



Liaison Committee

Oral evidence: Work of the Prime Minister, HC 1222

Tuesday 28 March 2023

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Watch the meeting

Members present: Sir Bernard Jenkin (Chair); Harriett Baldwin; Steve Brine; Sir William Cash; Sarah Champion; Stephen Crabb; Ms Harriet Harman; Dame Meg Hillier; Simon Hoare; Dame Diana Johnson; Angus Brendan MacNeil; Catherine McKinnell; Caroline Nokes; Iain Stewart.

Questions 1-110

Witness

[I](#): Rt Hon Rishi Sunak MP, Prime Minister.

Examination of witness

Witness: The Prime Minister.

Q1 **Chair:** Spot on time, welcome to this session of the Liaison Committee with the Prime Minister. Welcome to you, Prime Minister. Thank you for your time. This is the first session we have with the Prime Minister in 2023. It is, in fact, the 10th session in this Parliament and the second session with this Prime Minister.

Prime Minister, we will ask short questions, and I will pull up my colleagues if they are going on for too long, because they are just using up their own time, but we would very much appreciate it if you could give short, crisp answers. Again, if I feel that you are overfilling the time with an answer, we will move on to the next question, because that way we can get through the questions and we can get you away on time. But if we do run over a little bit, I hope you will be forgiving. Thank you very much.

I am going to ask the first two or three questions, on the subject of Ukraine. We have neither the Chair of the Foreign Affairs Committee nor the Chair of the Defence Committee with us, but we have had a number of significant events in recent weeks, including President Biden's visit to Ukraine and President Zelensky's visit to London. Last week, we had the Secretary- General of NATO confirming President Biden's prediction that this will be a long war. What alternative scenarios can you envisage for the outcome of this war that would be acceptable? In particular, can you envisage any acceptable circumstances that would leave Russia in possession of any occupied Ukrainian territory as part of a peace



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settlement?

The Prime Minister: Thank you for having me, Sir Bernard, and I will do my best to keep the answers short, so that we can end on time and get everyone in.

Quickly, on Ukraine, I think the simple answer to your question, ultimately, is that it is for Ukraine to decide what is acceptable to them. It is not for anyone else to dictate to Ukraine. Our job, as I see it, is to put them in the strongest possible position to have that conversation at a time of their choosing, to ensure that they can win this conflict.

In the immediate term, my priority has been to accelerate and intensify our support to Ukraine with the provision of particular capabilities, to ensure that they can have decisive advantage on the battlefield over the coming months, and that is what our allies, I also know, are also committed to do. I spoke to President Biden about that, and indeed to President Macron, when I saw them recently. We are all aligned on that strategy. We have taken a lead, in fact, in that strategy in the UK, and that is what the priority is for now.

Q2 **Chair:** That would seem to be a no to the question, in that case. If it is up to Ukraine, and Ukraine made it plain that they want Crimea back, we would back them on that.

The Prime Minister: Again, this is for Ukraine to decide. Our job is to put them in the strongest possible position to have those conversations at a time that is appropriate.

Q3 **Chair:** Secondly, the Budget allocated extra money for defence, which I think the vast majority of people welcome, but most of this vital support has gone to support the MoD nuclear enterprise. Ukraine urgently needs increased supplies of weapons and ammunition if it is to hold the current Russian offensive and to drive Russia from its territory. The Secretary-General of NATO has warned that the whole of Europe needs to replenish and renew weapons, ammunition stocks and supply chains to support the long war in Ukraine. Can you please explain, Prime Minister, how the UK will increase its weapons and munitions acquisition so as both to replenish our national essential stocks and simultaneously maintain supplies to Ukraine at the rate they are needed?

The Prime Minister: There are two separate things. One is the support we give to Ukraine, which is incremental to the MoD's budget. That was £2.3 billion last year, and this year we have said we will meet or exceed that same amount. That is the support we are providing, second only to the United States in terms of the military support that we are giving Ukraine. The MoD's budget was increased by £5 billion at the Budget. That came on top of the £560 million uplift that they received at the autumn statement. The breakdown of the £5 billion is £3 billion for, broadly, the nuclear enterprise and £2 billion for stockpiles and munitions, coming on top, as I said, of the half a billion at the autumn statement—something I know the Defence Secretary warmly welcomed at the time.



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Q4 **Chair:** But the money so far allocated does not replenish the stocks we have already given to Ukraine and does not reinvigorate our supply chains to support the supply of weapons needed to both replenish our own stocks and to continue supplying Ukraine.

The Prime Minister: We are doing both. We are providing extra financial support, as I said—second only to the Americans last year and this—directly to Ukraine. We are simultaneously increasing the MoD’s budget, both to strengthen its nuclear enterprise and to increase our own stockpiles.

I would make the general observation as well that I would not necessarily see it as a negative that our own stockpiles have been drawn down, for the simple fact that if you think, “What are those weapons for?” they were ultimately there to degrade and deter primarily a Russian aggression. They are being used to do exactly that; they are just being used by the Ukrainians. So, in one sense, even though the stockpiles are lower, they are being used for the purpose for which they are intended and degrading the capabilities of an adversary in the process, so, yes, we will rebuild them over time.

Really, the constraint is the supply chain capacity, which is not something that we alone face. All our European partners face the same supply chain constraints, and that is something that we are all collectively grappling with. But the money has been put in, as I said, incrementally for the MoD, on top of the money for Ukraine.

Q5 **Chair:** This is my last question in this thread. There was a very notable Sino-Russian summit last week. What conclusions should we draw from this summit? I do not think you have said anything about this yet.

The Prime Minister: My observations on it are, while we welcomed, and I did welcome, China’s support for Ukraine’s territorial integrity as part of the various things that they said, I think that their abstention on voting for a resolution does little for their credibility as a neutral party in this. I would encourage President Xi, as we have said, to engage directly with President Zelensky on any particular peace proposal that China is interested in putting forward. That exactly is a conversation I have had with President Zelensky as well. China would do well to engage directly with Ukraine on that.

More broadly, it is clear that Russia is dependent on China for various reasons that are obvious. Again, we have asked President Xi to use his influence with Putin to urge him to end this war and to withdraw from Ukraine as a precondition to any negotiations.

Q6 **Chair:** You are not supporting China’s request for a ceasefire.

The Prime Minister: No, rather the opposite, as I said. There were various points in their peace proposal. Their support for Ukraine’s territorial integrity is indeed welcome but, as I have said, their actions elsewhere and the other things they have said undermine their credibility as being a neutral party in this. We have urged, with colleagues—other



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countries—for China not to supply Russia with weapons and to ask them to use their influence with Russia to try and bring an end to this conflict.

Chair: Thank you, Prime Minister. We will move on to the topic of the Budget. Harriett Baldwin, for the Treasury Committee.

Q7 **Harriett Baldwin:** Thank you very much, Chair. Prime Minister, three of your five priorities this year are economic priorities: halving inflation, growing the economy and reducing debt. One quarter in, how do you see those going?

The Prime Minister: You will have seen the report from the OBR at the time of the Budget. We are on track with all of those. OBR forecasts inflation to be more than halved by the end of the year but, of course, as we saw most recently, this is not easy—we never said it would be easy—so it is important that we stick to the plan.

With regard to reducing debt, again, the Budget confirmed that we are meeting our fiscal rules with the reduction of debt as a percentage of GDP. Lastly, in terms of growing the economy, I think the OBR said the data was the largest upgrade to near-term growth forecasts since they have been doing this. Now it is actually forecasted that we will avoid a technical recession, and the recent survey data from the various PMIs has, again, surprised on the upside, as indeed did the January GDP numbers.

So we are making progress but, particularly with combating inflation, we cannot be complacent. It is important that we stick to the plan.

Q8 **Harriett Baldwin:** So you are not worried that inflation actually rose last month, because the OBR is forecasting that it will come down? The OBR are also forecasting that this year the economy will not grow, and we are still running a budget deficit. Those things do not concern you.

The Prime Minister: No, I think I particularly said that the recent inflation number reminded us that we should not be complacent about inflation. It is important that we stick to the plan. If we stick to the plan, I believe we will be able to reduce inflation over the course of the year, but these things don't come easy. You have to work for them. It is important that we have fiscal discipline. It is important that we continue to act on the supply side of the economy to ease some of those inflationary pressures. That is what the Budget does, and various things that I am sure we will talk about will help achieve that, whether it is the intervention on energy, which will bring down inflation, or the actions to improve the supply of labour. Those are all important things. There is also discipline on public sector pay, for example. That is why I said it is important that we stick to the plan on inflation.

With regard to debt, this is something that will have to happen over time, given the shocks that we have experienced, but what we have said about debt falling as a percentage of GDP by the end of the forecast period is a rough test for that. That is forecast to be met, as it was indeed in the autumn and in most recent Budget, but also forecast to be running a current balance by the end of the period, which is extra and welcome.



Q9 Harriett Baldwin: Specifically on inflation, the Chancellor told us that the freezing of fuel duty for another year and the extension of the household cap took about 0.75% off what inflation would otherwise be. The fuel duty measure simply kicked the temporary 5p down the road for another year. Do you think that the Chancellor is likely to raise fuel duty in an election year in the way that is now in the OBR's numbers that you just cited?

The Prime Minister: I have a feeling that we had this same conversation when we were last here, Harriett, and I am going to have to give you the same answer that I did then—that I am not going to comment on any future tax policy.

Q10 Harriett Baldwin: The reason I keep going on about this is because clearly it is a fiction now in the fiscal forecast. I do not think that the Chancellor will raise fuel duty by 12p next year, in an election year, but I will just leave that out there.

On growing the economy specifically, the main measures in the Budget were letting the super deduction expire, replacing it with full investment expensing and raising business taxes, and the OBR is forecasting the economy will not grow this year. On a scale of one to 10, how confident are you that we will see a growing economy against your objective this year?

The Prime Minister: As I said, the economy is forecast to return to growth by the end of the year, which is what I talked about when I made the speech at the beginning of the year. I think the measures in the Chancellor's Budget will help drive long-term growth, particularly the policy to move towards full expensing over time and immediately, temporarily, for the next three years. If you look at the productivity gap between the UK and some of our major competitors, like France and Germany, it is a lack of business investment that explains about half of that productivity gap. We have perennially been an economy that underinvests in capital relative to almost all our major peers, but with the Chancellor's full expensing policy we will now be the most attractive place for companies to make those investments. That is something that will ultimately drive up our long-term growth.

I was very pleased that, in the survey of about 3,000 or 4,000 CEOs from over 100 countries that PwC did recently, they ranked the UK as the No. 1 European destination for investment and the third globally, behind only the US and China. That again gives me some confidence that the policies we have in place are attracting attention from the right people, and we will see the benefits of that over time.

