



Welsh Affairs Committee

Oral evidence: [Responsibilities of the Secretary of State for Wales](#), HC 400

Wednesday 22 October 2014

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Members present: David T. C. Davies (Chair); Guto Bebb; Geraint Davies; Glyn Davies; Stephen Doughty; Jonathan Edwards; Nia Griffith; Simon Hart; Mrs Siân C. James; Jessica Morden; Mr Mark Williams

Questions 1-78

Witnesses: **Rt Hon Stephen Crabb MP**, Secretary of State for Wales, and **Glynne Jones**, Director, Wales Office, gave evidence.

Q1 Chair: Welcome, Mr Jones, and also Secretary of State for Wales, Mr Stephen Crabb. It is very good to see you here. I wonder if I could begin very quickly by asking you, Secretary of State for Wales, to give us a brief view of how you see the role of Secretary of State for Wales and also what your immediate priorities will be?

Stephen Crabb: I think the role of Secretary of State continues to be an incredibly important one, at the heart of Government. The Prime Minister was clear when he asked me to do the job in July that he wanted me to be, in his words, “a strong voice for Wales around the Cabinet table.” I have his words ringing in my ears to speak up, and be a champion, for Wales. So I see that, in the very general sense, as the kind of core strategic purpose of the role of Secretary of State for Wales at this time, particularly in the wake of the Scottish referendum and the incredibly interesting moment that we are at constitutionally in the United Kingdom with this UK-wide conversation happening about our constitutional development. I think the role of Secretary of State has come back, front and centre into that and I am determined to use the role to good effect as part of that discussion and to help take forward the next stage of devolution for Wales.

But broader than that, I want to do whatever I can in post as the Secretary of State for Wales to take forward the economic recovery in Wales. It is fair to say that I will not be content until an economic recovery is felt in all communities in Wales. I think that, too often in the past, Wales has missed out on economic recoveries. We have a really exciting opportunity—confirmed by some of the remarkable drops in unemployment we have seen in Wales—for Wales to be front and centre of the economic recovery. So I will be investing a significant amount of my time as Welsh Secretary in being a champion for Welsh business and a champion for inward investment, working closely with the Welsh Government to see new, positive opportunities created that will benefit the people of Wales.

Q2 Chair: You have said publicly that you believe you have the perspective of an outsider, coming from west Wales. What do you mean by that and how would it affect your work on behalf of Wales?

Stephen Crabb: I made that remark in the context of describing which part of Wales I am from, which is a peripheral part of Wales. I believe I was in north Wales when I made that comment. I have empathy for communities that feel they are at the periphery of Welsh life. One of the facts that we would all recognise is that since devolution, in the last 15 years, there is now in Cardiff a very strong and tight-knit political/media village—I will not say bubble, as that would be seen as pejorative—but that is a fact of life of devolution and it is a healthy thing. I spent nine years as a Welsh politician before becoming a Wales Office junior Minister two years ago, with relatively little contact of that kind. That is what I meant when I described myself as having the perspective of an outsider. That means, in practical terms, that I was able to start the job in July by beginning afresh, building new relationships with Welsh Government Ministers, officials and with others—with other stakeholder organisations—starting with a fresh sheet of paper, which creates opportunities not to be bogged down with baggage from the past but to look at problems afresh. I hope that is what we have started to do in the last three months.

Chair: Thank you very much. Stephen Doughty.

Q3 Stephen Doughty: Thank you, Chair. Secretary of State, welcome. I want to ask you first a question about the economy. You talked about your focus on jobs and investment in the Welsh economy. One of the key areas, certainly in my own constituency—and you will be aware, having visited there—is the Celsa steel plant in Splott, Tremorfa and Bute Town, obviously a key part of the UK steel industry with significant numbers of people employed locally and downstream, and also a key contributor to the construction and infrastructure markets within the UK, particularly in the production of rebar steel. You will also be aware that there have been some fairly serious concerns raised about the impact of energy prices on the company, the threat coming from Chinese and Turkish imports of rebar and also concerns about certification of steel products coming into the UK and transparency around those. There are various meetings planned over the coming months, but could you say a little about where you see the future of the steel industry in Wales and whether you are willing to meet with myself and Celsa to discuss some of the challenges that they are facing at the moment?

Stephen Crabb: Thank you for the question. Celsa is a company that I have got to know well over the last two years or so, particularly while I was doing the job as the Under-Secretary of State. One of the bits of work that I asked the Wales Office to take on board and start to do when I arrived in the Department back in September 2012 was to look at the impact of energy costs on the manufacturing sector in Wales. Why did I want to take a particular interest in that? It was because the manufacturing sector as a proportion of the economy accounts for a greater share in Wales than any other regional devolved nation of the United Kingdom. We used to think of the west midlands as being a manufacturing workshop for the UK, but if we are looking at it on the basis of pure proportions of economic output per regional devolved nation, Welsh manufacturing is the largest share. So it is important to Wales and, within that, there is heavy end manufacturing steel, which you have just been describing, Stephen, as well as the high-tech manufacture. We need to be embracing that full range of the manufacturing sector because, when we talk about rebalancing the economy and the economic recovery, it is the manufacturing sector that has been leading the way in recent years, creating exciting new apprenticeships and jobs. It is a strategically important sector for Wales, so I do take a particular interest in that.

We kick started a piece of work looking at energy costs, and in the build-up to the announcement made by the Chancellor of the Exchequer at the Budget this year, where we came forward with that big energy package to alleviate the costs of our green climate-change policies on industry, the work that we started two years ago at the Wales Office was an important factor in building the evidence base to help the Treasury make that decision. We have had that confirmed by various sources. Those discussions that we had more than two years ago and since then with steel manufacturers—with Celsa, but with other intensive energy users as well—were an important factor in that.

Q4 Stephen Doughty: It is very helpful to hear about your continued interest, and so on, and certainly the package that was in the Budget was welcomed by the steel industry. However, there is a general sense in the industry that the Government have been dragging their heels around a whole series of issues, particularly the issue of co-ordination between different Departments. They are facing challenges across a whole series of issues here and I have to say that, despite having met with the Secretary of State for Business, the Secretary of State for Energy and Climate Change, Ministers at BIS and knowing of your interest as well, there is a sense perhaps that there is not that totally co-ordinated approach. Could you, as Secretary of State, commit to ensuring that between Government Departments and across the Government there is going to be such an approach, that there is going to be real meat on the bones of some of the words that have been spoken? We heard the Prime Minister saying he had support for the steel industry today, but I think there is a sense that some of that has not been followed up with concrete action beyond what you have already mentioned as being in the Budget.

Stephen Crabb: I hear exactly what you are saying and, yes, one of the roles of the Secretary of State for Wales and the Wales Office is to play a co-ordinating function between Departments and Administrations at UK level and Cardiff. So, yes, I am very happy to do that on this issue. When we talked to steel manufacturers and other intensive energy users in Wales, we had some very positive feedback about the Chancellor's announcement. They were not just warm words. There was real meat on the bones, to use your language, but also some real money behind it as well, more importantly. That is what these companies want, at the end of the day. There is more work to be done; I completely get that. I have an outstanding invitation from Celsa to come and have a follow-up discussion with them and will either do it with or without you, Stephen. I would be very happy to do that. The issue that you raised in your original question also about the import of Chinese rebar is important because, as we are pumping more money, as a Government, towards big infrastructure projects to help take the economy forward, these projects use a lot of steel and I think we all have an aspiration for them to use as much domestically sourced steel as possible. I think the greater share of domestically sourced steel we can get into these projects, the better for our own indigenous steel industry. That is a discussion that is happening right now within Government as well as specific concerns about the quality of Chinese rebar and whether it is fit for purpose to do the job.

Stephen Doughty: That is very helpful.

Chair: Did you have a further question on steel?

Stephen Doughty: I will just move on to another issue, though I am sure there are going to be some other questions.

Q5 Chair: Can I ask a quick supplementary to that? Minister, do you not think that, rather than levying carbon taxes on industries like steel and then giving them a rebate when the Government realises it is going to affect them, it would be easier not to levy the taxes in the first place?

Stephen Crabb: One of the strategic priorities of the coalition Government, when we formed the Government in 2010, was to use the opportunity of rebalancing the economy to move to a low-carbon economy, which requires some significant changes in our industry and in energy use and energy sourcing as well. You might have views on the effectiveness and efficiency of those measures, but those are the policies that have been designed and the House of Commons had a chance to debate them thoroughly and vote on them. What we are now doing is recognising that there are companies, because of how much energy they use in their manufacturing processes—whether it is Lafarge cement, steel manufacturing or Toyota in automotive—that use a significantly higher proportion of energy than other companies and those are the companies that are strategically important for the UK and Wales and we want to help them.

