

Business and Trade Committee

Oral evidence: The work of the Department for Business and Trade, HC 120

Tuesday 7 July 2026

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Members present: Liam Byrne (Chair); Dan Aldridge; Antonia Bance; John Cooper; Justin Madders; Charlie Maynard; Mr Joshua Reynolds.

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Witnesses

- Peter Kyle, Secretary of State, Department for Business and Trade;
- Amanda Brooks CBE, Interim Permanent Secretary, Department for Business and Trade.

Examination of witnesses

Witnesses: Peter Kyle and Amanda Brooks.

Q182 **Chair:** Welcome to today's session of the Business and Trade Select Committee. We are delighted, Peter Kyle, that you have been able to join us for your pre-summer hearing. Thank you very much. Congratulations, Amanda Brooks, on the new role.

Secretary of State, when you last came before us, you were quite new in post. We asked you a little bit then about what your vision for the Department was, and I would like to repeat that question today, now that you have had well over half a year in the role and you have a lot of runs on the board. How has your view changed on the growth strategy that the UK should be pursuing and your own Department's priorities therein?

Peter Kyle: Thanks to the Committee for asking me back, and for Amanda as well, who has done an outstanding job as interim Permanent Secretary. One observation I have from my time in this job is just how outstanding the Department and its officials are. This is a quite turbulent period in global economic life, and Departments such as mine are incredibly important to stabilise in a way that I do not think many of my predecessors have had to do in the past.

Growth remains the priority. You have seen now how that has been focused on. The industrial strategy will be a year old in the coming week. There are three big areas that have come directly from the industrial strategy, to ground us in why the industrial strategy is such an important part of our economic life these days. The first is that we have used the industrial strategy to challenge Government to be bold and do things differently. Think about the range of responses the Government have made to the industrial strategy, from £9 billion of R&D funding, right the way through to energy support and scale-up support to unlock private investment.

The strategy has adapted to global challenges and given us a framework to deal with them. You will see the industrial strategy now encompassing critical minerals. It enabled me to act very assertively in that first week in the job when it came to Ensus in the north-east, when I mothballed a bioethanol plant because I wanted to keep the capacity for its by-product: CO₂. I un-mothballed it the week the war with Iran started, because I needed to keep the resilience in our economy. All this was done through the functional processes and levers that I have been given through the industrial strategy. In addition, there is BICS, which provides energy support.

Thirdly, the strategy is delivering. It has helped us get to the highest growth rates in the G7, but also unlocked—I can say this for the first time—£380 billion worth of private investment into the industrial sector in eight sectors of the economy linked to 155,000 jobs. Alongside that, when it comes to growth and looking at those high-growth parts of the



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economy, you know I am very interested and assertive when it comes to scale-up. This is something that I have been speaking about a great deal more. We are aligning the British Business Bank for those companies, because we are the start-up capital of Europe. We are the unicorn capital of Europe, but too many of those businesses, once they go unicorn, move to America or elsewhere because of the abundance of capital and the regulatory environment that they find themselves in.

We are aligning a very ambitious programme with the British Business Bank, so that we can even take a series of equity stakes. You will see the risk threshold going higher and higher as we take more equity stakes. That is not about going back to the 1970s, as some have reported, where public money was used in conservative ways to prevent modernisation. This is actually to harness very rapid innovation and scale it in order to keep it here. In other words, it is embracing disruption, unlike in the 1970s when public money was there to stop innovation getting into industry. This is about getting it in there, scaling it and keeping it here in the first place.

All these things are novel. They are all rising to the present moment and the speed with which we are now intervening in the economy in order to back growth potential, stabilise and build resilience. Resilience is the word that is fundamentally in my weekly schedule now, in a way that it was not just 10 or 11 months ago when I got the job.

Q183 Chair: You have talked about your ambition to see trillion-pound companies grown out of the UK. You have talked this afternoon about your appetite for the UK to take equity stakes in companies if need be to help on that growth journey. Have you basically taken this lesson from President Trump?

Peter Kyle: I have only taken one lesson from President Trump, in that he moves very quickly and is not bogged down by convention. President Trump has taken equity stakes. The Administration in the most free market economy in the world has started taking equity stakes in companies that it sees are important to national life and economic security, but also where it sees growth potential. Also, there is the swiftness with which he moves.

I believe that we can be positively disruptive rather than negatively. I would argue that if you look at the DOGE programme, for example, there was a lot of negative disruption there. In the work that I did at DSIT and have continued into DBT, with modernisation of the way we do business and how we work as a Government and transform the relationships between citizens, businesses and the state, I would argue that using digital technology has added to a positive improvement, as well as a highly disruptive one, by bringing efficiencies in.

When it comes to the trillion-dollar company idea, it surprises me that it has been quite a controversial thing to say. I have seen some sneering and sniping from parts of the media, even sometimes the pro-business



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parts of the media. Some people are saying, “We are Britain. Our economy cannot produce a company of that scale.” Look at TSMC in Taiwan. What does Taiwan have that we do not? Japan¹ has two trillion-dollar companies. Look at America and think about the importance for wealth and job creation, but also look at the power it now gives the US when it is negotiating with the world.

This is a thought exercise. Imagine that NVIDIA was a UK company. Imagine how empowering that would be for me, negotiating on behalf of the UK, when we are doing deals. Imagine the diplomacy that the Prime Minister could deploy of having a business of that global reach and global unignorability when on the national stage.

This is about wealth creation, because there are astonishing amounts of wealth being created. It is also about job creation, and on quite an extraordinary level. Each of these companies also bakes in the values of the countries in which it is born. The challenges and the debate around Meta and the way that some of the tech companies operate from the US are sometimes, in some ways, expressions of the countries in which they are born. Imagine if we could do this, and do it in a British way.

Q184 Chair: I think that is an ambition that many on the Committee share, but it is obviously a lot harder if we are suffocating small business at the pace that we are at the moment. We have been forced as a Committee to issue a response to the Government’s response to our small business report. We do not think Government as a whole, not necessarily your Department, were ambitious enough in tackling the cost crunch, which is forcing 38 businesses a day to close right now.

Since we produced our small business strategy, we have had hospitality and leisure firms face an average increase of 52% in their business rates. We have small business electricity standing charges going up by 40% from April 2026. We have retail employment that has fallen to its lowest four-year quarter average. The CBI says that small business is now at a tipping point. Why are the Treasury, DESNZ, DFT, DEFRA and other Departments not going further to alleviate this cash crunch, which is destroying small business?

Peter Kyle: I can speak from only one of those Departments here in front of you today, and that is the Department for Business and Trade. I can tell you that the voice of businesses, including small businesses, hospitality and retail, is heard loud and clear around the table. You will know that, when it comes to hospitality, I have been straight out there, not just because of the constituency that I represent being a city for which hospitality and the nighttime economy is incredibly important, but also knowing how vital it is for the economy overall. I have been out there meeting people such as Tom Kerridge to listen and learn about what the opportunities are, as well as the stresses and strains.

¹ It was later clarified that the Secretary of State had meant to refer to South Korea, not Japan.



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Q185 Chair: You know that headline employment in hospitality has fallen faster than in almost any other sector in the economy. Right now, when we talk to small business, business rates, energy costs and high street crime are issues that come up time and time again. You are moving on late payment, although not as far as we would like. That is good. You are moving on procurement, but your own Department is behind on that; we will come back on that in a second. Right the way across the waterfront for small business, there is a cost crunch. The question is what more you can do, in particular with Treasury on business rates and with Mr Miliband on energy costs, to create a competitive business environment in this country.

Peter Kyle: Let me run through a few things. The first one is a foundational one. The foundational factor that every business, large and small, needs, but particularly those on the high street, which need customers with cash in their pockets, is economic growth. That is why doubling down on overall economic growth for the country has been so incredibly important.

On some of the specifics, all pubs got 15% rates relief on top of the support already announced in the last Budget, and those bills have been frozen for two years. We are recognising some of the things that are needed.

Q186 Chair: Is it enough?

Peter Kyle: Hang on a sec. Let me get to the end of the thought exercise here that you have set me. It is a challenging one, and I want to rise to the challenge and be up front and honest about what more needs to be done. A third of those businesses in hospitality will have seen rates fall.²

When it comes to energy costs, we are trying to do to intervene assertively in parts of the economy where there is foundational input into the economy. The supercharger is there for high energy-intensive sectors. BICS has now been extended from 7,000 to 10,000-plus manufacturing businesses. These are the sorts of businesses that are getting growth into the economy and will have an impact in supply chains right the way down, deep into communities.

As for the small business plan, 80% of it is on track; 50% of it has already been delivered, and that is just in one year. You cannot say that we are resting on our laurels.

Q187 Chair: No, I am saying we have 38 small businesses going out of business every day. That is all I am saying.

Peter Kyle: When it comes to the number of pubs going under—one type of small business—we have slowed the pace, even though I am not

² The Department clarified that just under a quarter of businesses have seen their business rates go down rather than “a third of... businesses in hospitality”.



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saying that slowing the pace is where we need to get to, because we need to stop the pace in its tracks.

Q188 **Chair:** You must be frustrated that Government collectively have not yet done enough to ameliorate the cash crunch small business is facing.

Peter Kyle: There are other sectors that face specific challenges. I am frustrated that hospitality finds itself in a position where it faces specific challenges. Every day you turn on the news in the morning and hear about another sector, whether it be defence or universities and student fees, facing issues because of the inheritance that we had and the fact that we had 10 years with no growth in the economy and a lack of investment from private capital into the economy. There is a backlog and an enormous set of challenges right across the board.

We have been in government less than two years and already you see us laying the foundations for economic growth but also the kinds of interventions that we can make on the back of getting that growth. That is why we can do the supercharger and BICS. That is why we can do some of the schemes to relieve business rates for a third of hospitality businesses.

We are trying to intervene in a way that recognises a lot of different sectors. For example, in the last month we have done a package for chemicals. Chemicals is a very important foundational sector, which is important to resilience, but also very important to communities in parts of the country that we need to get investment into.

Secondly, there is ceramics. There has never been a support package for ceramics in our country, and I see the stress that that particular sector is under. It is very hard, when you look at a spreadsheet or the way that we normally make decisions on these things, to justify the kind of package I put together. When you put that together, as you have asked me to do in the challenge you set me, and link it to DWP, MHCLG and other parts of Government, you see that, if I did not step in, the impact it would have in other Government Departments would be intolerable. I am not going to allow to happen to communities such as Stoke-on-Trent what the previous Governments have done to parts of the north-east, the east midlands and other parts of the country.

Chair: Let us push on a couple of aspects of that, starting with business rates.

Q189 **Mr Reynolds:** Secretary of State, on page 31 of the Labour party manifesto in 2024 it promised that Labour will replace the business rate system. When are you planning on doing that?

Peter Kyle: As you know, that is an HMT decision. We have reformed them, lifted a third of hospitality companies out of business rates, and on top of that introduced 15% business rates relief.³ These are the first

³ The Department later clarified that around a quarter of businesses had their rates



steps. That is now frozen for two years into the future. This gives us the footprint to think about where we go next.

As I said, these are things that are led by the Chancellor. Let me tell you loud and clear: the voice of this sector is heard very sharply in these discussions. The Budget process is an opaque one, but it is one where my officials and I harness the views and get the facts about what is happening deep into the economy. We make sure that their voice is heard. In the future, as further reforms to business rates are undertaken, the voice of that particular sector will be heard loud and clear.

Q190 Mr Reynolds: I acknowledge that business rates do not fall directly under you, but it is businesses that pay them and that is directly in your area. The manifesto also said that the changes Labour would bring about to business rates would raise the same revenue but in a fairer way. When the FSB tells us that small businesses in retail, hospitality and leisure face an average 52% increase to their business rates bills, do you think that that is raising the same revenue but in a fairer way?