Q11 Harriett Baldwin: The OBR mentioned the fiscal rules as well as the point that you were just making, but they made it slightly differently. They said that the Chancellor had left very little room for manoeuvre in terms of the five-year forecast. There are many things in the Budget that the Chancellor aspires to spend money on—he aspires to increase defence spending, aspires to continue the investment allowances past three years, and aspires to go up to 0.7%, when the conditions allow, in



terms of the aid budget. The OBR even told us that these different rules mean that, effectively, the finances are on a ratchet, because whenever there is a positive surprise, there is something that the Chancellor wants to spend money on—presumably that you would support—and whenever something bad happens, the deficit has to increase again, so it seems to be on a one-way ratchet, according to the OBR. What are your thoughts on that?

The Prime Minister: To the point on the fiscal rules, it is important to remember that what they were talking about in terms of headroom was the delta—the change—from the fourth to the fifth year. The actual overall level of debt was lower across the forecast period—lower debt interest payments and lower overall amounts of debt. In that sense, the public finances undoubtedly strengthened since the autumn, and I think that is something we should all be thankful for.

Going forward, you are right: you identify lots of areas of pressure. That is why, when I made the commitment on aid as Chancellor, and, more generally, when we make commitments, they are subject to the fiscal and economic circumstances. Ultimately, the best way to pay for the things that we would like to spend money on is to have a growing economy. That is why your earlier question about the investment incentives is so important. It is why the Chancellor's measures in the Budget to increase labour supply and to improve regulation in our growth industries, particularly life sciences, are important. If we can get those things right, then we will have higher growth, and that is ultimately the best way to afford to invest in all these things, whether it is our security or anything else that we collectively think is important.

Harriett Baldwin: Thank you, Prime Minister.

Q12 **Steve Brine:** One could say that you are gaining a reputation as a problem solver. One area where that looks to be true is the winter NHS pay dispute, in particular with the nurses, and the provisional agreement with the "Agenda for Change" unions, which is wider than just the nurses. You will know that there is some anxiety out there, if these agreements that have been reached are confirmed through the unions, about where the money is going to come from to pay for those increases. Will it come from existing budgets, or is there going to be extra funding to the trusts that will have to pay those settlements?

The Prime Minister: Taking a step back, I was very pleased that we were able to reach agreement with several health unions on a fair and reasonable pay settlement for about 1.4 million NHS workers. It is right that they are paid fairly and rewarded for the fantastic work they do, whether it is nurses, midwives, paramedics or others. But it is also important, referring back to Harriet's questions, that that was affordable for the taxpayer and consistent with our promises to halve inflation and cut the waiting lists. I think we have struck the right balance.

I hope you have seen the comments from the Health Secretary today that provided the reassurance that people were looking for. Of course, there



are always conversations between Departments and the Treasury that I wouldn't want to get in the middle of, but I think the Health Secretary provided strong reassurance about additional funding, as well as reprioritisation from elsewhere, making sure that the commitment to continue delivering care and all our commitments to cut waiting lists are absolutely paramount and protected. I think that has been warmly welcomed by the sector.

- Q13 **Steve Brine:** Thank you for that. Turning to a very much linked subject, NHS recovery, which I know is something that you care about deeply, last February, the elective recovery plan, for tackling the covid backlog on elective care, was published. Is that on track or even beating the target that you were expecting by this point?

The Prime Minister: I would say it is broadly on track. We talked about it earlier this year as well. The waiting list was up to about 7 million, and we all know the reasons why. We set out a few targets in that plan. The first was to eliminate two-year waiters, which was practically done last year.

The next target is to eliminate the one-and-a-half year waiters this spring. We are broadly on track for that. Obviously, the junior doctors' industrial action may have an impact on that, but we are on track—other than the industrial action—to hit that. I pay enormous tribute to the trusts and everyone involved in making good progress on that, and to Jim Mackey in particular, who is leading the charge.

The target after that is to practically eliminate the 52-week waiters by around spring next year. So the immediate target is the one for this spring; pending industrial action, we are making good progress on it. Thanks to a lot of hard work from a lot of people, elective activity at the moment is running at about 106% of pre-pandemic levels. That is testament to all the initiatives that we have put place working, but of course we need to drive that number higher, and that is what the plan is for the rest of this year.

- Q14 **Steve Brine:** Just to pick up on that next milestone, the IFS said last month, when they looked at this, that we were within reach of meeting the 18-month target by April, which obviously comes later this week. How worried are you? How much of a dent is the industrial action among the "Agenda for Change" group and the ongoing industrial action among the junior doctors, to which you just referred, making in the progress for elective recovery?

The Prime Minister: As I say, it does make it harder, but we were on track until now. As I have said, we have been working very hard and the teams deserve enormous credit. Obviously, there is future industrial action to come and we will have to see how the NHS is able to cope with that more broadly. It may well have an impact but, as I said, absent that we are very much on track and there are a lot of people working very hard. As a result of all the initiatives we have put in place, whether it is elective surgical hubs, community diagnostic centres and the like, or targeted



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support for particular trusts—all of that is working. We are going to keep at it, because it is important.

- Q15 **Steve Brine:** I said that you are a problem solver; can you apply that to the junior doctors' dispute? At one point during the nurses' dispute, it looked rather intractable, but we seem to have got to an agreement there, subject to union approval. How confident or not confident are you in doing the same with respect to junior doctors?

The Prime Minister: We have always maintained the same approach throughout these things, which is that we would like to, and are happy to have, constructive conversations with unions to find ways through these pay disputes. Our approach has always been the same. We want to make sure that people are rewarded fairly for the work they do, while ensuring that is affordable for the taxpayer and consistent with our need to bring down inflation, because ultimately it is inflation that is making people's living standards less healthy than they would like and causing people's bills to go up. We want to make sure that we do not contribute to that. That is the balance. We always want to have conversations that can find a way through that, and we continue to be open to talking. As I said, I am pleased that we have found resolution with 1.4 million NHS workers in half a dozen or so unions. Similarly, you have seen in other areas that we are trying to find ways through. Our door is always open.

- Q16 **Steve Brine:** Finally, do you think that sets the context for peace, because jaw-jaw is always better than war-war? Obviously, the growing waiting lists as a result of recovery being dented, at least, by industrial action just make some of the workload challenge that our junior doctors understandably complain about worse. What would your message be to them and their union?

The Prime Minister: I, the Government and the Health Secretary hugely value the work that all doctors, including junior doctors, do. We are keen to find a way through this that is fair and reasonable for taxpayers. As people can see, we are clearly able to find that resolution elsewhere in the NHS, let alone in other sectors, so I don't think anyone can say that we are not being constructive about these things. The BMA had placed a precondition on the talks of something like a 35% pay rise. Almost anyone, if not everyone, would see that that is unreasonable and unaffordable, but our door is always open to have genuinely constructive and reasonable conversations.

Steve Brine: Thank you.

Chair: Dame Meg Hillier from the Public Accounts Committee.

- Q17 **Dame Meg Hillier:** Thank you, Sir Bernard. Prime Minister, may I take you back to NHS pay for a moment? The settlement has been welcome, but there is still the question about where it comes from, as the Chair of the Health and Social Care Committee highlighted. Can you revisit that and tell us whether you can give any reassurance to hospital trusts right now about how much might be expected to come from their budget and how much will come from Whitehall?



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The Prime Minister: I can't add much more to what I said to Steve earlier. You will have seen the specific comments from the Health Secretary earlier—

- Q18 **Dame Meg Hillier:** But this is the last week of March. Hospitals need to know how to set their budgets. Let us look at the modelling. For South Tees NHS Trust, which covers some of your constituency, if you model the figures at 2% and 6%, it is between £7 million and £22 million. To take another part of the country, at the University Hospital Southampton the range is between £10 million extra and £29 million extra for that trust. That is a lot of money that hospitals could have to take out of their frontline budget while, as you say, they are trying heroically to achieve over 120% of productivity on 2019 levels, for the catch-up. How do you expect them to square that circle?

The Prime Minister: It is important to remember that the NHS was already funded for a 3.5% pay rise for this forthcoming year, so the incremental is less than the total amount. Again, in the autumn statement there was the announcement of £14 billion over the next two years of incremental funding for the NHS and social care. Those allocations are also being made. But, as the Health Secretary said today, there will be additional funding. There will also be reprioritisation, as there always is. Those conversations are ongoing and the trusts will be notified in the normal way. As far as I can see today, that reassurance has been welcomed by the sector and they understand that the details will be coming out soon.

- Q19 **Dame Meg Hillier:** Would you prefer in future to see steadier health funding, announced earlier, so that hospitals can plan better? We have traditionally seen, for example, health funding for the winter crisis often not reaching hospitals until November, which is pretty useless when you are trying to plan for a winter crisis. Do you make any commitments to the NHS for more stability?

The Prime Minister: I think this is because the pay settlement was resolved only recently, so it is hard to have had that conversation in advance. We are not in control of the timing of when the pay settlement is resolved.

- Q20 **Dame Meg Hillier:** But what about next winter?

The Prime Minister: That is why the autumn statement actually announced funding for the next two years—£14 billion, not just for the NHS but for social care as well.

- Q21 **Dame Meg Hillier:** You are saying that there is a commitment—that you are going to make sure that hospitals have that sort of notice from now on.

The Prime Minister: The Department of Health and Social Care will do all its allocations in the normal way. It is having those conversations in general. It is always good to be able to give people certainty as early as possible, but it is also important to work through with the trusts exactly how that money is going to be used, to ensure that, as I am sure you



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would want to see, we get value for the taxpayer. If we are giving money out to trusts or to social care systems to achieve particular aims, for example on discharge, which is where some of that social care money is going, it is important that we know, if we are putting incremental social care money into the system, what that is actually going to buy us in terms of better discharge or a reduction in delayed transfers of care.

It takes time to put in place those accountability things. In many other conversations we have had, there is this tension between, "Get the money out fast," and then, when you get the money out fast and it does not quite deliver what you wanted, it is like, "Why did you get what you want? This is all bad for the taxpayer." So we need to get that balance right. I generally do want to give certainty, because that helps people to plan, but it is right that, when we give the money, we know what we are getting for it. That is the right thing to do.

Q22 Dame Meg Hillier: I am tempted to draw a parallel between "Get the money out fast" and the bounce back loans fraud levels, but we will pause on that for now.

The Prime Minister: I was referring exactly to that, because this is exactly the tension.

Dame Meg Hillier: You have learned your lesson, Prime Minister.

The Prime Minister: Well, that is exactly the tension. I think I remember you asking me in the Chamber when I was Chancellor. This is the thing: when people want the money out quickly, you have to accept that there is an inherent trade-off between those things. It is always difficult to get the balance perfect; we should accept, though, that there is a trade-off, and if we want accountability, that takes a bit of time to get right. If we want speed, we have to trade a bit on the accountability.

