it is not working at the moment because 20% of the checks that the EU do—if you think of the whole border of the European Union, 20% of the checks, or one in five, are GB-Northern Ireland at the moment. It is a crazy, crazy number. Thousands and thousands of checks are going on, yet not a single one has found a problem. That is why I think the trusted trader scheme can work for the red channel, and the green channel obviously works because it is inter-UK trade.

- Q37 **Wendy Chamberlain:** I suppose you would expect my counter to that to be the fact that these are eminently sensible proposals. Why haven't they been discussed in the negotiations that the EU and the UK Government have already been having in relation to the Northern Ireland protocol? Why have the Government felt the need to bring through these changes by disapplying parts of the protocol, as they are suggesting?

Alister Jack: I think that is a very good question and a very good challenge. When I was sitting in Cabinet and the proposal was brought forward, I asked myself the very same question: why didn't we do this back in the day when the previous negotiating team were negotiating the detail before the meeting that took place with Leo Varadkar? Why weren't these options? They did strike me as very sensible.

- Q38 **Wendy Chamberlain:** Why haven't they been discussed more recently, given the ongoing situation?

Mr Jack: There have been ongoing discussions between the UK and the EU for months—Michael Gove and then Liz Truss were engaged in them.



HOUSE OF COMMONS

So those discussions have been ongoing. As to the detail of those discussions, you would have to ask them.

This strikes me as a very sensible solution. Those who travel through airports will have seen red and green channels, so it is not complicated. Yes, I think it is a pity we didn't go down this route at the beginning, but I think it is the right route to go down now.

- Q39 **Wendy Chamberlain:** Thank you. The First Minister of Wales and the First Minister of Scotland have said that they are not happy with what the UK Government are proposing. Indeed, Mark Drakeford called for an inter-ministerial UK-EU relations meeting to discuss the protocol. Has that been discussed at an inter-ministerial group? Is such a meeting going to happen?

Mr Jack: There is an inter-ministerial group for UK-EU relations. From memory, it has met once, on 17 February this year. Is that right?

Laurence Rockey: I don't have the precise date, but there is a meeting of that committee this month, I understand.

Mr Jack: I was coming on to that, but it has only met once so far. I can check my note and I can confirm that it was on 17 February.

However, I can move things along a bit, in the direction that you might be going, to say that prior to the Bill being introduced in the House, the Foreign Secretary was in contact, as was another UK Government Minister, with Ministers in Scotland. The Bill was shown prior to it being announced and there were explanatory notes attached to it, prior to First Reading. So there has been communication between UK Government Ministers and Scottish Government Ministers on this very subject, even if the inter-ministerial group has not met.

- Q40 **Wendy Chamberlain:** So the IMG for UK-EU relations is due to meet this month. Would you still look to invite the devolved Administrations to those meetings, or would that not normally happen?

Mr Jack: Yes, we would—definitely.

- Q41 **Wendy Chamberlain:** Great. Moving on, one of the other challenges, and we have heard about it in this Committee particularly immediately post our departure from the EU, is the real issues that Scottish food producers were having with getting their products to the EU. The National Farmers Union of Scotland has said that the UK Government's decision to continue to delay EU import checks is handing a competitive advantage to other food-producing nations over Scottish producers. Do you agree with that assessment?

Mr Jack: The Government do not agree with that, and the National Farmers Union of Scotland knows that. There have been a range of challenges to the supply chain. We have had disruption as a result of Russia's invasion of Ukraine and the wider cost of living issues. We are very aware of that and it was our decision not to put import controls on goods coming in, because we decided that would potentially be an



unnecessary burden on traders and would also add cost to consumers. So we thought it was pragmatic not to introduce those controls, as it is something we can take the lead on, because we thought it was better to protect British consumers.

- Q42 **Wendy Chamberlain:** At a very basic level, there are rules for goods coming into the EU but there is still nothing in place for EU producers coming in. So I suppose my challenge is this: how is it that Scottish producers are not impacted by the fact that there are no restrictions on produce coming in from the EU?

Mr Jack: There are restrictions. For what we call high-risk items, on 1 January 2021 we brought in the sanitary and phytosanitary restrictions on animals, animal by-products, plants, plant products and so on from the EU. So those import controls are in place. However, regarding all the other items that you referred to, we decided, for the benefit of the consumer, not to put import controls in place, because of potential supply chain issues, particularly given the difficulties we see in Ukraine.

- Q43 **Wendy Chamberlain:** I suppose my point about Ukraine is that we are looking at food security and there is the risk that this decision impacts on food security from a Scottish perspective—we will put producers potentially out of the market.

Lord Offord: That brings you back to gene editing. Why on earth would the Scottish Government not want to do that when we need food security, we need to improve yields and we need to get costs down and put more food at affordable prices in front of our population? Gene editing is a good example of that. All the institutes want to do it, as do the farmers.

Wendy Chamberlain: The NFUS is supportive of it as well.

Lord Offord: So it is back to the same point.

Mr Jack: You were going to ask me a question, I think?

