

Scottish Affairs Committee

Oral evidence: [Cost of living: impact on rural communities in Scotland, HC 982](#)

Monday 11 September 2023

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Members present: Pete Wishart (Chair); Deidre Brock; Wendy Chamberlain; David Duguid; Sally-Ann Hart; Christine Jardine; Douglas Ross; Dr Philippa Whitford.

Questions 190 - 231

Witnesses

[I](#): John Lamont MP, Parliamentary Under-Secretary of State, Office of the Secretary of State for Scotland; Kris Krasnowski, Deputy Director, Policy Delivery and Relationship Management, Office of the Secretary of State for Scotland; Mr Richard Holden MP, Parliamentary Under-Secretary of State (Roads and Local Transport), Department for Transport; Gavin James, Deputy Director – Scotland, Wales and Northern Ireland, Department for Transport; Amanda Solloway MP, Parliamentary Under-Secretary of State (Minister for Energy Consumers and Affordability), Department for Energy Security and Net Zero; and Ben Pledger, Deputy Director, Energy Affordability, Strategy, Devolution & Legislation, Department for Energy Security and Net Zero.

Examination of witnesses

Witnesses: John Lamont MP, Kris Krasnowski, Richard Holden MP, Gavin James, Amanda Solloway MP and Ben Pledger.

Q190 **Chair:** Welcome to the Scottish Affairs Committee, where we have a trio of Ministers for the fourth oral evidence session of our Cost of living: impact on rural communities in Scotland inquiry. Will everybody introduce themselves, saying what Department they are from and what their role is in said Department? We will start with you, Mr James.

Gavin James: I am from the Department for Transport. I am the deputy director for Scotland, Wales and Northern Ireland.

Mr Richard Holden: I am the Minister for Roads and Local Transport.

John Lamont: I am the Minister for Scotland at the Scotland Office.

Amanda Solloway: I am the Minister for Energy Consumers and Affordability.

Ben Pledger: I am from the Department for Energy Security and Net Zero, and I am deputy director for energy affordability and strategy.

Kris Krasnowski: I am deputy director for policy in the Scotland Office.

Q191 **Chair:** You are all welcome. I think it is a debut for Ministers Holden and Solloway; you are more than welcome to the Scottish Affairs Committee. As you can see, we have quite a number of people here at our top table, so we will try to be as concise as possible with questions and answers.

I will start with the whole inquiry. During the course of this inquiry, people in the UK, and particularly in rural areas, have endured perhaps the biggest shocks in their daily living costs since records have begun. They have endured record-breaking inflation rates, stratospheric fuel prices, mortgage rates going through the roof, a wage squeeze, and an erosion of living standards that we have probably never witnessed in the modern political age. Why have you all allowed us to get to this stage? We will start with you, Minister Solloway.

Amanda Solloway: As you know, one of the key things was Ukraine and the illegal invasion that Russia inflicted on it. As a result of that, it gave an unprecedented strain on the energy market. I think it is fair to say two things. As you know, I am here today representing the new Energy Department and for me that is an important part of that—focusing on what energy means.

I know that you said to keep it short, but I will say I am Minister for Energy Consumers and Affordability and on my very first day one of the things that I made incredibly clear is that we must not make vulnerable people more vulnerable. There are exceptional circumstances that have led us to this place. However, I would also indicate—I am not going to repeat all the things we have done as a Government—that there are



HOUSE OF COMMONS

many things that we have done to mitigate the situation we had last year, and clearly we have this year, and then there is a long-term plan as well.

Q192 **Chair:** Minister Holden, what about you? Why has it got so bad? We will come to the issues that you are dealing with and we are keen to explore this, but the combination of issues is not just the war in Ukraine. There is Brexit. There are all sorts of issues to do with the mini Budget last year. Why have things got so bad?

Mr Richard Holden: I think the truth, building on Minister Solloway's point, is that the Ukraine crisis and Russia's illegal invasion happened on the back of another very significant worldwide event, which was the global covid pandemic. It is quite clear to me, and from speaking to international partners as well as speaking to friends in the devolved Administrations, that those two things together, especially one following so quickly on the back of the other, caused huge impact. Where you had an inflationary issue returning on the back of the covid pandemic as the global economy opened up, you then had the surge in international fuel prices on the back of Russia's illegal invasion of Ukraine. Those were the overriding issues that have really hit the country for six.

I am sure that Minister Lamont and others will go into it in more detail, but if you look at the amount of support provided by the UK Government, you are talking of one of the top nations in Europe in terms of per-household support through that period as well. It is only because of, over the last decade or so, a relatively strong stewarding of the public finances that we have been able to deliver some of that support. Whether it was that massive support for households last year or things like the furlough scheme during covid, that has enabled us to weather the storm.

Q193 **Chair:** Coming lastly to you on this, Minister Lamont, is it all because of external issues—covid, Ukraine? Is there anything that the Government have done that has exacerbated the situation and made matters worse for people when it comes to this cost of living crisis?

John Lamont: Chairman, as my colleagues have said very clearly, all countries are facing similar challenges. The illegal war in Ukraine has put huge pressure on energy bills. The aftermath of the pandemic has clearly had an economic shock here in the UK and across Europe and, indeed, most of the world. Because of the actions that this Prime Minister and this Government have taken, it has lessened the hit that many households in Scotland and across the UK would have faced. We should not forget that the support package that the UK Government were able to put in place totalled £94 billion, which averaged £3,300 per household across the years 2022-23 and 2023-24 as well. But for those actions, the difficulties would be far worse. The UK Government took action to mitigate the hit that households in the UK would otherwise be facing.

Q194 **Chair:** So it has nothing whatsoever to do with the disastrous mini Budget from last year? It has had no impact on house prices or mortgage



HOUSE OF COMMONS

rates?

John Lamont: The reason why the global economy is facing these challenges is entirely down to the war in Ukraine and the aftermath of the pandemic.

Chair: Entirely down to the war in Ukraine.