Dame Meg Hillier: Chair, for the sake of speed, I refer colleagues to the Public Account Committee's back catalogue on bounce back loans and fraud, which I am sure people are aware of. Thank you, Sir Bernard.

Chair: I call Mr Stewart of the Transport Committee.

Q23 Iain Stewart: Good afternoon, Prime Minister. I would like to turn to the pre-Budget announcement that a number of strategic transport investments are being rephased. The inflationary cost pressures in construction, of course, are understandable, but many are arguing that the delays to HS2 are a false economy and that the stop-start nature of the project—changing the scope—will actually cost more in the long run. Would it not be better just to carry on with the original timetable?

The Prime Minister: Thank you, Iain. We remain completely committed to HS2. It is a significant investment in our national infrastructure, and I think it is right, given that we have already spent about £20 billion on phase 1, that that is where we should prioritise delivery. In the light of the inflationary pressures that you acknowledged—thank you for doing so—we are going to use the next couple of years to rephase some of the projects



and to optimise the delivery, particularly of phase 2a, so that we can do that in the most cost-effective way.

I think we share the same ambition, which is to deliver value for the taxpayer. I have had this conversation previously with Harriett about the fiscal situation. I think we have the right balance, and now there is a strong degree of accountability over HS2 and how it is spending the money. I think that, for all our sakes, it is right that that money is spent well, but given the inflationary pressures, it makes sense to rephrase some of those things.

- Q24 **Iain Stewart:** But would it not be better, perhaps, to look at alternative sources of financing HS2, rather than it simply coming from Government funds? I do not wish to return to the horrors of some of the PFI projects in the past, but the Budget contained a number of initiatives—for example, the UK Infrastructure Bank is using pension or insurance funds. If a way could be found to leverage in some of that money, do you think it would be sensible to revisit the timetable?

The Prime Minister: I am not aware that that is a possibility. I am not sure that anyone has come forward with any suggestions like that—you might be closer to it than I am. Government in general is always open to having conversations with the private sector about where they want to invest in the UK, particularly in infrastructure. Because of some of the reforms we are making to Solvency II as a result of Brexit, we hope to unlock money from the insurance industry for investment in long-term projects like infrastructure, for example. That is always going to be welcome. I am not sure whether it would make sense on this particular project, but I am sure that the Transport Secretary's door would always be open if people want to come to talk to him about helping to fund some of these things.

- Q25 **Iain Stewart:** Thank you. I would like to focus specifically on the section of HS2 from Old Oak Common to Euston. First, can you confirm that it will go to Euston? There have been a couple of statements recently where it was somewhat ambiguous. Is it absolutely the intention to build it to Euston and not terminate at Old Oak Common?

The Prime Minister: Yes. It should not be ambiguous. It gets back to this affordability and profiling issue over the next couple of years. I think what the Transport Secretary said is that the aim is to deliver that station alongside the roll-out to Manchester, and to take the time now to get the right deliverability for that particular section.

- Q26 **Iain Stewart:** This is not the first redesign of Euston: it was done a couple of years ago as part of the Oakervee review. Why did HS2 not get it right then?

The Prime Minister: Unfortunately, I cannot answer to that as I was not responsible for it at the time, but I think it is important we get it right now. These things cost billions of pounds, they are important projects and we need to make sure that we deliver value for the taxpayer and we are doing things that are going to be deliverable. It is reasonable that it is



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done properly now and that is what is happening. I am not sure if it was looked at in that much detail at the time. Obviously, things have progressed since then and there is more detail to do. It is the next stage of development that is important we get right.

- Q27 **Iain Stewart:** But the current work going on at Euston—every time I go in and out of Euston on the train to my constituency I see that a heck of a lot of work has been going on—is not going to be wasted.

The Prime Minister: I would not imagine so. The Transport Secretary is busy doing that work and making sure that we can get it right, and has explained that. As I said, the plans are there not just for Euston to Old Oak Common but phase 1, and then we will get to phase 2a and beyond as well.

Iain Stewart: Thank you, Prime Minister. Thank you, Chair.

- Q28 **Dame Meg Hillier:** On the subject of HS2, the Public Accounts Committee had a visit to Euston station this morning, serendipitously. That reminds us that in October of last year we were told that the Government would be publishing HS2's local growth action plan at the end of last year. Of course, this month you have made the announcement that there will be a pause on Euston. Some of the subcontractors there have more than 50% of their order book at Euston. They are now having to pause for two years. Do you think this is really a way of helping to grow the economy, Prime Minister?

The Prime Minister: I think it is important that we also get things right for the taxpayer. More generally, the HS2 project is, I think, supporting almost 30,000 jobs and almost 3,000 businesses, the bulk of which are SMEs and overwhelmingly based in the UK. I think, over its time, it will create 1,000 or 2,000 apprenticeships along the way as well. As a project, it is already doing an enormous amount to support the economy, small businesses, apprenticeships and jobs more generally. But it is important we get big infrastructure projects right and that we take the time to get them right, and that is what is happening with that bit of it.

- Q29 **Dame Meg Hillier:** But the thing is that when a project has momentum and it keeps going, those small businesses you mentioned, and others, know that it is worth their time to put their money and effort in and they will often bid for these contracts. For some of those small businesses, if they lose that level of the order book over two years, they will withdraw. Today, some of the staff are saying that there are great big jobs going in Canada and Dubai and that there are other parts of the world where these companies can go and work. If we are really trying to grow the economy, don't you think that the Government are shooting themselves in the foot with a delay such as this one, on top of previous delays—which, admittedly, you were not in the driving seat for—which suggest that Britain just cannot get on with delivering big infrastructure projects?

The Prime Minister: I think it is important that we get the big infrastructure projects right and that we do them properly. They cost a lot



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of money; it is reasonable that we make sure they are going to be done on budget.

Q30 **Dame Meg Hillier:** All the work at Euston will pause for two years—is that about getting it right?

The Prime Minister: It is. We are taking the time to make sure it can be delivered within budget. Given inflationary pressures, it is important that we get that right. I think that 97% of the small businesses are UK-based and, as I said, something like almost 30,000 jobs—

Dame Meg Hillier: Let's hope, Prime Minister, that some of them do not go under as a result of this pause. Thank you.

The Prime Minister: It is a massive investment—tens of billions of pounds—that is supporting plenty of jobs and plenty of businesses up and down the country.

Q31 **Chair:** Prime Minister, towards the end of the last Labour Government, I recall that the carrier build was delayed for two years for an in-year saving of £150 million, but it added £650 million to the cost of the programme. Have you done the same calculations for this pause at Euston?

The Prime Minister: I think the Transport Secretary spoke about it in detail at the time but, again, it is the right thing, given the size of these projects. Harriett's questions at the beginning were right about the fiscal position, the plans there and all the other spending pressures. In the light of the inflation that we have been experiencing, it is absolutely right that we take the time to get these big infrastructure projects right, so that we know they can be delivered properly and delivered on budget. I think that is the right thing to do for the country and the taxpayer and, again, we are cracking on with a £20 billion investment from Old Oak Common to Birmingham in the meantime. That is a huge investment—it is one of the biggest transport projects anywhere—and it is being delivered. We are focusing on the bit from Old Oak Common to Euston, but let's not forget that Old Oak Common to Birmingham is a £20 billion investment—phase 1—that is in full flow.

Q32 **Chair:** But in that lovely answer you did not give me the numbers.

The Prime Minister: I don't have them to hand. As I said, I think the Transport Secretary will have addressed them at the time.

Chair: Maybe you could write to us about that. Let's hear from Stephen Crabb of the Welsh Affairs Committee.

Q33 **Stephen Crabb:** Thank you. Prime Minister, you were in Wales last week. You were announcing two freeports and talking a lot about investment in new green energy. Where do you sit in the discussion between a view that says we just need to attract as much investment as possible into these new green technologies—whether that is floating offshore wind or hydrogen—and get the stuff scaled up, and a view that says we need to take our time and spend more money up front to build



an industrial strategy, domestic capabilities and supply chains in the UK? Where do you lean in that discussion?

The Prime Minister: I am not sure, Stephen, that I quite understood the difference, but my general approach would be that we need to do a mix of innovation investment, because often Government has a particular role to play when it comes to R&D. That is why our record R&D budget, which we have protected, is really important to our future growth, particularly with the transition to net zero and creating the jobs and companies of the future. I think we have a big role to play there, and that is what we should be doing. Alongside that is making sure that we have a workforce—again, the Government will have a role on skills.

What I think is incredibly important, and what companies say to us is something that the UK does better than most people, is creating regulatory frameworks for things like contracts for difference for offshore wind, as we will do for carbon capture and storage, sustainable aviation fuel, hydrogen, floating offshore wind and so on. Those regulatory frameworks are critical for giving private companies the confidence to invest, and ultimately we need far more private investment than we do public.

On attracting private capital more generally, I think there are opportunities to do that with the new institutions. Iain mentioned earlier the UK Infrastructure Bank, which is a fantastic example. The last bit of it is just the overall business environment. We talked about Harriett's question earlier about full expensing, for example—if you are making these big capital investments, knowing that there is a tax regime that is supportive of that is also valuable. Those are all the ingredients of it. Freeports are particular areas where there are tax advantages that attract investment to them, but you need all the other ingredients too.

Q34 **Stephen Crabb:** Can I ask you about the Crown Estate, which you would have obviously had a lot to do with in one of your previous roles in the Government? They stand to make enormous amounts of revenue if this vision of expanding floating offshore wind comes about. Rather than the revenues from the Crown Estate just disappearing into the Treasury coffers, do you not think that we could dedicate a portion of that towards investing in UK port infrastructure and making sure that there are permanent jobs and companies developing around these home-grown industries?

The Prime Minister: We are investing in port infrastructure. Actually, one of the things that I announced as Chancellor was a port infrastructure fund for offshore wind, which will help us. As we do more manufacturing in the UK, having port infrastructure that can handle the new size of the turbines and things, and then being able to export them, will be a critical part of that. I feel like it was a couple of hundred million pounds, and I think one of those investments has gone in on Teesside. The Chancellor recently announced a similar fund for floating offshore wind, which will be particularly of interest in Wales. People were very excited about it when I was there last week.



Again, when it comes to an industrial strategy and all the rest of it, at the end of the day, we as a country have a couple of very specific natural competitive advantages. Carbon capture and storage in the North sea is a geological advantage we have that others do not. Floating offshore wind is a capability that we have developed—more so than anywhere else in the world—with huge export potential. We are building on those strengths and there is capital funding available for some of those infrastructure improvements. Indeed, where I was last week is benefitting from some of that.