Chair: I think I have made my point.

Q6 Stephen Doughty: Turning to a different issue, Secretary of State, you spoke in your opening comments about a fresh slate and constructive relationships with the Welsh Government and others. I have to say that, on a personal level, I have always found you to be very constructive and open, which I appreciate. It has therefore caused great disappointment that the Government seem to have reverted back into an extremely unconstructive relationship with the Welsh Government over the past few days over the health service. What do you think it did to the morale of health workers, nurses, doctors, and indeed patients in your own constituency and across Wales, to be told by your Cabinet colleague, the Health Secretary, that they are delivering a second-class service and to be told by the Prime Minister that they are on the death side of Offa's Dyke? Do you think that is helpful? Do you think that is a constructive way to approach the issues that are facing the NHS in Wales?

Stephen Crabb: If I recall accurately, in the Prime Minister's first answer to a question he had this morning about the Welsh NHS, he absolutely affirmed the value of those professionals who are working at the coal face of health services in Wales. I think every single one of us, from our own experiences at family and personal level but also in a constituency role, would recognise the huge value of the professionals within the NHS.

Q7 Stephen Doughty: With respect, do you think that the comments that the Secretary of State for Health made yesterday help morale and the delivery of services in Wales? I would contend that they do not.

Stephen Crabb: If any of us are doing our jobs and talking to health professionals in our constituencies and getting out on doorsteps talking to constituents, we would have to say, hand on heart, in all honesty, that health is the No. 1 issue facing the people of Wales, whether they are talking to devolved politicians or politicians from up in Westminster. People on the doorsteps say this is their No. 1 issue. Before any coverage of *The Daily Mail* or any comments from politicians up here, this is a big concern.

Q8 Stephen Doughty: But when you hear what the Royal College of Nursing has said, that these types of comments are not wanted, and the NHS Confederation in Wales has said that they need to get a sense of perspective, do you still endorse what the Secretary of State for Health said? I would like a very clear answer: do you endorse what he said yesterday?

Stephen Crabb: There are two approaches, are there not, Stephen? You can either say "Yes, we face a real issue in Wales, which is the performance of our health services and whether the people of Wales are getting the very best health service that they deserve," and you can recognise the issue and say, "What can we do about it? How do we get better?", or you can say, "No, it is too inconvenient to have this issue," and try to shut down debate and scrutiny

about it. I think, yes, some of the language that gets used by politicians, particularly up here, can be clumsy and yes, actually—

Q9 Stephen Doughty: So it was clumsy yesterday. Do you think that was helpful?

Stephen Crabb: I am not getting drawn on that, but I am saying your basic approach is that you either recognise there is an issue for the people of Wales or you try to shut down the debate. There is a real danger for your party, if I might say so, Stephen, in being seen not to be on the side of Welsh patients, not to be on the side of Welsh health professionals, by wanting to shut down this issue and put it away out of sight. We need to—

Q10 Stephen Doughty: Do you think this has got you off on the wrong foot with the Welsh Government?

Stephen Crabb: There should be nothing to fear from the spotlight of scrutiny being shone on how we deliver the health service. We need to do it and conduct that debate in a measured way with appropriate language, absolutely respectful of the people at the coal face of health services. But I do not think it does anyone any credit at all if they are being seen to try to shut down debate on this. I do not think that is helpful.

Chair: We will have a final question from Mr Doughty perhaps and then others want to come in on this.

Q11 Stephen Doughty: I appreciate what you are saying and we all want to see the best for the NHS in Wales, but you mentioned appropriateness and respectfulness. Was what the Secretary of State for Health said appropriate and respectful? Yes or no.

Stephen Crabb: I am not going to get drawn on that and I was not in the Chamber when I heard his remarks.

Q12 Stephen Doughty: But you have heard them widely reported.

Stephen Crabb: All I would say is that it is incumbent upon us with any issue that we are debating to use appropriate language, be evidence led and consider the facts. If we are using evidence, and if we are considering the facts and listening to the people of Wales, then, hand on heart, we would have to stand up and say that health services is the No. 1 issue that people want to talk to us about at our surgeries, in correspondence, e-mails and on their doorsteps. We have to front up to that and work with the Welsh Government to try to get things better.

Chair: We are getting a bit off-topic, but that is fine and I am sure you do not mind answering questions on anything at all, Secretary of State, and quite a few want to come in on this. I think I saw Simon Hart first.

Q13 Simon Hart: It is a quick question in relation to Stephen's last point. I was not in the Chamber yesterday either when the Secretary of State for Health made these comments but I was in the Chamber this morning when the Leader of the Opposition made some pretty derogatory comments about the NHS in England. In many ways I want to defend your leader in making those comments because I think it is perfectly reasonable, and I asked the Secretary of State's advice and opinion on this. My particular caseload—and adjacent to his own constituency—now has 50%, so every other person who comes to me is raising a health question. If anything is causing demoralised health professional concern in Wales, it is the fact that they feel they cannot do the best job they possibly can for constituents of mine. I asked the Secretary of State this: surely, irrespective of which party we represent or which area of Wales we represent, it has to be important for us to be able to stand up without fear or favour and point to failures in the system in

a constructive way. If other politicians wish to interpret that as politicking, let them, but surely we are entitled to do that.

Stephen Crabb: We are entitled to do that and the fact is that one of the major things that affects the quality of delivery of health services is political choices taken by politicians and we have to recognise that health is devolved to Welsh Ministers in Cardiff. They have political responsibility and they are making choices about how those services are structured and the delivery of those. If we are serious about aspiring for those services to be the very best that the people of Wales deserve, then there is a political debate to be had and there is nothing to be gained from wanting to run away from that debate and saying, “If that debate occurs, then it is somehow demoralising staff.” This is democracy, after all, is it not?

Q14 Geraint Davies: Coming back to the Chair’s question actually—and congratulations on your appointment—can you perhaps spell out what you will bring to the job that David Jones did not and why they got rid of David Jones and got you?

Stephen Crabb: I had the amazing privilege of working with David as an Under-Secretary when he was Secretary of State. He was a great guy to work for, a great Secretary of State actually, and it is not for me to try to guess why the Prime Minister makes decisions about personnel in his team. That is up to him to decide.

Q15 Geraint Davies: What will you do that he did not?

Stephen Crabb: I am clear about what I can bring to the job: obviously, there are the two years’ experience I had as the Under-Secretary of State and also what we were talking about before about feeling myself to be slightly an outsider from the Cardiff political world, basically being able to start afresh with a set of relationships and hopefully create a constructive atmosphere in which we can address some of the problems which perhaps have stalled in recent months. I am thinking, for example, of rail electrification, which I know the Committee has taken an interest in at different times.

Q16 Geraint Davies: Leading from what you have just said, can I ask what your support is for the Swansea Bay city region—and we have spoken about this before—the appointment of Terry Matthews and the fairer distribution of investment both to west Wales but also to Wales itself in terms of infrastructure? You mentioned steel and you will know that 80% of infrastructure investment in the UK is in London and the south-east. What are you doing to get more money, our share of HS2 and all the rest of it, to Wales and in particular to west Wales, even out of Cardiff and over our way? What are you doing?

Stephen Crabb: One very specific way we can deliver more spending on infrastructure right down to your part of the world in Swansea, Geraint, is if we land this electrification project—there is no one under any illusions as to just how important this is, not only for the cities of Newport, Cardiff and Swansea, which are on that great western main line—if we can get the valleys electrification, we do for the first time what has not been—

Q17 Geraint Davies: There is no question.

Stephen Crabb: Let me answer the question. If we do that, then we do for the first time what has not been done before. We have spent hundreds of millions of pounds trying to regenerate the valleys in the last 30 years and create new jobs there and some of it has worked—some of it has not. I think we would all recognise that. What we have not done is actually improve the transport infrastructure to get people from those valleys, those communities, to where the jobs are being created. Swansea, Cardiff and Newport are the engines of job creation, and will be for years to come. If we manage to get the electrification and the capacity improvements in those valleys lines, then I think we are taking a big step forward to a transformational piece of

infrastructure investment. I have made it one of my early priorities to work with Welsh Ministers to try to resolve that question. It is difficult. The financial and engineering challenges around this are very significant. I had my most recent meeting with Edwina Hart, the Welsh Business Minister, on Friday night down in Cardiff to talk about this. It is a very active discussion that we are having and I am optimistic that we can try to find a way through this because I think this is so important for people in Wales.

