



Welsh Affairs Committee

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

Tuesday 17 March 2015

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

Questions 79-150

Witnesses: **Rt Hon Stephen Crabb MP**, Secretary of State, and **Alun Cairns**, Parliamentary Under-Secretary of State, Wales Office, gave evidence.

Q79 Chair: Secretary of State for Wales and Minister, thank you very much indeed for coming along this afternoon to answer a few questions for us. Could I begin with you, Secretary of State? Are you satisfied with the outcome of the St David's day process? Do you feel that in 10, 20 or even five years' time people will look back and say, "Well, that's it now," or is this just the latest in a long line of proposals to give extra powers to the Welsh Assembly?

Stephen Crabb: Mr Chairman, thank you very much for that question and for your welcome. It is a privilege to appear before this Committee for the second time since I have been in post as Secretary of State. With your permission, I would like to start by wishing the Member for Swansea East, whose last meeting of the Welsh Affairs Select Committee this is—we served on the Committee together in the previous Parliament—all the very best for the future.

To come back to your question, yes, I am satisfied with the outcome of the process. If you look at what is in the document—the content of the agreement—there are three key elements, all of which are really important for the next stage of Welsh devolution. The first, which is the foundation on which the next stage of devolution for Wales will be built, is the move to the reserved powers model. I am very pleased that in the process that I led with the other political parties from Wales—both the Westminster and the Cardiff representatives—we reached early consensus on the need for a move to the reserved powers model. That provides a stronger platform on which to build further powers.

The second element of the package is both the new suite of powers that will come down to the Welsh Government, in terms of their executive and legislative competence, and new powers for the Welsh Assembly, to strengthen that institution and to help it to make the next step forward towards becoming, effectively, a proper Parliament for Wales.

The third element of the package is the really crucial bit, in some ways. If the reserved powers model is the foundation and the new powers are the building, the roof of protection on all of it is

fair funding. What was really satisfying in the process that I led was getting an agreement with HM Treasury on a Barnett floor—a funding floor for the Welsh funding settlement.

Chair: I—

Stephen Crabb: Sorry, Chair, to be absolutely clear, no party had previously given a clear commitment to that. It is something nobody predicted this process would result in and I am particularly pleased that we were able to move my colleagues in the Treasury on that.

Q80 Chair: We have quite a few questions on the funding issue coming up shortly. I did not want to cut across you, but I would not want to spoil anyone else's questions either, if that is all right. Can I go back to this house that we are building? Now that the roof is on and the walls are up, have the windows and all of the decorations been done as well? Is the house finished, or is a large, major extension likely to be built on the patio at some point, which may involve policing and justice?

Stephen Crabb: I am hopeful and confident that, if we land the package that was outlined in the St David's day announcement in legislation early in the next Parliament, that gives us a really good chance in Wales of having a much more stable, clearer and more lasting devolution settlement than we had previously.

There are parties in Wales who will want to go further than that; there are some parties who will want to go much further than that. Will this be the end of the story? No, there will always be an aspiration on their part to build extensions to that—or maybe to build a new house altogether. However, what is really important about the St David's day announcement is that it falls neatly in the centre of gravity of where Welsh public opinion is on these issues. I do not detect an enormous appetite for moving to an extreme form of devolution in Wales or, indeed, for independence for Wales. I think that what we have is really in tune with the aspirations and opinion of Welsh people.

Q81 Chair: So, finally then for a moment, Minister—without wanting to put words in your mouth—as far as you are concerned, that is now it. Once the new Wales Bill has gone through—based, presumably, on what you have outlined—that will be it and there will be no need for anything further, as far as you yourself are concerned.

Stephen Crabb: What I tried to do at the start of the process, and a lot of people thought that I was—

Alun Cairns: Naive.

Stephen Crabb: My ministerial colleague is saying “naive”. I hope that I am never naive, but they thought that I was being overly ambitious by trying to bundle up together all of the key controversies around Welsh devolution that were floating around at the start of the autumn. Basically, the fallout from the Supreme Court judgment on agricultural wages smashed apart—or blew open—where the Welsh devolution settlement was at. Unclear, unstable, vague, silent on key issues, a big payday for lawyers—that was the nature of the Welsh devolution settlement that we inherited. I wanted to do something on that.