- Q35 **Stephen Crabb:** Great. All of this is very complicated as well— delivering floating offshore wind, upgrading grid capacity, and all of that kind of thing. Your predecessor but one appointed a range of champions within Government to lace together strategies across Whitehall. My understanding is that their jobs have come to an end. Who do you see as responsible for really driving forward these complicated, cross-cutting strategies to deliver on the green energy vision?

The Prime Minister: Well, ultimately, we have a—I would say it depends on the exact thing that you are talking about, Stephen. Obviously, Grant is doing a superb job in the new Department for Energy Security and Net Zero, and we will be talking about this more soon, but we are continuing to work with, I think, the energy champions that you are talking about, that we have appointed in the past.

I am trying to remember, but, I know, on hydrogen, Jane Toogood was appointed, and then it was Tim Pick, I think, on offshore wind, and I think we have already delivered almost all of the recommendations of the person who was brought in to help launch Great British Nuclear, for example. So, we do use that outside expertise as well.

Obviously, a lot of this requires industry co-operation. Grant is doing a great job leading that, as is the Chancellor where there are finance components as well. But, as I said, I think the machinery of government changes that we have made have really helped bring it together. Grant's gripping it, and then we will continue to work with some of these champions, and other external bodies as well.

- Q36 **Stephen Crabb:** Can I ask you, quickly, about economic inactivity, because the Budget had a lot to say about that? There was a useful package there that was announced by the Chancellor. It was not clear to me, though, what we think—what we hope—the NHS will be doing differently as a result. What do you want to see the NHS do differently to tackle Britain's economic inactivity and the sheer numbers of people of working age being signed off very long-term sick?

The Prime Minister: Look, there is a lot of detail that they have put out, in terms of musculoskeletal conditions for example, and other things, which we probably don't want to get dragged into the weeds of, but I think that was the main area of focus. But I think that that strategy is broader than just any one Department. There is no single, simple thing that will help solve the problem; you have got to come at it lots of different ways. But I was encouraged that—I think the OBR said that it was the biggest



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supply-side package that they had ever seen, in terms of trying to tackle a problem like this, and in terms of the impact that they think it will have on the labour market. It is a mixed edition of different initiatives, whether on the health side, the welfare side, the tax side, and otherwise.

Q37 **Stephen Crabb:** But the reform of fit notes, for example, was trailed in the press leading up to the Budget. That didn't land.

The Prime Minister: As I have said, I tend not to comment on the press speculation. I think what is in the Budget is what we are delivering. But I think there is a broader point, which the Health Secretary, the Chancellor and others have made in the past, that work can be helpful to people's mental health in particular. I think that that is something that many people acknowledge, and I think there has been some talk of making sure that that is acknowledged in guidance.

That may be the part that—I don't know of the speculation, or the press thing, that you are particularly talking about, but that is something that people have spoken about in the past, about making sure that guidance around fit notes does capture that, and I think that is a reasonable thing to happen. But, again, these are conversations that, I think, are a combination of—

Stephen Crabb: The role of GPs acting as gatekeepers to the benefits system—

The Prime Minister: A combination of our health experts and people on the welfare side making sure that they are joined up to get that kind of guidance and advice right.

Stephen Crabb: Thank you very much.

Chair: Thank you, Mr Crabb—beautifully on time. I call Catherine McKinnell from the Petitions Committee.

Q38 **Catherine McKinnell:** Thank you, Chair. Prime Minister, the childcare system is in crisis. Would you agree?

The Prime Minister: No, I don't think I would. I think that, actually, announcements in the Budget were warmly welcomed by the childcare sector for what they are going to do, which is to increase the funding for childcare as it is now, but also expand the provision to cover some of the gaps in the existing system and move us into an internationally quite generous position, I think, relative to our peers, on childcare. It is a really important area. It is something that the Chancellor, I think, addressed very comprehensively in the Budget.

Q39 **Catherine McKinnell:** So, I mean, I think parents currently spending 30% of their household incomes—often more than their mortgage—on childcare would say that it is currently in crisis. And those are the parents who can access childcare; there are many who cannot. Can you explain, given that there is a crisis, I think, for many households, why someone with a two-year-old today will not benefit from any of the additional



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funding, ever?

The Prime Minister: Let's be clear; it is clear that we have, relative to other countries, more expensive childcare. We have taken steps to address that. Actually, one of the tweaks that was made in changes is—

Catherine McKinnell: But not very fast. It's the timing—

The Prime Minister:—is on the ratios, and that will help ensure that there is actually potential for more competitively-provided childcare, bringing us in line with other peers.

In terms of the roll-out of the extra provision that the Chancellor announced, there are a couple of things. One is that there is going to be a very rapid increase in the funding rate for the existing programmes—a very significant increase. That is happening relatively quickly. The reason it takes time to roll out the very substantive increase in provision is because it takes time to recruit more childminders, and it is right that it is delivered properly. That is what is taking time.

Q40 **Catherine McKinnell:** It is helpful that you have mentioned workforce challenges, because that is one of the big barriers to actually delivering anything that the Government are currently promising. You mentioned ratios; we know many concerns have been expressed that those are going to significantly reduce quality. Many people have raised safety concerns, particularly those petitioners who, tragically, lost their children at nursery and are concerned about the ratios being reduced.

Also, that is one of the only measures that the Government have suggested to increase the workforce. The other one is increasing the number of childminders. Can you explain why the Government have chosen to give a £600 bonus if you sign up as an individual as a childminder, but if you go through one of the six private childcare agencies, you get a £1,200 bonus—a double bonus? Can you explain the logic behind that?

The Prime Minister: I think this has been designed in consultation with the sector to ensure that it is effective.

Q41 **Catherine McKinnell:** With the six childcare agencies?

The Prime Minister: As I said, I think it has been designed with the sector. I am happy to get back to you.

Q42 **Catherine McKinnell:** There are only six childcare agencies, and they are advertised on the Government's website. What conversations have the Government had with those agencies about the proposals?

The Prime Minister: I will happily write back to you and the Committee on exactly what conversations are had, and the rationale for that policy.

Q43 **Catherine McKinnell:** What is the rationale for the use of taxpayers' money to give double bonuses to sign with private agencies rather than through the current system?



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The Prime Minister: I think it is a reflection of the fact that it is through intermediaries, so there are additional costs. Ultimately, we just want to make sure that the policy is effective in bringing additional people into the system.

Q44 **Catherine McKinnell:** There is nothing that the Prime Minister wishes to declare in respect of that?

The Prime Minister: No. All my disclosures are declared in the normal way. As you said, Catherine, we are keen to roll out the policy as quickly as is practical; one of the reasons that you cannot do that overnight is because you need to improve the workforce. These are policies that are targeted at improving the supply of childminders, so that we can increase provision of childcare, which is something that everyone wants to see. I think it is an entirely reasonable thing to do.

You talked about ratios, but as far as I am aware, they are just bringing the ratios in line with the ones in Scotland—I don't think it is that dramatic. Ultimately, it is just a ratio; it is the minimum—people do not have to use it. They can choose to do something different; parents can make that choice. It is something that people will be able to make their own views on. But, in the same breath, if we are going to say that we have childcare that is more expensive than we would like, we want to bring the cost of that childcare down and one of the reasons for that cost is the ratio, it seems a reasonable thing to give people the choice of something different. Then it is up to them if they want to use that.

Q45 **Catherine McKinnell:** Most parents do not really have a choice about the ratios of the childcare that they use. I think that is a choice for the sector, and most of the sector have said that they do not want to reduce the ratios because they do not have the training and qualifications in place to meet the same ratio requirements that we have in Scotland. There are a lot of concerns about that.

I want to ask you about eligibility as well, because the proposals vastly grow eligibility for free childcare hours. However, four out of five low-income families are completely locked out of the Government's provision. Can you explain how that is going to help low-income households, and also how it is going to increase the workforce generally?

The Prime Minister: They are not locked out. It is the same eligibility that we already have, which is to support working parents.

Q46 **Catherine McKinnell:** No, it is not. There is a minimum earnings requirement. Households earning under £20,000 do not qualify.

The Prime Minister: That is right, because this is a policy to support people into work, and it is reasonable—

Q47 **Catherine McKinnell:** How do you get those people into work if you don't support them in childcare?

The Prime Minister: I am just going through that. On this policy, the OBR has said, which they have never done before for a policy like this,



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that it is the single biggest contributor to the increase in the workforce that they have modelled. I think it is 110,000, from memory, and in aggregate, the single largest contributor to that was this policy. So the independent OBR has said that it will help improve labour supply, and the eligibility is done in a similar way to the existing programme.

I think separately, though, it is important there are also changes made to the provision of childcare through universal credit, where people are not always aware that 85% of childcare costs are reimbursed through universal credit. The big call from people—obviously that particularly helps those on lower incomes—the big call from people was to change how that system worked, so instead of that childcare payment reimbursement happening in arrears, it could happen in advance.

There was also some request to change the caps that were applied in that, and the Chancellor's Budget dealt with both of those things so that those payments can now be done or will be done in advance. The caps have been raised. Again, all these policies were warmly welcomed by the childcare sector and by other parent groups as well, and that is because they will improve the supply of childcare, make it more affordable and, as the OBR have said, lead to an increase in labour supply, which is why they were so warmly welcomed at the time they were announced.

Q48 Catherine McKinnell: Any change is warmly welcomed, but there are huge concerns expressed about these current proposals. You must be aware of them, surely. The ratios are going to reduce quality; there is a crisis in the workforce, with 30% thinking about leaving. We have heard stories of going to work in McDonald's and Asda because they pay better. Increasing the number of children that each child carer has to care for without putting in additional support for training is going to potentially have the opposite effect—

Chair: Long question—we need to keep to time.

Catherine McKinnell: And one of the really big missed opportunities here is to extend early years education to some of the poorest households. We also have a challenge with training. Why would you not allow a training nurse, for example, or a paramedic to access these free childcare hours?

The Prime Minister: Lots in there. I think—it is really important, because I think it was missed in all of that—there has been a 30% increase in the funding rate for two-year-olds, and that is going to kick in from September of this year. That incremental money going in for the hourly rates will be used by providers to make sure that their teams are paid properly and to invest in whatever they want to.

Catherine McKinnell: But it won't cover the costs.

Chair: Order.

The Prime Minister: Again, I think—as I said, it is a 30% increase, so it was requested and warmly welcomed.



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Chair: Thank you, Prime Minister. A very big issue, childcare, on the petitions website. Finally, somebody has given me something to do in this Committee, which has so far been very well behaved.

Angus Brendan MacNeil: Not for long!

Chair: We will move on to the small boats issue. We will start with the Equalities Committee Chair, Caroline Nokes.

Q49 **Caroline Nokes:** Thank you, Chair. Prime Minister, the issue of children arriving on small boats—should children in the care of the Home Office have the same protections under the Children Act as those in local authority care?