- Q44 **Wendy Chamberlain:** Yes, I have a final question. Minister Stewart mentioned his visit to St Andrews Eden campus, which was part of the Tay cities deal. It is the largest employer in my constituency. St Andrews has been impacted by our departure from the EU, both through the loss of Erasmus and from the UK Government decision to cut the aid budget, which means it has been impacted by reduced research funding. I am concerned about the Horizon programme being brought into the ongoing discussions on the Northern Ireland protocol. What role does the Scotland Office have in relation to maintaining Horizon, or what other ambitious alternative programmes might there be, as suggested by the Foreign Secretary?

Mr Jack: This is his specialist subject.

Iain Stewart: I wouldn't go that far. I meet Minister George Freeman on a very regular basis. Our membership of Horizon, Copernicus and Euratom were part of the TCA. We absolutely want to be part of them. The blockage is not at our end. I know that Minister George Freeman is



HOUSE OF COMMONS

continuing discussions to make sure that we do. However, I am also reassured that, should that not be possible, the quantum of research funding will be maintained.

Looking back to some of the levelling-up discussions, part of the levelling-up White Paper was to have an even greater share of R&D spending outside the golden triangle of London, Oxford and Cambridge. I am certain that St Andrews and other Scottish universities will profit from that. I appreciate that this is not specifically St Andrews, but Glasgow is part of the innovation accelerator, along with the west midlands and Greater Manchester. Our commitment to R&D is absolute.

- Q45 **Wendy Chamberlain:** Finally, on Erasmus, the Scottish Government proposed a replacement Erasmus scheme, and you came to give evidence to the Committee on that. They have not moved forward with that, but the Welsh Government have moved forward with their Taith programme—I am probably pronouncing that incorrectly. Is there anything from the perspective of the UK Government that would prevent the Scottish Government from doing something similar?

Iain Stewart: On the Turing scheme, which has replaced Erasmus, I visited St Andrews and discussed it with Dame Sally Mapstone and met some of the students who had taken advantage of it by visiting projects in Africa. That would not have been possible under the Erasmus scheme. Turing is in its infancy—it will continue to evolve.

- Q46 **Wendy Chamberlain:** It will be interesting to see how it ends up with Capita now in charge.

Iain Stewart: Forgive me—I do not have details on that. I think the Turing scheme will continue to evolve and deliver what we want, which is a fairer and wider-reaching programme. I do not want to diminish the importance of Erasmus.

- Q47 **Wendy Chamberlain:** Can I confirm that there is nothing to stop the Scottish Government progressing with a scheme similar to the Welsh Government's scheme, in addition to Turing.

Iain Stewart: I would need to check what the Welsh Government have proposed. It was not possible for a devolved Administration to remain part of the Erasmus scheme itself, because it is a UK-wide scheme. I will need to check what the Welsh Government scheme entails.

Wendy Chamberlain: I will follow up with you.

Iain Stewart: Please do; I am happy to have a further discussion.

Mr Jack: We will come back to you on that.

- Q48 **Deidre Brock:** Welcome to our witnesses. I want to return to the gene editing issue because it is very live at the moment. The Bill Committee starts sitting next week and we will start to take evidence from a variety of experts. You mentioned that the EU is reviewing its position on gene editing of plants and animals. I want to run a quote past you from the



HOUSE OF COMMONS

German environment and consumer protection Minister, who said that any new set of rules the EU puts out “must continue to include mandatory labelling” and be underpinned by the EU’s precautionary principles. She also made the important point that once a new genomic technique “is released to the environment, it is almost impossible to remove it. Potential risks not only to the plants but also to ecosystems and biodiversity must be identified and evaluated precisely.” Does that not suggest that a cautious approach is valid?

Mr Jack: Yes, and that is what the director referred to earlier when he mentioned that you still have to go through the trials and get the approval.

Q49 **Deidre Brock:** But as that German Minister says, once new genomic techniques are released, it is almost impossible to remove things from the environment.

Mr Jack: Which is why you go through trials. What I would say to that, because this is entirely what I have been told by the scientists, is that this direction of travel would be got to naturally. There is nothing unnatural about gene editing. Genetic modification is unnatural, but genetic editing is taking you in a direction that, for animals, you can get to very quickly, and we have. If you look at cattle, such as Salers, and the different crosses—Luining—that is all genetic editing. It is all crossing out. If I take it to the dog world, a labradoodle is genetic editing.

If you want to take it to seeds, it takes a little longer to get there—perhaps 10 years—but the James Hutton Institute might achieve that in weeks or months. That is the point when looking to take advantage of the situation we find ourselves in. Then, the correct approvals have to go into place. We are not doing anything that you would not naturally get to anyway if you were to go down a process of cross-breeding.

Q50 **Deidre Brock:** There are scientists who would disagree with that position.

Mr Jack: Tell me who. Name three.

Deidre Brock: We will look at that next week.

Mr Jack: I am sure, yes.