Amanda Brooks: Can I add some detail on the action that has been taken on business rates?

Q191 Chair: We have the details, don't worry. The key thing is that, if you have—these are the Government's statements—half saying there is no change and a quarter saying that bills are going down, that still means that a quarter are going up. I guess that Mr Reynolds is underlining the point that many of those businesses are on the high street.

Peter Kyle: I have not read the report from the IFS or seen how that has been calculated or how that ties in with where the Treasury figures are. I am very happy to review that report myself, look at it and see where it stands with the overall direction of travel with business rates.

Q192 Mr Reynolds: When you speak to small businesses in your constituency and others, do they tell you that they think business rates are getting easier for them and are going down, or are they telling you that their rates are going through the roof, which is what mine are doing?

Peter Kyle: I am going to answer that sharply in two ways. First, I have never spoken to any business that is happy with the taxation level that it has and would not like to see it going down. Secondly, as I said, I have a very thriving hospitality and nighttime economy in Hove, and one weekend I walked right the way down the high street and went into every one I could to see whether I could speak to the managers and hear what they wanted to say to me, and there are those who have experienced the reduction in rates.

I am not asking for thanks for it, because they have also seen bills go up. They have seen electricity bills going up. I am the first to acknowledge

reduced rather than having "lifted a third of hospitality companies out of business rates". They also clarified that the 15% business rates relief is for pubs and live music venues.



that, when we give rights to workers, which is the right thing to do, it also puts cost into the system in some way or another. I am not here to say that everything is great. We are trying to balance taking everyone forward in a community, including those people who work in these businesses as well as people who run them, and those—never forget—who found them, remembering what it takes to found and grow a business, whether it is a small community coffee shop or the company that will ultimately become our first trillion-dollar company.

Q193 Mr Reynolds: I do not think anyone would disagree that bringing everyone forward is a great aim to have, but balance that against the fact that hospitality has lost 100,000 jobs in the last 12 to 18 months or so, and the FSB is stating very clearly how, on the back of the rising business rates that they are facing and paying, you also have the energy bills, the spiralling employment costs and changes to statutory sick pay, all in a two-month period. British business is resilient, but it cannot deal with hammer blow after hammer blow constantly. When you are losing 100,000 jobs in hospitality, how are you taking the hospitality industry with you?

Peter Kyle: We are engaging as much as we possibly can. Yes, we have the small business plan, but we also have the SME team in my Department, who have been out on safari in towns right around the country, having sessions with small businesses deep into communities, so that my officials are as connected to the frontline of this sector as possible. Every month they are going out and doing these safaris—the last one they did was in Barnsley—so that they can hear exactly what businesses are saying. My officials and I are out there and being as connected as we possibly can.

We are doing a lot of different interventions, such as the high street incubator and Pride in Place. The late payment legislation, which the FSB is celebrating, will unlock £11 billion worth of pent-up capital into small businesses. These are the sorts of interventions that will make a real difference, not just to get cash where it needs to be, which is into businesses, but also to make sure that the process of doing business is more profitable and easier.

Q194 Chair: Do you accept that the reform to date does not yet quite meet the test of the manifesto, which was to “replace the business rates system”?

Peter Kyle: We are two years into a five-year Parliament and taking steps down that road, but we are not at the destination yet.

Q195 Antonia Bance: Sticking with business rates and moving to manufacturing, do you think it is fair that if a manufacturing business invests in net zero adaptations, it then sees its business rates bills go up? That is a major barrier to manufacturing businesses investing in transition technology.

Peter Kyle: These are things that are balanced by Government in the transition to zero, if you are manufacturing. For example, if you are an



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automotive manufacturer, we will have DRIVE35. We will have a £4 billion fund to help with that transition. There will be parts where, because of the increased profitability that will go with the transition, or the increased investment and output that we want to come with that, there will be other implications for tax. When it comes to the overall support that Government are offering on a range of different areas of manufacturing and engineering for the transition to net zero, Government are being a highly assertive partner.

Q196 Antonia Bance: Outside of what you have mentioned, so DRIVE35, and in the absence of the industrial energy transformation fund, what schemes are available to support the capital costs of transitioning to net zero in manufacturing?

Peter Kyle: These are very important ones. When it comes to automotive, we have DRIVE35, but also energy support. We have the supercharger and BICS.

Q197 Antonia Bance: What about the capital costs?

Peter Kyle: It is not just my Department. The main Department for climate change is obviously DESNZ, which will have a whole range of other interventions in different sectors. When it is specific climate investment into transition, most of those programmes are being led out of DESNZ. For my Department and when it comes to specific ones that I hold the responsibility for, those are the schemes that I have already outlined.

Chair: I am going to loop back on to energy costs in a minute, but I want to cover off high streets.

Q198 Dan Aldridge: Thank you for coming, Secretary of State. Six months have passed since the high street strategy was announced, and witnesses to this Committee have highlighted persistent barriers to regeneration, including fragmented ownership of vacant properties, poor public realm, limited community access to assets, and lack of local authority capacity to bring empty premises back into productive use. I have noticed that very clearly in my constituency of Weston-super-Mare, where capacity in the local authority just means that we take resource from somewhere else that is equally important. Can you give the Committee reassurance that we will see this high street strategy soon? Can you outline the timescale for it?

Peter Kyle: You will see it later this year. I am working very closely with MHCLG on it. There is a whole range of different areas. I accept that many of the issues that you are already raising in this session are cross-departmental. You mentioned crime, and I have been working very closely with the Home Office, or certainly giving voice to some of the needs of businesses. When we came in, shoplifting had basically been decriminalised. Getting a grip back on that is one of the first priorities that people were telling me they needed from the retail side, as well as all the other issues.



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The challenges being faced on the frontline of the economy and communities at the minute are multifaceted; the response from Government has to be similarly multifaceted. In all these areas we are working quite closely together on it. The Home Office accepts the need to get a grip on it for not just the safety of communities, which is primary, but also the economic wellbeing and prosperity of communities. I am working quite closely with MHCLG on the report that you refer to and it will be out later this year.

Q199 **Dan Aldridge:** It is encouraging to hear that there is that cross-departmental working. I would hope that we could see some of these good, excellent innovations that have already been trailed, such as the property holding vehicle and the high street innovation squad, pushed out earlier to support constituencies such as mine that are struggling. In the mission to get the best report possible, can we not gatekeep good stuff that will save some of our high streets sooner rather than later?

Peter Kyle: You raise a really important point. I can tell you that, in my experience of less than two years, but in two Departments, I have never held on to a policy that I thought would have a more tangible, singular impact on a community or on our country's economic wellbeing.

Q200 **Dan Aldridge:** Can I look forward to a high street innovation squad in Weston-super-Mare soon?

Peter Kyle: As you are being such a brilliant advocate for Weston-super-Mare, I will say that, if there are singular issues that you think are impacting the economy, economic wellbeing and security or the potential for growth in your area over which I could have any agency, while you batter me over the phone fairly often anyway, you should batter me some more over those singular issues. We have a range of different tools at our disposal. Most of the Committee have been in touch with me at one point or another over one issue or another. I think that you will find us being quite an entrepreneurial and reflexive Department.

Amanda Brooks: For example, we have really flexible tools, such as the growth mission fund, that enable us to look at very specific cases. The Secretary of State has already mentioned Pride in Place and the opportunity that that offers a number of different communities. I know it is a large number of communities, but I'm afraid that I do not know off the top of my head whether Weston-super-Mare is one.

Dan Aldridge: We have both of those and it has been fantastic. The issue for us is that, while the legislative tool is there around taking control back of high street stores that rogue landlords are not using, the problem is the resource within local authorities to be able to do anything about it. That is where the problem is. The policy is fine; it is the implementation. We are seeing that up and down the country.

Chair: That point is made.

Q201 **John Cooper:** Energy is the issue that comes up time and again. We



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travel the country on safari, as you put it, and it comes up constantly and is a huge problem. In my constituency of Dumfries, energy costs are something like four times what they would be in Dumfries in Virginia. I know that energy costs are not directly in your wheelhouse, but although BICS—the British industrial competitiveness scheme—has been expanded to 10,000 businesses, that is not nearly enough, is it?

Peter Kyle: No. We want our entire energy costs to come down.

Q202 **Chair:** How are we going to do that? You have accelerated the decoupling from gas. That is a good start, but still have policy costs that are rising as far as the eye can see on bills, rather than shifting it on to the taxpayer.

Peter Kyle: Do not forget that, earlier in this year, ahead of the Iran war situation, we had started to lower bills by up to £150 by shifting some of the burdens of regulatory and other costs.

Chair: We are still looking at a cost curve that is going through the roof.

Q203 **John Cooper:** That is domestic bills as well, is it not?

Peter Kyle: It is domestic bills. No, of course. Already we are drifting out of DBT-held policies here and into areas that are fully owned by DESNZ. We have to do everything we can do to lower the cost of energy for our country. We are uncompetitive. It is extraordinary that we have been able to incentivise the amount of inward investment into our country—£380 billion in the IS-8 sectors—given the previous uncompetitive nature of the country. We have done it by offering incentives where we can in a targeted way.

The Chancellor has been very clear that, in the absence of being able in just two years to completely transform the way that energy is generated, distributed and consumed in our country, we are not going to be able to lower the costs overall to the degree that is done in America and parts of Europe. In a targeted way for business in high energy-intensive areas, but also in manufacturing areas, where I believe there is high growth need and potential, we can get it down to almost the EU average, which makes us much more desirable for unlocking the investment into it. On the back of that investment, we as a country can then start investing into the transition.

Q204 **Chair:** Let me just crystallise this. The ambition is to get UK business electricity costs down to the EU average.

Peter Kyle: We already have in the BICS area.

Q205 **Chair:** That is for 10,000 businesses out of 2 million in this country.

Peter Kyle: Yes. I am not here to say that everything is perfect. We want to get energy costs down for every consumer and every business, and get them down in a sustainable and universal way that is secure into the future. We are having to do it from having come into government at a point at which the infrastructure for energy generation and distribution



simply was not conducive to doing it. We have to get through the transition to a low-carbon energy supply, so that we have domestic supply that is resilient and appropriate for the nation that we are. We are investing in nuclear, both large nuclear plants and small modular reactors. We are investing in offshore wind, onshore wind and solar farms.

Chair: The challenge for many businesses though is that that all sounds like “in the long run”. In the long run, they are all bust. They are not going to be able to survive the power costs that they face until those new systems come online.

Q206 **John Cooper:** That is the point here. This is all great. It is jam tomorrow, but the businesses are not going to be there. We are uncompetitive now and these businesses are going to the wall now. Domestic energy prices are a completely different ballgame. Energy use in industry is much higher, so these bills are enormous.

Peter Kyle: I am trying to phrase this right. You cannot change the fundamentals of our nation, which is a country of 73 million people,⁴ and all the businesses, the advanced manufacturing and the high energy-intensive sectors that we have, with their energy needs, in 18 months. I understand your frustration. Believe me, I share it.

We are doing this as rapidly as we can. In order to start, we must start targeting support as wisely as we can to support the businesses that we know will be under greatest stress, but also those that have the greatest growth potential. It is only through economic growth that we can muster the amount of sustainable investment to start doing the big ticket schemes that will ultimately get us to where we need to be in this sector.

Q207 **Chair:** How many ideas has DESNZ put to you about how to reduce business energy costs?

Peter Kyle: In fairness to DESNZ and the Secretary of State, we work closely together on these issues. There are some areas where, because of the nature of our respective briefs, we will have to resolve some differences, but very often we work in a highly collaborative way. The Secretary of State of DESNZ and DESNZ itself do not glory in the fact that we have high energy costs.