Mr Richard Holden: Mr Wishart, I will just pick up on that. Interest rates in the United States, for example, are higher than they are here in the UK. Interest rates are rising in Europe, almost to the same levels. If it was the case, as your thesis seems to point out, that there are major things that the UK Government could have done, then why would it be the case on the other side that, for example, our economic growth is now larger and we have recovered more quickly from the pandemic than our major European partners like France, Germany and Italy? Those are the facts of the situation. Those are the internationally recognised statistics. They are not forecasts; those are the facts on the ground. I would have to agree with my friend from the Scotland Office: it is quite clear where we are in that global picture.

Q195 **Chair:** I just think that there will be lots of people watching this session, listening with great interest, hearing a succession of UK Ministers saying, "Nothing to do with us, guv, nothing that we have done has made any situation worse," always blaming something else, whether that is Ukraine or covid. I am pretty certain that that is what they will be picking up from what they have heard. I want to ask something specific—

John Lamont: Mr Chairman, to push back on that, I think that our constituents and residents across Scotland are fully aware of the challenges that the global economy is facing. I know that the SNP like to paint a narrative that this is a very unique problem in the United Kingdom, but it is very clear from all the evidence that this is a global problem and our constituents know that.

Q196 **Chair:** Our constituents are living through this. I want to ask something specific of Minister Solloway. We have statistics that have shown that deaths caused by cold homes are estimated to have doubled in Scotland in a year. The total number of excess winter deaths in Scotland last winter reached 2,424. The question I am most often asked by so many of my constituents is that Scotland has 96% of UK crude oil, 63% of UK natural gas, 90% of the total hydropower, as well as a huge part of Europe's offshore wind potential, so why in a Scotland that is so energy rich are people dying of cold homes in our nation?

Amanda Solloway: As I pointed out earlier, clearly there is an unprecedented amount of support that has been given by the Government. There is no denying that that support has been incredibly helpful to all households. I also think that it is worthwhile mentioning, not just thinking about energy as an example in which you have a warm home discount, that there is also support from the Department for Work and Pensions and there is other support that we can look to.



HOUSE OF COMMONS

To acknowledge the problem, you talk about rural issues and rural challenges and I think we are all aware of the challenges that are faced. We are mindful of that and that is exactly why we gave the amount of support that we gave. We are also mindful that people should be making sure that they get everything they are entitled to, so the Government have given a lot of support. I would like to make sure that everybody gets the right amount of support and the support that they are entitled to. I think of my 88-year-old dad who lives in Wales and I know the challenges that people face. I would encourage people to take advantage of what is available to them.

Chair: I think that so many people in Scotland look at our energy resources and they just cannot equate that with what they are observing when it comes to people dying of cold in their homes in winter in a developed nation. That is enough from me just now. We will move on to Philippa Whitford.

Q197 Dr Philippa Whitford: In actual fact, at the start of the Ukraine crisis no one would deny the impact that had on the international market. The UK only had an exposure to 4% of imports of Russian gas, whereas Germany had over 50%, yet average energy prices here are much higher than average annual energy prices in Germany. With gas-fired power stations in the UK generating less than 10% of the UK's electricity, why is the incredibly high international gas price used to set UK electricity prices when wind, which has not changed its cost, generates more than 50%?

Amanda Solloway: As you rightly point out, this is a worldwide issue. When we had the situation in Ukraine, it is not just something that we generated in this country; it is something that has impacted the world as a whole, which is why it is very important that we set up the Department for Energy Security. It is why we are looking at all these things, renewables in particular. We are thinking about offshore wind, as an example, which of course you know an awful lot about. We are thinking about all the challenges that we can support people with—solar energy and all those others—and we have many schemes that will help people with that. I am also looking forward to the future and thinking about fusion as well.

For us, we must make sure that we are energy secure, that we are not reliant on things that happen around the world and that it does not have an impact on us here. I am mindful that what happens in the world, even though you would say something different happens in Germany or elsewhere, of course it has a national impact.

Q198 Dr Philippa Whitford: But with the UK—I am not talking about Scotland but the whole UK—having its own oil, gas, incredible renewables and so on, when the Prime Minister talks about drilling for more gas or oil or whatever, none of these companies are under obligation to sell that within the UK. Is that something that in future will be built into licences to make sure that there is almost a UK-first approach? It is the international gas price, even though a lot of the gas is UK gas coming



from Scottish waters.

Amanda Solloway: To reiterate, we are mindful to get that energy security and it is vital that we get to that situation. That is why we are exploring all different ways of getting energy and making sure that we have our independence going forward on that. We are mindful that we have energy security in the future to mitigate any future problems that we may have that impact from a national point of view.

Q199 **Dr Philippa Whitford:** It requires that the energy that a Government invests in is available to UK consumers and not just sold to the highest bidder on the international market, which is what happens at the moment.

Mr Richard Holden: I just want to come in on that, Dr Whitford. One of the biggest impacts of having our own domestic oil and gas supply is not only about the more than 200,000 jobs that are reliant on it in the UK—people who pay their taxes, often earning pretty good wages, and national insurance. It has been the bedrock of Aberdeen and north-east Scotland as well as providing huge amounts of jobs downstream in, say, the north-east of England and in the constituencies I represent as well, with a lot of the manufacturing that goes into those pipelines and other elements of drilling. It is also about the huge tax revenues that the Exchequer overall gets.

It is not just about the money directly from the oil and gas itself. Some of the oil and gas companies are now paying at least 44%, I think, in tax on their UK assets, which is double the average rate of corporation tax. That is going into the UK Exchequer to enable us to do things like our Europe-leading energy scheme, which has supported households right across the country. Having that produced here in the UK produces those tax revenues from the individuals in work. It produces the tax revenues from those royalties, which can support us all as we make those decisions and, as we have seen from the Government's actions, has been very skewed towards helping those who were worst off during a time of international crisis.

Dr Philippa Whitford: I am well aware of all that—I used to live in Aberdeen as well—but the issue is energy security. Having jobs producing energy that is sold somewhere else does not give you energy security. It is something that needs to be thought about—

Mr Richard Holden: Dr Whitford—

Q200 **Dr Philippa Whitford:** I am very short of time. I want to move to my other question, but it is about thinking about energy security, not just income.