I wanted to address the overhanging issues from the Silk commission. Let us be clear—the Silk part 2 document was in danger of gathering dust on my shelf when I became Secretary of State. I also wanted—this was the bit that people thought was overly ambitious—to try to do something on funding.

What we have achieved in the St David's day process is really clear and substantive answers to all three of those big, controversial questions for Welsh devolution. Yes, I do think that if we get this right in legislation—and get the detail right, which is another thing that has not happened in the past with Welsh devolution legislation—it gives us a really good chance to settle down the debate

about Welsh devolution and to move on to discuss the economy, public services and jobs. Those are the things that really matter to Welsh people.

Chair: Very good.

Q82 Jonathan Edwards: The St David's day agreement seems to be a rowing back from the compromise reached in the Silk commission. If I look at the two areas of policing and teachers' pay, who is responsible for the rowing back?

Stephen Crabb: I do not think that it was a rowing back. What Silk gave us was a set of recommendations. There were party representatives on the Silk commission, but they did not have a mandate to lock their party into that. The Silk commission came up with a useful report—it is always worth going back to look at the evidence and the different compromises that the commission itself made—but the commission could never bind the parties.

I was seeking to do something different with the St David's day process—to lock in a commitment on the part of all of the parties in Wales. That is what made it different. It also made it more challenging. As parties, we are saying to one another that we are all going to hold one another to account on this and that we are going to deliver it, whoever is in government after the next election. I do not see it as a rowing back, but I see it as a healthy compromise on a baseline set of commitments for the next stage of Welsh devolution.

Q83 Jonathan Edwards: On policing, my understanding from the negotiations—admittedly, I was not part of those negotiations—was that one party, in particular, was opposed to devolving policing in its entirety, only to announce some third-rate proposals at its own conference a few weeks later. Do you feel that you have been duped by one political party? Do you feel let down?

Stephen Crabb: No. I sense where you are trying to draw me with this question. We made good process by not adopting a finger-pointing style of doing things. As I see it, there are two different visions for policing and devolution in Wales. One is the situation that we have at the moment, where devolution has happened, in a sense. You have those individual police and crime commissioners, who are accountable to local people, and individual police forces that are responsive to the people in their police force areas. There is an alternative vision that is being articulated by the Welsh Labour party. As far as I can make out from the different bits that I have heard at the two ends of the M4—what you hear from Labour on this at both ends of the M4 is not always consistent—it is to have a unified Welsh police force, fully devolved to the Welsh Government. Those are two different visions. There is a clear difference of opinion between the parties.

Jonathan Edwards: If only it was their vision, we would not be asking the question.

Chair: Let us hear from another political party.

Q84 Jessica Morden: I will come back to policing later. The First Minister has been calling for a wide-ranging constitutional convention since 2012. The three elements of the current constitutional devolution reform agenda—Scotland, English votes and Wales—are being treated separately, not collectively, in this process. Would you accept the criticism that it is kind of making it up and muddling through?

Stephen Crabb: I hope that we are not making it up. The Prime Minister set up an overarching process, headed by William Hague, the Leader of the House, and his devolution Committee, to look at these things in an interrelated way. It was not the case that one part of Government was off looking at English votes for English laws and another part was looking at Welsh devolution. There was a coherence to this that is lost on people. William Hague had ultimate oversight of that process, answerable to the Prime Minister.

In terms of a constitutional convention, the phrase will mean different things to different people. Do I think that there is a good case for looking at the constitutional arrangements in the round in the next Parliament? I do. There is a greater need to look at the constitutional framework that binds the Union together, as devolution develops in each of the constituent parts. That kind of dialogue and debate about our common constitutional arrangements can only be a healthy thing. On the precise mechanism that you have for that, we will wait and see. Clearly, that is work in progress looking at that.