You can go right back. I have ringing in my ears that quote from Nick Clegg in 2010 or 2011, where he said that there was no point commissioning new nuclear reactors because they would not come on stream until 2024. This is the legacy that we are living with. Hinkley Point C will produce 7% of our energy needs. It is going to take 15 to 20 years to get these projects even close to the point at which you can start to provide the resilience and energy you need.

Q208 **Chair:** I realise that we are looking through a glass darkly when we come

⁴ The Secretary of State should have said 69 million people.



to the rest of this Parliament, but are there particular ideas that you will be pressing the new Prime Minister to pursue in order to bring down business energy costs faster? We are not going to fulfil his ambitions to re-industrialise the country unless we get this fixed.

Peter Kyle: I will answer the question this way. With the new Prime Minister, there are things that we can do that will be highly growth orientated and that will deliver the fairness across our economy that both he and I aspire to. Those are the sorts of conversations that I will be having. Ultimately, we live with finite resources and it is the decision of the Chancellor and the Prime Minister as to how they allocate those finite resources.

Q209 **Chair:** What is top of that list?

Peter Kyle: I am not going to go into those things. Tempting though you are, I will not negotiate with the Treasury or No. 10 in public.

Chair: We're here when you need us.

Peter Kyle: I appreciate it.

Q210 **Antonia Bance:** What should the other 260,000 manufacturing businesses that are not going to be supported through BICS do? There is no industrial energy transformation fund. As we have discussed, if they invest themselves and use the tax breaks and full expensing that is available in order to bring down their energy costs by putting solar panels on their building, they will be charged higher business rates and will not see a saving. What should those businesses do with high energy costs? When are you going to advocate for more businesses in manufacturing to be included in a scheme that takes the policy costs off their bills?

Peter Kyle: You have seen that we are having to target and prioritise. You will know, because of the conversations we have had and from the scrutiny that you provided our schemes, that we are targeting the sectors that have the highest growth potential, but also those that have a highest usage of energy as part of their overall costs of doing business. Not every one of those businesses that you just gave the number for—280,000⁵—odd—will have energy as a predominant or high part of doing business in the first place and creating the products that they sell. We are focusing on those that have a very high percentage of costs that relate to energy, and they vary from business to business.

I say this as somebody who has spent quite a lot of time already today showing understanding and empathy with the challenges that manufacturing has with the cost of business in this country, but not all of them, and I do not accept that all of them, will be facing financial distress. Energy is not the highest cost of doing business or even close to it. We are trying to figure out where to get support to where it is needed until we can lower the overall cost of energy in this country, which we need to do.

⁵ The Secretary of State should have said 260,000.



Q211 Antonia Bance: Some of the boundaries for the schemes that you have in place do not make sense. For example, if you are a foundry in my constituency and you melt steel to produce products, you will be helped by BICS. If you melt aluminium, you will not. Aluminium is a metal that, as part of our transition, we expect to use to make lightweight engine components for the future of our automotive business, but they are not being helped. I accept your point that some manufacturing businesses will not have high energy costs, but the vast majority do. They do not understand where the boundaries have been drawn, why some are in and some are not, and why the scheme is so small.

Chair: As we go through this, you have to be in the right sector. You then have to pass an electricity intensity test. You then have to have products in the eligible HS code. Then you have to pass a site-level test as well. You will understand how most manufacturers cannot make head or tail of this.

Peter Kyle: That is why we consulted so extensively on this. We have undertaken a hugely detailed consultation with business. When I came into this job 10 or 11 months ago, in the first few days I was announcing the consultation for BICS and encouraging businesses to take part. That consultation has been highly extensive. In the coming months, we are going to legislate for BICS and make sure that the roll-out is completed in a way that is as co-operative and co-designed with business as possible. We have socialised with business the challenge that we are facing.

We have finite resources that I can spend on a project such as BICS. When I have looked at the priorities that they have told me they have and the challenges that they have in year, you will notice that just a couple of months back I announced that those qualifying businesses for BICS will qualify for a one-off payment at the start of the scheme, which will compensate them for the costs that they would have had, had BICS been running for this year as well. This has come out of the consultation that we have had with businesses to try to tackle it. They understand the finite nature of what we are trying to do and the need to focus. We have tried to engage as much as we possibly can to get it right, while saying that we cannot help every single business.

Amanda Brooks: We anticipate finalising the design of BICS imminently. At that point, there will be further guidance published for businesses to help them work out how to access and where their eligibility is, so to understand those boundaries that you are describing more clearly. To do that, we need to be able to finalise the design, which, as the Secretary of State has just said, we are in the midst of doing, given all the consultation that has been under way.

Q212 Antonia Bance: Will you find an answer for us on aluminium?

Amanda Brooks: I heard that. I noted that.

Q213 Charlie Maynard: Secretary of State, we recognise and accept that this is cross-departmental. We also acknowledge what you have done on



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renewable obligations, in terms of moving some of that off. We also all hear that businesses are drowning under this electricity cost. What about going further and moving more of those levies off, working with DESNZ and the Treasury to do that? It seems like we are slightly moving deck chairs around the Titanic at the moment. You have the levers of power to do this. How serious are the Government about making that step?

Chair: You might tell us that this is a decision for the new Prime Minister.

Peter Kyle: No, I am trying my absolute best not to deflect on any of these and to be really honest about what it is like doing my job. Of course, if I could lower energy costs for every manufacturing business, I would do it in a heartbeat.

Q214 **Charlie Maynard:** Would you do it that way?

Peter Kyle: I do not have permission to think about what it would look like if I was to lower energy costs for everyone, because I am dealing with finite resources. That is the world that all of us are living in at this moment in time.

I can tell you that I have never had a meeting with Cabinet colleagues who do not accept and share the anxiety and the urgency that we feel about lowering costs in as meaningful a way as possible. As I go forward in these conversations with all of the Cabinet colleagues, including the Prime Minister, the Chancellor and whoever of us is in these jobs three weeks from now, that urgency to do so will have a very powerful voice. I will always go as far as I possibly can.

Q215 **Charlie Maynard:** Turning it around, do you believe that, if we were to move more of those levies over to general taxation, that is better for our economy and our country?

Peter Kyle: Those are decisions the Chancellor must make. You need to acknowledge the subsequent challenges that are posed from doing so. I am going to advocate for lowering costs in any way that I possibly can, but there is always a quid pro quo in these sorts of trade-offs, and someone will always be paying, unless we get a growing economy. Additional growth of 0.5% in our economy means £50 billion raised without any other changes of any kind of mechanism at all in terms of taxation in the Treasury.⁶ Everything comes back to that for me.

Until we get there, we are talking about taking something to give something or borrowing more, which will drive the cost of borrowing up and therefore we all pay more. We have to accept that that is the world that we are living in.

⁶ The Department later clarified that growth of 0.5% would mean a £15 billion increase in GDP, and more money raised for the Exchequer, not "£50 billion raised...".



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Amanda Brooks: To be clear, the BICS funding model is the one that you have just described. It is savings in the energy system plus Exchequer funding.

Charlie Maynard: For the 10,000 you are talking about.

Q216 **Mr Reynolds:** Secretary of State, in 2023-24, the Government spent about £341 billion on procurement. That is about the same amount as the GDP of Hong Kong. On page 36 of the Labour party manifesto, it says that, for SMEs, you will reform procurement rules to give them greater access to government contracts. How is that going?

Peter Kyle: It is going well. I love the fact that you have read the manifesto so well.

Mr Reynolds: I have it in front of me.

Peter Kyle: You never leave home without it?

Chair: It is required reading on this Committee.

Antonia Bance: It is required reading in Maidenhead.

Peter Kyle: We have made progress. In both of the jobs I have had—in DSIT and in this job—this has become a priority for me. We are spending more and more money centrally on procurement. You have given the figures. We must make sure that we, in an appropriate way, spend as much as we can of it in Britain, but also break open and get away from this vice-like grip that the culture of procurement has on the companies that have the resources to bid for these contracts and have a very long-standing relationship with Government already. If we are going to use procurement as a tool for growth in the country and harness the very best of British innovation, we must unlock pathways into procurement for businesses that do not have a current track record and are scaling, so therefore will not have the balance sheet going back three, four or five years that would reassure some, and find a way to get them into it.

I have lots of ideas on this sort of thing. If I speak in very high terms—and this is not speaking in terms of what policy will be delivered—you can take the investment the British Business Bank is making in equity stakes in scale-up companies, so Kraken, Wayve, Oxford Quantum Circuits and these sorts of companies. Imagine the due diligence that goes into that kind of transaction. Imagine the confidence of the independent investment body of the British Business Bank, plus the British Business Bank, plus the criteria that I have signed off as Secretary of State that leads to that kind of investment.

I do not see why that should not also be some kind of fast-track route into procurement systems. If we are going to support a company such as Wayve, which has gone from 300 to 1,500 staff in five years, is now valued at £11 billion and was started and founded six or seven years ago here by Alex Kendall, why would we not weigh in behind it with the power



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of procurement and allow it to help solve some of the challenges that we face as a Government? I cannot answer that question, and I am pushing very hard.

We have the Procurement Act and we have undertaken a series of reforms. The Government Department that holds this project is the Cabinet Office, so it is not entirely mine. When it comes to big opportunities, such as the defence investment plan and the reforms that the Cabinet Office, the Department of Health and Social Care and other high-spending departments are undertaking, I can assure you that the voice of business, but also those disruptive businesses that are struggling, is there at the top table.

Q217 **Mr Reynolds:** You are right when you say that the Cabinet Office leads on this. The chief commercial officer for the Government sits within the Cabinet Office. Do you know what your Department's targets are for SME procurement? What percentage is it?

Amanda Brooks: I do not off the top of my head. I know that the overall target for SME spend by Government is £7.4 billion and that every Department needs to have a plan towards that. We will be working through our plan, including looking at whether the lot size is right, to ensure that small businesses are better able to access that. I am afraid that I do not have the info in front of me.

Q218 **Mr Reynolds:** The last figure that I have for your Department in 2024-25 was 18%. The data that I have shows that that was not met and that your Department is still not hitting its own target for the amount of SME procurement. Those targets range throughout Government, with your old Department having a 40% target and, according to the latest data I have, only achieving 12%, and your Department falling significantly behind. If you are championing this and pushing it, why is your Department not meeting the target that your own Department set?

Peter Kyle: All I can assure you is that we are pushing as fast as we can.

Q219 **Mr Reynolds:** I am glad that you are pushing as fast as you can. Why are you not hitting your own targets?

Peter Kyle: Procurements have cycles, so a lot of the procurement contracts that we will have as a Department would have been procured by the previous Government. These contracts are three to five years, very often.

Q220 **Mr Reynolds:** You set yourself a target that was impossible to hit. Is that what you are saying?

Peter Kyle: No, we will hit it.

Q221 **Mr Reynolds:** When?



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Peter Kyle: I am saying that these are the sorts of things you cannot hit overnight, if you are talking about the renewing of existing contracts. I will tell you also that we are using the powers that have come in with the Procurement Act to the maximum. These are things that Amanda, my teams and I have spoken about in some detail. Some of the challenges we face are not about the powers that we now have, but the culture of procurement itself. These are things that we as a Department have to live up to.

Do I feel uncomfortable when I hear those stats? Of course I do. I want us to be an outlier in a positive way on these things. When I commission work for my Department on areas like this, sometimes they come back and I will say, "I am sorry; that is just not good enough. I do not accept the reason. We need to double down on it". There are other areas where the reasons are quite understandable.

Q222 **Chair:** You are £16.5 million off target right now. What is a reasonable timeframe for closing that gap?

Peter Kyle: It was a manifesto commitment, so in this Parliament.