The surveys and the evidence we have been given show that people in the remote and rural Highlands and Islands pay higher energy costs, are much more likely to be off the gas grid and more likely to be in fuel poverty, despite often being surrounded by wind turbines. Coming into



HOUSE OF COMMONS

the next winter, which people will be very anxious about, are the UK Government planning another support scheme, any system for fairer energy prices to areas that generate electricity, or even funding schemes for insulation energy efficiency or home generation? Many people live off the gas grid and if you are off the gas grid your fuel bills are way higher than everyone else's.

Amanda Solloway: I think the challenge is threefold. First of all, we had the past challenge where we gave the unprecedented support and that has been incredibly helpful. Then fast forward to the future, we have a challenge in what we are going to do long term. I am conscious that what we must make sure of is that something like the situation in Ukraine does not have an impact on us going forward. I am also mindful that what we need to do is to make sure that if anybody has a situation personally that impacts on their need for additional energy, then we need to be thinking about that as well. An example of that would be somebody who, for example, has a disabled child at home or needs some life support.

You have the start point where we had to do the intervention and then you have the end point, which is where I would like to get to fair and reasonable support for that group of people. To do that, you will appreciate that that will take quite a while. It is not just a quick fix. I am mindful that I do not want to just be putting a plaster over something. We need to have the solid foundations that make that worthwhile and value added.

We are looking at that and then, in between that, you have the situation that we faced this year. We have the energy price guarantee. That is the safety net. That should ensure that prices do not go above that level. We have that in place, but we also have other things like cost of living support. We have seen that that is now at £900. We have also seen we have the warm home discount. All those things we have this year and we are also keeping a close eye—

Chair: Sorry, Minister, we are just very—

Amanda Solloway: Yes, sorry—too long an answer.

Chair: Not at all. Thank you.

Q201 **Deidre Brock:** The chief executive of the Child Poverty Action Group, John Dickie, said in evidence to us that £42 billion a year less is being spent on social security as a result of the cuts we have seen over the last decade under successive UK Governments. What do you say in response to that observation? Do you think that is in any way responsible for the explosion we have seen in the use of food banks, for example?

John Lamont: I will respond to that. In relation to food banks, I personally understand and recognise the very important service that food banks provide to local communities across Scotland and all parts of the United Kingdom, supporting the most vulnerable people in society. I see



HOUSE OF COMMONS

it first hand in my own constituency in the Scottish Borders. I visited a number of the local food banks. My mother has been a volunteer for many years in the Duns Food Bank.

The UK Government are committed to ensuring that the most vulnerable and those in need in society are given the protection and the safety net that they need. For example, in 2022-23, across the UK we are going to spend £137.5 billion on benefits for pensioners, £67.9 billion in benefits to support disabled people and people with health conditions, and £114.3 billion on working-age and children welfare. That is just a few examples. Increases to the national living wage and other interventions that the UK Government have made are ensuring that there is more money going into those parts of society that need it most.

Q202 Deidre Brock: Okay, but how do you explain that explosion in the use of food banks under successive UK Governments in the last decade? You do not think it is linked to the drop in support that I have just mentioned?

John Lamont: Of course, in Scotland there is a shared obligation between the Scottish Government and the UK Government. There are huge additional powers going to the Scottish Government now for welfare provision. The UK Government have responsibilities, too. There is a trend across Europe with increasing use of food banks, and this Government are focused on ensuring that the most vulnerable in society are getting the help that they need. I have outlined some of the measures and the additional investment this Government are making to ensure that happens.

Q203 Deidre Brock: Moving on to a different topic, partly because I know that you, Minister, represent a rural constituency, I have heard concerns about the impact of the Subsidy Control Act and the Internal Market Act on support for farmers. Direct support, of course, is being phased out entirely for farmers in England. Although the ELM scheme is supposed to kick in and provide support behind that, that is currently mired in confusion so it is not happening, I do not think. That support is being tapered out still. Some direct support is continuing for farmers in Scotland because of the Scottish Government. The concern is that those two Acts might be used to force the Scottish Government to stop that support. What assurances can you give farmers and bodies like the National Farmers Union of Scotland and those in rural areas who depend on agriculture for their livelihoods that that will not happen?

John Lamont: The Member raises a very important point. As she alludes to, I represent a rural constituency. I also represent a constituency right on the border and many of the farmers in my constituency farm land on both sides of the border. What is very clear and what I hear from the farmers and landowners in my constituency is that while they have certainty as to the type of support they are going to be getting south of the border from the UK Government, they have absolutely no certainty as to what is going to be provided from the Scottish Government. We are waiting to hear what support is going to be provided to—



HOUSE OF COMMONS

Q204 **Deidre Brock:** I hate to disappoint you, Minister, but the ELM scheme, as you must know, is utterly mired in confusion at the moment.

John Lamont: I would encourage you to come and speak to some of my farming constituents.

Deidre Brock: All we know is that the direct support for farmers in England will taper out completely by 2027. We know that.

John Lamont: Perhaps Ms Brock could outline what farming support is going to be provided to Scottish farmers moving forward.

Deidre Brock: Direct support is still being supplied to—

John Lamont: What schemes—

Chair: I don't think the questions are supposed to be going in this direction.

Deidre Brock: Yes, I know, but the Minister—

John Lamont: At the moment I am not clear what the Scottish Government are proposing to do in terms of farming support. My farmers are not able to make decisions as to the investment they are going to make in their land, their stabling, their food production, because they do not know how they are going to be supported by the Scottish Government moving forward. It is very clear from Ms Brock's response that she does not know either. We have certainty south of the border as to what is going to be happening and farmers are making decisions based on that certainty. They do not have that certainty north of the border.

Q205 **Wendy Chamberlain:** Minister Solloway, can I come to you first? In your remarks already you have mentioned a number of the schemes that the Government put in support. We know that there were some issues with that. I am sure we have all experienced it as constituency MPs: prepayment meters, issues where people were not necessarily taking up the support and, given that we are looking at rural challenges, for off-grid support there were a number of delays in bringing the scheme forward. What do you think are the lessons learned for the UK Government in relation to that?

Amanda Solloway: Thank you for that question. As you know, we spoke previously as well and one of the things that I am keen and mindful to do is to keep reaching out to all stakeholders. I have reached out and had meetings with, as an example, Alan Brown, Drew Hendry, Citizens Advice Bureau and other stakeholders. I think it is important that we do learn lessons. Although it was unprecedented help and support that we gave, we do need to make sure that we are moving forward and learning if there are any lessons to be learned.