Q85 Nia Griffith: Can we turn now to the reserved powers model of devolution settlement on legislative matters? We have been calling for that for a considerable time, including through the passage of the latest Wales Bill. I very much welcome the Secretary of State's move to that. What are the Secretary of State's views on how it will work out in practice and what the difficulties may be? How will the issue of which powers are reserved work in practice? What practical difficulties do you see in implementing it? Wrapped up in that, do you see a case for more Assembly Members? What training would you envisage here in Whitehall in respect of the possible new settlements?

Stephen Crabb: Training?

Q86 Nia Griffith: Yes, training. We have talked before about the issues of Departments in Whitehall not always being aware when parts of Bills are relevant to only one part of the UK and the difficulties that have sometimes arisen as a result. Clearly, if the whole situation is changing to a new scenario, that opens up a whole new set of training needs.

Stephen Crabb: That is a good set of questions. Alun will come in in a moment, but let us be clear about the reserved powers model. There is nothing simple or straightforward about moving to a reserved powers model; it is not a button that you press so that suddenly you have a new form of devolution that answers all of the difficulties and complexities. The Welsh devolution boundary is a difficult and complicated one, for all kinds of reasons—not least because of the integrated nature of society and the economy between the English and Welsh borders.

Achieving a clear and robust reserved powers model will require a mountain of work. That work has begun. One of the reasons that I wanted to move early on the reserved powers model was to start that work now, rather than wait until the next Parliament. It is important that we take the time to get the detail right. There is a body of work that needs to happen on that within Whitehall, with Departments becoming clear about how a reserved powers model would reflect their current understanding of where the devolution boundary lies in respect of their own areas. Inevitably, there will need to be engagement with the Welsh Government, because there are areas where the devolution settlement is silent or vague. There will need to be some discussion about how we frame legislation that correctly maps out the new devolution boundary so that both the Welsh Government and the UK Government are satisfied that it lies in the correct place.

Your point about training is a good one. One of the things that I have noticed from the St David's day process over the last five months or so is that by doing it—by forcing the Government Departments to focus on Wales and devolution—you expose some of the gaps in understanding and knowledge. One of the really healthy outcomes of the St David's day process has been forcing the Government Departments to get their teeth into Wales and to get up to speed on all of the realities of devolution, how Wales is different from England and why it is distinctive. We have done that with the Treasury, transport and many other Departments. That has been one healthy bit of fruit from the St David's day process.

Alun Cairns: Chair, with your permission, can I respond briefly on the issue of training? I am not sure about how we would describe or interpret training, but the Public Administration Select Committee conducted a review of the civil service and how it works. That considered the devolved Administrations, because it is one civil service for the whole of the United Kingdom.

From my experience, a relationship where there was greater crossover or where civil servants in the Welsh Government had better opportunities in Whitehall Departments and vice versa would probably be welcome, because that would provide greater understanding to each Administration of the roles and backgrounds of the issues that they wanted to pursue. After all, that is what used to happen pre-devolution. It happens on a much more limited basis now, but it would be good for both the Welsh Government and the Whitehall Departments if there was a better understanding between officials at both ends of the M4.

Q87 Nia Griffith: As a separate body of Welsh legislative measures, different from those in England, gradually evolves, what challenges do you feel that that poses? Do you see any potential devolution of any part of the justice system or any particular ways in which you would expect people to address the fact that there are two different sets of laws emerging?

Stephen Crabb: We can never say how the future will develop. I am not a lawyer, so during the St David's day process I took a bit of time, with my officials, to understand what the emergence of new Welsh legislation means for the overall judicial map of Wales, and England and Wales. I spent some time talking to legal professionals, the Lord Chief Justice and others to understand whether there was a case for devolving justice at this time. I did not feel that there was any case for that.

Increasingly, with the Welsh Assembly having full law-making powers, there is the emergence of new Wales-specific legislation. Lawyers will have to get their highly tuned and very expensive minds around that. I do not see that those challenges are insurmountable. It is just a new body of law for them to get to grips with. We cannot say how the future will develop. The overall quantity of Wales-specific legislation may well affect the direction of travel on that, but I felt that at the moment preserving the overall judicial framework for England and Wales was the right position.