Q51 **Deidre Brock:** As mentioned, the EU is reviewing this. Given that research will greatly assist with the decision making of the UK Government on this issue, why the rush? Why not wait until that research is complete? I understand it is fairly imminent—by mid-2023.

Mr Jack: What research is complete?

Deidre Brock: The research that the EU is conducting.

Mr Jack: We are not members of the EU. You need to move with the times. That is behind us now.

Deidre Brock: We move with the times—



HOUSE OF COMMONS

Mr Jack: I must make this point. We have the world-leading institute in Dundee, Scotland. The James Hutton Institute is the world leader on this. Let us not look to the EU to hold our hands. We can do something really forward-thinking here and get a grip. That remark does not sit comfortably with me.

Deidre Brock: I understand that—you are a Brexiter.

Mr Jack: It is like freeports. We can do these things now and help our economy. We can help our farmers; we can help consumers with the price of food in the shops. We have this opportunity in front of us now. Let us be grown up about it, for goodness' sake.

Q52 **Deidre Brock:** Can I just tell you that according to a recent poll conducted by the *Daily Mail*—

Mr Jack: A favourite paper of yours.

Deidre Brock: You are very familiar with the *Daily Mail* as a Tory party member. In a poll of 2,000 people in England, Northern Ireland and Wales, 84% said it was very or fairly important that gene-edited food was labelled as such. This Bill does not cover that. What do you say to those people who are clearly concerned about the fact that they will be eating food that they may not wish to?

Mr Jack: Well, Golden Promise, the barley that revolutionised in the late '60s and early '70s, was gene-edited. It was a natural progression. It did not need to be labelled. Scientists will explain that it is not something that is doing anyone any harm. There are gene-edited tomatoes being sold that are very high in vitamin D, which is a very good thing for people, particularly those of us who live further north. As long as they go through the proper tests and trials and are approved by the scientists, it makes perfect sense. It is not genetic modification and we should not confuse it with such, where you are taking genes that are not naturally part of that species and bringing them in. That is not something that we are advocating here. What we are advocating is speeding up nature.

Q53 **Deidre Brock:** But not using labelling makes it more difficult for our exporters and food producers to sell to Europe, as I understand it.

Mr Jack: Can I stop you there? That is not true. We have checked—DEFRA has checked—with the EU. The EU receives gene-edited produce.

Q54 **Deidre Brock:** It is much more stringently regulated, though. If you do not label the products that go into the European market, our producers and exporters will surely experience further problems on top of those that Brexit has delivered them.

Mr Jack: That is work that DEFRA is going through at the moment.

Q55 **Deidre Brock:** Okay, so we can expect answers on that, can we?

Mr Jack: Of course.

Q56 **Deidre Brock:** And is your opinion that as the Bill makes progress,



HOUSE OF COMMONS

labelling will be incorporated into it?

Mr Jack: Well, that is entirely a matter for DEFRA, but it will do what is right for producers in the same way that I want whisky producers in Scotland to be able still to get their malting barley from the usual sources, or biscuit manufacturers and the many other people involved in the food and drink industry to still get their produce. It is very important that we protect jobs.

Q57 Deidre Brock: As I said, the Bill is progressing through Parliament, we will get lots of evidence in the coming weeks, and I am sure there will be much discussion. But to take this back to the constitutional issue—at the risk of upsetting colleagues—the Scottish Government were informed only the day before that the gene editing Bill was being introduced to Parliament. Surely that does not display a great deal of respect for the devolved Government.

Mr Jack: Was that at ministerial level or official level?

Deidre Brock: Ministerial level, as I understand it. It was later than—

Mr Jack: What normally happens if we bring forward new legislation that sits in a devolved area is that we engage very early because we know that a legislative consent motion will be required and that engagement starts at the beginning. If it is an England-only Bill, that changes that dynamic.

Certainly, with gene editing, the situation was that when it came to the Parliamentary Business and Legislation Committee, which is a Cabinet Sub-Committee on which I sit, I was very keen that, because the items about planting the seed are devolved, the opportunity was given to Scottish farmers to have the same benefits that English farmers will have. I said, “We need to engage with the Scottish Government on this,” and that happened. It will have happened at official level to begin with, to gauge the temperature, explain the detail and get feedback, and then it will have gone to ministerial level.

As to whether it was the day before, it would have been a number of days before. I cannot give you the exact date that George Eustice and I would have written to the Scottish Government asking them to engage in the Bill.

Q58 Chair: I have the letter here, and the timeline from the relevant Scottish Government Minister is very clear. She expresses her disappointment with “your invitation for Scotland to join in the legislation coming the day before the Bill was introduced in the UK Parliament. Despite repeated earlier requests from the Scottish Government and other Devolved Administrations, a draft of the Bill was provided only on the afternoon before it was introduced”.

Mr Jack: Yes, well there is plenty time in front of us. The Bill will develop—it will go through the Bill Committee—and there is plenty of time. We will keep communicating with the Scottish Government, who have plenty of time to come on board, as all their stakeholders want them to.