Q18 Geraint Davies: Finally on this particular point, if I may, Chair, the Prime Minister did make an unequivocal promise to electrify from London to Swansea. I know there has been some talk about ambiguity over the valleys, but London-Swansea means London-Swansea. It does not mean missing out the bit between Bridgend and Swansea or whatever. You agree that there is a commitment there for UK money all the way to Swansea, while I realise there is a debate about the valleys. Is that correct?

Stephen Crabb: I can see where you are trying to take me, Geraint.

Q19 Geraint Davies: No, this is a fact.

Stephen Crabb: You are trying to take me down a path where—

Q20 Geraint Davies: I am trying to agree with the Prime Minister.

Stephen Crabb: —we go back to a situation of pointing fingers and saying, “No, it was”—

Q21 Geraint Davies: No, I am not pointing any fingers.

Stephen Crabb: “—their responsibility. They can,”—

Chair: Order. We had better let the Secretary of State answer the question.

Geraint Davies: He is pointing fingers and accusing me of pointing fingers.

Chair: Don’t worry. Mr Davies, I am absolutely going to come back to you, although I hope to hear from you later on and you are already halfway through your allotted time.

Stephen Crabb: Chair, when I actually got the post in July, we had reached a position of complete impasse on this project, with the Welsh Government saying one thing and the UK Government saying another. I was very clear when I took on the job that I am not really interested in blaming people for what they may or may not have committed to. I am much more interested in trying to work out a solution to this. That is why I have been investing a significant amount of time in the last three months to work with the Department for Transport here, the Treasury here and Welsh Ministers down there to see whether we can find a way through. It is too important for the people of Wales to just turn it into a bit of a blame game.

Geraint Davies: Exactly.

Chair: Can I go to Siân James next because I think she had something specific on this point?

Q22 Mrs James: You have mentioned the discussions that you have had with your predecessor and Geraint has already touched on what the Prime Minister said, and it was pretty clear at the time that rail electrification was going to Swansea. That was included in the complete package, and I and other MPs in the region have been banging the drum about how important it is. You did state a few months ago that you would give us an update and a clear commitment for that. Is there any clear commitment? Have you any clear news on that apart from these ongoing discussions?

Stephen Crabb: You are right to ask the question and I know, Siân, that you have invested a lot of your time in recent years in building the case for rail infrastructure investment and performance of the great western main line franchise. There is very strong political commitment to get this done on both sides. I find the Welsh Business Minister, Edwina Hart, a very practical and pragmatic person, the kind of person I enjoy doing business with, and we are doing our very best to work out a way through here. If this was easy, it would have been done and we would have had it all announced by now. It is not. It is really quite difficult, but there is big political commitment on both sides, on the part of the Welsh Government and ourselves, to finding a way through. It is a question of hammering out the detail and trying to get that signed off.

Q23 Mrs James: It is not an oversimplification to say it is so important to you in the far, far west as well.

Stephen Crabb: Absolutely.

Q24 Mrs James: If we are doing well in Swansea and if the bay region is doing well, you are going to be doing well. I am really tired of having to fob off local businessmen on this because they are keen to move on. Terry Matthews, I am sure, will be hounding you on this one. He is not going to be backward in coming forward on this issue. I know from talking to local business people and local tourism operators that this is a key priority for them and we are looking to you, as the Secretary of State, to deliver this for us with the Assembly.

Stephen Crabb: I completely recognise all of that and, when I talk to businesses west of Cardiff, it is a familiar and consistent theme that gets raised with me. Forgive me, Geraint, I did not come back to you on the point about the Swansea Bay city region. It is a really important initiative. I thought it was quite a coup actually on the part of the Welsh Government to secure the services of Sir Terry Matthews as chairman for that. Exactly what that city region needs is a high profile private sector figure of the calibre of Sir Terry Matthews to really give it clout. I was very impressed to see that he has taken on that role, and we obviously want to work closely with him and Welsh Ministers to get the maximum bang for the buck from the city region initiative because Siân is exactly right: if Swansea is doing well, then the towns and villages all the way west through to my neck of the woods in Pembrokeshire do well.

Geraint Davies: With the civic centre to be in the Celtic Manor too.

Q25 Nia Griffith: I want to bring in some very short questions on both the electrification and the steel issues, if I may, Secretary of State. On the electrification, we have heard about people going out looking at bridges in south-east Wales. Can you give us any idea of the time scale for when we are actually going to see this electrification happen, regardless of what is happening west of Cardiff, or even to Cardiff?

Stephen Crabb: Time scale will depend on actually getting the agreement done. I think probably a fairer answer would be if I agree to write to you with some proposals. Obviously, this is all subject to current discussions that are happening right now, but I understand the importance of delivering this as soon as possible. There is real appetite in the business community, as Siân says, for seeing this happen, but rather than say something that is not exactly correct right now, I will write to you and the Committee to give you an update on this.

Q26 Nia Griffith: Could I enlist your kind offer to be a co-ordinator between Departments in respect of the steel industry? First of all there is the issue about the certification of rebar, which Stephen Doughty has just mentioned. I wrote to the Consumer Affairs Minister some time ago about this and I also raised it with the BIS Minister answering the urgent question on steel last

Thursday and he did not seem terribly well appraised. Could you perhaps just follow it up because this is of massive concern to Celsa and Bute?

Stephen Crabb: Absolutely, Nia. I have been doing a fair bit of reading around this issue in recent days and weeks. I am familiar with what industry is saying. This is not just a kind of trying to find a way of avoiding competitive threat. There are real issues and concerns being raised about quality, which obviously feed through to quality of structures themselves, so, yes, we will follow up on that.

Q27 Nia Griffith: The other issue is that last Wednesday, when we heard about the Klesch takeover of the long products division, which obviously does not affect the steel making by Tata in Wales, but nevertheless begins to sound alarm bells for a lot of people, it was the very day when your colleague, the Energy Secretary, announced that we would be making an early start on what is called the market stability reserve which is part of the new EU emissions trading scheme. The steel industry is very concerned that we should not be rushing into this, that we do want to be working together with other countries creating that level playing field and making sure that we do not end up with carbon leakage, that is, people going and making steel products in countries outside the EU to avoid the EU emissions trading scheme. So, again, if I furnish you with the necessary detail, would you go and speak to Ministers both in BIS and DECC about how we approach this and to get the steel colleagues again back in meetings with those Ministers to really look at the issues that are very much concerning them at this present time?

Stephen Crabb: I will definitely do that, Chair, and keep you all informed of the progress of that. I have to say that, in the conversations I have had with Tata and other people involved in the industry, the feedback I get is that we should not interpret decisions made by Tata in India about their business strategy in Europe as actually relating to any of the specifics of our energy policy. Yes, energy costs are a really key concern, and no one is disputing that, but there is a bigger strategy at play here by Tata.

Chair: Thank you for that. I think that probably exhausts all the rail electrification questions, which were going to come much later on. I will now go back to Jonathan.

Q28 Jonathan Edwards: Thank you, Chair. The Wales Bill has been strengthened in the Lords, I presume under your instruction, and we are all very grateful for that. Indeed, many of the amendments that I put forward in the Commons have now been adopted by the Government. But the Bill still only takes Wales up to—well, it does not even take Wales up to—where Scotland is now, minus the lockstep, which we will discuss later. With the UK Government now pledging to legislate on a new Bill for Scotland before the general election, are you looking at opportunities beyond the current Wales Bill as a part of that debate about Scotland, how we could sort of dovetail on the back of that to ensure that we improve the settlement even more?

Stephen Crabb: Let us be clear about the Scotland commitment first. The commitment is to bring forward legislation. There just is not the time in the timetable to legislate for those changes, so nobody has actually committed them to doing the legislation ahead of the election. There just is not time in the parliamentary timetable to allow that. But what there will be come the end of January is a pretty clear outline Bill for how the new Scotland powers are going to be introduced.

Alongside that work, and alongside the work that is also happening under the Hague Committee on English votes for English laws—working with the Hague Committee and hopefully on a cross-party basis, and we had a very useful first discussion with the Welsh leaders of the parties in Wales last week—I want to see whether by early next year, and I am thinking that St David's day would be a good landmark moment, we can have worked on a cross-party basis to take into account the output of the Smith Commission in Scotland, to see

whether we can make common commitments to what the next stage of devolution is going to look like for Wales. It would be a really healthy moment if all the parties were united around a common baseline set of commitments to give certainty to the people of Wales about what, as I said, the next stage of devolution will look like. There are some issues that will prove very controversial within and between the parties, and those will be up to individual parties to have specific manifesto commitments on; but it instinctively feels right to work with the other parties, as I say, to come up with a common approach to the next stage of devolution but taking very much into account what is happening in Scotland and seeing whether those kinds of proposals are appropriate in a Welsh context.