Q88 Chair: Minister, you have mentioned the dispute over the Agricultural Wages Board. The implication of what you have just said is that, had we had a reserved powers model at the time, it might have been prevented. You have just said to us that one of the reasons for having the reserved powers model is to make absolutely clear what is and is not part of the Welsh Assembly's responsibility.

I have checked the stories about this. Basically, it hinged on whether or not this was an agricultural measure or a trade and industry measure. Surely, even if we had had a reserved powers model that made it absolutely clear that agriculture is in the remit of the Welsh Assembly, the Government might still have argued that this was a trade and industry measure and, therefore, not within the prerogative of the Assembly to legislate on. Therefore, having a reserved powers model would not have prevented a court case and will not prevent future ones.

Stephen Crabb: As I said, a reserved powers model does not remove all of the complexity. In what I was going to call the previous legislation, although it is still the current settlement we are operating to, you have so-called silent areas. There are subject matters on which Governments have responsibility about which the legislation has nothing at all to say. Defence is one of them.

You need to look in some detail at what the Supreme Court said, but it is quite clear that the judgment that it reached on agricultural wages is a pretty wide-ranging, far-reaching judgment, which shows how potentially unstable the current devolution settlement is. A reserved powers model, done properly and in a detailed way, gives you a better chance of clarity. It does not remove all of the potential areas for confrontation, but several times now we have ended up in the Supreme Court, with the UK Government and the Welsh Government pitted against each other. The only people who win from that situation are the lawyers. I am trying to come up with a settlement that avoids that to as large an extent as possible.

Q89 Geraint Davies: On the legislative point we have talked about, do you think that there is still some way to go in terms of the difference between, on the one hand, drink-driving laws, which are a UK matter, and, on the other hand, speeding? Don't you think that there will be some sort of confusion there? Is there a case for extending legal jurisdiction to Wales on that? Do you think that that is a reasonable settlement to end up with? It seems a bit of a dog's breakfast to me.

Stephen Crabb: I do not think that it is a dog's breakfast. Drivers are well used to different speed limits in different parts of their communities and different parts of the country. Giving the Welsh Government and the Welsh Assembly competency over speed limits in Wales helps to round off a package of powers that they already have. Drink-driving takes you into a different field altogether. They are two distinct conversations and discussions. They do fall neatly into separate areas.

Q90 Geraint Davies: Can I take you on to something completely different—the Barnett formula and the relationship between that and the idea of English votes for English laws? It strikes me that if there is a vote in the House of Commons that has a financial implication for Wales—for instance, if there is a new fund for some innovation in the health service—Welsh MPs will have an interest in voting for that to get its consequential financial impact. Given that, do you feel that there will be all sorts of problems moving forward, if it ever happens, with the idea of English votes for English laws?

Stephen Crabb: There are practical challenges to implementing new processes to give a stronger voice to English and Welsh MPs on English and Welsh matters or to English MPs on just English matters. I think that those practical challenges are surmountable, in a way that preserves a really strong, fundamental role for Welsh MPs on issues that affect them.

Your question about the Barnett formula is a bit of a red herring, because the money to Wales is achieved largely through the block grant. A large measure of freedom is given to the Welsh Government to make decisions about how they use that money. I cannot see why you think that the Barnett formula should give Scottish or Welsh MPs the ability to intervene in detail on policy areas that are in issue.

Q91 Geraint Davies: The idea that I had was that, if there was a move to provide a new service in the NHS in England that provided a block of money to Wales, Welsh MPs might vote for that in order to use the money for education. It does not matter what they use it for, so it confuses the issues.

Can I ask you at the same time about the Barnett floor? Do we have clarity on that? Do you think that there is a danger of being underfunded? At the moment, there is a suggestion that Wales is underfunded by £300 million. I was wondering what you felt about the Barnett floor for the block grant, in terms of the changes envisaged.