HOUSE OF COMMONS

Q59 Deidre Brock: Does that not indicate a lack of respect for the devolved Government? This is a devolved area.

Mr Jack: No, it is—

Deidre Brock: This is a devolved area, and your Government's own impact assessment makes it clear that it will have a significant impact on Scotland, despite it being England-only legislation.

Mr Jack: As I say, it is an England-only Bill. We would like the Scottish Government to come on board to make it a UK-wide Bill. That is what we would like to achieve.

What we do with legislation is speak at official level, iron out the wrinkles, and work out whether an LCM is required or whether it will be England-only and so on, and then Ministers get involved once that leg work has been done. That is perfectly normal. The Ministers do the end negotiations, not the early negotiations.

Q60 Deidre Brock: The fact that that Scottish Minister wrote a letter to you and the Secretary of State for Environment, Food and Rural Affairs to make the point that—

Mr Jack: Well, that was in response to the letter that we wrote first.

Q61 Deidre Brock: I think it was more in response to the fact that it was not discussed before that legislation was introduced. I want to move on, however, and to ask Minister Stewart quickly about the city region deals. Are these now being rolled up into the shared prosperity fund? They started in 2014, long before the EU referendum and the need to replace European funding. Are they no longer additional?

Iain Stewart: No, the shared prosperity fund and the city region deals, although they all form part of the broader levelling-up agenda, are entirely separate funds. The deals that have been struck on an individual basis are as they are.

Deidre Brock: I see. So they are not being rolled up—

Iain Stewart: The shared prosperity fund, the levelling-up fund, the community ownership fund—all these are in addition to the city region growth deals.

Q62 Deidre Brock: They are in addition—good. May I ask—this might be for Mr Rockey—how many civil servants from the levelling-up Department are now based in Queen Elizabeth House?

Laurence Rockey: Good afternoon. In the Scotland-based area team in the Department for levelling up, there are about 18 colleagues. They are based around Scotland; they are not all based in Queen Elizabeth House. I would need to come back to you on the precise number, but—

Deidre Brock: That would be really helpful, thank you.

Laurence Rockey: It will be somewhere between 10 and 20.



HOUSE OF COMMONS

Q63 Deidre Brock: Will you explain how the awarding of levelling-up funds in particular works between your two Departments? How does that operate on a day-to-day basis? How do you work with each other? Who then has the job of the subsequent monitoring of those projects? Mr Stewart, you seemed to suggest that it was not about ticking boxes or who was responsible, and that due diligence was being done, but I was not quite clear on where. I am keen to hear who is keeping track of those public funds and making sure that they are achieving the results that you want.

Iain Stewart: To be clear, when I said that I don't have a spreadsheet of what I want spent, what I meant by that was that I do not have a predetermined judgment as to what money goes on regeneration projects and so on. Each project, of course, has to go through the proper evaluation and due diligence checks, which will happen with all sorts of people, depending on what it is—sometimes the Scottish Government, if it is a city region growth deal—and ultimately the Treasury will have to be satisfied. Each deal is properly appraised before it is signed off.

Q64 Deidre Brock: Mr Rockey, is that working between the two Departments?

Laurence Rockey: To build on what Minister Stewart said, bids for the levelling-up fund from local authorities across the United Kingdom go to DLUHC, where they are assessed. The governance board that oversees the levelling-up fund is run by DLUHC, as the Department responsible, but at official level we sit on that and participate in it. So we feed into the process, but DLUHC is the responsible Department. Obviously, ultimately, the permanent secretary for DLUHC is the accounting officer for the fund. Therefore, his officials will ensure value for money, and the monitoring and evaluation, once the awards have been made.

Q65 Deidre Brock: Are you saying that the ultimate decision rests in London with civil servants down here? Do you feel that there is enough understanding of the situation on the ground in Scotland? What can you tell me about that?

Laurence Rockey: I can say three things. DLUHC has deliberately set up a Scotland-based team, which has colleagues based in the highlands, or the borders, and are from those areas, in order to support local authorities with their bids and to support colleagues in London and elsewhere across the United Kingdom—DLUHC is not based exclusively in London.

At the Scotland Office, we also are half based in London and half in Scotland, as you might expect, so we have good local knowledge as well. We feed into that process, too.

Finally, I was speaking at Civil Service Live—our annual civil service conference—last week in Edinburgh and, as you know, under the Places for Growth agenda, there is a commitment to move 22,000 civil servants from London out across the United Kingdom by 2030. So, in Queen Elizabeth House in Edinburgh, we have between 15 and 20 Departments already based there, with UK Government colleagues working together. There is a recognition from the civil service of the need to be less London-



HOUSE OF COMMONS

centric, and I think Queen Elizabeth House is a really good example of that.

Iain Stewart: I would just add that it is really important that we understand that these are not our projects. We have not developed these. They have come from the local areas. For example, the redevelopment of Granton in your constituency, which has been funded, came up through the City of Edinburgh Council. I met them to discuss it. When that bid went in, it went through all the appropriate appraisal checks. That is how it works. It is not our scheme. It comes from the ground up.