Q223 **Chair:** It is supposed to be a three-year target, not a five-year target.

Peter Kyle: All I can say is that I have come into office and these are conversations that I am leading on quite assertively.

Q224 **Chair:** When you sit down with DESNZ, are you going to talk to it about its targets? It is 23% off target. Given its target is £196 million, that could make quite a lot of difference to quite a lot of firms if it pulled its socks up and hit that target.

Peter Kyle: This goes right across Government and it is an historic challenge that we are rising to. The reason why I am pushing so hard at the minute is that we have a huge opportunity because of the nature of dual-use technology that is coming through and the nature of innovation that is being scaled in our country right now, whether it is drones, space technology, which is being pioneered up there in the Glasgow cluster, quantum or the resurgence that we are seeing in manufacturing in this country. I have been speaking about re-industrialisation since getting into this job and I am determined to do so, starting with autos and advanced manufacturing.

It poses lots of opportunities for the Government to procure in a different way. It is hard for Government to do these things because of the risk tolerance that people will understandably have when spending public money. We have to crack it, because there are two risks. There is a risk that we play safe with procurement and do bog standard services, but there is also the risk that we miss out on the best of British innovation and the best opportunity we have for a Government who are putting the public's money where our mouths are when it comes to backing British businesses. The second is the highest risk, and that is the risk that I will not take.



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Q225 Mr Reynolds: You said that these things do not happen overnight, which I think we all accept. The reality is that the Government have been in power for two years now, rather than overnight, and people would like to see more movement on this. We have already commented that your Department is 5% behind its target. UK Export Finance is 10% behind its target. There is only one Government Department that has achieved and surpassed its target, which is the Department for Education. If Bridget Phillipson can do that, why can you or any other Government Department not?

Peter Kyle: I cannot answer that question for the obvious reason that I am not sure what the nature of Department for Education's procurement is, what the difference is with the services and the products that it procures, the scale that it procures and how devolved the decisions are.

Q226 Mr Reynolds: Total SME spending in the Department for Education was £231 million. It looks as if your Department's target is £43 million.

Peter Kyle: I do not know the nature of the procurement. I will be speaking to Bridget to see whether it was a strategic plan and management that led to that, and I will be learning from it. I want to get there.

Q227 Dan Aldridge: The UK has proposed late payment legislation. As it stands, it is the most progressive and stringent in the G7, so something to be really positive about for our small businesses. I am aware that late payments worsened again in May, so it underlines the need to protect our small businesses. I am keen to get reassurance from you that you will not allow legislation to be watered down and would encourage all big businesses to do the right thing, not wait for legislation, and end this practice of what the company Xero has labelled unapproved debt. Some reassurance from you about that would be really helpful.

Peter Kyle: I can give reassurance on that. When I launched the late payments legislation, in front of whooping small businesses that have been calling for this for so long, I reassured them that it will be implemented as rapidly as possible and that there will be no watering down, but also that nothing should be stopping businesses now. I also caveated, in the same speech, that the majority of large businesses take their supply chains incredibly seriously. They are proud of the relationship that they have with them and their supply chains, and they pay on time. For those who do not, the clock is ticking.

It is very easy to get a scheme that looks good on paper and you can justify to Parliament, but what you and I want is one that is assertive and has teeth. The thing about the late payments commissioner is that she can launch investigations, judge, enforce and make fines, and they are really considerable fines. She can do all those things, whereas some of the things that I have looked at as other models are things where recommendations are made, investigations take forever and it ends up going to court in order to be resolved. We have dealt with all that. I will



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be looking really clearly and closely at how far and fast she uses the powers she has. If we can get out of the traps in a robust way, the culture change it would drive I think would be really quite profound.

Q228 Chair: We are going to turn to industrial strategy now because time is moving on. Why was the Industrial Strategy Council not put on a statutory basis? When we talked to Clare Barclay, she said that that was one of the big reasons that she signed up for the gig. I think in the manifesto we expressed an ambition to ensure that this was an important part of our statecraft, and yet there is still no legislation for it in the King's Speech. Why is that?

Peter Kyle: I have not been able to find a legislative vehicle for it yet, but I will do as soon as I can.

Q229 Charlie Maynard: Talking about British Steel, as I understand it, and correct me if I am wrong, working capital from April last year to May this year is £484 million in. I think that that is going to increase this year. As per the supplementary estimates that are coming out next February, I think that it is going to increase again there as well. We do not know how much compensation is going to need to be paid to Jingye. That is another unknown cost. Operationally, the company missed its steel production levels every week between April 2025 and January 2026, and this is a particular problem for steel fabricators.

We have a lot of money going into this business from the state—maybe £1.5 billion over three years, maybe more. Yet the operations are sub-par. You have just put tariffs in place that makes it even harder for the fabricators. Where are you looking to take this company in terms of ownership, investment, workforce and profitability?

Peter Kyle: Your amazing question illustrates just how knotty and complicated steel is in this country. You can imagine how much of my time, and thought time and weekend time, is spent trying to find a way through all of these because of the interactions of the different forces.

To answer the question very directly, the steel Bill is going through. It is now in Committee in the House of Lords. I am expecting it to go through imminently. If the public interest test is met, it is likely that I will use that to bring British Steel into public ownership. At that point it is imperative that we invest and stabilise that company. That is my priority. I want to make sure that, from there on, I get the people in place who can take that company forward.

Q230 Charlie Maynard: How does this company compete in its environment to serve the UK market well while not being a drain on the taxpayer and becoming fully funded? Are you looking to hold it forever or to sell it?

Peter Kyle: It is my belief that British Steel can and will become a sustainable operation. As I said, the key to that is getting the right people in place and getting us to that point. We still have a few steps to go before doing that.



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It is my view, and the view of my Department, that those conditions can be created for British Steel. When you see the steel strategy that I launched earlier this year, you will see that I am investing in the sector up to £2.5 billion. I am modernising the sector by making funding available for the transition to electric arc, but also protecting the sector by use of measures where appropriate. These are very complicated forces. If I did not believe that it was possible to save British Steel and put it on to a secure footing, things would have been different.

Q231 Charlie Maynard: Is that a secure footing behind large tariff barriers, or are you confident that in three years it is going to be back in an open-market environment and making money? How long do you think it needs to be back in an open-market environment, not behind tariff barriers and making money? What is your take on ownership?

Peter Kyle: I did not use tariffs or nationalisation as a first resort. These are things I am doing because we now, as a country, need to have resilience of supply of foundational materials into our supply chain, steel being critical for defence and lots of other parts of our economy. I did so because of oversupply from certain parts of the world that would have made all of our primary production in our country unsustainable. I did it because I firmly believe that these companies, because of our strategy and the steps that I have taken, will have a profitable, sustainable future.

Q232 Charlie Maynard: Is that with or without tariffs?

Peter Kyle: Tariffs will be there for as long as they are needed, but we are working very carefully with our global partners on the global forces that are necessitating tariffs and more measures in the first place. The EU is a very similar landscape for steel and overall economy as the UK, and America similarly, and all are taking similar steps. There is a lot that we can do with our global partners to create the circumstances where we can mitigate oversupply from wherever it may originate, but also get to a point where we can start to deal with the tariffs.

I did not want to bring in the tariffs in the first place. You will notice that I did not even make a statement on tariffs until three months after the EU had done so. America had already gone there in the first place. I was getting criticised for not doing so, because I was trying everything as an alternative to bringing them in, because I know how disruptive they are. Tariffs are a lose-lose and I want to get out from under the feet of tariffs as soon as I can, but I will only do so when the circumstances arise.

When it comes to ownership, as I said, it is my belief that we will lead to a sustainable organisation because of the measures and the strategy that I have implemented. In that case, I am not keeping British Steel in public ownership for ideological reasons. That company will have the future that is best fit for its organisation and the community that depends on it.

Amanda Brooks: To be clear, global overcapacity on supply is still increasing. By the end of 2027, we are expecting the supply of steel to



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outstrip demand by about 30%. That is a very challenging operating place for any steel business in the UK, or indeed the European Union, Canada, the US or other places that have used these kinds of steel measures. However, as the Secretary of State has said, as part of the steel trade measures approach that has been taken, they will be reviewed every 12 months to enable us to make changes to reflect the market situations that we see.

John Cooper: You told us there that steel is critical for defence. There was much talk when British Steel was effectively nationalised about defence and that sovereign capability. The reality is that we simply do not make the right steels. The Business and Trade Committee went aboard HMS Cardiff in dock on the Clyde. We were told by BAE Systems that British firms simply had not bid for the steel for those ships. The steel that is required for that, and in aviation and other areas critical to the defence of the realm, as you say, we are now applying tariffs on. This sounds less like a shot in the arm than a shot in the head for defence.

Peter Kyle: I am not applying tariffs unless it is to protect materials that are made in the UK. Some 78%⁷ of the steel that comes into the UK will still be outside the tariff regime.

Amanda Brooks: Yes, by value.

Peter Kyle: You can see that it is as highly targeted as it can be.

When it comes to steel, of course, we have gone through a period of disinvestment in defence and now we are going into a period of high-intensity investment in defence. These are foundational industries that evolve over decades in order to build the relationships and produce the materials that are required. They cannot just turn on in a heartbeat all these different steel products in the way that is needed.

When it comes to our infrastructure, 80% of Network Rail's requirements are already provided by British Steel. Going back to the procurement side, I have used all of the agency that I have to align the assets that we are involved in. Take the Agratas gigafactory in Somerset. We have put £240 million⁸ of support into that project. It is using 240 tonnes⁹ of British-made steel in its production. We are using all the assets, influence and agency that we have to ensure that British steel production benefits wherever we can. I hope that over time the sector will continue to expand.

Q233 **Chair:** I just want to make sure that we nail Mr Cooper's point because it is so important. We have just said this week that we are going to spend about £298 billion on the defence investment plan. It is not enough, in my view, but it is a large number. That number is on the table; the kit

⁷ The Department later clarified that this figure should be 74% (by value), not 78%.

⁸ The Secretary of State should have said £380 million of support.

⁹ The Secretary of State should have said 23,000 tonnes of British made steel.



that we need to procure is on the table. Who sits down to translate this into a pipeline of orders for British Steel? Where and how does that happen in government?

Peter Kyle: My Department is working as closely as we possibly can on the DIP. The DIP is still, in places, quite high-level. We are making sure we go down into the detail. We will align assets that benefit British businesses as much as we can. It has been my steadfast determination—I have been involved in some of the conversations, but not all of them, over DIP—that it is used to benefit British businesses as much as possible in a responsible and value-for-money way. That includes steel, wherever possible.

Where there is an opportunity, where we have certainty in defence procurement into the future, the steel sector can start to adapt to it. When you have a set of assets that are able, because they have security and sustainability, to think long-term, they can make those decisions. Do not forget that Speciality Steel was, to a large extent, supplying into the defence sector already. We have a lot of investment in defence when it comes to steel and a lot of critical supplies, but there is a big opportunity for the steel sector, clearly.

Q234 **Antonia Bance:** Staying on steel tariffs, downstream steel fabricators face a double hit from the new steel trade measures: they face higher costs for imported steel inputs while fabricated steel products can still be imported without any tariffs. What assessment have you made of the risk that this will accelerate the offshoring of fabrication work and threaten the UK's downstream industry? Why was there no exemption for fabricators like the one that Canada had when it introduced similar tariffs?

Peter Kyle: As I said before, I worked really hard to avoid the need to do this in the first place, but I came to the conclusion that we would lose all primary production of steel if I did not act in the way that I did. In a methodical way, I and the teams set about creating a regime that would protect British steel production as much as possible while also allowing the free flow of steel into the country where it is not in need of protection.