Stephen Crabb: I am not aware of anybody who is suggesting that Wales is underfunded by £300 million at this point in time.

Q92 Geraint Davies: You must read the media. There are lots of claims that say that. I appreciate that you may not agree with that figure, but do you want to say anything about the so-called Barnett floor for the block grant and what assurances we have? I think that the Prime Minister has suggested—perhaps in relation to Scotland, in terms of the devolution of tax, but it carries for Wales—that over time the Barnett formula would erode away, because of more and more devolution of tax. Do you feel that that is an attempt by the Government to short-change Wales in the long term, because we are already short-changed to a certain extent—whether it is by £300 million, or more or less?

Stephen Crabb: The Prime Minister has never talked about erosion of a Barnett floor for Scotland, because there has never been talk of a Barnett floor for Scotland. When we talk about a Barnett floor for Wales, it is the first time that that principle has been acknowledged in relation to any part of the UK. A fundamental innovation in the St David's day announcement is a new element of the

Barnett formula—namely, a floor to protect overall funding levels for Wales. Where you set that floor is important. There is an important discussion to be had about that, which will happen at the time of the next comprehensive spending review, but what it is about achieving is fair relative funding for Wales.

If you go back to the original work by Gerry Holtham, which is where the £300 million figure comes from, that is some years ago now. I think that even Gerry Holtham would acknowledge that, given the way in which funding patterns have worked in the last five years, that £300 million figure is not realistic at all. Without getting bogged down in too much detail—

Q93 Chair: Let us not get too bogged down. You do not accept the underfunding issue, which is of interest to the Committee.

Stephen Crabb: No, I do not accept the premise that Wales is underfunded. Even on Gerry Holtham's terms, Wales receives a substantial subsidy above equivalent funding for England.

Alun Cairns: Gerry Holtham said that the parameters should be between £114 and £117 per £100 spent in England, in simplistic form. We are currently at £116, so we are absolutely well within the Gerry Holtham recommendation as we stand. Whatever the figure was some eight years ago, when Gerry Holtham wrote his report, that does not stand any more.

Q94 Jonathan Edwards: On the eve of the referendum in Scotland, the Westminster parties all united in a vow to preserve the Barnett formula in its current format in stone—in perpetuity. Do you think that it is fair that the people of Wales receive substantially less funding per head than the people in Scotland—and Northern Ireland, for that matter?

Stephen Crabb: The basis of work we have to go on in terms of what is fair for Wales is the Gerry Holtham work—

Q95 Jonathan Edwards: No, the goalposts have been changed. Barnett has changed.

Stephen Crabb: In his in-depth study, to which the Parliamentary Under-Secretary of State just referred, Gerry Holtham made clear what he regarded as a fair funding level for Wales. Let us be absolutely clear and blunt about what we are talking about. We are talking about a subsidy for Wales. Gerry Holtham talked about a subsidy for Wales over and above equivalent funding for England of between 14% and 17%. At this precise moment in time, that is the kind of level of subsidy that Wales has from the way in which the Barnett formula operates. A funding floor is about how you protect that level of subsidy for Wales.

Q96 Jonathan Edwards: It is not fair funding. Those calculations were based on Barnett reform, which would, of course, have led to a fall in the Scottish block grant to an equivalent level. The UK Government have set in stone the Barnett formula for Scotland. They have changed the goalposts and have redefined the rules by so doing. The question that I am asking you is, is it fair, in a context where the funding for Scotland is preserved at its current level, that the people of Wales get substantially less? Is that the position of the UK Government?

Stephen Crabb: It is fair for Wales to get the money that it needs. What Barnett does not take account of—this is where the Gerry Holtham work is really important—is what the needs are in Wales. There is probably a good case for revisiting the Gerry Holtham work, to understand whether Wales's socio-economic needs merit a greater or lesser subsidy than the one Gerry Holtham talked about.

Q97 Jonathan Edwards: Can I phrase it in another way? Is it fair for the people of Scotland to have more than their needs and that the people of Wales get far less than their needs?

Chair: Mr Cairns?