For example, with the prepayment meters, one of the challenges that we had and you will know is around making sure that all the people who



HOUSE OF COMMONS

were on prepayment meters claimed the vouchers they were entitled to. We literally were pushing it. You will have heard me on the Floor of the House, as a last plea at Energy questions, saying, "Please, as Members of Parliament we should be reaching out to all our constituents." I was mindful that that last group we had not reached out to were the most vulnerable of groups.

It is a challenge, but we have done as much as we possibly can to reach out and extend it to that group, bearing in mind, as an example, that they may not necessarily have wi-fi, they may not necessarily have access to all the things that we probably take for granted. I can see you are looking at me, Chair, saying that I am taking too much time again. I'm sorry.

Q206 Wendy Chamberlain: How many people do we think are left? How many people do we estimate did not receive support and have not accessed support?

Amanda Solloway: That is very difficult. Taking specifically the prepayment meters, you have to bear in mind—

Q207 Wendy Chamberlain: On the off-grid, given that we are looking specifically at rural, have you made an assessment of that?

Amanda Solloway: Of what, sorry?

Wendy Chamberlain: In relation to rural off-grid support, because that came much later as well.

Amanda Solloway: I haven't got that breakdown. I can probably bring Ben in on that to see if we can get that breakdown.

Wendy Chamberlain: Yes. Thank you.

Amanda Solloway: From a prepayment meter point of view, you have to remember that as an example—and this is a typical challenge in terms of claiming a benefit that is due—it could be household occupancy. It could be that people no longer live in that particular house. There is a realistic expectation, but in terms of actual figures off the grid, Ben?

Ben Pledger: The Government have published statistics on the take-up of some of these schemes. There are about 28 million households in the UK, the vast majority of which received their payments automatically through their energy supplier. We were only talking about that last million or so who are totally without a domestic supplier—for instance, they buy their energy through an intermediary. We have published data on that but it is down into the hundreds and thousands compared to the overall population in there.

Wendy Chamberlain: We would be grateful if you could share that with the Committee. That would be useful.



HOUSE OF COMMONS

Mr Richard Holden: Ms Chamberlain, one of the things that the Government have done—something that no Government have done before, whether it was in a coalition or in previous times—is that they ended the extra that you had to pay on a prepayment meter. I think that was an unfairness that was recognised across the House. It was introduced by this Government and kicked in on 1 June this year. That is a positive long-term change that has been made in recent months.

Q208 **Wendy Chamberlain:** I am conscious that for prepayment meters for those in rural communities it can be more expensive because they have travel to add in as well, and I am sure you will come to that later.

My second question, if I can come to Minister Lamont in the first instance, is around food prices and food banks. We have talked about the rises in inflation but we know that food inflation has been outstripping any other inflation. Indeed, when the Joseph Rowntree Foundation's "Poverty in Scotland" report looked at it, we do see increasing numbers of people looking at food banks. What are the trends in food prices that the Government are anticipating?

John Lamont: That is an important question. We fully recognise the pressures that are on households' budgets just now, which is why the Prime Minister and the Government are totally committed to halving the rate of inflation. There is a particular problem with food prices. The annual CPI food price inflation reported by the ONS was 14.8% in July 2023. This was a decrease of 2.5 percentage points on the June 2023 figure, which was 17.3%, so it is clearly moving in the right direction. It is still too high but the Government and the Prime Minister are focused on halving the rate of inflation. It is important to record that it is the largest fall in food price inflation reported by the ONS since September 2022, so it does appear to be moving in the right direction.

Q209 **Wendy Chamberlain:** As my last question then, Minister, you have very helpfully outlined the fact that food inflation is potentially running at double what the expectation is of the September figure of 7%; what would be your view on the reports over the weekend that the Government are going to look to potentially not deliver benefits in line with September's inflation in April of next year? My understanding is that the Treasury is expected to point to the fact that inflation is expected to be far lower in April next year, but that suggests to me a fundamental misunderstanding of what inflation is.

John Lamont: I very rarely believe what I read in the newspapers. I would wait until the Chancellor announces his decisions—

Q210 **Wendy Chamberlain:** You would be supportive of benefits remaining in line with inflation.

John Lamont: The Government are focused on supporting the most vulnerable in society and we have demonstrated that over the last 13 years while we have been in government and particularly over the covid



HOUSE OF COMMONS

pandemic and during the last year or so with the pressures on household budgets through the rising cost of energy.

Q211 Sally-Ann Hart: I am going to look at the cost of fuel in rural areas. It is quite interesting to note. I live in a rural area in east Sussex. It is not as rural as the Highlands of Scotland, but my local family-run supermarket, Jempson's, has the cheapest petrol and diesel around, far cheaper than the supermarkets. That is quite an interesting point: how can a small family-run supermarket have cheaper fuel than our big supermarkets? My question is probably to Richard Holden. Could the UK Government do more to help rural households with fuel costs? If so, how?

Mr Richard Holden: The biggest thing that we have done to date is the 12-month cut in petrol and diesel duty, down 5p, which if you include inflation basically has knocked 6p a litre off. That is roughly a tax cut of around £2.4 billion to people across the country. In rural areas, it obviously affects people more because they use more fuel, whether it is in travelling themselves or for goods to get to them.

I think the broader question you are asking, though, is something that has also afflicted my constituency. In some parts you see one or two operators charging significantly higher per litre than other areas. My neighbouring constituency to the south has the lowest fuel prices and the petrol stations around it have to keep up with it, basically. That is something that I know the Competition and Markets Authority has been looking into, which does come under DESNZ, so Minister Solloway might be able to feed a bit more into that.

Amanda Solloway: Yes. As you will know, there was a whole report into whether supermarkets were charging more than they should, and the previous Secretary of State made it incredibly clear that that was not acceptable, so there has been a whole review of that.

Q212 Sally-Ann Hart: Looking at the commutes in rural areas, they are quite considerable for people to get to work and/or education. Do you think the Government could do more to make it easier for people in rural areas to walk or cycle rather than drive? Is that even a practical solution in the Highlands and rural areas of Scotland?