Q29 Jonathan Edwards: So you recognise, therefore, that the current Wales Bill will only be a sort of a stop-gap measure until we finalise and see what is happening in Scotland.

Stephen Crabb: But it is not a stop-gap measure. It is actually a really important Bill. Because it is a relatively short Bill, and because it passed through the House of Commons stages relatively quickly, we should not interpret that as meaning it is somehow not really significant. I think actually we used the word “historic”. It genuinely is a historic Bill in that it devolves for the very first time tax and borrowing powers to Welsh Government. I know you are as keen as anyone, Jonathan, for the Welsh Assembly to mature into a Welsh Parliament, but do you honestly think that the Assembly can be seen in any way as a Parliament without tax-raising powers? The Wales Bill delivers that for the first time, so in its own way it is a historic Bill, but it will not be the final word and you are right on that. There will be need for further discussion and debate beyond that.

Q30 Jonathan Edwards: For instance, if the pledge to Scotland is 100% income tax powers, would you be satisfied with 10% tax powers for Wales, as the Bill currently states?

Stephen Crabb: We are getting into the hypothetical here, Jonathan, because obviously it is for the Smith Commission to make recommendations which the Government will then back up with draft legislation for what the new income tax powers will look like for Scotland, and it is by no means straightforward. Obviously my party, through the Strathclyde Commission, had quite a bold and radical commitment or aspiration for income tax devolution in Scotland. The Labour party had a much more cautious approach. So the challenge for the Smith Commission is to work out a way between that, taking on board the views of the Liberal Democrats and Scottish Nationalists as well and we just need to look at what they recommend in the round, with the other recommendations that they make, perhaps touching on welfare as well, to see whether this represents a next stage for devolution in Wales.

Q31 Jonathan Edwards: Just quickly on English votes for English laws, as you have touched on that, I have no problem whatsoever with that idea if two things can be resolved. First, of course, you will be aware that the way Wales is funded is based on spending decisions for devolved Departments in England. Therefore, Welsh MPs, if they are not allowed to vote on those issues, will lose the ability to influence the Welsh Budget. Secondly, if you have a very asymmetrical devolution settlement, as we have at the moment, with Northern Ireland with a set of powers, Scotland with a set of powers and the London Assembly with more powers than the Welsh Assembly, that creates three or four different tiers of MPs when it comes to votes in this place. If it is a procedural motion that the Government want to bring in, how do you foresee the House of Commons working if you have four or five different tiers of MPs?

Stephen Crabb: Those are exactly the questions that William Hague and his Committee are getting their heads around in the coming weeks and months, and none of this is easy, as I said before in answer to another question in a different context. If it was easy, it would have been done. We have been talking about the West Lothian question for a long time, but I think what we have to recognise, as Welsh MPs—and you are saying you are comfortable with it—is that

we heard in Wales Questions today other MPs who are not comfortable with the direction of travel on this. There is an appetite in England for that English voice over their own affairs, at the moment, and I used the phrase lop-sided this morning because we do have a hopelessly lop-sided devolution arrangement where Scottish and Welsh MPs are voting regularly on laws that affect schools and hospitals in England and MPs from England have no such voice over the borders in Wales and Scotland on similar issues. We have to seize the moment and deal with that in a way that does not prevent Welsh MPs having a legitimate voice over spending decisions that might affect their constituencies. For those cross-border MPs particularly, there are important issues around public service use. Nobody wants to see the Welsh voice diminished on all of those, but you have to recognise that this appetite in England for dealing with the English votes issue is not going to go away.

Chair: Mr Edwards, do you have any further questions on that?

Q32 Jonathan Edwards: Do you think that having a more symmetrical settlement would help the Government achieve their aim of English votes for English laws?

Stephen Crabb: That is a very good question. I do not know whether it will help solve it in anything like the short term, with some of the difficulties around English votes for English laws, but I can well see that there will be a growing aspiration in the long term for a coming together of devolution settlements across the board so that they all start to look a bit more like each other. It is not to say that because you do something in Scotland you should automatically read across and do it for Wales and Northern Ireland and all the other things, but I can well see much further down the line a general movement towards alignment of the devolution settlements.

Q33 Chair: Minister, you talked about the next stage of the devolution settlement. It is a term that slightly worries me because it implies that there may be many other stages leading towards some sort of end game. I do not know where that is likely to be. Are we seeing the continuation of a process or is there an end game in sight?

Stephen Crabb: What I have said about the process that I am starting with the parties, the Welsh parties in Westminster and obviously working closely with the Welsh parties in the Assembly, is what I would like to see. My ambition and aspiration for this is to come up with a set of commitments that represents, if you like, a settlement to some of the long-standing issues around devolution so that what we do not have in the future is political discourse in Wales dominated year after year by discussions around devolution and further powers. I cannot remember one occasion in the nine and a half years I have been an MP, when I have been out on a doorstep on a Friday or a Saturday morning, somebody raising with me issues about more powers. People do not think like that. They think about issues, they think about jobs and public services, and actually by settling some of these devolution issues—maybe I am being ambitious in this—for the longer term we can create more space in the Welsh political process for much more meaningful debate on health, education and our economic performance.

Q34 Chair: Do you think it would be possible to settle this argument without putting powers in place in England? Do you foresee granting further powers to Wales before something is done in England?

Stephen Crabb: Do you mean something around English votes?

Chair: Yes.

Stephen Crabb: There is a pretty strong, urgent appetite to do something significant on English votes for English laws. In terms of what we talk about as the next stage of devolution,

I am keen that we come up with some consensual proposals in the coming months, but in terms of actual—

Q35 Chair: Can you see yourself giving further powers to the Welsh Assembly before the West Lothian question is solved?

Stephen Crabb: I would hope that there is a solution to the West Lothian question before then, but let us not get bogged down in timing. For somebody like Jonathan and his party colleagues, this will always be a never-ending process because they have an aspiration for home rule—

Chair: I worry it is for some of our colleagues as well.

Stephen Crabb:—and an independent Wales. I hope he will forgive me if I mention the fact that support for independence is at an historic low and I think there is—

Q36 Jonathan Edwards: There is this new poll out. You have to be careful of using out-of-date information.

Stephen Crabb: I think there is a mainstream Welsh public opinion voice that we need to be listening to when it comes to devolution. There is an aspiration for more devolution but I do not detect any strong aspiration for home rule, so we need to move carefully. But, as I say, what is really important for me is freeing up space within the political discourse of Wales for more discussion about the issues that matter to people.

Chair: I won't take advantage of my position, so, yes, Mr Williams, and then we will come back to Geraint.

Q37 Mr Williams: Thank you, Chair. I want to return to some of the specifics of the Wales Bill. I think it has finished its Committee stage in the Lords, with the Report stage on its way. Some people have described the removal of the lockstep as a knee-jerk reaction. I do not. I very much welcome it. I was one of the few people, along with Plaid Cymru and the Green party, who voted in the Commons to get rid of the lockstep because it did impede real devolution. So that was a welcome move. Can we expect any other changes? We have had some people accuse the Government of cherry picking Silk Part I. There was air passenger duty, the issuing of bonds, borrowing levels and the lockstep. The Government have wisely, I think, taken the action on lockstep and there is good news, I think, from the Joint Exchequer Committee on the issuing of bonds. Can we expect any other changes to the Wales Bill as it stands? I am coming to Silk Part II in a minute.

Stephen Crabb: I am glad you mentioned the Joint Exchequer Committee meeting on Monday. This was a first time ever, part of the new architecture of devolution for Wales, if you like, involving joint meetings between Finance Ministers, myself as Secretary of State and the Welsh Finance Minister in Cardiff. Those meetings will be important and one of the agreements that we reached at that meeting was to work towards giving Welsh Ministers the power to issue bonds. That obviously satisfies an aspiration in the Silk report. Where we are with the Wales Bill, where it is reaching its Report stage in the House of Lords—you are talking very late on now in its parliamentary passage—if you start to load the Bill with more and more changes, you risk losing the Bill altogether. It is in everyone's interest to get that Bill through its parliamentary process and on to the statute book and actually get the powers in it devolved. It is an historic Bill, as I said earlier, so I think we can expect more open-minded, pragmatic thinking about fiscal devolution, if you want to call it that. But in terms of what the vehicle will be for that, I do not think the Wales Bill, because of it being in the late stage of its parliamentary passage, is necessarily the right one.