Q66 **Deidre Brock:** But of course it bypassed the Scottish Government, who have worked very closely with the City of Edinburgh Council over many years in many areas. I did find that extraordinary. I want to place that on the record.

Iain Stewart: Are you suggesting we don't fund?

Q67 **Deidre Brock:** I would suggest that you deal with the Scottish Government as well. That is my position. It always has been.

Iain Stewart: I think we should deal with the local authorities. These are their schemes.

Mr Jack: We took the decision right at the beginning to practise real devolution, and we are standing by it.

Q68 **Deidre Brock:** Real devolution?

Mr Jack: You ought to suck it up and go with the programme, because so much can be achieved for your constituency.

Q69 **Deidre Brock:** That's not very ministerial, Mr Jack.

Mr Jack: I know, but I am just saying. I actually met the Granton project people last week, and they want to put a further bid. They need the levelling-up money and the MP's support. You are the MP, and I hope you will get behind it.

Q70 **Deidre Brock:** I gave my support, absolutely. What is "real devolution"? What is the Scottish Government or the Scottish Parliament? Is that not real? Is it surreal devolution? What is it?

Iain Stewart: It's a central Government. This is a central Government. We are about empowering the local areas—not just at local authority level but going down a level beyond that.

Q71 **Deidre Brock:** Bypassing the Scottish Government. Anyway—

Iain Stewart: No. Deidre, I have got to correct this. This is not about bypassing anyone. It is about empowering the local areas to identify the projects they want to see, which can often be complementary and can unlock other investments provided, whether by this Government, the Scottish Government, the private sector, the university sector or any other.



HOUSE OF COMMONS

Q72 Deidre Brock: We are going to have to agree to disagree on that one, I think, Minister Stewart.

I am going to ask one last, slightly cheeky, question of the Secretary of State. I notice that the Trade Minister for the UK Government tweeted, "Congratulations to all three" who are "in the territorial offices," saying that there was important continuity after you all survived a governmental reshuffle. I just wondered whether Scotland, in your opinion, is a nation or a territory.

Mr Jack: That is a ridiculous question.

Q73 Deidre Brock: Is it?

Mr Jack: I am a proud Scot. I back Scotland at every turn—politically, in sport and economically. I have built all my businesses in Scotland. We are a proud nation, but we are part of the United Kingdom.

Q74 Deidre Brock: You're a nation. That is very important.

Mr Jack: Has anyone ever said otherwise?

Q75 Deidre Brock: Why are they called the territorial offices? What is Scotland a territory of?

Mr Jack: You are getting hung up on terminology. We are one United Kingdom, but in the United Kingdom we have devolved Administrations. We have a nation in Scotland, a principality in Wales and a province in Northern Ireland. That is just what the terminology is—whether you like it or not.

Q76 Deidre Brock: I see. You recognise, therefore, that England is a nation and not a territory. So why call Scotland a territorial office? There are many people who find that quite offensive.

Mr Jack: You can write to us with some suggestions of different names.

Q77 Deidre Brock: I am sure many people would have lots of suggestions.

Mr Jack: It is the Scotland Office. It is very simple. It is binary. It is the Scotland Office. That is who is here today. We are not calling ourselves the territorial office last time I looked.

Deidre Brock: Tell your colleagues, will you?

Q78 Chair: So the people of Scotland should write to Alister Jack at Dover House, Whitehall.

Mr Jack: I only offered it to Deidre, if you noticed.

Q79 Deidre Brock: I shall ask all my friends in Scotland to give me their suggestions.

Mr Jack: Let's call it the Scotland Office, then. It shouldn't confuse anyone, I hope.

Q80 Douglas Ross: Thank you, Chair. Good afternoon, Secretary of State, Ministers and Mr Rockey. Could I begin by picking up on a few points that



HOUSE OF COMMONS

have come up in the session so far? The Chair suggested that comments emanating from the Scotland Office about the potential inquiry into freeports were disrespectful. I have to say that what I felt was disrespectful to this Committee was the First Minister of Scotland taking more than half a year to respond to an invitation to appear before us, ignoring repeated requests from the Clerks of this Committee for a response and ultimately refusing to appear only after the personal intervention of the Chair. I hope that—maybe with the exception of the last question from the last questioner—the First Minister might view this session and see that actually we are civil in our questions and we get good answers from our witnesses, and might reconsider. I think that would be very helpful to the work of this Committee, going forward.

I think the point that someone in the Scotland Office made about a potential inquiry into gene editing is an important and good one, given the range of discussion that we have already heard. I would like to continue that discussion. The Secretary of State will be, like me, an avid reader of *The Scottish Farmer*, and this week there is a very good article in it about this issue by Brian Henderson, calling it a bit of a soap opera, given the dialogue between the two Governments on this point. Secretary of State, you mentioned—in response, I think, to Mr Lamont—the consultation that had been held by the UK Government on this, and Mr Henderson writes in *The Scottish Farmer*: “There has been a major public consultation on the issue of gene editing undertaken in England and a full examination of the current restrictive regulations is currently under way across the EU. As far as I am aware, there is no formal consultation or dialogue on the issue currently under way in Scotland.” He concludes by saying: “This effectively means that regardless of whether the Scottish Government sides with the UK Government or goes along with any changes to the EU rules, the only people to be denied any direct say over the future course of precision breeding technologies will be those aforementioned stakeholders in Scotland.” Is that correct, and what is your response to it?