Mr Richard Holden: In the north Pennines I represent an area incredibly similar to my hon. Friend sat next to me. Our constituencies are just separated by more rural moorland of the north Pennines as you head into the lowlands of Scotland. In some areas, of course, we want to see those active travel routes where possible, but the UK Government have been very clear that we want to have public transport and active travel as a positive choice, not forcing people out of their cars, which particularly in rural areas just is not a choice for many people to make.

We have done some important measures over the last few years when it comes to supporting some of those rural public transport networks, though. We have provided over £3.5 billion of support for rural bus



HOUSE OF COMMONS

networks and, on top of that, we have also put in the "Get around for £2" fare scheme, which we started at the start of this year. If you take somebody who might live in, in an English example, Scarborough, and is travelling to York by bus, that would have been around £10 for them to take that journey, but now it is £2. We really have been trying to help those low-income people, often in low-paid work in rural areas, to get around on the rural bus network, so we do recognise that.

I know that in rural Scotland the Scottish Government have decided to take a different approach for bus fares. They have not capped them in the same way as we have in England. They have done some other schemes in different ways, which is probably a good time to hand over to Minister Lamont.

John Lamont: It is important to emphasise that for my constituents the prospect of walking or cycling when you have a 30 or 40-mile commute is just not practical. You are entirely dependent on a car and entirely dependent on having good-quality roads. Sadly, since the Greens became involved in the Scottish Government, roads have been deprioritised in Scotland. That is a cause of great frustration for many of my constituents.

Q213 **Sally-Ann Hart:** Thank you. I want to quickly pick up on a point that my colleague Deidre Brock made about food bank use. Looking at Scottish figures published earlier this year, the Scottish Government stats show that almost 150,000 Scottish people have never had a job. Some obviously are claiming disability benefits and some out-of-work benefits by choice. Do you think that is because of the crippling taxes imposed by the Scottish Government on people?

John Lamont: I think it is, and clearly this Government's view and priority is that the best way out of poverty is through work. Ensuring that the economy is working well and generating good-quality, well-paid jobs has been the focus of this Conservative Government throughout our term of office. It is very clear also that Scotland being the highest taxed part is pushing many people away from our great nation, and that is a sad reflection of modern Scotland under the control of the SNP and the Greens.

Mr Richard Holden: You could also see, Ms Hart, from the flipside that the UK Government have raised the amount you can earn before paying tax from almost £6,500 to almost double now, at £12,500 a year. That has taken millions of low-paid workers out of tax altogether. At the same time we have raised the living wage for our lowest-paid workers and that has also provided a major income boost. Somebody earning the national living wage is now paying less tax and earning significantly more than they were. That is what the UK Government would like to see: more people in work and less reliant on benefits and paying lower tax.

Sally-Ann Hart: Thank you. I have no further questions.



HOUSE OF COMMONS

Chair: The Committee has been particularly good in some sort of self-restraint when it comes to asking questions, so we have a little bit more time available to people while we are looking for Christine Jardine to join us. With that in mind, I turn to Douglas Ross.

Q214 **Douglas Ross:** I am very happy to take that extra time, Chair. Good afternoon to the witnesses. Could I try to raise points with each of the respective Ministers? I will start with you, Minister Solloway. We have already heard SNP members of this Committee speak about how higher energy costs are a result of UK Government decisions and, indeed, being part of the United Kingdom. This was repeated earlier this month or late last month by the First Minister of Scotland, who said that high energy bills are “entirely linked to the fact” that Scotland is not independent. There has been some excellent work done by the These Islands group and Sam Taylor, and it is covered in *The Times* today, which basically says that that is completely false. The countries used by the SNP and the Scottish Government to make that assumption—Ireland and Denmark—have significantly higher unit costs and standing charges in Ireland and overall higher costs in Denmark. Would you agree that that claim by the First Minister is completely false and it shows that they are using emotive issues such as the cost of energy to promote their calls for independence and, in fact, the evidence behind that is non-existent?

Amanda Solloway: I might refer to the Minister on my right, but from my perspective I think that the two Governments working together is advantageous, certainly from an energy price point of view. What we have been able to do from the UK Government is to support households in an unprecedented way. The support has been absolutely phenomenal. Then when you look at the energy supply that we have throughout the whole of the United Kingdom, it is around the subsidies that are available and working together. The impact that that has on us as a nation working collectively is significant. I would say that from our point of view the opportunity to work together to make sure that households have that energy supply but also making sure that we are helping households is essential.

John Lamont: The short answer is yes, I do agree with you. I think that people in Scotland get increasingly frustrated when they see grievance politics playing out in the national press. They just want both Governments to be working together for the betterment of the people of Scotland. This is another example of grievance politics getting in the way of practical solutions.

Q215 **Douglas Ross:** Thank you. Minister Holden, you mentioned in your opening remarks or at an earlier question the good relationship you have with devolved Ministers. How frequently do you meet with devolved colleagues? For example, when did you most recently meet with your counterpart in the Scottish Government?

Mr Richard Holden: I met with my current counterpart from the Scottish Government earlier today in Westminster. I have met each of



HOUSE OF COMMONS

the two previous Scottish Transport Ministers who are directly analogous to my position over the last few months since I came in.

Douglas Ross: Sorry, could you just clarify for the record—was that Fiona Hyslop, the Scottish Transport Minister?

Mr Richard Holden: Fiona Hyslop today, yes, that is right.

Q216 **Douglas Ross:** We were informed that we were going to have Scottish Government Ministers and one of the possibilities was going to be Fiona Hyslop, so I think this Committee will view very dimly the fact that the Minister, if I am correct about what you are saying, is in London today and has not appeared before this Committee.

Mr Richard Holden: Well, she certainly was to meet me earlier on, Mr Ross.

Chair: Can I just clarify for the record—because I think it is a little bit unfair to introduce that to the Minister's question—that there were conversations about securing a Transport Minister and the hope was that we would have got one to come to this Committee? That was the understanding that we had, just to clarify that for the record.