The Prime Minister: Caroline, first of all, I, the Government, everyone, take the welfare of children incredibly seriously, as of course we should. It is important that when it comes to this policy we are sensitive and we get it right. There has been a lot of thought that has gone into getting it right.

I think we have got a policy that does what we need it to do, which treats people with decency, treats people humanely and safeguards children's welfare, but also achieves the objectives that we are trying to achieve, which are to break the cycle of these criminal gangs and stop people coming here who shouldn't be coming here, and also some of them tragically dying en route, including children. I think we have struck the right balance in all of those things.

Q50 **Caroline Nokes:** Was that a no—that there shouldn't be equal protections under the Children's Act?

The Prime Minister: You probably know this better than me. I think there are a set of very specific laws that we have around corporate parenting that distinguish between the Home Office and local authorities, which you would know better than me, but in all cases the welfare of children is taken seriously, safeguarding is taken seriously and there is support and procedures in place to make sure children are looked after properly in all circumstances.

Q51 **Caroline Nokes:** Thank you. The safeguarding of children is indeed important. In 2011, the Independent Family Returns Panel was set up to safeguard children in family units who were being removed from the UK. Their role has been disapplied from this coming Friday. What measures will there be in place to safeguard children who are being removed as part of a family unit?

The Prime Minister: Children are not separated from families. It will be made sure that the facilities for them and the accommodation for them is absolutely appropriate for them.

Q52 **Caroline Nokes:** Who is going to have oversight of that?

The Prime Minister: In the first instance, it would be the Home Office, in terms of when people arrive and the provision of those facilities. If you are asking from a legal perspective—



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Q53 **Caroline Nokes:** In 2011, the Home Office brought in a panel specifically to oversee the safeguarding—

The Prime Minister: Yes, the Home Office can do that itself.

Q54 **Caroline Nokes:** So it no longer needs the Independent Family Returns Panel at all.

The Prime Minister: No, it is not that it needs—I mean, we have got advice, we have put in place procedures and the Home Office is perfectly capable of doing that.

Q55 **Caroline Nokes:** Where specifically will family groups—so children with their parents who are scheduled for removal—be detained?

The Prime Minister: In appropriate accommodation for them, and they will not be separated from their families.

Q56 **Caroline Nokes:** How much of that accommodation is currently available?

The Prime Minister: At the moment, there are a few thousand places, and more are being built. There is a full team at the Home Office working on the operationalisation of the Bill. That is one of the things they are working through to make sure that it is ready at the time the Bill is in force.

Q57 **Caroline Nokes:** A few thousand places?

The Prime Minister: Overall for capacity, but as I said—

Q58 **Caroline Nokes:** For families?

The Prime Minister: No, overall.

Q59 **Caroline Nokes:** Right. So specifically for families?

The Prime Minister: I do not have an exact number, but the point is that they will be accommodated specifically in accommodation that is appropriate for them, and children will not be separated from families. No one would want to see that.

Q60 **Caroline Nokes:** But there will be powers to detain children with their families?

The Prime Minister: The intention of this part of the policy objective is not to detain children, but it is important that we do not inadvertently create a policy that incentivises people to bring children who would not otherwise come here. That is why it is important that it applies equally to families, because otherwise you increase the likelihood that people bring children here and make very dangerous crossings. I don't think anyone would want to see that; that is not good for children.

The policy should, and must, apply to families, but it is right that we then look at families differently, as we do. They should be in accommodation that is appropriate for them, and those family groups should not be separated. I think that is the right thing to do. Otherwise, as I said, you



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create an incentive for a criminal gang to tell people to bring a child with them when they otherwise would not. I do not think that is a good thing. We do not want to create a pull factor to make it more likely that children make this very perilous journey in conditions that are appalling. I do not think that is the right thing to do, and we should not create a system that makes that more likely.

- Q61 **Caroline Nokes:** You are absolutely right; we shouldn't be creating a system that makes that more likely. I am interested in what measures are going to be put in place to assess vulnerabilities, particularly under those who have protected characteristics. What measures will there be to ascertain whether women are pregnant or whether people have disabilities? What protections will there be for LGBTQ people?

The Prime Minister: First of all, age is the first thing when we are talking about children. The first thing is to make sure that we are able to ascertain which people are children and need that extra safeguarding. The Nationality and Borders Act 2022 established a new decision-making function in the Home Office, which is referred to as the national age assessment board. That will consist of expert social workers who will conduct things like age assessments on full referral. I think that is a really important thing. It is not easy and those things are complex, but it is right that we get them right. As I said, the powers in the NABA will allow us to do that more properly; we do it properly anyway, but they will allow us to do it even more comprehensively than we currently do.

- Q62 **Caroline Nokes:** Will age assessments also be carried out on older people?

The Prime Minister: We have an initial way in which we do age assessments, which the Supreme Court—I think unanimously—said was lawful. I think the reforms through the NABA aim to make it more comprehensive, and more consistent and robust from the outset. As I said, there will be expert social workers. We are also considering how scientific age assessment methods could widen the evidence available to decision makers. I think a committee has published a report very recently, which the Home Office is currently considering.

- Q63 **Caroline Nokes:** The Home Office's adults at risk policy, which was last updated in November last year, considered that anyone over the age of 70 would be at greater risk if they were detained. Does that mean that people over 70 will be excluded from the provisions of the Illegal Migration Bill, because they would be at greater risk if they were detained?

The Prime Minister: I have not seen that report, Caroline; I apologise. So I cannot comment on it, but I will happily get back to you.

- Q64 **Caroline Nokes:** Thank you. A final question from me: I have been greatly exercised about how we are going to afford protection to those who might have been eligible under the ARAP scheme or the Afghan citizens resettlement scheme, should they have not managed to leave Afghanistan at the time of Op Pitting and when the ARAP scheme was in



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full flow. What are we going to do to make sure that those people, who may well have assisted the UK forces, are not going to be removed to Afghanistan, and how are we going to determine them should they arrive here by small boat or have already arrived here by small boat?

The Prime Minister: I think we have already welcomed over 20,000 people across the two schemes that we have specifically for those from Afghanistan: ARAP and ACRS. I think on ARAP we are at about 12,000. It is not a capped scheme, from memory, but there are commitments to those specific people that we have made. My understanding is that we have a way to talk to those people and communicate with them in Afghanistan, and then we will bring them here in a safe and legal way. Also, through ACRS, there are three different pathways through which people are leaving Afghanistan and will come here. So far, as I have said, between 20,000 and 23,000 people have already come, and there is a plan to keep going. It illustrates the overall issue that we have got, in that those are exactly the people whom we want to help.

Q65 **Caroline Nokes:** Which is why an Afghan pilot was highlighted by *The Independent* as having been notified that he was likely to be removed to Rwanda.

The Prime Minister: It is hard for me to comment on the individual case, but if you send it to me, I will happily make sure that the Home Office has a look. The general point that I would make is that it is right that we have a migration system and an asylum policy that targets our generosity, our compassion and our resources on the people who are most vulnerable—the people who we determine we want to welcome here, accepting that we will never be able to bring everyone here who would like to come here; I think everyone would acknowledge that. There are always difficult decisions to make, and we want to make sure that we do target all our power, our compassion and our generosity on those who we really want to. At the moment, what we have is a system where that is not happening. We have tens of thousands of people coming illegally who are not in that category. A third of all small boat arrivals last year came from Albania, and clearly it is not a system that is targeted on the people who most need our help, and that is the system that, I think we probably agree, we want to get to.

Once we have proper control of our borders, and once the Bill delivers what we need it to deliver, we will be able to do a far better job of having comprehensive, safe and legal routes, and of targeting our compassion, our generosity and our resources on those whom we most want to help. That's the type of country we are; that is what we have done in spades over the last few years in Syria, Afghanistan and elsewhere, and that is what we will always do. At the moment, our ability to do that is limited by what is happening due to illegal migration.

Q66 **Caroline Nokes:** Is it right that an Afghan female judge or MP who arrives on a small boat will be treated differently from an Afghan female judge or MP who arrived here prior to this legislation?



The Prime Minister: Again, rather than getting into cases, the point is that we have to break the cycle of criminal gangs. We have to stop people dying when they are trying to make these dangerous journeys, and we have got to have a system that is fair for everybody—fair for taxpayers, fair on those who emigrate here legally, and fair on those who most need our help. That means that we have to have a system that says: “If you do come here illegally, having crossed through multiple safe countries on your way, it is reasonable that we detain you and remove you to a safe alternative.” Let us not forget what we are doing here: we are making sure that people are looked after. They will be safe. That will either be in their home country, if that is appropriate for them, or Rwanda, or other alternatives down the line. That is a policy that is reasonable and fair, and it will ensure that we can break the cycle of criminal gangs, continue to welcome refugees here who we want to provide sanctuary for, and stop people dying needlessly. That is a system that we want to move to, and that is what the Bill will deliver.

Caroline Nokes: Thank you.

Chair: Sarah Champion from the overseas development assistance Committee.

Q67 **Sarah Champion:** Thank you, Chair. Prime Minister, recently you have been speaking a lot about fairness. Last year, you authorised spending an estimated £3.5 billion of our overseas aid budget on supporting refugees in the UK, particularly on hotel accommodation managed by the Home Office. You have just said that you support refugees coming here, and I think that is absolutely the right thing to do, but you are using the aid budget to do it. In doing so, you are effectively turning your back on the poorest in the world by not addressing the drivers that force them to flee their homes. How is that approach fair?

The Prime Minister: I am very proud of our record on aid. We are the third largest donor in the G7 as a percentage of GDP, and historically we have been a very significant aid donor. The way in which we spend our aid money is entirely in line with the OECD DAC guidelines on that, as you will be aware. We follow all those guidelines. Indeed, the autumn statement last year made additional money available to deal with the particular circumstances of Ukraine and also Afghanistan, but primarily Ukraine.

Q68 **Sarah Champion:** My question was about fairness. Yes, it is within the guidelines, but it is not within the morality that the guidelines expect us to follow, and no other G7 country is spending to that level in this way. Your decision to prioritise aid spending in the UK, and therefore not internationally, has put immense strain on our support for fragile countries around the world. To give you one example, at very short notice, your Government decided to cut funding to a Save The Children project in Afghanistan that is currently supporting 100,000 women and girls. They are now going to have to wind that project up. Why are you cutting aid to Afghanistan, when the country is undergoing such a massive humanitarian crisis? Of course, women and girls are at the front of that, having their rights stripped away from them.



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The Prime Minister: In the interest of being brief, because I know we have a lot to do—

Sarah Champion: Take your time.

The Prime Minister: That was the Chair's steer at the beginning. We are one of the largest spenders on aid anywhere in the world—£11 billion.