Q38 Mr Williams: So we are turning on to the next vehicle. It follows on from what the Chair was saying, in a way, about the process rather than the event, that we have identified several vehicles. Originally, in Silk Part II, the aspiration was that all four main political parties would set out their stall for the electorate to make up their mind. I suppose there is still that expectation on some of the big issues, but the Wales Office Annual Report talks in terms of other areas, other parts of Silk Part II maybe being able to be initiated earlier without primary legislation. What areas are you looking for? First, I should preface that by saying how much I welcomed the opportunity to take part in those discussions the other week and your aspiration to build a consensus between the four parties here, very much on the back, of course, of an Assembly vote yesterday on a motion achieving consensus between the four parties in the National Assembly. So, on Silk II, how are we going to advance that, particularly before the next election and in what areas?

Stephen Crabb: As you will find out from the discussions that we will be having, going forward, Mark, Silk II is very much the meat of the work that we are going to be looking at under the auspices of William Hague's Committee. Some of those big meaty items will require primary legislation and I am hoping that for some of those where we can achieve consensus, we should, and we should be ready to say before the election that these are the things that the parties are uniting around—to be doing this, this or this—whoever wins the election in 2015. There are quite a number of recommendations in Silk II that, as you rightly say, do not require primary legislation and maybe there is an opportunity in the discussions we are having—and I am hoping there will be—on a cross-party basis to see whether we can actually tick off some of those as we work through them. If you are going to ask me now to start listing which ones I think will happen, I will say let us wait and have the discussion.

Q39 Mr Williams: I will not ask you that question, but the final one is: in the wake of the result of the referendum in Scotland, without naming Departments, how receptive are other Government Departments to the case for devolution in Wales in the wake of the Scottish experience—some of these issues that you will be exploring with them? Do they understand the importance many of us attach to this, not because it is an academic theory but very much with what you have just said about how getting these issues resolved means that there can be a focus on other, if you like, bread-and-butter issues that really matter to people, like health, education and welfare? How receptive are your colleagues, particularly in the Treasury, I should say, to the case for Wales that you are putting?

Stephen Crabb: There is a recognition and acceptance of the need for constructive discussion on these things. If any of my colleagues do not get it by now, then I wonder what they have been doing for the last few weeks because we have been having some very serious and meaty discussion right at the top of Government and at the top of the parties as well. So there is that recognition. You mentioned the Treasury specifically there. I have to say—and it might surprise you—that we are having some very fruitful and constructive discussions with different Treasury Ministers right now about some of the problems that we are facing in Wales and on some of the issues that you are asking about.

Q40 Mr Williams: Lastly, we had the Committee stage of the Wales Bill on the Floor of the House and that was very welcome, and it was welcome that the Bill was there in the first place. The change to the lockstep was ruled out of order then—and I am particularly thinking about the Treasury—and it was quite clear that on the issuing of bonds to the National Assembly there was a very clear Government line. What was the turning point in terms of your discussions with the Treasury? How big an impact was the vote in Scotland in driving forward devolution in Wales?

Stephen Crabb: A fair and honest answer to that is, yes, the Scottish referendum process and where we got to—I used the phrase on that Thursday night of the referendum count—felt like a moment of constitutional trauma, with the whole of the United Kingdom united in concern. Obviously, there was a big chunk of people in Scotland who had a hope and ambition for a

different outcome, but I think there was an upswell in concern about how we make a meaningful family of nations in terms of how we hang together and what gives the Union meaning, and also how we allow the aspiration within each of the nations for a strong voice over their own affairs to be heard. I think there is something of a turning point within Government and people realising that, actually, whatever terms we used to describe the constitution and devolution beforehand, we have passed a point where we do not go back to that. That is a potentially healthy opportunity if we use it in the right direction and in the right spirit.

Q41 Glyn Davies: Stephen, you have talked a lot about the way in which the party leaders have come together on a consensual basis looking for ways forward, and I certainly applaud that and I suspect that all of us applaud that in general. There is one aspect of it that I wanted to ask you about. First of all, can you give us a bit of an idea about how often you were intending to hold these meetings? There is a formal structure, it seems to me, for these meetings, so how often do you intend to hold them and what areas do you intend to discuss at them? Is it just going to be Silk II or movements on devolution, or is it likely to cover a lot of other issues as well? What is this new constitutional arrangement of cross-party leaders meeting down here?

Stephen Crabb: Perhaps I can use this opportunity to give you a bit more meat on the bone in terms of what we are doing. That first meeting last week was testing the water to see what the appetite was for Welsh Labour, Plaid Cymru and the Welsh Liberal Democrats working together. I have to say that I was really impressed with the constructive approach that the other individuals took. We have agreed to meet again in one month's time and I would think that a monthly cycle for these meetings would be healthy. It might be that we need to meet more or less frequently as we go along. You asked about the content of the discussion. I see in front of me four areas where we need to be doing some work and where we need to think.

The first is around the move to a reserved powers model. There is a fair amount of unanimity about the need to move to that in the wake of the Supreme Court judgment. I would like to see work begin now, some technical work in terms of starting to map out what a reserved powers devolution model looks like for Wales. That work will be commencing and it will obviously involve the Wales Office but other Government Departments as well. I think there is not going to be a lot of contention around that. That is one element of the work stream.

The second is looking at the Silk II recommendations on a cross-party basis to try and understand what it is that we can commonly sign up to and hold up as a unified approach to the next stage of devolution in terms of implementing Silk II and what issues are going to be too contentious or difficult. We will have to leave those to individual party manifestos.

The third element is looking at the output of the Smith Commission, the work that is going on in Scotland and considering the question: should what is offered to Scotland be automatically offered to Wales? How much of the output of Smith could or would work in a Welsh context and how much of that should we be taking on board now as specific recommendations for Wales?

The fourth issue, which I have been flagging with colleagues and I do not think we are going to be able to duck this in any way and neither should we want to, is the issue of funding for Wales. There needs to be a very serious discussion about Wales' funding needs. There are obviously questions raised by the Holtham Commission about whether Wales is adequately funded. If William Hague's Committee is going to lead to the fair and lasting settlement that the Prime Minister is committed to, then I think we need an answer to the funding question. So I am committed to working to achieve that as well as part of the process.

Q42 Glyn Davies: I wanted to ask about funding, but I want to follow up on the second point. This, I think is pretty good. Most people are going to welcome this general approach and I think it may be quite positive. But the one area that concerns me is that area where there might be some disagreement and the tendency of this kind of arrangement to mean we duck out of those areas where the parties have a different view. This is perhaps a partisan point and it certainly stems from a personal view. My own view is that the Welsh Government should not have any more powers at all until it has income tax-raising power, a significant tax-raising power that the people of Wales relate to, so it becomes financially accountable. That is difficult because I think the Welsh Government will be suspicious. The impression you have had is that there are arrangements that have been put in—or hurdles—to stop that happening. I feel there is a danger of doing the easy stuff, which is transferring all sorts of powers over to the Assembly again, but leaving on the back burner the real and fundamental issue of meaningful tax-raising powers. I do not want that to be lost in this area of consensus. Other Members may have another area where they think it is important, but I think that is absolutely crucial. I do not want to be voting for giving them more wind-farm power and giving them even reserve powers. They have to have income tax-raising powers so that people relate to them and know when it comes to election time and they can say, “Wait, a minute, there are two sides to this ledger.”

Stephen Crabb: Instinctively, I feel that approach, as you describe it, is right. I think that the next stage for devolution is embracing the income tax powers and the full range of tax and borrowing powers that are in the Wales Bill. That is what gives meaning to the idea of the Welsh Assembly becoming a proper legislature. It gives greater accountability and makes for a much more meaningful political atmosphere in Wales—a much healthier atmosphere. I think I have said a bit crudely at times that we share the politics of the begging bowl in Wales, but you know what I mean by that, which is we should not have everything boiling down constantly to a discussion of, “More money from London, please.” We need to move on from that in Wales, so devolution of income tax is absolutely key to that. You flagged up a warning about too much consensualism and I think that is right. The danger when politicians get together and try to agree a consensus is that you end up with a bit of a mush. That is not what we want to happen through this, but I would say there is as much, from what I can tell already, disagreement within the parties as between the parties so we need to be honest about how we approach these issues.