When we released our first set of quotas and the details of those, there was a lot of representation. In response to that, the exemptions rose by a third¹⁰ before we got to the point of announcing the final set of measures last week. We have really listened and strained to adapt as much as possible to mitigate the impacts.

You wrote to me about a number of companies because I understand that the community, which you represent with such voice and energy, if I might say, is based in your patch. Every one of the companies that you

¹⁰ The Department later clarified that exemptions rose by 21%, not a third.



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came to me with ended up having its quota adapted and increased as a result or certainly over time. That shows that we did listen.

Going forward, we are going to have regular periods where we will assess the impact of this on the sector and the various industries. Because it is such a diverse sector, we will assess it and we will stay in close touch with as many primary users and fabricators as possible. We will adapt, if needed and in a proportional way, providing that it always protects British production.

Chair: This is going to be a longer debate, which we are going to stay on top of, but thank you very much for those reassurances. Just before we leave industrial strategy, we want to pick up automotive.

Q235 **Justin Madders:** Good afternoon, Secretary of State. As you know, lots of countries around the world have pulled back on their ZEV mandates. They have realised that the market is not where it was envisaged. The Chancellor said a few weeks ago that a review was going to come forward. Are you able to tell us when that review will start?

Peter Kyle: I am not able to talk about processes that may or may not be under way within Government at the moment. You will understand that collective responsibility requires me to keep my mouth shut until something is out the door.

What I can tell you is that, as you know, I have undertaken an extensive period of listening to the sector and recognising the challenges that have been put to me. I hope that I can come back very soon and talk to your Committee with more certainty about some of the things that may or may not be out there in the ether.

If you will allow me to take a step back and talk in slightly more broad terms, not specifically relating to ZEV, but where I personally—

Justin Madders: Can we just stay on the ZEV for a minute? We have to ask the questions.

Peter Kyle: I know. I was trying to—

Q236 **Justin Madders:** You can add in your bit in a minute, but you will know from talking to industry just how important a swift decision on this is. There will be investment decisions that will be waiting for a signal from Government. Are you able to give us an indication of a timescale when you will be able to say something more concrete?

Chair: Let me put it like this. AstraZeneca told us that, because of the slowdown in decision making when the Government came into office, it missed an investment cycle, which led to the cancellation of the factory up in Speke. We do not want that happening to the automotive industry. If the consultation is not out the door next week, there is a real risk that the delay that will accompany a new Prime Minister coming in imperils manufacturing facilities in our country. The pointed way that Mr Madders



is putting his question is absolutely right.

Peter Kyle: I agree. If you speak to your local manufacturer, I would be surprised if they felt that the engagement that they had had with me personally had not been constructive and was not landing on fertile ground when it came to the issues that they have been raising with me.

I hope that I can come back very soon. If I can complete my point from before, you will understand why I am phrasing my answer in the way that I am. I cannot speak directly to what process may or may not be unfolding on ZEV other than the fact that I hope there will be more we can say publicly very, very soon.

I can talk about my approach to issues such as the transition toward net zero and the targets in place that impact industry and business. I am a 10 out of 10 when it comes to getting to the destination of these targets: the 2030 targets, the 2035 targets, the 2040 targets, in some cases, and the 2050 targets. We must get there, but we will get there only if we are highly creative, adaptive and flexible along the journey. That means with targets, with investment and in the nature of the partnership, but it also means listening to the voices of consumers. These targets, on behalf of consumers, on behalf of our country, are having a profound impact on consumers. Therefore, we need to be cognisant of where consumers are.

When it comes to these sorts of issues, that is the approach that I am taking. We are more likely in general terms to meet these targets if we are highly flexible and creative about how we achieve them and the journey that we take towards them.

Q237 **Justin Madders:** I am a big fan of saying that you have to take people with you, and I think that is your way of saying, "We need to be flexible." You have got the message from the Committee. This is so important. We need a real signal publicly as soon as possible.

Could I just ask one very specific question about the way it operates? There needs to be more flexibility there. We have heard evidence that UK manufacturers are effectively paying millions of pounds in credits to Chinese manufacturers, which are probably not doing things in as carbon neutral a way as UK manufacturers. If you went to someone in the street and said, "Did you realise that that is one of the unintended or perhaps intended consequences of this process?" would you say, "I agree with you that that is not what we should be aiming for, and that needs to be looked at as well," or would you say, "That is the way the system works and we are going to keep that?"

Peter Kyle: I have heard that kind of story as well. Total credit to our automotive sector because it has shared with me, in confidence, raw commercial data so I can make my own judgment about these issues. That is the degree to which I have been throwing myself into this issue.

Chair: We are going to take away "very, very soon" and "creative". Those are the two phrases that we are going to try to decode. We are



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going to turn to the Employment Rights Act.

Q238 Antonia Bance: Secretary of State, when you last appeared before this Committee, you would not give us a date for the manifesto commitment to the review of single worker status, but said explicitly, "We will get to it." Can you tell us now when we should expect a review of single worker status?

Peter Kyle: We are getting closer to it, but it is still at the stage where I am considering how best to approach it and how best to get to it. You will know, and Mr Madders will know better than anyone, just how much bandwidth this agenda, quite correctly, is taking in my Department because we still have a whole series of consultations that have just closed, which are still outstanding and yet to be implemented. We have an enormous amount of secondary legislation to get through in order to get to what we have underneath. There are a couple of areas where there is still a wide variance of views between different sectors, Government, business and unions that we need to close.

I need to get these done. Issues such as single worker status really need a lot of my bandwidth to get right. Right now, I am allocating that bandwidth to get these really tricky things there. If we do not, some of that stuff will start slipping. I really will not tolerate that stuff slipping because that will start taking us into timescales that none of us wants.

Q239 Antonia Bance: You will have heard the evidence given to this Committee by the beauty associations, the hairdressers, which are predicting the end of an employed model in hairdressing. They are absolutely clear that there is a massive competitive disadvantage if you employ hairdressers and hairdressing apprentices as opposed to allocating each chair to a supposedly self-employed hairdresser. It is interesting that many of the business associations that are most impacted by this rise in bogus self-employment are very keen, alongside trade unions, as you would expect, for the Government to move in this area. I hope very much that we will hear soon that this is becoming a priority for Government.

Peter Kyle: I hear you. After you took the evidence before, I went into a hairdressers in Hove to try to get their view on it from a local perspective. I hear you.

Chair: I am sure that they gave it to you with both barrels.

Q240 Justin Madders: Just following up on that, you said, "We are getting closer." I just want to compare and contrast a couple of statements that we have had from the Minister on this. In departmental questions in January, she said, "We will publish our consultation as soon as possible."

Peter Kyle: This is the consultation on single status.

Justin Madders: Yes. We are six months down the line. There is some latitude in that "as soon as possible". In response to our report on the



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small business strategy, the Government said, "The Government are committed to a targeted consultation on worker status." Can you explain to the Committee what that means? Is that a specific aspect of it? Is it a more limited consultation?

Peter Kyle: I would not read too much into that. We are thinking about what the consultation looks like. You will see that we have been getting CWU and Daniel Křetínský together and have sat down with them multiple times over a period of months to get them through that tricky period. That has now been balloted and accepted. They have made real progress. I have spoken very favourably about my Department because it is amazing, but there was quite some nervousness about the Secretary of State getting involved in that kind of business in such a granular way. I do not avoid getting in there. If there are going to be tricky and, in places, even contentious issues, the way to get through them is to get as many people and voices heard as possible. That is my instinct.

Justin Madders: You have the Committee's wisdom at your disposal.

Peter Kyle: Thank you. I appreciate it.

Q241 **Justin Madders:** I want to ask you a couple of questions about zero hours and the consultation, but I also want to ask about the growth duty Bill that is coming forward.

Peter Kyle: You mean the regulations.

Justin Madders: Yes. Section 2(1) of the Health and Safety at Work etc Act says, "It shall be the duty of every employer to ensure, so far as is reasonably practicable, the health, safety and welfare at work of all his employees." Does this Bill supersede that in any way? Are you expecting any qualifications to that pretty important and clear right?

Peter Kyle: No. No, Justin. These are things that we have spoken about before. My drive on modernising regulation is to have regulations that are fit for the moment that we are living in. When we go into this, whether it is in the workplace or in construction, we have to recognise that the way that people interact with the workplace has fundamentally changed.

I will give you a brief outline because it is so fresh in my mind. I did a visit yesterday to a company that is building autonomous ships. It is doing incredible work on security, on marine biology and scientific endeavour, and industrial work on wind farms and all this stuff. These ships are 36 meters long. When I was at the company, I went into a ship that had been built that did not need any people to operate it. It has a washing machine and a tumble dryer on it because the regulations on ships of certain sizes say that they must have them because the people who work on them must be able to clean their clothes. That is just an outlier example of how absurd it is.

That is the kind of modernisation that I am looking at. The idea that I would do something that would diminish the onus on businesses or



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people running workplaces to keep people safe and healthy in an ever-changing world is something that I do not recognise, but there is so much that we can liberate workers from in terms of dealing with the kind of stuff that I have just mentioned.

Q242 Justin Madders: You have been very clear on that. One of the rationales for the growth Bill is to reduce unnecessary risk aversion. Can you give some examples of how that would operate in the world of health and safety at work?

Peter Kyle: As I have said, it is not about being risk-averse with people's individual safety in the workplace. Let me give you an example. Take Wayve, the autonomous vehicle company. It is a British company. It is world-leading. It went from zero to creating just under 2,000 jobs in a few short years. It is now valued at £11 billion. It could easily go abroad, but we need to keep it here.

What it really wants is to test its products on the streets of London. Other companies are coming in and finding ways, because of the sheer volume of money that they have, to get various things on the streets. We passed a statutory instrument to allow it to pilot on the streets of London. The fantastic Mayor of London signed off on it. TfL signed off on it but did not implement it. The further you go down an organisation, the more the person who is signing off on this stuff feels the risk of allowing autonomous vehicles on the streets of London, despite the many safety checks that go into it. It started to grind to a halt. We were on the cusp of losing billions and billions of pounds of investment and the creation of fantastic jobs going elsewhere because we could not get it through.

When I talk about risk aversion in regulation, the regulations allow people to do things, but we have a culture that really means that people implement it in an incredibly cautious way. It took my Department to be the risk backstop on that one issue, and we cannot do that in every area.

Chair: We just need to cover off some of the zero-hours contracts bits. We must not let you get away without covering that.

Peter Kyle: I will continue this another time.

Chair: No, that is very helpful context. I am grateful for that.

Amanda Brooks: At the moment, we are running a deep dive looking at health and safety regulations specifically to try to understand the kind of situations that the Secretary of State has just described, where things just are not fit for purpose any more, rather than creating risk for people.

Q243 Justin Madders: Certainly, it is helpful for this Committee to understand how much of this is folklore and how much of it is having a direct impact on investment decisions.

On zero-hours contracts, we had some very useful evidence last week from a number of witnesses. You have in the consultation at the moment



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an indication that a 12-week reference period for calculating guaranteed hours is the Government's preferred position. Certainly, my take on the evidence from the employers' association reps we heard from last week was that their argument that seasonal work will be impacted by this is easily remedied by employing people on fixed-term contracts for the duration of the work. Is that an analysis that you would share?

Peter Kyle: It is certainly an analysis that I am welcoming in the consultation. I am sure you will have directed them to make sure their voice is heard through the consultation because it closes on 25 August. There is plenty of time to get into that consultation. The government position is clear, but the consultation is there. You will know that it was quite a long process getting that consultation delivered and out the door because we want to be honest with people about where our direction of travel is, but we also want to have enough scope that it is a meaningful consultation.

Of course, different bits of Government have different views because of different stakeholders and different pressures. We need to make sure that this consultation can anchor us all in the experiences and the views of the real experts on the frontline.