Mr Jack: Yes, what you say is absolutely right. Actually, the Scotland Office has consulted the James Hutton Institute, the Roslin Institute, Scotland Food & Drink, the National Farmers Union of Scotland and so on, so we have spoken to a number of stakeholder bodies. All of them have been supportive. In particular, farmers are very keen to have the opportunity to use this technology to their advantage, knowing that other farmers in other parts of the United Kingdom will be using it.

I can only put this down to political dogma. The Scottish Government want to follow their continuity Bill and follow the EU on this. The irony is that when the EU does change, the advantage will have been had in other parts of the United Kingdom by then. And the EU will change, because they acknowledge that it is not genetic modification but gene editing and there was a misjudgment by the ECJ some years ago. So I would say it is political dogma that is getting in the way of this and I would hope—we keep the door open, as I keep saying—that the Scottish Government will come on side and give Scottish farmers the advantage that everyone else



HOUSE OF COMMONS

is going to have and also give Scottish consumers the advantage of lower prices, which inevitably will derive from this.

As I say, it is disappointing. It is political dogma; there has been no consultation with the stakeholders. The National Farmers Union of Scotland wants to engage with the Scottish Government, wants the Scottish Government to come on side with this. It is the Highland Show this week. We will keep working on it. We are seeing the NFUS on Thursday, and others. We will keep working on it. We would like to get them there, and as I say, our door will remain open.

- Q81 Douglas Ross:** That is where I would like to go to. Brian Henderson's article characterises this as a soap opera. Is there a way it has a less predictable outcome than some soap operas and we can find a way for the UK Government and Scottish Government to work together on this issue? Have you been encouraged in any way by the dialogue that your officials have had, or at ministerial level?

Mr Jack: Not so far, but that does not mean to say that we will not keep trying.

- Q82 Douglas Ross:** Before we move off this issue, you rightly mentioned the Highland Show. It is celebrating its 200th year this year—from Thursday to Sunday—after a very difficult two-year absence. I am sure that the Secretary of State and the entire Scotland Office would wish the organisers and everyone attending a very successful Highland Show at Inverclyde this week.

Mr Jack: Absolutely, and let's hope for good weather.

- Q83 Douglas Ross:** Hear, hear.

The other issue that you have mentioned and that I don't think has come up in questioning so far is freeports. It has been extremely positive to hear today of the five bids that have now been received and the process that will now be undertaken. I think you said, in your opening remarks, that when you visited Teesside, it felt like that area had stolen a march on us, because of the delays. Could you expand on that? Would you also respond to a point the First Minister made in the Scottish Parliament earlier this month, on 9 June, when my colleague Liam Kerr MSP asked about the process to get to the stage where the two Governments could agree to freeports? The First Minister said that "had we gone with the UK Government's timescale on the issue, we would have had significantly less money to invest in green ports in Scotland." Is that correct? Would there have been significantly less money to invest had we gone with the original UK Government timescale, given that we have seen other areas of the United Kingdom progressing well?

Mr Jack: To answer the first point, demographically, with all the tax breaks the Treasury funds, the Treasury was giving one green freeport—the name we ended up with—to Scotland; the Scotland Office argued that, geographically, it should be two. Now, what the Treasury said was that it would give the tax benefits for the second one if the Scottish Government pay the capital. The capital is up to £25 million. I was dealing at the time



HOUSE OF COMMONS

with Minister McKee, who was resistant to that, but we were keen to do two, so the Scotland Office argued strongly that we should do two fully funded for Scotland. That is where we ended up.

We still had a long way to go to persuade the Scottish Government to come on board; they were very hostile to the idea in the beginning. They wanted to come up with this model of green ports, which was not competitive—it had much higher wage costs and other things built in—and as Ben Houchen on Teesside will tell you, the English model is very green anyway. There is now no difference between the costs of labour or the net zero agenda for freeports across the United Kingdom. I wanted to make sure that the Scottish ones were not put at any disadvantage, and that was part of my negotiations.

The Green coalition partners were opposed to them, and I believe they remain opposed to the concept. I think I saw an article by a Green MSP in the *Press and Journal* this week voicing opposition and calling them tax-evading models and all that sort of nonsense. The reality is that we got there, and the credit for meeting us halfway across the bridge goes to Kate Forbes. She stepped up to the plate and said, "You know what? This is a good offer from the UK Government. This is good for the economy." So we were able eventually to get a deal.