Q217 **Douglas Ross:** I think the clarification is that a Scottish Government Minister is in London on a day when this Committee had asked to hear from a Scottish Government Minister. We were told we would likely get someone from Transport. The last time this happened Nicola Sturgeon was in London on "Loose Women" and did not appear before this Committee. I think that it is a worrying trend that this is not happening.

Mr Richard Holden: Mr Ross, I am not responsible for the Minister's diary. We are at a joint event together later this evening as well.

Q218 **Douglas Ross:** So she is still in London?

Mr Richard Holden: I have no idea where she is.

Douglas Ross: You are at a joint event in London with Fiona Hyslop this evening?

Mr Richard Holden: I believe so.

Douglas Ross: That is quite significant and I am sure the Committee will want to—

John Lamont: It was our understanding that we were a second panel today and a Scottish Government panel of Ministers was on before us. Has that not happened?

Douglas Ross: That did not happen. We got late notice, I think it is fair to say, Chair, and the Chair has said that it is very disappointing that we did not get the Rural Affairs Minister, but it is even more disappointing to hear that Scottish Government Ministers are in London and continue to



HOUSE OF COMMONS

be in London and refuse to appear at this Committee.

Chair: I think we are being slightly unfair because we have no idea why the Scottish Government Minister or a succession of Scottish Government Ministers could not make this session, so we will maybe just leave it at that just now. We are straying into territory that I believe is a little bit uncomfortable, Mr Ross.

Q219 **Douglas Ross:** I will not delve further into it, but I am sure that when we publish our letters that you sent late last week to the Minister your disappointment and our disappointment at the fact that no Scottish Government Ministers have appeared today will be clear in that.

On transport, I will start with Minister Holden and then move on to Minister Lamont. In terms of transport in Scotland, there are some projects that could potentially work together, with both Scottish and UK Government Ministers. What discussions have you had, for example, on the A75, which is a crucial link in the infrastructure in the south of Scotland? What have you viewed in terms of the discussions and the debate in Scotland around the ferry network, as a Transport Minister at a UK level looking at what is happening in Scotland, and other areas where you think there could be more working between the two Governments on these issues?

Mr Richard Holden: I have always been delighted to work with colleagues from all devolved nations. In fact, the Scottish Minister will be chairing our inter-ministerial UK-wide group on Wednesday. The first one was chaired by the Welsh Transport Minister. I am always happy to work with them and have constructive discussions. I have always had pretty constructive discussions with Ministers and, indeed, the Executive in Northern Ireland—some of the senior civil servants while there aren't Ministers there—on a recent visit there.

We discussed the A75 earlier today. It is something that I have been very keen to push. It is something that Graham Simpson, who is I think one of the shadow Ministers, mentioned to me on a recent visit to Scotland as well. It is something that is cross-party north of the border and, indeed, in the north of England. It is a major scheme because it aligns so much to some of the UK Government schemes such as the big upgrade to the dualling of the A66, which is a scheme, yes, in the north of England but which will be hugely beneficial to the west of Scotland as well. We have constructive discussions across the piece.

On the ferries issue, it is probably best if I hand over to my colleague from the—

Q220 **Douglas Ross:** Maybe I will pose that to Minister Lamont and it will be my final question.

Minister Lamont, you went on a summer tour around many areas of Scotland. I would be interested to hear what feedback you received as a Minister visiting these locations. I know as well that the Scotland Office



HOUSE OF COMMONS

would have been interested in last week's Programme for Government. For example, we were told that there were going to be new ferries built in the next few years, despite the current ones still not being completed at Ferguson shipyard. We were also told—this is an important part of our inquiry in terms of connectivity and rural support—that the A9 will be fully dualled under this Government, but when pressed the First Minister was unable to tell us when or how they were going to do that. How do these issues come across to you in the Scotland Office, both in terms of responding to the Programme for Government but also in the meetings you have held over the summer?

John Lamont: Mr Ross, you are right. During the summer I spent several days in the west of Scotland, Argyll, Oban, Mull, Arran and down into north Ayrshire. Many of the communities are served by CalMac Ferries. In fact, I think it is fair to say that these ferries are lifelines for these communities. What was abundantly clear from every single business, charity, development trust, educational organisation and community group was that the one big issue that is holding back these communities is the disaster of CalMac and the mismanagement by the SNP Government of those ferry lines.

We should not underestimate the impact that a cancelled ferry can have. From a practical perspective, sometimes a short journey of five or six minutes can become an hour and a half by car, obviously costing extra in fuel, which adds to the burden on households and businesses. It cuts off medical supplies. It stops food provisions getting into these communities. It is an absolute disgrace that the Scottish Government have not been able to get a grip of this. Despite it clearly being a devolved policy area and despite the fact that I was there in my UK Government representative position, this was the biggest issue that came up time and time again. It is just growing from frustration to anger to fatigue that this has not been resolved.

Q221 **Douglas Ross:** I did ask about the A9 but I know I have probably taken a bit too much time. Do you want to give a couple of words on the A9 and the failure to commit to a timescale?

John Lamont: It is another example. As I alluded to earlier, it is very clear that since the Greens became involved in this SNP Scottish Government, their deprioritisation of the roads is causing big issues for many communities, and the A9 is just the latest example.

Q222 **Dr Philippa Whitford:** You talk about the cancellations; what proportion of those are weather related? What proportion of them are mechanical failures of ageing ferries? I have lived on Mull and, therefore, depended on the lifeline ferry to Oban, which was very expensive, I can tell you. Has the road equivalent tariff been seen by people living on the Islands as a positive or negative from the Scottish Government?

John Lamont: The fact is that there are two ferries sitting in Ferguson Marine just now—



HOUSE OF COMMONS

Dr Philippa Whitford: No, no—

John Lamont: They are languishing there because the Scottish Government, CalMac—

Dr Philippa Whitford: But there are also 30 old ferries that are running.

John Lamont: Chairman, is the Member going to allow me to answer the question?

Dr Philippa Whitford: What proportion are weather and what proportion are mechanical? I totally accept that the ferries are delayed—

John Lamont: Frankly, the residents do not care. All they know is they cannot get to work, they cannot get food provisions into their shops, they cannot get medical supplies and they have to spend hours longer in the car—

Dr Philippa Whitford: What would someone do about weather-related cancellations?