Q244 **Justin Madders:** Can I just probe you a little on the thresholds for qualification under these rules? Again, in the consultation, the Government have indicated somewhere between eight and 20 hours as the preferred option. What is the reason for that band?

Peter Kyle: The reason was lots of government analysis, lots of business analysis and listening to the unions, which were taking a different position. The variance in the analysis was very broad. It was just very broad. This is one of these areas, which I spoke about earlier, where I and Minister Dearden are dedicating an astonishing amount of time, because I know that I need to get this right in the moment that we are in.

Because of the variance in views on this issue and one or two others, by definition, people are not going to be happy with the results. There are going to be a lot of people on both sides who are not happy with it. This is not one and done. We are aiming to be in government for a while. We are looking at how we can learn because these are strident changes to the labour market. We need to get this right, but we also need to realise that, with the nature of the economy moving forward in the way that it is, the shifts in societal change and the shifts in climate change, we are going to have to keep up with employment law in a way that has simply never been the case in the past. We cannot just do it once every 30 years any more.

Justin Madders: Again, the Committee's wisdom will be available for you, should you require it.

Peter Kyle: You are so generous with your wisdom.



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Q245 **Justin Madders:** Do you have any idea how many workers would benefit if you were to set the threshold at eight hours a week? If you set it at 20 hours, how many people would benefit from it?

Peter Kyle: There has been analysis. We need to wait until we get the consultation and we can have this debate then.

Q246 **Justin Madders:** I just have one further point, which was made by Joanne Thomas of USDAW, which is a really important point. She was basically saying—there was a little bit of agreement from the employers' reps on this as well—that wherever you set the threshold you risk the unintended consequence of people who are just under it not being given additional hours and those who are above it being given all the additional hours. Is that something that you are aware of?

Peter Kyle: Unintended consequences are something that I have been extremely mindful of from the outset, every step of the way. I am worried about coalescing around targets, as happens in lots of other circumstances when you have targets. I am concerned about these aspects of it, which is why we need to get it right.

Chair: I am going to turn us to the trade bit of your portfolio now. We are going to start with online trade.

Q247 **Mr Reynolds:** Secretary of State, last month, this Committee demonstrated that products that had been recalled by the Office for Product Safety and Standards were still available to buy on online marketplaces. Knowing that the PRAM consultation has just closed, what legal duties does your Department plan to put on online marketplaces to ensure that they are not selling illegal products?

Peter Kyle: Yes, it has just closed. We are in the process of analysing and seeing whether we need to take action on any legislative or non-legislative remedies. This is also something that I was aware of in my previous role at DSIT, given the technology and online sides of it. In that role, we acted on weaponry and other items that were coming in through online trade. We worked really closely with the Home Office when it came to safety issues about stuff that was coming in via parcels, and measures were brought in in those circumstances. I have form on acting on these things when I see them.

Q248 **Mr Reynolds:** The consumer group Which? is suggesting and calling for consumer protections to be the same whether you buy from an online marketplace or whether you walk into John Lewis to purchase the product. Is that something you would support, putting the onus on marketplaces? When they are in front of the Committee, they say that they do a very good job and work very hard, but so many products, millions of them, seem to fall through their net.

Peter Kyle: You say "the same protections", but we have to recognise that they are different marketplaces. Virtual and online are different. Take age verification as an example. As we move to the digital age, I am



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personally of the view that we need to have a digital ID system that can be presented physically. If somebody who is 13 is trying to buy stuff that is for people who are 18-plus, it is much easier to deal with that in person at the moment because they would not get past the front door or the first conversation. There is a difference there.

When it has come to certain other measures, we have been able to crack down and enforce even against Amazon and some of the very large producers. I am open-minded about how we deal with this. I recognise it is something that we absolutely need to deal with. It is something that those companies need to put a lot more effort into as well.

Incidentally, this is not just the market retailers such as Amazon that are online. It is the second-hand ones as well. Gumtree and others really have to step up and make sure that their sites are protecting people and keeping them safe. These rules are there for a reason. The rules about making sure that products do not combust are there for a reason. We need to make sure that online retailers are upholding them.

Q249 Chair: Mr Reynolds was able to buy many combustible items last week. It is a real problem, which has not gone away. Do you have a sense of how long it is going to take you to turn around the consultation response and come to a conclusion?

Peter Kyle: I cannot tell you, but I will be in touch with you and let you know when I know more.

Chair: We will move on to the even less controversial topic of European relations.

Peter Kyle: That is combustible, too.

Chair: Yes, equally combustible.

Q250 John Cooper: The much-vaunted EU reset has been a bit of a damp squib. Our report on it was fairly scathing, I would say. It is expected to add just 0.5% to GDP in this country over the next decade. What is your view on a new relationship with the EU? Are you pining for a return to the EU? Should you be honest with people and get us back into the single currency? Is that really what you are seeking?

Peter Kyle: For a Chair who likes these conversations to go along at a clip, the idea of asking me such an open-ended question about whether we should return to the EU—

Chair: You could just say yes or no.

Peter Kyle: The EU reset was a seismic moment not least because of the relationships that it started to rebuild. Coming into office in my previous role, when the previous Commission was in place, the relationships were broken. They were highly strained.

Q251 John Cooper: It was seismic in terms of vibes and feels, but it is hardly



seismic in GDP terms, is it?

Peter Kyle: Let me be really clear about this. You do not deliver with bad relationships. You cannot go from, "Hi, I am a new Government. Let us shake hands and have a conversation" to suddenly being where we want to be. They have to earn our trust and we have to earn their trust, and we have to put the hard yards in.

From the volume of visits that I have done in the last three months to Paris, Czechia, Sweden, Germany and Brussels numerous times, people will see that I as Secretary of State and the Government are really putting the effort into building relationships. Do not underestimate how important relationships are in trade overall, not least when it comes to the EU. The difference with the EU is that there are a lot of commissioners, a lot of different branches of it and a lot of relationships that we need to manage.

When it comes to food and drink, that is on the table. We are jumping into the single electricity market. We are high ambition. I spoke at the beginning about the trillion-dollar company. It is very likely that it would come from an amalgam of different countries working together. The whole continent of Europe does not have such a company.

Q252 **John Cooper:** My ambition is to be a dilettante playboy, but I have absolutely no idea how I am going to get there or a timescale for it. Ambition is marvellous, but we need—

Peter Kyle: I cannot answer your problem, but with mine there are timetables and there is progress towards it. You have seen a consistent unlocking of different issues, challenges and opportunities that we face as a country. For example, look at the co-operation that we have on critical minerals at the moment. Again, working with our key partners on the continent of Europe is essential.

We are moving forward. It is a shame—of course it is a shame—that we have not had the summit. The summit will happen. It will happen as soon as possible. We have locked down an enormous amount, led by Nick Thomas-Symonds, but I lead on certain areas as well. I can tell you that it will be a big moment. We have now got into these annual cycles. Having been involved in the lead-up to them on both sides, we see it as an opportunity to do things that we had thought were impossible before.

Are these conversations difficult? They really are, not just with the EU but with others as well. It has been a revelation to lead teams in negotiations and to see from the inside just what it takes and how much heart and soul entire teams of people put into it.

Q253 **Chair:** What has been locked down, then?

Peter Kyle: We will find out soon.

Q254 **Chair:** Mr Thomas-Symonds was hoping to present his Bill in the week of



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the summit. That is no longer possible. Is that Bill going to be presented before recess or not?

Peter Kyle: I cannot speak for Nick Thomas-Symonds and what he is planning to do.

Q255 **Chair:** It sounds like the whole shooting match is “wait and see”.

Peter Kyle: I cannot speak for him, and I do not know where he is now. You should not read anything in what I am saying other than the fact that I cannot speak for him. He could not come here and tell you what I am planning in the next 10 days before recess.

Amanda Brooks: Technical discussions continue on all those areas that the Secretary of State has just mentioned. On SPS, the single electricity market and emissions trading, conversations and negotiations are continuing at official level.

Q256 **Charlie Maynard:** I am trying to reconcile your statements on high ambition and being focused on growth with the fact that the UK voted to leave the EU, but we did not vote to leave the single market and the customs union. Frontier Economics published something two weeks ago that said that being inside the single market and customs union would give roughly eight times the growth of what is currently being negotiated, yet it is a red line. We have businesses going to the wall all across the country. The Labour Government insist on sticking to that line. It is to everybody’s detriment. It is a disaster. Your Minister for Trade last week told us that, if he had his choice, he would be back inside the EU. I do not get why you maintain this position because we are paying for it in lives, jobs and welfare.

Chair: It sounds like a split at the heart of DBT.

Peter Kyle: No, it is not. I will explain. It is frustrating me hearing you speak, frankly, because I put my heart and soul into the “remain” campaign. The amendment to deliver the second referendum had my name attached to it. It was the Kyle-Wilson amendment. I voted for remaining in the single market and the customs union. I went to Norway and to other countries to examine what it looked like in the other European economic area agreements and so forth. Rejoining those institutions is a very different situation from deciding not to leave them. When you say, “We didn’t vote for it,” I voted to remain in these things but I accept that the British public did not vote for that. That is not the situation that we are in. You have to accept the reality of the position we are in—*[Interruption.]* Let me finish the sentence.

The premise of your question is based on, “If we were now in the customs union, the single market or the EU, businesses would have this.” I will say two things about it. As someone who lived through the Brexit years, was a participant in the debates and tried to lead battles in that period, the thing that frustrated me most was that every problem we faced in the country had one fault: the EU. They blamed everything on



the EU and said that everything would be great if we left. I urge people like me, who are arch pro-Europeans, not to make the reverse mistake and say that every problem we face as a country could be solved by the EU. As a pro-European, there are certain things that we have done and I have done as Secretary of State that have used some of the things that we can do outside the EU.

The second thing that I would say to you is that going back into the institutions is not like joining the RAC, where you get coverage from the moment you join. Turkey started the accession process in 1976¹¹ and joined in 1996. That was just the customs union. It took 20 years of negotiation. Look at the other countries in the western Balkans and others that aspire to different parts of it. It is an extremely long process.

My analysis is clear. I am Secretary of State today, and our country has a growth problem. We have the highest growth in the G7. We have achieved it through hard work, tough decisions and great policy, but we need to go further and we have opportunities to deliver growth for businesses today that do not require 20 years of negotiation.

The other thing that was absent from your question is anything to do with our negotiating partners. We could all agree what would be ideal for our country, but that is us agreeing here. The only thing that matters is what our negotiating partners also aspire to. Have you discussed with them what their vision for Britain is either inside or out? That matters.

Q257 Chair: Here is the challenge. We spend a lot of time in Europe and we spend a lot of time bilaterally with our allies. All of them, 100% of them, say, "We don't know where you want to go. We don't know what your vision is." We think that the lack of a political vision beyond the common understanding is impairing our ability to make progress. It could be that, if we are not going to go back in or join a customs union, there is perhaps a halfway house. It could be working with Iceland, Ukraine, the western Balkans and others to create a concentric circle, as President Macron once put it. That could be one option. There are other options available. What we lack as a Committee is any sense of what the Government's ultimate vision should be, politically.

Peter Kyle: It is true that the process of leaving was so brutal and disruptive that it is hard to come back and articulate a political vision for what we want that is agreed by the EU. You cannot have them and us moving in different directions and sharing two separate visions. Otherwise, the negotiations will not work because of the nature of the bad deal that we inherited and the critical areas that we had to start picking up the pieces from. We have thrown ourselves into those issues. That is creating the space in which we can have a deeper conversation with the EU about what the long-term future looks like.

¹¹ The Secretary of State should have said 1973.