Sarah Champion: Aid is meant to be going internationally, Prime Minister.

The Prime Minister: That is the reality of it. Our track record on this is very strong. It goes back to Harriett's question right at the beginning. Clearly, people would like to spend more on lots of things. It is incumbent on us to say, "Well, where is that money meant to come from?" With regard to Afghanistan in particular, we are a leading donor to the situation there. I think we have committed something like £200 million since spring of last year. You talk about women and girls; at least half of those whom we reach with our interventions in Afghanistan should be women and girls. We also co-hosted a very successful UN pledging summit alongside Germany and Qatar last year that raised over \$2 billion for the UN's Afghanistan appeal.

Q69 **Sarah Champion:** In your earlier answer to my colleague, you spoke of compassion, generosity and finding the resources to support refugees in the UK. Do you have that same approach when it comes to supporting the poorest in the world? Under your watch as Chancellor, you oversaw both the merger and significant cuts to our ability to support people around the world. What impact has that had on your international standing and that of the Government?

The Prime Minister: I will let others comment on international standing. In the last few weeks, we have demonstrated that we are a trusted and respected ally around the world. You have seen that from the engagement that I have been having, whether in Europe, France or with our Australian and American allies. All those conversations with world leaders that I am having are incredibly positive, in fact. They recognise our leading role on some of these things. I have particularly discussed Afghanistan with some of my counterparts over the last few weeks.

Our leadership on climate is another area where we have a very strong track record. On small island developing states, I saw the Prime Minister of Barbados just recently and discussed that; again, she recognises our leadership on that. On Ukraine, again, we are providing not just military support but humanitarian support. I think we have a very strong track record. Our engagement and support are warmly welcomed around the world. No other leaders have raised with me any issues in that regard; indeed, they want to work with us and are very grateful for the role that we play.

Q70 **Sarah Champion:** Have any leaders in the global south raised that with you?



The Prime Minister: In fact, when I have been talking to leaders around the world, they are generally all very grateful. The last conversation I had with many of those leaders, at the G20, was around our Global Fund commitment, which they were all very grateful for. They specifically told me that. We committed £1 billion to the Global Fund, which will help to tackle TB, malaria, HIV/AIDS and other things. That was an announcement that we made around that time. That was what the leaders actually spoke to me about, and they were very grateful to the UK.

Q71 **Sarah Champion:** I am very glad to hear your commitment to international development, so can I ask you a specific question that links to my first? Why is it that you are not instructing the Treasury to ringfence a specific budget to support refugees in the UK? Why is it that you think it is fine to raid the overseas development assistance budget?

The Prime Minister: Again, I would just say what I said at the beginning, Sarah. We act in line with the DAC rules; we are completely in compliance with all those. We provided, I think, an additional £2 billion for extra financial support, accepting the fact that the Ukraine situation was exceptional, and there was extra funding made available for that. As I said, we remain one of the leading spenders on international development anywhere in the world.

Sarah Champion: Thank you, Prime Minister.

Chair: I call Dame Diana Johnson from the Home Affairs Committee.

Q72 **Dame Diana Johnson:** I think it is very clear that we are all committed to stopping the small boats, and you have made it one of your five priorities. We have £140 million already spent with Rwanda on the deal there, and £500 million that you have agreed to send to the French to build a detention centre that will be operational in a few years' time. We do not know what the figures are around using RAF Scampton and ferries, and there is no impact assessment on the Illegal Migration Bill that is going through Parliament, although the Refugee Council seem to be claiming that it will cost £9 billion over three years. Is there a blank cheque from the Treasury for you to achieve stopping the boats?

The Prime Minister: Of course not. What I can tell you—this is the number you did not mention—is that we are spending £3.5 billion a year currently on an asylum system. We spend £6.5 million a day, roughly, housing asylum seekers in hotels.

Q73 **Dame Diana Johnson:** Because of the backlog.

The Prime Minister: We need to make sure that we bring that down over time. As a matter of fairness, and to stop people tragically losing their lives, we need to stop the boats.

Dame Diana Johnson: Yes, I think we are all agreed on that.

The Prime Minister: As I have always said, there is no one silver bullet that will solve this problem. There are lots of different things that we need to do. Some of them are returns agreements, and others are new



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pieces of legislation. Another is more co-operation with the French. We are working on all of them.

Q74 Dame Diana Johnson: It is right, isn't it, that the permanent secretary in the Home Office still has not signed off the Rwanda deal as value for money because of the lack of evidence of a deterrent effect? That is correct, isn't it?

The Prime Minister: Look, it's a novel policy. That is why the Bill—

Dame Diana Johnson: So the answer is yes. I know we are short of time.

The Prime Minister: The Refugee Council thinks it would have a deterrent effect, interestingly. As you said, Diana, we are very committed to stopping the boats.

Dame Diana Johnson: Yes, I think we all are.

The Prime Minister: You say we all are, but I think you need to say, "Well, how are they going to do it?" This is what I think is the right way to do it. Other people may have alternatives, but having spent a lot of time on it, and having seen lots of other ways that people have come at the problem, I think this is the only way to do it.

Q75 Dame Diana Johnson: Given that the Illegal Migration Bill provisions are now going to be backdated to 7 March, and it is promised that we will see flights to Rwanda departing by the summer, there should be a deterrent to small boats already in action. We have had 3,770 people arrive in small boats since 1 January, so why do you think there has not been any evidence of a deterrent effect so far?

The Prime Minister: Just to pick up on what you said, no one has promised flights by the summer. What we have said is—

Dame Diana Johnson: Well, the Home Secretary is talking about it.

The Prime Minister: No, that is not what she said. What we have said is that we will start flights as soon as we can after legal proceedings have completed. As you know, there has been one High Court judgment already. That is being appealed, and the Government continue to defend their case. Ultimately, we need to let the legal process play out. Only after the legal process has been completed—people may speculate on when that is likely to happen—can we practically start the flights. Then, at that moment, you will start to see them, one would assume. But it was right that we backdated the legislation, because otherwise, again, you create an incentive for people to come very quickly in a surge. Obviously, that would not be sensible, either, so it was an appropriate and sensible thing to do to backdate the legislation from the day of introduction.

Q76 Dame Diana Johnson: Your priority is to stop the boats; what happens if they do not stop coming? What is plan B?

The Prime Minister: We are focused on delivering the policy. As I said, there are lots of different aspects to it, whether it is co-operation with the



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French, returns agreements, more enforcement, legislation, or the backlog. We are working hard on all of them.

Q77 **Dame Diana Johnson:** Right, so no plan B. In December when you came before the Committee, you had just announced your plans to abolish the backlog in asylum claims. At that time, the total backlog stood at 120,000. It is now at 166,000, so I just wondered how you were getting on.

The Prime Minister: I think I was very specific with you at the time, as I was in Parliament, that what we were talking about was the initial asylum backlog, which at the time stood at about 92,000, from memory. The latest published figures on that have it at, I believe, 88,000, but they are a month or two out of date, so it is lower than that now, but we are making progress on reducing the initial asylum backlog.

Q78 **Dame Diana Johnson:** I think you have kind of acknowledged—we would agree—that to stop the boats, we need to cut the backlog; restore return agreements with the EU; have safe, legal routes; and tackle the trafficking gangs. Could you at this stage rule out leaving the ECHR, as that is irrelevant to actually dealing with the small boats problem?

The Prime Minister: We believe that our Bill is compliant with the ECHR. That is the Government's view. Obviously, there is a section 19(1)(b) statement, given the novel nature of it—

Dame Diana Johnson: So you rule it out.

The Prime Minister: My belief is that the Bill is compliant with the ECHR.

Q79 **Dame Diana Johnson:** Finally, could you explain to me why the term "institutionally racist, sexist and homophobic" is deemed by the Home Secretary to be politically charged, but the use of the term "invasion" is not? Is that not politically charged?

The Prime Minister: I think I addressed that in PMQs the other day. The findings of the Casey report are shocking; it is appalling. It is right that action is taken by all those who have responsibility, whether that is the Met commissioner or, indeed, the Mayor of London, who is the person with primary accountability, politically, for the Met making improvements.

Q80 **Dame Diana Johnson:** Is it not politically charged to use the word "invasion"?

The Prime Minister: With regard to the Casey report, it is important that changes are made.

Q81 **Dame Diana Johnson:** No, I am asking you about the use of the word "invasion" to describe the small boats problem.

The Prime Minister: It is very clear that the scale of the problem is significant and growing. When you have had a quadrupling or quintupling of the number of illegal arrivals in the space of just two years, it is important to recognise the pace of what is happening. That is a very large number, and it is growing very quickly.



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Q82 **Dame Diana Johnson:** But my specific question is: is it politically charged to use the word “invasion” in relation to the small boats problem?

The Prime Minister: As I said, what I would say is that the situation is one that is significant and growing; it is important that we take action to stop it.

Q83 **Dame Diana Johnson:** Well, it seems to me that it is politically charged to use the word “invasion”. We know that use of that type of word inflames people and gets the far right particularly inflamed.

The Prime Minister: I think what actually matters are actions. What people want to see is that we are taking action to grip this problem, and that is what we are doing, whether it is with the legislation, co-operation with the French, all the other things we are doing. What that demonstrates is action to grip a problem that is significant and growing.

Dame Diana Johnson: I think language matters, Prime Minister.

Chair: We are now going to move on to the Northern Ireland protocol and the Windsor framework. From the Northern Ireland Committee, Simon Hoare.

Q84 **Simon Hoare:** Thank you, Chairman. Good afternoon, Prime Minister. First, thank you for taking Northern Ireland seriously, which is refreshing. That is being heard loud and clear across Northern Ireland. There are those who are prepared to sacrifice the good in pursuit of the non-existent perfect. It would be helpful for those doing business and politics in Northern Ireland to understand that it is either the Windsor framework amending the protocol, or the protocol unamended—there is no scope for further negotiations with the European Union.

The Prime Minister: In the interests of brevity, that is right.

Q85 **Simon Hoare:** I am glad about that. Businesses have told me, through many conversations, that the key thing they want is certainty and stability. Is it your hope that, as a result of securing the Windsor framework, both of those are achievable in the short term, from a business perspective?

The Prime Minister: Yes. Indeed, there were many business groups that I and the Government engaged with over the process of negotiating the Windsor framework and understanding the challenges of the protocol. Certainty, stability, and simplicity were things that were mentioned. In fact, there were several criteria. I am confident that the framework delivers on all the requirements that businesses put to us as being important to them. Stability and certainty were critical, because businesses need that to plan.