John Lamont: They have to spend hours longer getting to their destination because the Scottish Government cannot get a grip of this situation.

Q223 **Dr Philippa Whitford:** The road equivalent tariff—has that been a good thing or a bad thing?

John Lamont: I know that this is difficult for the SNP Members but it is causing lots of grief for many of these communities across the west of Scotland affected by this.

Q224 **Chair:** If it helps, I have the statistics here; it is unfortunate you do not have them with you, Minister. There were 171,403 scheduled sailings across the Clyde and Hebrides in 2022, and 11,301, or 6.6%, were cancelled. Of those, some 1,830, or 1.1%, were cancelled due to technical issues. Are those figures you recognise?

John Lamont: Frankly, Chairman, I am saddened that you are trying to diminish the concerns that these communities, residents and businesses—

Chair: Nobody is diminishing anything.

John Lamont: These are concerns they raised with me during my Scotland Office tour. This was their No. 1 issue. Whether it is mechanical, whether it is weather related, the fact is—

Chair: We will move on. I offered that because I was surprised you did not have the statistics, Minister.

John Lamont: The fact is these people are not able to get the connectivity that they need.



HOUSE OF COMMONS

Chair: Thank you. We have two more Members to ask questions: Mr Duguid and Ms Jardine.

Q225 **David Duguid:** Thanks to all three Ministers for coming along today. I will start with Minister Lamont and move on to Minister Holden. I want to refer to the written evidence that was given to us from the Scotland Office. In its submission, it said that "the UK Government has worked with remote and rural communities in Scotland to support transport infrastructure projects via levelling up streams." For example, in round 1 of the levelling-up fund North Ayrshire Council was awarded funds to improve the B714, which would "enhance links to Arran ferry at Ardrossan." In round 2 of the levelling-up fund, Shetland Islands Council was awarded funds for a new roll-on, roll-off ferry for Fair Isle. Based on the conversation we have just had, I think it is fair to say this. I remember from my time in the Scotland Office that one of the aspects of the Fair Isle ferry was that the improved ferry would become less sensitive to weather impacts; could you confirm that, Minister Lamont?

John Lamont: It is clearly a more modern ferry that is more adaptable to weather conditions, but just as important in the case of that ferry is that the ferry they were using before was not disability compliant. Some of the stories I heard when I was up there were quite shocking in terms of how disabled people were being managed on the previous boat. It was an absolute priority to get a new ferry.

As to the road, yes, that is in north Ayrshire, a very important link between Dalry over to Ardrossan and Saltcoats. As you may be aware, it is an important link to Ardrossan for the ferry across to Arran and over to Millport as well when you go further up to Largs.

Q226 **David Duguid:** I am reasonably familiar with the area; I used to spend a lot of time down there. I am sure that the roads have improved somewhat since then, but probably not nearly enough.

On the subject of roads, the A9 was mentioned briefly; I will move on to Minister Holden. Again, it follows on from work that has been done with the Scotland Office and the Department for Transport and the interconnectivity review that was carried out to improve connections between Scotland and England, and even roads going through Scotland that would be more of use to Northern Ireland perhaps in remaining connected to the rest of the United Kingdom. What about the rest of Scotland?

The A9 was mentioned in Douglas Ross's constituency. Though it does not touch mine, the A96 and the A90 north of Aberdeen in my constituency are two roads that are desperately in need of improvement. Minister Lamont has already implied that there is a tendency for certainly the Greens in government with the Scottish Government to deprioritise roads. Is there anything that the UK Government can do to help not just with the improvement of these roads for the good of the local economy but in a lot of cases to implement safety improvements? In some cases, if



HOUSE OF COMMONS

certain bridges were to be wiped out by a storm, for example, that would completely cut off communities. Is there anything that the UK Government, working with the Scottish Government or local authorities, can do to help in those situations?

Mr Richard Holden: We are always more than willing to work with whoever wants to improve our road network across the country. I think there is a danger in some areas of the road network being run down.

You mentioned, Mr Duguid, the Union connectivity review. We are looking in depth at the A75 at the moment and I hope to be able to report back to Parliament before too long about that. The UK Government have provided support in Mr Ross's constituency regarding some of those road bridges in rural communities as well, and we are always happy to do that, as we have done with the levelling-up fund. Indeed, just today when we are talking about connectivity, the Orkney Islands Council is going to receive £15.5 million for two new electric vessels through the zero emission vessels and infrastructure competition, a UK Government initiative. I am always happy to include Scotland wherever we can in any of those things.

I would say, though, that you and I have had various conversations about manufacturers in your constituency when it comes to driving jobs and growth in quite a new area of emerging technology, with Gray & Adams in your constituency. It would be only fair to say that my door is very much open to anybody from any party if they have an issue in their constituency in any part of the United Kingdom. If I can lean in to help in any way, then I certainly will, as I did with your constituency case.

When we look to some of the issues around aviation as well, I want to see the UK Government moving further on that, which is something that can become a bit of a political football when you are talking about decarbonisation but is fundamental to connecting all parts of our United Kingdom together.

Q227 David Duguid: I just want to go on record as showing my appreciation on behalf of Gray & Adams in my constituency. You were very helpful in resolving that particular issue, but I will not go into the detail of that here to save time.

Finally, on the subject of bus services, you made the point in your response just now, Minister Holden—and I think Sally-Ann Hart mentioned it earlier as well—that it is not just the need for people to get to their jobs or to get to health services and what have you. In order for the local economy to grow and thrive in the area, those transport links—bus services for people to get moving around—are very important. Again, is there anything at all, working either with the Scotland Office or the devolved Administrations, that the UK Government can do to help to improve bus services in rural areas?

Mr Richard Holden: One of the biggest issues we saw after covid was exactly in this space and it is something that I have been working on at a



HOUSE OF COMMONS

UK level. Indeed, I have spoken to all three Scottish Transport Ministers who have been there while I have been in post over the last 10 months. One of the things I have been very keen on is to help to get as many people into being bus drivers as possible, so removing some of the barriers there, particularly when it comes to people having to get licence applications, waiting for tests and things like that. We have consistently made sure that the average waiting time for a test for both HGV and bus drivers is two to three weeks. That has been maintained, despite all the strikes we have faced, and we have prioritised that to ensure reliability in the bus network.