When you look back on this period, this particular two years will be a very small slice of it, and it will still be seen as the immediate post-Brexit period. We have to build the relationships and earn each other's trust. Let us just be honest. I am not going to hide some of the things that are difficult to talk about. They are looking at the polling in this country. They do not want a hokey-cokey of in-out, in-out, in-out. They want stability, security and dependability from their partners.

Q258 **Chair:** The chances of that may have just gone up after 2 o'clock this afternoon.

Peter Kyle: Yes, another by-election. I am sure that is filling them with confidence over there. That will be seen over there as it is here, which is as a sideshow and a self-indulgence. They are looking at the politics here, and they want stable partners. They also are grappling domestically with some of the same populist challenges that we are. There are lots of dynamics there.

We are having these conversations about what the long-term future is. Right now, we are in a place where the UK and EU are aligned on what is possible in the immediate future and what is highly ambitious. We are also looking at areas where things have gone a bit wrong in the last couple of years. We are learning the lessons of SAFE, for example. We wanted to go into SAFE, the EU wanted us to go into SAFE, and we did not get there. That is no criticism of the EU negotiating team and it is certainly no criticism of ours, but it does show that sometimes we are not entirely aligned.

I urge those people who think there is a quick fix to this to bring the voice of what is possible and negotiable to the table and think about what the interest of the country is in the short and medium term. I am not avoiding a long-term debate, but please situate any conversations about rejoining any of the institutions of the EU in the long term and have an answer to the short or immediate term and some of the growth challenges that we face. If you ignore those, the politics will never move to the place where you want it to be.

Q259 **Charlie Maynard:** I am not advocating that there is a quick fix and I am not requiring us all to be fanboys of the EU. There are lots of warts out there, and that is fine. What I am seeking is to question the high ambition on the table because I do not think it is highly ambitious. To the Chair's point about direction and leadership, the country would benefit a lot by having a Government who are much clearer about where they are headed on this point.

Chair: Would you accept that, Secretary of State?

Peter Kyle: I would not accept that we are not high ambition. The previous Government would have taken the deals that we have got, if they had been able to, but they could not. That shows that this



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Government are able to unlock benefits for British people and British businesses in travel and trade that the previous lot were unable to.

As two territories, are we able to say what the relationship will be in the long term, 20 or 30 years down the line? We have not settled on that yet. We are doing what is needed of us at the minute and since we came into office, which is fixing some of the really difficult challenges.

I have to tell you that these negotiations are not easy. You do not just turn up and say, "We want SPS," they say, "We want you to have SPS because our businesses want to get the food into yours as well," and then we just deal with it. It is extraordinarily knotty. You would have thought, because we have just left, that it is all on the table because we are so aligned in different ways. It is not. It is like starting from scratch, as if we were any other country.

If you will allow me, I will just say briefly that I do look to Norway, Turkey and Switzerland. They all have different relationships with different EU institutions and the EU itself. It is very settled, dependable and long-term. I do understand the benefits of having a settled view, but right now, in two years and in this immediately disruptive period after Brexit, we have not been able to deliver that kind of long-term political settlement.

The progress that we are making is highly desirable and it is at the outer limits of what is negotiable with our negotiating partners. I wish we were having this conversation on the other side of the summit. I look forward to coming back and having that conversation.

Chair: That is actually very helpful. Thank you. Meanwhile, on the other side of the Atlantic—

Q260 **Dan Aldridge:** In June, the US found that the UK had failed to effectively enforce a ban on forced labour imports. Will you and your Department commit to publishing the findings of the responsible business conduct review?

Peter Kyle: Just to be clear about what the US did, the US graded different countries according to the legislation that they have and the actions that they are taking. The US put us in the highest category that it has identified. There have been no tariff implications for this country as a result of being in the top tier. That is recognition of the work that we were already doing. It is a recognition that this Government care deeply about these things.

I can tell you that this is one of the areas where I personally really want to see progress. There are parts of the world where forced labour is being used. I need to make sure that none of the products of forced labour are coming into our country.

Q261 **Chair:** I am sorry. I just want to check this. The USTR proposed a 10% tariff as a result. There were 14 countries, of which we were one. There



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were indeed tiered tariffs, but—

Peter Kyle: We were in the highest tier. No country was in a better category than us. None of them was higher.

Q262 **Chair:** Yes, indeed. We still got a 10% tariff as a result.

Amanda Brooks: That was a continuation of our existing tariff.

Peter Kyle: Yes, I said “unchanged”. There were no additional tariffs for us. As I said, it has been maintained. There was one category with no tariffs, but no countries were in it. We are in the highest category that the US has, effectively. It has not had any tariff implications for us because it has just maintained us at the level that we were already on.

I do really care about this issue. I personally want to see how we can take steps to go forward in a way that is compatible with our international partners, particularly the EU and the US, and takes into account the fact that we need to get this done in a way that is truly meaningful.

Q263 **Dan Aldridge:** I am concerned about tariffs, but I am probably more concerned by the moral question here. It is reassuring that you will be publishing the responsible business conduct review. That would be fantastic.

Peter Kyle: Yes. Don’t get me wrong, we have already passed the test that the US has set. I am looking at something that would make a tangible difference. In these situations, I will be presented with submissions from officials, based on what other countries are doing, to keep us aligned.

I am determined to look at what I believe is most effective, as a Labour Government right now at the moment in time in which we are living. From there, we can look at compatibility with other countries. We have already met the standards that have been set by the US. I want to make sure that anything we do we get right for the moment that we are in. These sorts of opportunities do not come around that often. When you do get the chance to look at things such as forced labour, I want to make sure that we rise to the moment that we are in.

Q264 **Chair:** We were a bit disappointed with Sir Chris Bryant’s response that it is going to take until the end of the Parliament to get legislation on this. Can we not go faster?

Peter Kyle: It might go faster, but let us see where we get to. I want to get it right and I want to get it out.

Q265 **Chair:** In the meantime, we are vulnerable to imports of goods made with forced labour. I did not quite catch when the responsible business conduct review would be published.

Peter Kyle: I will write to you when I have clarity.



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Q266 Charlie Maynard: Congratulations on the various trade deals that have been done. Frontier Economics published a bit of research saying that, if you add them all together, they are worth roughly £14.9 billion versus £92 billion from being inside the EU, so six times all of those put together. Notwithstanding that, looking ahead, we have Korea, Switzerland, Turkey, Mercosur and possibly Greenland. Which one are you most excited about? In particular, where does Mercosur rank in that? Tell us more.

Peter Kyle: The one that I am always particularly excited about is the one that is closest to getting over the line, which currently is Switzerland. Again, credit to my team. We concluded the GCC one just recently. We got the implementation of the India trade deal done just a fortnight ago. That came because the Prime Minister was over there with Prime Minister Modi and our teams were working literally around the clock. There was a war room in my office with officials so that we could support the Prime Minister in these talks.

You sign the deal, and then you have to implement it. The India trade deal goes live on the 15th of this month, which means that businesses up and down the country are going to benefit from it. We have had roadshows up and down the country. You mentioned the statistics. We can bust those if we can get businesses exploiting them. We are getting 600 people turning up to these roadshows wherever they are stopping. We had one in Birmingham, you will be pleased to hear, at your technical college, where 600¹² businesses came along to understand how they can do it. If we can get SMEs involved in trade, particularly with the India trade deal, which is very SME-friendly, we can fully exploit it.

On the Switzerland one, we are pretty close. We have had a huge pipeline coming down that we have already delivered this year. When it comes to Mercosur, I am just assessing the potential benefits from it. One of the things that I have to assess about Mercosur is that the EU's entry into it gives, in certain circumstances, a competitive edge. We are looking very closely at it. We will have updates for you on the future pipeline before long. You ask about the future. Just look at what we have done in the last year.

Q267 Charlie Maynard: Just on that, in terms of human rights, GCC but also India went pretty light on that. Just talk us through the trade-offs that you are comfortable or uncomfortable with in regard to the deals being made. Human rights was largely carved out.

Peter Kyle: Certainly, I would never see it in terms of a trade-off. I would never sit there with a list of human rights and say, "I will turn a blind eye to that because of a certain amount of potential trade." I do have a fundamental principle here, which is that talking to countries in a structured way that binds you for the long term gives you leverage to discuss other issues that you do not have in other circumstances.

¹² The Secretary of State should have said 209 businesses.



When it comes to the trade deals that we have struck, we now have formal mechanisms to address issues within both our territories that did not exist before. Is it perfect? Does it mean that Britain can solve every human rights issue in a short space of time? No, but we now have more agency to make our voice heard in a meaningful way, in an unignorable way, on issues that Britain and British people are concerned about, which simply would not exist if we did not have those trade deals in place.

Q268 Charlie Maynard: Sorry, but that is an optimistic interpretation. Essentially, we have now done those free trade deals. How would you compare the commitments that you are lining up with, say, Switzerland with the GCC? Are you saying that you have the same human rights agreements with Switzerland as you do with the GCC?

Peter Kyle: It does not work like that.

Charlie Maynard: Maybe it should.

Peter Kyle: I am sorry. It does not. Trade deals are about trade. We must make sure that that trade upholds the values of our country and that trade deals are broadly recognisable one between the other. I would hope that any reasonable person who was able to witness the conversations that I have with my counterparts over issues of human rights would feel that the voice and the needs of it are recognised.

This is a decision that your party needs to make, but, if you want to open up trade deals to embrace other areas, other countries will insist on opening up trade deals for areas that concern them too. This is always a two-way street. That is why we keep trade as focused on trade as possible for mutual benefit.

I do not underestimate the impact of being in the room, talking face-to-face and raising issues that are difficult for your counterpart. It really does matter. Over time, it can become more persistent. Let me give you a hard example. We went to China early this year with the Prime Minister. I went to China on day 6 of being in this job, and it was the first time that a Trade Secretary had been to China for seven years. That paved the way for the Prime Minister's visit. That visit was about trade. We signed 14 agreements, including a feasibility study into what a legal services agreement would look like. Because of our movement towards trade co-operation with China, the Prime Minister was in China sitting with President Xi.

You saw what came out of that: the lifting of sanctions on British parliamentarians as well as other benefits. That happened only because we were talking about trade. Being in the room really matters. Trade gets you into the room and keeps you in the room in a formal way, and it enables you to raise other issues as well.

Q269 Charlie Maynard: Could I just ask one technical question? We have all these free trade agreements. Great, well done. What I find surprising is



that there is not an add-up every year to say, "This is what trade was before. This is what trade is now post those free trade agreements." It would be technically useful to publish that information and for us to see what impact these free trade agreements have over time. Is that something that we could do?

Chair: Can I just set this in context? When the trade strategy was published in June 2025, it was very clear. It said, "We resolve to drive forward the many explicit proposals contained in these pages and will soon set out criteria by which business and the wider world outside of Government can hold us to account for delivery." We are more than 12 months on. The question is, where are the criteria?

Amanda Brooks: Let me deal with both of those in turn. On the value of the individual trade agreements, as you know, we have committed to produce, two years after each agreement comes into force, a monitoring report, which enables you to see how trade with those countries is changing. We have done those for Australia and New Zealand, for instance. They show you how trade has changed in that time period.

There is a lag in terms of both business take-up and implementation, notwithstanding the work that the Secretary of State just referred to that we do in advance of any trade agreement coming into effect to ensure that the business community is beginning to engage with the opportunities and realise them. That is what we have just done with the India roadshow. Roughly 600 businesses have attended those.

The monitoring report that we published on Australia and New Zealand showed you that trade was up with Australia by 14% and with New Zealand by 19%.¹³ That was predominantly driven by services trade. Even waiting for the two years to come into force, there is still a lag in getting the data. As a Government, we publish trade statistics on a regular basis. You can see how our trading patterns are changing over time on a fairly regular basis, but we do something specific two years after trade agreements come into force, so you can see the immediate impact.