Q86 **Simon Hoare:** Now that the sands have settled, for want of a better phrase, businesses, many of the political parties and a lot of trade bodies and trade organisations are very keen to maximise the opportunities as and when they can of their unique trading position of having one foot in



both camps: one in the UK internal market, and one in the EU single market. Given that economic development is devolved to Stormont, which is not sitting, what can your Government do to demonstrate to business and the wider community the prosperity that can flow from that position, and to fill the gap created by Stormont's hopefully temporary suspension?

The Prime Minister: We continue, as the UK Government, to bang the drum for the UK more generally to businesses around the world, and to sell the Windsor framework to businesses, because it presents opportunities to invest in Northern Ireland. I think the most important thing, which you alluded to, Simon, is having an Executive up and running in Stormont. That is the most important thing, because it is right that the people of Northern Ireland should have their own Government up and running and ultimately take these decisions. With the Windsor framework, Northern Ireland's future, from an economic perspective, is bright. We should seize all the opportunities in it; that is what businesses are keen to do, and they would be better served by having a Government up and running.

Q87 **Simon Hoare:** Last week, the Committee was in Belfast and Dublin, so our apologies for missing the vote on the framework; I would probably have been trampling you in the queue to support it, keen to be first through the door. Clearly, Anglo-Irish relations have been under considerable strain. Ireland is our very near neighbour. The signing of the framework appears to have opened the door to a significant improvement in Anglo-Irish relations. How do you see that of itself helping the wider economy of Northern Ireland?

The Prime Minister: It was important to me that we had good relations with the Republic. I spoke to the Taoiseach on, I think, my first day in office, and I was the first Prime Minister to attend the British-Irish Council in over a decade. I am grateful for the support of the Irish Government in helping us to reach a good agreement with the EU about what works for Northern Ireland. To go broader than your question, it is about working not just with the Republic, but with countries more generally across Europe. The issues with the protocol being resolved hopefully unlock co-operation in other areas.

What had primacy here was doing what is right for the people of Northern Ireland, and their communities and businesses, and restoring the balance in the Belfast/Good Friday agreement. That was what we were aiming for, and that is what I believe we have achieved with the Windsor framework. It is a nice added bonus that hopefully that means good, strong, positive co-operation with our allies on a range of other topics as well.

Q88 **Simon Hoare:** Obviously, this year, we celebrate the 25th anniversary of the Good Friday agreement, which I have always seen as a coin with two sides: one is peace, and the other is prosperity. The prosperity has been felt by quite a large section of Northern Irish society, in both communities. However, for some—again, in both communities—that buoyancy of prosperity has not been felt, which leads them to have questions about what the Good Friday agreement means for them, and



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what the doing of politics in Northern Ireland can achieve for their life. The protocol issues having been settled through Windsor, which brings stability and certainty for business, is it your hope that the wider beneficial ripple effect of prosperity will be felt across all strands of societies in Northern Ireland, so that they can see the benefit of peace, stability and prosperity?

The Prime Minister: I think you put it very well, and I hope that does happen. The anniversary of the Good Friday agreement gives us a chance to reflect on the progress that we have made and the opportunities that lie ahead. When I talk to businesses, I see an enormous desire from them to support the Northern Irish economy. There is amazing talent there, and fantastic industries that are world class, so there is enormous potential. With the Windsor framework, hopefully we can build on that, attract more investment, and spread more opportunity and prosperity, so that everyone in Northern Ireland feels the benefits of it and can look forward to a brighter future. Again, all of that, I think, rests on there being a Government there that represents the people of Northern Ireland. That is why we should all hope that we can see that as soon as possible.

Chair: Angus MacNeil, for the International Trade Committee.

Q89 **Angus Brendan MacNeil:** Thank you very much, Chair.

Before we get going, Prime Minister, last week you gave quite a helpful answer in Prime Minister's questions to my colleague, Joanna Cherry, who had raised the issue of female judges from Afghanistan. There is a foundation based in my constituency, run by John and Lorna Norgrove, in memory of their daughter, Linda Norgrove, who was tragically killed in Afghanistan as she was trying to be liberated by coalition forces. What they done is set up a foundation to help young Afghan women and they want to take about 20 female medical students to complete their studies across the five medical schools in Scotland. Those medical schools are happy that that happens, everybody involved is happy that that happens, but there is a problem with the Home Office. As Prime Minister, I wonder whether you could intervene to help the situation to make sure that those young ladies complete their studies in medicine.

The Prime Minister: I am sure that if you write to me, and indeed the Home Secretary and the Minister for Immigration, we will make sure that their case gets looked at in the normal way. With all immigration cases, whenever I am asked the same thing, that is the right process that should be followed. I am very happy to do that if you just make sure that they write in with the details, and someone at the Home Office will have a look at their case.

Q90 **Angus Brendan MacNeil:** Thank you. There are letters already in, but I just wanted to highlight the case to you personally.

We have new First Minister in Scotland, and I think he wanted a section 30 for a referendum, and I think you have rebuffed that idea. Is that correct?

The Prime Minister: I have not had the opportunity to talk to the new First Minister yet, so I look forward to doing that.



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Q91 **Angus Brendan MacNeil:** Are you going to grant a section 30, then?

The Prime Minister: As I said, I look forward to having that conversation with him.

Q92 **Angus Brendan MacNeil:** If you do not grant that section 30, it would mean that you do not want Scotland to have a referendum. In that case, why would you prefer Scotland to go down the election route for independence rather than the referendum route?

The Prime Minister: As I said, I am looking forward to having a dialogue with the new First Minister. As I have always said, actually I think what people in Scotland want is to see their two Governments working together to deliver for them. I was pleased that one of the last things I was able to do with the previous First Minister was to announce two new freeports in Scotland, which she welcomed rightly as a good example of that co-operation, delivering jobs and opportunities for Scotland.

Q93 **Angus Brendan MacNeil:** You said something quite important there, “what people in Scotland want”. The world is watching—the democratic world, the good guys, and the non-democratic world, the bad guys. If the people of Scotland speak at the ballot box for independence, or not, do you not think it is incumbent on us all to respect that voice of the people at the ballot box?

The Prime Minister: I think in elections people vote on all sorts of different things, and I do not think it is appropriate to try to hijack a general election for one thing.

Q94 **Angus Brendan MacNeil:** Surely you are free in a democracy to say anything you want in a manifesto. Are you trying to prescribe the manifesto that somebody would run on? I mean the bad guys are watching, remember.

The Prime Minister: I think that is what the previous First Minister was trying to do, and I think that the people in Scotland will vote on the various issues that they think are important to them.

Q95 **Angus Brendan MacNeil:** So the rest of the world might recognise that result. You might have Iceland, you might have the Nordics, you might have the Baltics, for example, all recognising us, and the people of Scotland would. Are you saying that you would unilaterally deny independence, or attempt unilaterally to deny that the Scottish people had spoken for independence? That would be a very bad situation to get yourself into.

The Prime Minister: I think we did have a referendum on it—

Q96 **Angus Brendan MacNeil:** We did, but the people are free to speak at any time. Are you—

The Prime Minister:—and we were told that it was a once in a generation.

Angus Brendan MacNeil: Are you denying that?



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The Prime Minister: We were told that it was a once-in-a-generation referendum, and the people of Scotland had an opportunity to express their view, and they did. And I do not think anyone can deny that they were given that chance.

Q97 **Angus Brendan MacNeil:** Your predecessor.

Simon Hoare: What's this got to do with the Windsor framework?

The Prime Minister: And subsequent to that we delivered on all the commitments that were made to devolve greater power to Scotland, which I think is now the most powerful devolved Assembly anywhere in the world. Those commitments were made to the people in Scotland, those commitments have been delivered, and what they are also seeing now is strong co-operation where we can to deliver for them, whether that is on the cost of living, whether it is on things such as freeports. And that is what we will continue to do.

Q98 **Angus Brendan MacNeil:** I am glad to see that you do not rule out recognising the ballot box. Your predecessor but one did call the 2019 general election a once-in-a-lifetime general election, and I hope that you are not going to take him at his word on that.

When it comes to Northern Ireland, you are a fan of the single market now. When did you take the road to Damascus on that very issue?

The Prime Minister: What I was referring to—and as I say, I am sad that we having that conversation again, because what I was very clearly referring to is the unique status of Northern Ireland in the United Kingdom, because it is the only part of the United Kingdom that shares a land border with a member of the EU, and also as a part of country that has had a history of troubles. The balance of the Belfast/Good Friday agreement is incredibly important to ensuring stability and peace in Northern Ireland. It was decided by everybody that we should not have a hard border on the island of Ireland, and that is why Northern Ireland has a special and unique status inside the United Kingdom that I think everyone acknowledges. Trying to make political points about that I do not think is appropriate, and I think it is very clear that Northern Ireland is different in that regard, and it is right that we respect the Belfast/Good Friday agreement, and the balance that is required to make sure that the agreement works properly.

Q99 **Angus Brendan MacNeil:** Before we get a 180° turn on the single market, it is important because you know, and you would certainly have known as Chancellor, that there has been a 4% or 5% damage to the GDP because of this choice for the UK to leave the single market and customs union. It is affecting people on the day to day.

It is affecting their costs of living. Prime Minister, if it is okay for Northern Ireland—you say it has got a border with the European market—what about the south of England? It is 20 miles away by ferry; it is not far away by ferry. Companies in trade come to me and they tell me that it would be far better for them to be in the European single market than the situation



that they currently have. It is paperwork central.

The Prime Minister: Again, as I have said previously, it is extraordinary not to recognise the unique and special status of Northern Ireland inside the United Kingdom, because of the history of what has happened in that part of our country. We had an appropriate discussion about the anniversary of the Belfast/Good Friday agreement, which is a good reminder of the delicate situation in Northern Ireland. It is right that we treat that situation with the consideration that it deserves and recognise that we do need to ensure that all strands of the Belfast/Good Friday agreement are respected. It is important to avoid a hard border on the island of Ireland, and that is why we need a special set of solutions for Northern Ireland, which we have now found with the Windsor framework.

Q100 **Angus Brendan MacNeil:** I want to touch on wider trade issues, but I have a small data point to see what you understand about budget deficits, which you mentioned earlier. In the 78 years since 1945, how many years has the UK been in deficit, would you approximate?

The Prime Minister: It is very rare for countries to run overall budget surpluses.

Q101 **Angus Brendan MacNeil:** It is 67 years, and the UK has only paid its way for 11 years. Out of the money that has been borrowed, only about 1.7% has been returned. Given the economic plates and the way they are moving at the moment, and with the Americans pursuing the Inflation Reduction Act and the European Union with their CBAM—their carbon border adjustment mechanism—and state aid changes, how do you think the UK is going to respond so it does not get economically squeezed between these two big blocs? As you know, there are boardrooms everywhere making decisions on whether they are going to invest. You mentioned earlier investment by companies in the UK being a problem for productivity. Surely this leaves you a huge problem for improving productivity, with those massive tectonic plates moving and the small UK in the middle, not part of either?