To answer your question, that had taken rather a long time, and in the meantime others in England, particularly Teesside, had stolen a march on Scotland. As there is only so much inward investment available, I am disappointed about that. We have got to the place today where there are five bids: Orkney, Aberdeen and Peterhead, Firth of Forth, Inverness and Cromarty, and Clyde. Two of those will be successful. I cannot comment further at this stage, but the decision will now be taken by a Minister from the Scotland Office, a Minister from the Department for Levelling Up, Housing and Communities, a Treasury Minister, and a Scottish Government Minister. We will sit down and work together to see what we believe to be the two best bids. They will be fully funded—up to £25 million each—by the Treasury, and I hope that we can get them motoring by the end of this year.

Q84 Douglas Ross: Earlier, when you were responding to the Chair about the constitutional issue, you mentioned that Nicola Sturgeon and her Government rely heavily on the Greens—they have two Ministers in the Government, they are part of the Scottish Government—and you are right. One of the MSPs for the north-east of Scotland—one of the areas that could benefit significantly from this—said that freeports are a tax-dodging scheme and ridiculed the fact that the project could create up to 30,000 jobs. Coming into this meeting, I thought that was pretty awful.

I was more surprised to hear Deidre Brock acknowledge from a sedentary position that she seemed to agree with that—something we might raise later. Are you worried that Green and SNP Members think that these are tax-dodging schemes and would put in jeopardy the opportunity to create tens of thousands of jobs in the two ports in Scotland?



HOUSE OF COMMONS

Mr Jack: We had a letter to that effect from Ivan McKee during the negotiation process. We dismissed it and moved our negotiations toward Kate Forbes, where we met with considerably more warmth, if I can put it that way, and were able to conclude matters. Does it surprise me that that is their position? No. Does it matter? Not really, because the Finance Cabinet Secretary is on board, and we will deliver these freeports, two Governments working together. I am absolutely sure that we will deliver them and they will bring the high-skill, high-wage jobs that we want.

Q85 **Douglas Ross:** Finally on this point, there are five bidders for two successful ports. What could happen with the other three? What opportunities might there be for the three that miss out on this occasion?

Mr Jack: Funnily enough, Laurence and I were discussing that only last week. That is at the forefront of our minds, but I am not going to be drawn on it. We are at the beginning of the process, and I am sure you understand that I don't want to show any inclination toward any of the bids, or even discuss if there are any runners-up prizes. This is not the time.

Q86 **Douglas Ross:** Well, given you do not refuse to come before us, maybe we can ask again at your next appearance in this Committee.

Mr Jack: Yes, yes.

Q87 **Douglas Ross:** Finally, slightly going back to gene editing, I want to ask about the global cost of living crisis, which we have not touched on so far. People are clearly worried about fuel costs, heating costs and so on, but my big concern is that the cost of food will become more and more apparent and more difficult for people to meet. Throughout your answers on gene editing, you have been saying that this is a process we have been through for a very long time. What opportunities to help secure our food supply could we be closing the door to in Scotland if we do not support these moves?

Avid watchers of "The West Wing" will remember a fictional president speaking about a very real person, Norman Borlaug, but in the 1970s Borlaug won the Nobel peace prize for saving more than 1 billion people from starvation through the technologies he used to make wheat stalks stronger. Surely, given that the technology has been around for more than 50 years, it is something that we should be embracing? To go back to Minister Offord's point, gene editing could help us during the critical phase we are now approaching in Scotland, across the UK and in many parts of the world, in ensuring that there is enough food to feed the world?

Mr Jack: I absolutely agree with you. We both have a farming background and we know the challenges that the weather brings, particularly in Scotland. Crops can be flattened by heavy rain and wind. I have seen sleet in June. Crops can be damaged in so many ways, and the more resistant they are to extreme weather—we are seeing more extreme weather patterns—the better. That is one thing, but we can also reduce the application of pesticides. If you look at the agenda on the



HOUSE OF COMMONS

environment, there is evidence that you can reduce reliance on pesticides, make crops more nutritious, and combat other diseases that are not necessarily pest-borne.

Obviously, you can meet the challenges of the climate emergency, but you can also increase yields, which is a great advantage, because it will bring the cost of food down. Increasing yield and reducing the cost of fertiliser, which is incredibly expensive—that part of farmers' cost base has more than tripled in the last year—is a fantastic thing if we can achieve it. I would like Scottish farmers to have the benefit of that, as English farmers will, and I would like Scottish consumers to have the benefit of less expensive food on the shelves.

Q88 Deidre Brock: I just want to quickly point out something Mr Ross does not seem to be aware of. Brussels clamped down on 82 freeports or free zones after it conducted a review, because it was found that—according to *The Guardian*—"their special tariff and duty status aided the financing of terrorism, money laundering and organised crime." Obviously, we do not want to see that happening in freeports in the UK, so can you reassure us how that will be monitored continuously as they develop?