Chair: There probably is, yes. Do you have a further question?

Glyn Davies: No, nothing else.

Chair: We are going to come to funding in a second, and specifically Jonathan has some questions on that, but did you have something else, Geraint?

Q43 Geraint Davies: Just very quickly, Secretary of State, you have talked about English votes for English people and you have talked about settling the West Lothian question. If I were a London MP and I wanted to vote on transport in England, transport is devolved in London so I would face this West Lothian question, and with the emergence of city regions as well, this will get more and more so and it seems there will be no solution as such to the West Lothian question. So do you see an emergence of more and more regional assemblies in England—you may not, of course—and how would that work? The other thing is this idea of, “You have to be grown up to have tax devolution.” Do you think, for example, that we should agree with Boris Johnson that he should have devolution of stamp duty for London, which would be an enormous money maker for him but not for us because the assets are worth more in London? I feel that we are going down this path which does not have a solution, and that may end in the wrong place. You seem to be saying, “It will all be tidy and everything will be all right on the night.”

Stephen Crabb: We started out on the path when Tony Blair, as a new Prime Minister—

Geraint Davies: You can blame him, yes.

Stephen Crabb:—set out on the road of devolution. What we all have to recognise—and maybe I was further behind the curve than some of you on this—is that by and large people in Scotland and Wales have signed up to that. They like that. You are right on the stamp duty point. I think there we need to tread with care, in terms of all of these new tax arrangements that may emerge within devolved structures, so that we do not move away from something essential that binds us together as a union, which is the idea of pooling risk and that actually it is a good and healthy thing, in terms of social cohesion, for the wealthy parts of the country to contribute to the other parts. That does not mean that you cannot do some creative things around tax devolution to make parts of the country more dynamic, and I am an enthusiast for tax devolution to Wales because I see that as a real lever that can be used, if it is done properly, to make the Welsh economy more competitive and more successful.

Chair: Thank you very much for that, Minister.

Q44 Jonathan Edwards: There seems to be a political consensus in Wales that the Barnett formula is not fit for purpose and we need to move to a better settlement with everybody agreed on fairer funding for Wales. The problem with fair funding is that it is a very opaque term. Do you agree with me that, following the solemn vow that has been made to the people of Scotland that the Barnett funding per capita there is going to be preserved following the “no” vote, fair funding for Wales now means the people of Wales having the same funding levels as the people of Scotland? If you do not, what do you mean by fair funding?

Stephen Crabb: That is a really good question and at the heart of the discussion that we are hopefully about to have. I do not see the vow as shutting off the prospects for addressing the funding question for Wales. There are various solutions that we could be thinking about. The Holtham Commission was looking very much at a needs-based formula. There are other ideas around a “Barnett floor” and what you can do to preserve a differential between spending in England and in Wales. I think before that we need to get the political commitment to addressing it and I see my first task as Secretary of State for Wales as helping to build that commitment up here and in Wales as well, and seeing these important issues addressed.

Q45 Jonathan Edwards: Would you agree with my premise that the promise that has been made to the people of Scotland by the Westminster parties now radically changes what we would previously have argued when we were discussing “fair funding”?

Stephen Crabb: I do not think it necessarily does. Let us see what the Smith Commission comes out with, but it could well be, when we implement what the Smith Commission proposes for Scotland, that the share of money that Scotland receives via the Barnett formula is a relatively minor bit and that they are largely standing on their own two feet when it comes to raising the money that they spend. So Barnett becomes less and less significant the more you go down that road. That is what we are going to see in Scotland. With regard to Wales, I think there is an important issue there that we need to get to grips with, but it absolutely does not stop us making progress on the tax devolution that we want to press ahead with.

Q46 Jonathan Edwards: Do you think it is going to be more difficult to achieve those objectives following the vow that has been made to Scotland?

Stephen Crabb: The First Minister has said that he is not interested in embracing tax devolution, particularly income tax devolution, until fair funding is addressed. I just think that is muddling up two issues which do not need to be muddled up. You can actually crack on and embrace tax devolution and use it to its fullest for all the advantages that we have just been talking about, not least because it unlocks a major chunk of new borrowing power to the

Welsh Government that can go into infrastructure and job creation and still leave you the opportunity, over a longer term, if that is what it is going to take, to address fully and finally the Welsh funding issue.

Q47 Chair: Minister, do you think the current settlement is fair to Wales?

Stephen Crabb: I do not think the current funding formula that is used to give a block grant down to the Welsh Government delivers the very best for Wales. I have seen the work of the Holtham Commission, which was in 2008. Since then, of course, we have been through a major downturn and the funding scenarios have changed, so let nobody use the £300 million figure because that was an old figure and what you have seen—

Q48 Chair: So you did not accept the £300 million figure. Would you accept that there is an underpayment?

Stephen Crabb: I do not accept the £300 million and I do not think anybody who has looked at this closely in anything like the last two or three years would accept the £300 million figure because the funding scenarios have changed. While we have been cutting public spending, if you work out how the formulas do it, obviously, as we have been cutting spending in England, that means that, as a proportion, Wales gets more.

Q49 Chair: But you would accept there is an underpayment.

Stephen Crabb: I would accept that Wales could get a better funding settlement, or could aspire to getting a better funding settlement from central Government.

Chair: Thank you for that. I would like to turn to Jessica Morden and the issue of the Severn bridge.

Q50 Jessica Morden: It is the traditional question on the Severn bridges now. Moving on, I want to ask this. Obviously this Committee has done various reports into tolling on the Severn bridges and has come to the conclusion that when the bridges are returned to public ownership in a couple of years' time, or whenever that might be—we do not know exactly now—tolls should be substantially reduced. Do you agree?

Stephen Crabb: I do not share the aspiration of our Liberal Democrat friends who want to see no tolls at all on the bridge. With a major piece of infrastructure like that, you have to pay for the infrastructure, the maintenance and the upkeep. I would hope that at the end of the concessionary period there is an opportunity there to do something different with the tolls, and it is not just about the levels of the tolls; it is about what you use those tolls for. Where do they go? What extra spending could they support? You have a choice: you can either reduce the tolls or you can keep tolling at a certain level and use it perhaps for funding for new infrastructure that will benefit people in businesses in Wales. When I look at the structure of tolls at the moment, the one that really stands out for me as offensive is the middle band for the light vans. When I am stacked up in the queues at the Severn bridge and I look around out of the car, I really feel for those guys in small white vans who are paying almost £13 every single time they cross the bridge. If they are going across to clean windows or do some carpentry in Bristol, if they live in Newport, that is a major cost on them; so, yes, I would like to see a restructuring of tolls in the longer term.

Q51 Jessica Morden: I agree wholeheartedly with that point and there are far more creative things we could do with the tolls: lower tolls for people who live in certain postcodes locally and more regular commuters and stuff like that. I agree, but do you generally understand just how frustrated the users of the Severn bridges feel when the tolls whack up every single year, and they will be going up presumably again now in January, but the Treasury seems to do particularly well

in getting in extra revenue from some of the tax changes such as the industrial buildings allowance? It does seem that they are getting quite a revenue out of it at the same time that the tolls automatically go up. Do you not think it is time for a bit of clarity in terms of exactly how well the Treasury does out of us?

Stephen Crabb: I agree with the clarity point. One of the many good things this Committee has done in recent years is shone a spotlight into those financial arrangements around the bridge. I have learned more about the finances behind tolling from reading Welsh Affairs Select Committee reports than from any briefing I have received from a Government Department, so I pay tribute to the Committee on that.

Q52 Jessica Morden: Very good, too.

Stephen Crabb: This is a really important issue. I have asked my Under-Secretary, the hon. Member for the Vale of Glamorgan, to lead on this so he will be meeting with the Transport Minister on Monday to discuss exactly this set of issues; they are really important for people in south Wales and we do need clarity and that is what I hope we can achieve.

Q53 Jessica Morden: Will you be telling him, in light of this, that, when he is having those meetings with the Department for Transport, which hopefully he will be having fairly regularly as we come towards the end of the concession, he should be standing up for Welsh users of the bridge, and putting that need right at the heart of that, rather than the Treasury who seem to get quite a lot out of it?

Stephen Crabb: The hon. Member for the Vale of Glamorgan understands very well the views of businesses along that south Wales corridor and the needs of businesses in Wales. He is very alive to concerns around the bridges but also about the state of the M4 around Newport as well. He and I have done a lot of good work on this in recent years in terms of campaigning and pressing for improvements on that. So he is very much alive to it.