The Prime Minister: Actually, we are also making progress on a carbon border adjustment mechanism, and it is something about which I had conversations with my European counterparts, including Olaf Scholz, when I was doing my previous job. The Treasury is carrying on that work, so we are—similarly to the EU—looking at what appropriate carbon border adjustment mechanisms are, because they are reasonable and sensible things to implement. It may well be that, in the same way as for emissions trading schemes and things, there are opportunities for co-operation across those. It may well be that those work well. We are having conversations on carbon border adjustment mechanisms as it is.

With regard to foreign direct investment, the UK has an incredible track record in attracting foreign direct investment, and I pointed out the survey of 3,000 or 4,000 global CEOs from over 100 countries who just a few months ago named the UK as their No. 1 European investment destination, behind only the US and China. That is an enormous statement



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of confidence from global business in the UK, and I think you are starting to see—

Q102 Angus Brendan MacNeil: Time is against us, and you have many a chance for the microphone. As I mentioned earlier, Prime Minister, the damage from Brexit to the economy is 4% to 5% of GDP. You are one of the politicians who chose that. The trade agreements are yielding very little—perhaps 0.02% to 0.08%. It is like throwing away £400 or £500 to get £2 or £8 back. The Department for trade is changing, altering and being merged. Is your Government finally recognising that—perhaps like freeports—trade agreements have very little to give GDP in relation to the huge damage that has been chosen to do to the UK economy with Brexit?

The Prime Minister: I am surprised that you are having a go at freeports. We have just announced two with the Scottish Government to deliver in Scotland, because I think they do agree, as we have done in Wales.

Angus Brendan MacNeil: What is the GDP gain from that? Do you know the GDP gain? Your Government has no figure for that.

The Prime Minister: I think that is probably recognition from the SNP Government that freeports were a good thing, and they are something that we can do post Brexit which we could not do properly inside the EU.

Angus Brendan MacNeil: Do you have a figure for the gain? You don't.

The Prime Minister: Now we can, and it is great that we could announce two in Wales last week and two in Scotland previously.

Q103 Angus Brendan MacNeil: But you have done huge damage with Brexit.

The Prime Minister: You talk about Brexit, and there are many opportunities of Brexit. Trade deals are one, things like freeports are another, control over migration, regulatory change—

Q104 Angus Brendan MacNeil: There is no GDP gain.

The Prime Minister: I know that Scotland, obviously, has chosen not to take advantage of the new gene editing Bills that will increase food productivity in other parts of the UK—

Angus Brendan MacNeil: Seriously, Prime Minister. Seriously?

Chair: Mr MacNeil.

The Prime Minister: Whether it is for reforms in life sciences, or financial services, again, Angus, I would have thought you'd have been interested in this—Scotland has such a strong financial services industry, and it is going to benefit enormously from the Chancellor's Edinburgh reforms—

Angus Brendan MacNeil: Look at what an independent Ireland has achieved.

Chair: Mr MacNeil. Order.



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The Prime Minister: These are all fantastic opportunities of Brexit, whether it is in financial services, whether it is in what we can do in life sciences or elsewhere, or whether it is freeports—

Angus Brendan MacNeil: Ireland is—

The Prime Minister: We want to make sure that we deliver those benefits across the UK and I am glad that we could do that in Scotland, too.

Chair: You were way over time, Mr MacNeil, and off-piste, but you are entitled to ask your own questions.

Simon Hoare: He is not even on the same resort!

Q105 **Chair:** Prime Minister, Dame Diana Johnson has to leave to return to the Chamber. Before she does, may I ask you a supplementary? There are a number of newspaper reports that reflect a clear briefing that the Rwanda flights are going to go this summer. Is there something you want to put on the record about that, or do you have nothing to add?

The Prime Minister: What I have said to you today I have said publicly when I have given interviews and I may well have said it in the House. I would say the same thing: we will get flights to Rwanda as soon as we can after the legal proceedings have been completed. In the interests of time, let's—

Chair: Okay. Our last questioner is Sir William Cash, back on the protocol.

Q106 **Sir William Cash:** Back to Windsor. Prime Minister, you said yesterday—I was very pleased to hear this—that, “I am very clear that I passionately believe in our Union.” So do I, and I am very glad to hear you say that, but how does that relate to Northern Ireland’s status within the Union? The Windsor agreement is meant to be a permanent arrangement, so won’t Northern Ireland be perpetually locked in to subjugation to EU law, with the imposition of not only existing pre-Brexit laws on the single market, such as on manufacturing and goods, but many new EU laws, which is blatantly, as a whole, inconsistent with a real Union? Can you help with that? I find it very difficult to reconcile your passion for the Union with the fact that EU law prevails to such an extent in relation to the single market and in Northern Ireland, because they are completely and fundamentally inconsistent.

The Prime Minister: As we have discussed before, Bill, recognising that the Belfast/Good Friday agreement should be respected, and that the balance of it should be respected—that means that there is, as I was clear from the outset, a small amount, 3%, of EU law that applies in Northern Ireland. There are two things to bear in mind when it comes to this issue of sovereignty. One is that because of the Stormont brake for new and amended EU laws, the institutions of Stormont and the people of Northern Ireland will have the ability to have their say over those laws and, ultimately, will be able to block them if they do not agree with them. But, to answer your point right at the beginning, it is important to remember



that even in the original protocol the entire thing is subject to a consent vote. Any of this is only there with the overall consent of Northern Ireland, but what we have done with the Stormont brake is make that more granular, rather than an all-or-nothing choice, on an individual basis as new or amended laws come down the track, Stormont will have its say and will be able to block them with the UK Government.

Q107 Sir William Cash: As you know, I am not very keen on the Windsor framework, but having said that, on the question of the Stormont brake and what you have said about it, this is intended to provide for democratic consent. Don't you accept that the brake does not apply, and cannot apply, to existing EU pre-Brexit laws, nor does it apply to such vital law-making issues as state aid, electricity markets, VAT, excise and much of customs? What effect do you think all this will have on the rest of the United Kingdom in terms of divergence?

The Prime Minister: Well, actually, as you know it refers in article 13(3)—in the annex attached to it—to the specific set of goods, customs and other rules that I think are referred to in the same way in the DUP's seven tests, so I think it does actually refer to the rules that people were most concerned about. That is something they had raised with me previously, and if you look at their seven tests and what they refer to, this encapsulates exactly that set of rules, albeit not necessarily for VAT, because we have a separate set of changes on VAT, as you are aware. When I was Chancellor, I cut VAT on solar panels and that was not able to apply in Northern Ireland; as a result of the Windsor framework, it now will. We reformed alcohol duties and want to have a lower rate of beer duty in pubs relative to supermarkets; that wasn't able to apply but now will. On those things, I actually think there has been enormous progress as a result of the Windsor framework, and the Stormont brake is a very powerful mechanism.

With regard to divergence in general, I am confident that on this we do agree, Bill—the advantages of Brexit and the ability to deregulate in areas like services, for example. There is complete flexibility on consumer competition, social and so on—all those things are outwith the protocol. That is where the bulk of the economy and growth is and that is where we have the ability to do things differently, and we are—you saw more of that from the Chancellor in the Budget—and we will be able to do that across the UK.

Q108 Sir William Cash: Finally, on this question of sovereignty and democracy, I do not believe that the Stormont brake will actually achieve the kind of objectives that have been set. We will not go into the details of that—it is quite a complicated story—but I think that the question of sovereignty does lie at the heart of this and I do not think that the people of Northern Ireland are being given the benefit of the sovereignty of the United Kingdom. It is not a real union in that context. Would you like to reflect on the fact that the Windsor framework does not represent the kind of union that the people of Northern Ireland ought reasonably to expect?



The Prime Minister: On this, Bill, we will have to respectfully disagree. I believe the Windsor framework does do that. I think it ensures the free flow of goods within our United Kingdom by the establishment and expansion of the green lane and the facilities for supermarkets. I think it ensures Northern Ireland's place in our Union in all those everyday things like the tax changes we have talked about, what is available in garden centres, taking your pet on holiday and what medicines you can get. Crucially, I do think that it ensures proper sovereignty for the people of Northern Ireland and corrects a democratic deficit because of the Stormont brake, which Michel Barnier's own adviser has described in very powerful terms. That is why I believe it is the right thing for Northern Ireland's people and for their communities and businesses.

This is always about balance, which we talked about previously. This is about the delicate balance of the Belfast/Good Friday agreement. The protocol had disrupted that balance—I think we all acknowledge that—and it was right that we did something to address that. The Windsor framework does that, I believe. In all the engagement and time I have spent in Northern Ireland, and the people I have spoken to, listening to what their concerns were, I have done my best to address them. I believe the Windsor framework represents a fantastic foundation for us to move forward and build that brighter future for Northern Ireland, which is there for the taking.

Q109 **Chair:** Finally, Prime Minister, the whole purpose of the Northern Ireland protocol was to safeguard the Good Friday agreement, but the power sharing under the Good Friday agreement has been the casualty. It was hoped that your discussions with the European Union would restore the Good Friday agreement and restore power sharing, but the expectation of that is now what? What happens if power sharing is not restored?

The Prime Minister: I remain hopeful that we can continue to have dialogue with all the parties in Northern Ireland. I want to see power sharing up and running—I think everyone wants to see it—and that is what the people of Northern Ireland need and deserve. The protocol was an obstacle to that but the Windsor framework, objectively, does deliver on ensuring that the challenges caused by the protocol have been dealt with. It provides that foundation for us to move forward and I would urge parties to think about that, because that is ultimately what we need in Northern Ireland. We need people to have their institution up and running and making decisions for them. As we come up to the anniversary of the Good Friday agreement, it is a good reminder of how hard fought these institutions are. We should try to give them every chance of succeeding in the future.

Q110 **Chair:** I earnestly hope that power sharing is restored, but if the Northern Ireland protocol continues to undermine power sharing, surely the Northern Ireland protocol will one day have to be replaced by something that has the confidence of both communities in Northern Ireland.



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The Prime Minister: Well, the Northern Ireland protocol has been changed, in that we now have the Windsor framework. It does have, I believe, broad support in Northern Ireland. From all the conversations I have had with people from all communities and with businesses, I think the Windsor framework does have broad support. What I would say to all parties now is that they should recognise that, look forward and give the people of Northern Ireland the devolved Government that they need and deserve.

Chair: We all hope and pray for peace in Northern Ireland, and for it to be sustained.

Prime Minister, thank you very much indeed for joining us. We have gone a little bit over time. For the most part, everyone has been extremely well behaved and your answers have been—*[Interruption.]* I said for the most part. Prime Minister, you have been very helpful to us in getting through all our questions; thank you very much indeed. Order.