Q270 **Chair:** What about the trade strategy criteria?

Amanda Brooks: Some of the criteria will be set out in the annual report and accounts for the Department, which we are hoping to lay before summer recess—she said with her toes and fingers crossed.

Q271 **Chair:** Do you mind writing to us and setting out what the criteria are? This was a commitment made in the trade strategy, so we would be grateful to see it in black and white.

It is an open secret that DEFRA is holding up the launch of Mercosur negotiations. What do you need to do to get DEFRA over the line with this and get a cross-Government agreement done to get the Mercosur talks

¹³ The Department later clarified that trade with New Zealand was up 20%, not 19%.



launched?

Peter Kyle: First, let me genuinely pay tribute to DEFRA for the role that it plays in all our trade deals. We are very close to concluding with Switzerland. We could not have done it without the really active support of DEFRA. It gives voice to stakeholders that are completely critical to our economy and society. Of course, it is really important to hear the voice of farmers and providers of other agricultural products and services. I am really uncomfortable just picking out DEFRA when getting sign-off—

Q272 **Chair:** Are other Departments holding it up?

Peter Kyle: I am not speaking specifically about Mercosur. Every Government Department has a very clear voice in the sectors that it represents. It may have concerns that a trade deal may impact the stakeholders in that sector. There is always an exercise in dealing with those concerns. That is not just at the start of issuing a consultation, starting the negotiations or getting the negotiating mandate. It is also once you have concluded and you start implementing. We circle round and round different Government Departments. I am really reticent to single out DEFRA.

When it comes to Mercosur, I am really keen we explore the benefits of Mercosur as soon as we can. Where other Government Departments still have concerns, I and my team are working really closely with them to assure them that the consultation process will take full account of any concerns that they may or may not have.

Q273 **Chair:** Will you be able to get it launched before Christmas?

Peter Kyle: I really hope so. I really hope so.

Q274 **Chair:** Turning to the Post Office, you will know that one of the consistent recommendations of this Committee is that we get all the open cases done this year. There are 2,800 cases still to settle. We do not have a hard commitment from you to ensure that all 2,800 are cleared this year.

There is also this stubborn problem of the Horizon convictions redress scheme. People are entitled to £600,000 in settlement, but, for reasons that frankly baffle us, the Department has decided that this can only be paid in two instalments, £200,000 up front followed by £400,000 downstream. We cannot understand whether this is a resourcing problem, a capital problem, a game theory problem or some kind of ideological problem. These people have been through hell on earth. Why do we not just give them a cheque up front for the whole amount?

Peter Kyle: As we discussed when I was first here, £1.6 billion has been paid to over 12,600 claimants, and the majority of GLO cases have now been settled—over 80%.¹⁴ When you get to the outstanding ones, there are many unique circumstances that need to be taken into account. If

¹⁴ The Department later clarified that this should be the majority of cases, not GLO cases specifically.



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there were no particular circumstances, they would have been part of the mainstream settlement.

We are determined. I still get very regular updates on this. We are trying really hard to get these final cases resolved.

Q275 **Chair:** When you say “final cases”, on HSS alone, 2,724 cases are still outstanding. It would be great if you could just give us a deadline for closing these.

Peter Kyle: I have gone through some of those cases to understand what some of the complications are. I am satisfied that those complications need dealing with in an appropriate way. If we dealt with the complications in a way that was not satisfactory, or we cut corners, then we could end up with a circumstance where you would be hauling me before you and questioning me from a very different direction. We do need to get these things right, but that is not to negate the fact that we need to settle it as quickly as we possibly can.

Q276 **Chair:** We would be putting laurels on your head if you could give us these cases closed.

Amanda Brooks: The one other point that I would add on this is that we also need to be really careful and mindful of the pressure on claimants. We do not want to create additional pressure on them in the circumstances that they face. We are working closely, as you know, with the Restorative Justice Council to ensure that we can approach these situations carefully. We are trying to balance getting as many concluded as possible by the end of the year, but without putting additional undue stress on claimants.

Q277 **Chair:** I am now more alarmed than I was before I opened this question about when these cases will be settled. When do you think these cases will now be settled?

Peter Kyle: I want to help you understand why I cannot say. As we go further down, there may be a few that will take more time.

Q278 **Chair:** Give us a target for 90%.

Peter Kyle: The thing is, if you are asking what I want, I would love to have these settled within weeks, but I am also very aware, now having deep-dived into some of the cases in individual terms, of why it is so labour intensive to get some of these cases resolved in a way that is satisfactory for the claimant and for us being able to stand up and say that we have taken all due diligence in spending public money.

Q279 **Chair:** How many people do you have working on getting these cases settled now?

Peter Kyle: I do not know that off the top of my head.

Amanda Brooks: I am just double-checking.



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Peter Kyle: Can we write to you with that information?

Q280 **Chair:** You can. It would be great if you could provide further reflections on when we are going to get, say, 95% of the cases settled. I understand that there will be hard cases that may take longer, but a timeframe for getting these final cases settled would be in everybody's interest. If you could allow us to understand what kind of resource is deployed on this, at least we could provide some transparency over whether we think the right level of resource is being deployed on getting these settled. I would be grateful for that.

Just on the £600,000, what are the ideological barriers to getting that paid up front?

Amanda Brooks: We need to come back to you on that with one answer on all of those.

Chair: On the £600,000?

Amanda Brooks: Yes.

Q281 **Chair:** We are going to organise special hearings on this point alone if we do not get a clear answer on it, just so that we are clear.

Amanda Brooks: Of course you can, but we will write.

Chair: We will now turn to the other villain in this piece, which is Fujitsu.

Q282 **Charlie Maynard:** So far, as you say, the Government have paid out more than £1.6 billion. Fujitsu is responsible for a huge amount of the trouble that has gone on here, and yet has paid nothing so far. When did you last speak to the chairperson of Fujitsu, and why not get them to London, read them the riot act and say, "We need you to be paying X hundred million now"?

Peter Kyle: Fujitsu has already accepted the moral case for action. We have already had Sir Wyn's first report into this. The second one will come forward with specific recommendations. I am hopeful that that report will come this year, and it seems to me appropriate that that is the moment that Fujitsu starts talking numbers.

Q283 **Charlie Maynard:** I do not understand, given that the country is already paying £1.6 billion, why we have to wait rather than talking any numbers now. That conversation can start now, and I do not understand why taxpayers should be picking up the bill while they just wait it out.

Peter Kyle: As I say, we have commissioned the report. We need all of the detail, and we need to see the conclusion of that before we set expectations for the amount. We are talking about a short amount of time now. I know that this has been going on for a long time. This is a very important moment. The fact is that Fujitsu has accepted the moral case for action, but I need to go there with the results. It would be odd for Government to start those sorts of conversations while there is a



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report that is outstanding and is going to make very specific recommendations in this area.

Charlie Maynard: I hope that they are coming to you, not you to them.

Q284 **Chair:** Was it raised with the Japanese Prime Minister when she visited?

Peter Kyle: I cannot say yes or no. I was not involved in all of the conversations with her. I was involved with the trade talks when she was present. I was not involved in other conversations.

Q285 **Chair:** Do our Japanese allies understand at a political level how important this is to the UK?

Peter Kyle: They do, I can assure you of that.

Q286 **Chair:** Mr McDougall wrote to us yesterday. He says in his letter, "The Government would welcome a decision by the company to make an interim payment as soon as possible." Even if a final sum is not settled, has Fujitsu been asked for an interim payment?

Peter Kyle: I am not aware it has been asked for an interim payment. Because we are now talking about a relatively short space of time, I am focused on what the final settlement could look like. That is why I am very keen to get Sir Wyn's report as soon as I possibly can.

Q287 **Chair:** Mr McDougall goes on to say, "The Government will carefully review any offer received from Fujitsu and will consider all options available to get the best result for British taxpayers." That sounds like the ball is in Fujitsu's court, but it is not clear to us how much political pressure, or any pressure, is being put on Fujitsu to write a cheque.

Peter Kyle: It knows where this is heading. Of course, the question is whether it comes to us with an interim offer, but I am focused on the conclusion of Sir Wyn's report and the finality of this dreadful situation.

Q288 **Chair:** Let me just round off with Royal Mail, Secretary of State. You have worked incredibly hard with both sides in the Royal Mail dispute. The service is still appalling. I recently tried to conduct a residents' meeting with the good citizens of Castle Bromwich about a conservation area. We sent 3,000 letters out at considerable cost to us here in Parliament. Most of them were delivered late. Two weeks later, Royal Mail still cannot tell me how much it is going to reimburse me in order to rerun the consultation.

The service is appalling, notwithstanding your good efforts, but worse than that is that we now have news published in the *Telegraph* of what looked like a dividend of £114 million from Royal Mail's owner to what is, effectively, a holding company to service the debt that was used to buy Royal Mail. Having looked at this in the round, do you think that the owner of Royal Mail has, basically, now breached the undertakings that he gave to the British Government?



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Peter Kyle: I have had a brief look at that. I see a complicated business network, of which Royal Mail is part, and I do not see the terms agreed for Royal Mail specifically being breached. What I am most concerned about is getting people's mail delivered on time, and we have an improving service. They were sliding towards industrial dispute and, if people thought that things could not get worse, they could have got a lot worse, because it would have been a protracted dispute and then involved a lot of picking up pieces on the other end of it.

We were just a couple of days away from that happening when I called in both Dave Ward and Daniel Křetínský, and absolute credit to both of them for coming in and sitting there. I will not pretend that that first meeting was the easiest one that I have ever chaired in my life, because it was not, but they both agreed to give a month's process for which I would lead, and then they would come together and try to find a way forward.

Modernisation and reform of universal service obligations, and equalisation, are the two really challenging issues. On both of those areas, they have now found a way forward that is agreeable to both sides and has been agreed by the board and signed off by CWU members. One of the most personally touching moments since I have had this job is that my brother is a postman, so I do get regular updates, like you get from your good constituents.

Q289 **Chair:** Do they tell you that they prioritise parcels over mail?

Peter Kyle: No. On these issues, we now need to see steadfast improvement, because the workforce and the company are more aligned than they ever have been. We have an opportunity to see steadfast progress. I met with both of them again just a fortnight ago, and I have committed to giving my personal time to both of them to ensure that we move forward.

I also look, I say with trepidation, at the market that they are operating in, and I understand the very specific and unique stresses that that business has in the marketplace and that others do not, because of the nature of its business plan. I am open to having conversations with it about what this looks like into the future.

Q290 **Chair:** I appreciate this, but delivering service improvement is going to be harder, not easier, if £114 million has just come out of the business to service a debt raised in order to buy it. We do not know what terms that debt was raised on. We do not know the interest rates. We do not know who the debt was raised from. We do not know whether that debt was sourced from another part of Mr Křetínský's group, for example. How do we get into a position where we are happy that that £114 million debt bill is not a breach of the terms given to His Majesty's Government?

Peter Kyle: What I am concerned about is them honouring the investment commitments that they have made to Royal Mail. I



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understand that a complex global organisation, as theirs is, will move money around in their global business, which has many subsidiaries and many constituent parts. It is more akin to a conglomerate than it is to a single business.

What I am holding their feet to the fire on, and am absolutely focused on, is that it does not interrupt the investment plan that they have, and the commitments that they have made to Royal Mail. So far, they have been honoured.

Q291 **Chair:** Would you, therefore, write to us with an assessment about whether the terms of the commitments made to the Government have been breached, in your judgment?

Peter Kyle: I see no reason why not.

Chair: That would put the matter to rest. That has been a very thorough session. We have covered an enormous amount of work. Thank you very much indeed to you and to Amanda Brooks for being so open and candid with us. That concludes this session.