There are two elements to it: one is affordability for people to use and the other is reliability and the presence of the service. It has been at the top of my priority to make sure that on the affordability element, which is under my control in England, I do everything I can in that space, particularly for rural communities, and on reliability, which comes very much to how we get more bus drivers back on to the network after covid, that we have done everything we can there. I had a positive discussion around that with the Scottish Minister just a couple of hours ago.

Q228 David Duguid: That is very encouraging. I will finish up my questions, but I will just make a representation on behalf of tractor licences as well.

Mr Richard Holden: Okay, message received. My civil servants are happy to take that away and write back to you on that.

Q229 Christine Jardine: First of all, I apologise profusely for being so late. I was in the Chamber for the statement on China.

Apologies if you have covered any of this previously, but one of the things that we have received in evidence is about the increased cost in food prices, particularly leading to the use of food banks. I have seen this in my own constituency. The Trussell Trust tells me that it is getting more donations to all its food banks—more people are giving it food—but it cannot keep up with the increase. It is worse in rural areas. The Joseph Rowntree Foundation and the Royal Society of Edinburgh tell us that food poverty is more severe in rural areas. There is also a problem with connectivity and the global supply chains for rural communities. What are the Government planning to do to help people who are struggling to get food? What are you doing to help rural communities who are finding it difficult to feed themselves because of the problems in the global supply chain exacerbating the issues?

John Lamont: Ms Jardine, I will respond to that. We did cover some of those points during the earlier part of the session.

The Government fully recognise the pressures that households are facing. I made the point about my own constituency and the food bank use there, and I have met a number of the organisers of the food banks. It is important to recognise the huge amount of support that the UK Government have put in place to help the most vulnerable people in society. Your colleague Ms Chamberlain asked me about food inflation



and that is part of the problem. Food inflation as part of the overall rate of inflation is very high. Thankfully, the last round of figures that I was able to set out earlier in the session showed a drop-off, which is encouraging. The Prime Minister is absolutely focused on the priority of halving inflation and that will, we hope, address many of the concerns that households are facing just now, whether it is through rising food prices or energy bills.

Consumer food prices depend on a whole range of factors, from agrifood import prices to domestic agricultural prices, domestic labour costs and exchange rates. It is a very complicated figure, but the Government are focused on driving down the rate of inflation as quickly as we possibly can.

Mr Richard Holden: I think it is important, Ms Jardine, to reflect on farmers. I know that farmers in my own constituency, upland sheep farmers, get it in the neck a bit when people see that the prices at the farm gate have gone up a bit. What is not reflected in that is the fact that the input prices have gone up. That has been a huge issue, particularly for cattle and mainly in relation to fertiliser prices. As you will probably know, one of the biggest fertiliser plants in the world is based in Ukraine, which has been hugely impacted recently. The knock-on effect of that to food inputs has been colossal right throughout not only the UK but worldwide. When you think of other countries, particularly with staple products where there is probably a lower mark-up on some of this stuff than more processed food, you see that has doubled in the price of wheat and things like that. You can see the global impact, particularly on the poorest—and it is the poorest, internationally as well as here in the UK, who spend a much higher proportion of their income on food.

Amanda Solloway: If I could just come in very briefly, we mentioned it earlier but I think it is very important and it would be remiss not to mention making sure that everybody is getting what they are entitled to. Clearly, if they are not claiming what they can get, then it can have a knock-on effect. One of the things you can use is helpforhouseholds.campaign.gov.uk, which is a useful mechanism to see entitlements. I think it is very important that everybody gets what they are entitled to, because there is support out there. I am just making sure to use a forum like this to say, "Please get what you can claim for." Sorry to interrupt.

Q230 **Christine Jardine:** No, that is perfectly fine. Very briefly, though, are the Government planning to do anything to support local food production and the routes to market in remote communities? This is not just about remote communities; increasingly, we see communities in cities and on the edge of cities producing food locally that they want to get to local markets, through allotments and community resources and the like. Do the Government have a plan to support them?

John Lamont: It is important first to record that the UK does have a very resilient food supply chain. I know that there have been pressures



HOUSE OF COMMONS

on it over the last few months, but it is secure. As you will know, the Prime Minister had a Farm to Fork summit earlier in the year with representatives from across the UK supply chain, the farming sector and other parts of the industry, too. That is to ensure that they are all working together to address the points that you have highlighted.

We should not forget that a few years ago local communities were much more dependent on local food production. The food produced within a few miles of a particular town or village or city was what the people ate in those communities. Over the course of time that has changed, but certainly I know there has been discussion more recently about returning to that model. Clearly, people's tastes and preferences are much more diverse compared to what they were previously, but I think the Farm to Fork summit was an important first step forward.

Q231 Chair: Lastly, Minister Holden, in the course of the past few months we have seen fuel costs rise to again over 150p per litre, I think, for unleaded. There is always a frustration, and it is something that has come out very powerfully in the evidence we have secured here, as to why rural areas, particularly remote rural areas, pay so much more for fuel at the petrol station than you would expect to pay in a city. Are the Government able to do anything at all about the rise in fuel prices and this practice?

Mr Richard Holden: I will have to hand over to Minister Solloway because the CMA and a lot of that energy is for her, but I will just say that it is very different in different rural areas as well. For those more remote communities, there is a lower duty cost as well. There are elements of cost on it for an individual business. Maybe it is only selling a much smaller portion and, therefore, has to carry a huge amount of extra essentially dead cash in their tanks. I totally understand from those communities what you are saying because it is imperative that we keep fuel costs down for people. For people particularly in rural areas it is definitely one of the largest chunks of their income, particularly for transport when there is no other alternative. Minister Solloway, do you want to reflect on the CMA?

Amanda Solloway: I am mindful of time. I agree with Minister Holden on this. It is imperative that for consumers we keep prices as low as possible. We have seen them coming down, we are heading in the right direction, and that is very much the Government's plan, in both fuel costs and energy prices.

Chair: It is bang on 5 o'clock and I think we have managed to get through everything that we needed to. Thank you for those concise and to-the-point answers and to colleagues for asking the questions in a very direct and concise manner too.