Q89 Mr Jack: Absolutely. You are a bit fixated with the EU, and I understand that, but let me explain. With freeports in the UK, the Treasury will offer the customs and VAT benefits and the local business rates relief for a period; there is also some help with new jobs and national insurance contributions. All of those things are monitored through the Treasury and proper controls will be put in place. I have no concern about the accusations of tax evasion, drug smuggling and so on. Ivan McKee wrote in his letter that they were reminiscent of the 18th century and listed all those things. None of that is what our freeports are about. They are about job and wealth creation. I would be very confident that the Treasury will not stand idly by and allow any malpractices. I would be very confident of that.

Q90 Deidre Brock: Good; I am very pleased to hear that. Just to be clear, it is not 18th century—what did you say?

Mr Jack: That is what was said in the letter that came to me from the Scottish Government: freeports are reminiscent of 18th century practices, of which there was a list. I will not bore you with the detail; the letter was public at the time.

Q91 Deidre Brock: That EU review was done in 2020, or perhaps 2019, so it is quite recent.

Mr Jack: The United Kingdom Government have the ability to structure the freeports. I implore you to go to Teesside, meet Ben Houchen and talk to him about the structure that he has to put in place, the reporting he has to do, and the advantages. This Committee could do worse than take a train to Northallerton, change to Middlesbrough, and visit that freeport for a day. I was there a week ago last Thursday, and it was fantastic to see what is going on. You will get a much better understanding of freeports and their advantages than this rather antediluvian view that some people are taking.

Deidre Brock: Okay; thanks very much.

Chair: I think we are all very grateful to you for your ministerial suggestions on how this Committee's time should be utilised.

Mr Jack: We like to keep you busy, Chairman.

Q92 **Chair:** May I finish on the cost of living crisis? Given the particular challenges and distinct issues in Scotland around rurality, demography and climate, is Scotland entitled to—and does it deserve—a little extra support?

Mr Jack: We have tackled this on a UK-wide basis. There is support for households—less well-off households—and support is coming in October for their energy bills. Then, there is also the household support fund scheme. That absolutely has a devolved element to it, so money is going directly to the Scottish Government for them to help people in Scotland.

I understand that you will say that it is a bit colder up there, and all the other things, and I completely understand that argument, but in the way that things are structured at the moment, there is a record settlement for the Scottish Government this year of £41.6 billion, plus the Barnett consequential money—the extra funding that has come from these announcements. So, the Scottish Government have that money to help the people who need it.

Q93 **Chair:** I get all that, and I know that the Scottish Government are doing what they can with the resource and facilities available to them, but when you are at the Cabinet table having all those in-depth conversations about the cost of living crisis and how you can help the whole of the United Kingdom, do you ever make the point about Scotland's particular requirements, including rurality, for example? You dismissed the climate there, but we are the coldest part of the UK by quite a distance.

Mr Jack: I absolutely make that point, and I also make the points about transmission charges and the other issues. We are engaging with Ofgem on that, but we also engage on it with BEIS, and I engage with the Treasury on other things. Whether in making sure that the furlough scheme worked for whole of the United Kingdom or in any other manner of thing, whenever those issues come up, I can assure you that I look at them straight through the lens of someone who is Scottish born and bred, and I think, "What do we need?"

Chair: Territorial—Scottish.

Mr Jack: Yes; I look at it straight through that lens and say, "That is the argument that I need to make, because that is what I am here to do."

Iain Stewart: May I give one very specific example? When we were looking at the distribution formula for the shared prosperity fund, we did not use just the English one; we worked with COSLA to design a formula that respected rurality—I can rarely say that word, but I got it this time!

Q94 **Chair:** Thank you. Lastly, I have a simple question of the sort we get from



HOUSE OF COMMONS

our constituents—sometimes, the simplest questions are the hardest to answer. One that I get regularly just now—perhaps you could answer it for me—is that Scotland is one of the most energy-rich nations, not just in Europe but in the whole world, so why do we have about the highest energy bills in the world?

Mr Jack: Lord Offord is an expert in this area, but our energy bills are set, as you know, at a global rate. That is one of the problems we have. Electricity is linked to gas, and the gas price is a global price, and the oil price is a global price. I ask the same question myself, Mr Chairman.

We have a long-term strategy to bring it down. We have gone for the offshore wind option, but the wind does not always blow; we are looking at mini nuclear reactors; and we are looking at fusion. Those are the things we would like to do to help through cleaner energies—fusion is a much cleaner energy. Again, we are engaging with the Scottish Government—Minister Hands has been doing that—to ask them to come on board with some of those options that give long-term energy security, bring costs down and make us less reliant on global prices.

Q95 **Chair:** So when I answer that constituent, I should say that it is a global thing, even though a number of UK Government initiatives sustain support through taxation from Scottish oil fields?

Mr Jack: Well, it is a global thing. The levy that has been brought in is to help the Chancellor give more money to the less well-off households. That is a £37 billion package.

Chair: Thank you ever so much for today. As always, Secretary of State, it is a pleasure to have you and your colleagues before the Committee. In future, please bring all your colleagues along again. I think it makes a much more convivial and enjoyable session.

Mr Jack: Thank you, Chair.

Chair: Thanks again for your time this afternoon.