Q54 Jessica Morden: Can I ask you another couple of questions about the Work Programme? You, as Under-Secretary of State for Wales, took a great interest in how the Work Programme was performing. Obviously, we did a report last October which showed that, out of all the regions and countries, Wales was performing worst of any of the regions in a number of factors. How is it doing in the most recent measures, from the most recent figures?

Stephen Crabb: The performance has improved in Wales and we are now seeing significant numbers of people leaving the Work Programme going into sustainable employment. I do not have the immediate figure.

Q55 Jessica Morden: From the June figures that came out, we are still the worst. Out of all regions and countries, we are still performing worse than the other regions, particularly for those who are disabled and women. I wondered how you thought: do you not aspire for us to do better?

Stephen Crabb: Absolutely we need to do better, but the initial point I was making there was, let us not be blind to the fact that what we are talking about with people coming off the Work Programme is people in our own constituencies in the most difficult communities who have the most difficult barriers to getting back into work. Some of these people have no recent work history whatsoever and face multiple hurdles in getting back into regular work, and the Work Programme is delivering for them. It has got better. We do have challenges in Wales, which is one of the reasons that I have been so vociferous in urging a solution to the question about why long-term unemployed people in Wales do not have access to the full range of training opportunities that long-term unemployed people in England do because of the bureaucratic reason that, if something is funded by European money, then people in the Work Programme in Wales cannot access it. That is why we have the joint working group looking at

that and I am concerned we need to make more progress. I do want to see a bit more movement from the Welsh Government on this because I think it is the long-term unemployed and Wales who are losing out.

Q56 Jessica Morden: I have to say there were a couple of recommendations in our report about that, but this is a UK policy and it just seems that Wales is doing worse than other parts of the country, so it is the UK Government's responsibility, by and large. Can I ask you one last thing? You mentioned the jobs and unemployment—and everyone would welcome drops in unemployment—but there were also studies out last month which showed that there had been a huge growth in underemployment in Wales, which has risen by 20% since 2010, which is contributing to how vulnerable people are feeling about their own cost of living crisis. Do you accept that?

Stephen Crabb: There is certainly a significant number of people out there in part-time jobs who want more hours, and I have seen the surveys. I think the last figure I saw was that 19% of people currently in part-time work want more hours, which suggests perhaps less than a fifth. You might have more up-to-date figures, but that is certainly that proportion, so, yes, there is an appetite among some people with part-time work to be working more hours. But do not look at things in isolation. Look at how the impact of universal credit will work. For the first time, whether you are doing five hours, 15 hours or 25 hours a week, it absolutely removes any disincentive for going out there and getting back into the workplace. The dynamic nature of universal credit will mean that those part-time jobs will always pay to go out to work, and I think it is going to be a significant boost and certainly the early evidence from the pathfinders indicates that.

Q57 Jessica Morden: Can I ask one last question on the NATO summit? Obviously, you had just come into position when the NATO summit came along and it was a tremendous success for Newport and, of course, Wales, but how are you working in order to grasp the opportunity of the raised profile of Newport and Wales in order to generate some really positive benefits for us now?

Stephen Crabb: I completely agree with you. It was a stunning success. The way the communities in Newport and Cardiff really swung behind it and entered into the spirit of it was fantastic. You are absolutely right that the brand of Wales was promoted in the most effective way that we have seen for many years. In terms of what we do now to build on that, something we are doing next month is the investment summit. We are going back to Celtic Manor to hold a major investment summit involving senior figures from Welsh Government and UK Government. Again, that is a good example of the two Governments working together co-operatively. We are bringing new investors into Wales to showcase to them some of the very best of our high-tech manufactures, things like cyber security, biotech and life sciences, all these new sectors that are quietly going out there and creating new jobs. We want to profile them to inward investments, to use the additional profile that NATO has given us to secure more inward investment.

Q58 Chair: To bring you back quickly to the bridge, Minister, we have had strong evidence—in fact, it is categorical evidence—that the total amount of money which the Government have raised through the industrial buildings tax and the levying of VAT far outweighs the debt on the bridges which they are trying to recoup after the bridge reverts to public ownership. Have you seen those figures and would you accept them?

Stephen Crabb: I have not seen those figures, and if you could send those through I would love to see them.

Q59 Chair: We will send the figures through. You are obviously aware that if the bridge goes back into public ownership then VAT will no longer be applicable.

Stephen Crabb: Correct.

Q60 Chair: Would you therefore, like me, support the nationalisation of the Severn bridge so that at least we can deliver a 20% pay cut to our constituents and businesses along the M4?

Stephen Crabb: It is going to revert to public ownership, so the nationalisation, as you describe it, will happen. If you are urging me to—

Q61 Chair: Can you commit then—

Stephen Crabb:—take part in a coup and force the nationalisation of the Severn bridge before then, I think we would probably face more contractual costs than would be worth while.

Q62 Chair: But in that case we can look forward to at least a 20% cut in the tolls, can we not, after it reverts?

Stephen Crabb: The problem with all this, Chair, is that you go down to Cardiff and talk to Ministers and politicians down there and you get a different set of recommendations for what should be done with the bridge. What would be really helpful is if there was a unified view emerging of what is going to be good for Wales and Welsh business that we can all unite around so that I can go to my colleagues in the Treasury and—

Q63 Chair: I would like to see it as well.

Stephen Crabb: —say, “This is what the people of Wales want to happen when the concessionary period comes to an end,” but at the moment we are hearing ideas for no tolls at all, reduced tolls or securitising the tolls and using the money for more infrastructure investment.

Chair: I haven’t heard that one coming from people. I have heard “no tolls” and people might accept a reduction in tolls, but I have not heard many folk who use the bridge saying to me, “We do not really mind paying them as long as the money is used on something else.” But I do agree that we need a plan and it worries me that we do not have one. But I must not take up too much time.

Q64 Geraint Davies: Very briefly, would you have not agreed that the toll itself is basically a tax on trade, commerce, tourism and everything else on south Wales that is not faced anywhere across Britain? I appreciate that politicians who are looking for money might want to take the money and hypothecate it on health or whatever they want to do with it, but it is really an unfair tax on business. You mentioned under-utilisation of employment and all the rest of it, and surely the best thing you could do is minimise that tax and stimulate the south Wales economy.

Stephen Crabb: I actually do not accept that it is a tax on business. It is a means of paying for a strategically important, major piece of infrastructure, and costs have to get paid for. But I do recognise that they potentially add additional costs to businesses in Wales. That is where I would agree.

Q65 Glyn Davies: I want to come back to a different issue, Stephen. It is an issue I have raised before—but I think I should raise it with you in your new position as Secretary of State—about cross-border road schemes where they are completely frustrated because they are cross-border and there is a different commitment on both sides of Offa’s Dyke. On the Welsh side, clearly there is a huge economic benefit from a road improvement, and on the English side there is almost no economic benefit at all. I can understand some of them, like the one in Llanymynech, where there is a huge cost to both sides. I can see there is big discussion on that, but the one I want to raise with you now is the road between Welshpool and the English border, the A458, where the amount

of money from the United Kingdom Government is minuscule. It is 5% of the total cost and yet it cannot go ahead because the Welsh Government are not willing to spend their money on that and the scheme has just disappeared.

I understand that at least, without being firm, the Department for Transport are minded to recognise the idiocy of that and are maybe willing to contribute, but it just needs somebody to grip it and to speak to Edwina Hart about this issue. I have spoken to Edwina Hart informally myself and I think she is open, obviously, to that, and it just needs somebody at the Westminster Government side to say, "This is daft." Any sensible British response would be to go for this road scheme, but it is stopped by something I think you might be in a position to help with.

Stephen Crabb: We have talked before in the general about cross-border road schemes and, following those discussions, I have had discussions with the Roads Minister, the hon. Member for Scarborough, about cross-border road schemes in a general sense. What would be really helpful is a note on this—

Q66 Glyn Davies: Okay, I will do that.

Stephen Crabb:—about the specific problem, what the specific funding scenario is, and we would be very happy in the Wales Office to take that discussion forward both with colleagues in Whitehall but also with the Welsh Government as well. As you say, the Welsh Business Minister is very pragmatic on these things.

Q67 Stephen Doughty: Secretary of State, I have two very specific questions. One is regarding a meeting that the Committee had recently that I was not able to attend—but read about with interest—with Cardiff Aviation on 8 September about the use of the former MOD site at St Athan. It seems to me that there is some sort of confusion and bureaucracy going on here with the MOD over the use of the site, and Cardiff Aviation said that they could potentially expand to create 500 to 600 jobs. Obviously you will be aware of the value of the aviation sector in south Wales, particularly in terms of jobs both in my own constituency and in the Vale of Glamorgan. I was wondering whether you or your junior Minister, given that he is of course the Member for the Vale of Glamorgan, had had any discussions with Anna Soubry at the Ministry of Defence to try and unblock this, and, if not, will you?

Stephen Crabb: I had a discussion personally with the Welsh Minister and with the MOD Minister—and this is probably going back six months, or maybe a year—when we had a particular problem arise with Cardiff Aviation not being able to get access to the runway space at a particular time. Without going into the detail of that, we had quite a constructive conversation around that, making sure that it does not happen again. In terms of an ongoing long-term issue, I was not aware of the detail of that.

Q68 Stephen Doughty: There is a letter that has come to the Chair with some points and it does seem to be the MOD blaming the Welsh Government and giving a whole bunch of fairly bureaucratic answers rather than resolving the issue.

Stephen Crabb: The letter from the—

Q69 Stephen Doughty: It is from Anna Soubry to the Chair.

Stephen Crabb: Okay, so we will get copies of that and have a look into this. We recognise the strategic importance of the St Athan site and the importance of businesses like Cardiff Aviation.

Q70 Stephen Doughty: Then I have an unrelated question that relates particularly to your role in co-ordination among Government Departments. You will be aware of the very concerning instance

involving two individuals from my own constituency and others from across Cardiff travelling out to fight for ISIL in Syria and Iraq and the wider issues around extremism and radicalisation, which are not ones that Wales has traditionally seen in the past and as to which certainly the Muslim community in Cardiff has united with other faith communities to condemn both ISIL and those attempting to pervert and radicalise young people. There is an issue here with co-ordination of strategies, particularly in schools and universities in tackling extremism but also equipping young people with the skills and expertise to be able to respond to, rebut and identify those who are trying to manipulate, particularly things that are online and so on. I was a little bit concerned recently that neither the Education Secretary in England nor the Universities Minister appeared to have met with Huw Lewis in the Welsh Government. I know there has been official level contact, but I wonder if you could say a little about what you are going to do to ensure that there is that coherence of response to what is a very serious problem across the whole of the UK but clearly affecting Wales too.

Stephen Crabb: You are absolutely spot on, Stephen. This is a very timely question and these kinds of discussions that we have been having within the Government over the summer have occupied our hearts and minds a great deal. Let us recognise what has been happening with young people for what it is: these are young people who have been born in Britain, born in Wales, educated in Britain with British values and gone to British youth clubs or sports clubs, but who, for whatever reason that we may or may not understand or begin to understand, have taken the decision, basically, to pack their rucksack and head off to Syria and Iraq to do jihad. This is absolutely terrifying. We do not know exactly who is a fighter and who is not, but clearly there will be people returning to this country who may not have participated in brutal acts themselves but who have certainly witnessed brutalising events. You think about it: we put our own soldiers through decompression when they come back from Afghanistan and tours of duty overseas. Potentially, these youngsters go straight back to their families, back to their communities, workplaces or places of study, and I think we are seized of the importance of this as a Government. When it comes to Wales, I have already initiated discussions about this and I will be in south Wales having some meetings around this, and perhaps outside of this meeting you and I could have a one-to-one where we talk about how we take forward the co-ordination of discussions because these are absolutely critical at this time.

Q71 Geraint Davies: If I may say so on this particular point, I have been in close co-operation with the imams in Swansea, both Sunni and Shi'a, and their view, and the Muslim community's view, is that obviously the nation of Islam has nothing to do with Islam—and Islam means peace—and they completely condemn what is happening. What is more, the leader of ISIL, of course, is a self-proclaimed person who is not a scholar, not an imam and was not appointed by Egypt or Mecca or whatever and he is a butcher, a scoundrel and a fraud. It seems to me that it is very important to work with the Muslim community directly in terms of talking with different people who might possibly be influenced, often who have fallen outside the Muslim community itself, to have a clear understanding within it for safety and peace for everybody because, I have to say, from where I am sitting, the Muslim community is very much at one in condemning these atrocities.

Stephen Crabb: You are absolutely right, Geraint. The Government's Prevent strategy is being looked at all the time, and engaging with or talking to the Muslim community is right at the heart of that, working with them. You are absolutely right that these youngsters who are rejecting British values are rejecting Islamic values as well. They are rejecting their local imams and their local mosques. They are turning their nose up at that and downloading what is a poisonous ideology online. They are engaging in it through social media and other things. From where I am sitting, I do not begin to understand why they are doing that and what is possessing even young girls to reject their families and communities and travel overseas to take part. I suspect that a large number of them are being manipulated in an almost cult-like

way. But, as I say, in response to Stephen, these are issues which, as a Government, we are seriously looking at at this time because these are long-term issues and threats for the country.

Chair: Thank you. I wonder if there are any further questions from anyone.

Q72 Stephen Doughty: I have a little one. It is quite a big one really but very straightforward, Secretary of State. Do you think Wales is better off inside or outside the European Union?

Stephen Crabb: I think, if we can secure the kind of concessions we need to from the European Union in the discussions and negotiations that are about to start, I would have no problem standing up and saying that Wales has a strong and successful future inside the European Union. But when I travel around Wales and talk to businesses, there is not any shortage of people whatsoever who say that they want a relationship with Europe which is less intrusive, bureaucratic and burdensome.

Q73 Stephen Doughty: But you would intend to be on the “yes” side in a referendum if that were to come, provided—

Stephen Crabb: You are tempting me down a road called hypothetical.

Q74 Geraint Davies: May I ask a supplementary to that? When I talk to companies like Tata, Ford in Bridgend and Airbus, they are basically saying, “If we were not in Europe and faced tariffs of between 5% and 100%, we would simply cut thousands of jobs in Wales and move them to Europe to not face those tariffs.” As Britain is an English-speaking platform into Europe, and therefore we have advantages, we would lose many jobs in Wales plus the billions of grants we get in Wales from being in Europe. So do you not think, in the round, we would be a lot worse off?

Stephen Crabb: You make an important point, and for a lot of the big manufacturers that we have been talking about—and you have mentioned a few of them—our membership of the European Union is really important; it is critically important for the decision to locate their inward investment in the UK and to use the UK as a platform, but it is not a binary choice. Within that, actually, people in these companies say to me, “We do need to get change. We do need regulations that are more appropriate and impose fewer costs,” and they are supportive of what the Prime Minister has outlined as a strategy for renegotiation with the European Union.

Q75 Geraint Davies: Finally, if I may, there are 2.4 million people from Europe living in Britain and there are 2.2 million people from Britain living in Europe, mainly retired in Spain and France. What do you think about moves to restrict the freedom of movement so that Welsh people cannot go to Germany to get a job, for instance?

Stephen Crabb: I do not think anybody is seriously talking—

Q76 Geraint Davies: Presumably, it would be a bilateral thing and we are sort of saying, “We will cut everybody out and we can do what we like.” Presumably, if we came out of Europe we would have to take all the productive Polish people and put them back in Poland and take the unproductive British people from Spain and rehouse them here. Would that be a good plan?

Stephen Crabb: I do not think anybody is significantly seriously talking about that and I think you should not caricature any of the proposals that are being made for how we address this issue. You go out to the doorsteps, Geraint, and people will tell you that they are concerned about immigration and they are concerned that we get a better deal in terms of that. So I think it is absolutely right that whoever is in government—and it just so happens to be us at this time—are focusing in on this and are trying to strike a better balance.

Chair: Thank you.

Q77 Geraint Davies: Because you are the Secretary of State you will know that the average immigrant contributes 35% more in tax than they take in public services. So while you say you listen to people on the doorstep, is it right for the Government to just accept their prejudice or to give them the facts?

Stephen Crabb: It is not just a question of prejudice and I would be careful about saying that people in Britain who are expressing concern about this are being prejudiced.

Geraint Davies: Yes, but the facts—

Q78 Chair: I think we are going into home affairs now. I quite fancy the job of being Chair of Home Affairs one day perhaps, but—

Stephen Crabb: As somebody who is married to someone you might style as an EU migrant, I fully recognise the benefits of freedom of movement.

Chair: As we both do. I am sure it is fair to say that the Secretary of State for Wales and the Chair of the Welsh Affairs Select Committee think it is important to have a very close relationship with our European partners. If there are no further questions, then I shall call this meeting to an end. Thank you very much indeed.