Alun Cairns: Thank you, Chair. We have to accept that there are different devolution settlements for Scotland and Wales.

Jonathan Edwards: So you will be happy—

Alun Cairns: For example, the £1.5 billion-worth of rail investment that will benefit Wales is on top of the Barnett figures; the Gerry Holtham fair level of funding is the same. In Scotland, of course, capital investment is devolved. The formulas are not identical, because the devolution settlements are very different. In terms of the £116, which is actually at the upper level of what Gerry Holtham recommended, all of the capital projects, such as the £212 million for a prison in north Wales and the £1.5 billion-worth of rail investment, are in addition. All of those projects need to be taken into account. Many of them are devolved to Scotland but not to Wales.

Q98 Glyn Davies: Most people who want to see a successful, sound, permanent settlement—not a completely permanent one, but at least a stable settlement for Wales—recognise that the Barnett floor and the move to a reserved powers model are two incredibly important and groundbreaking steps. However, the issue that is missing for me in the agreement is financial accountability. We are creating a new body in Cardiff Bay—it has been going now for 15 years and is a big step forward—but the one thing that it does not have is financial accountability.

As far as I can see, we are agreeing now to move forward on giving more powers to Cardiff, making it a better institution, but allowing that to happen without any financial accountability, because it will not be responsible for income tax. We know perfectly well from everything that the First Minister has said that he will move heaven and earth to avoid holding a referendum. We need to know whether your view is that we should have a referendum or whether we should just go forward with manifesto commitments to ensure that the Welsh Government have financial accountability.

Stephen Crabb: There are two threads to that question. One is around the importance of the Welsh Government—the Welsh Assembly—having income-raising powers. I am a strong believer in that. As the Welsh Assembly starts to have all of the powers necessary for it to be, effectively, a Welsh Parliament—let's call it what it is—it would be absurd for the Welsh Government to carry on in the same form, which is basically to be a very large spending Department with no real responsibility for raising significant sums of the £15 billion of taxpayers' money that it spends every year. Yes, I strongly believe that.

As part of the process of discussions that we had on the financial strand of the St David's day discussions, the Welsh Government were very clear with us that agreement in principle on a funding floor would remove the last barrier to a referendum on income tax-raising powers. I do not see any reason why the Welsh Government would not move positively and constructively ahead on that, now that we have delivered on that.

The last bit of your question was about the referendum. I can see both sides of the argument. I can understand why there are some people who say, "Look, the whole thing has moved on. Do we still need a referendum on income tax-raising powers, given where the Scottish settlement has reached?" However, the people of Scotland did have the opportunity to answer the question on whether they wanted their Scottish Parliament to have income tax-raising powers. It is an important constitutional principle. It is different from the other minor taxes the Welsh Government have responsibility for. So I think, yes, on balance, at this point in time it is probably the right thing to retain a referendum.

Q99 Nia Griffith: With the vast quantity of people who live very close to the border—in other words, 50% of the population of Wales could commute over the border, if they wished—what studies are you proposing to do about the effect of the devolution of income tax?

Stephen Crabb: That is a responsibility of the Treasury. It has all kinds of sophisticated financial models that look at different variables and how people's behaviour would respond to different tax signals. The honest answer is that this is a step into unknown waters. That is why we are doing it carefully. Nobody is talking about devolving a huge portion of income tax down to the Welsh Government. We are talking about only 10p in the pound, which is a pretty modest step forward, but it is a healthy one. It is in nobody's interests and no party's interests—neither your party nor my party—for the Welsh Government to carry on with the same stunted development of not having any responsibility for raising money that it spends and with that weak bond of accountability.

Q100 Nia Griffith: But to date there has been no study or published material—nothing on this particular topic. As you are aware—

Stephen Crabb: I am not saying that. Clearly, a large amount of work has been done around tax devolution. Clearly there has, and more will be done in future. If you want some specifics on that, we can come back to you in writing.

Nia Griffith: It is specifically on the impact on behaviour, rather than just on the technical side. We think that that is important.

Q101 Chair: I cannot resist asking this, Minister, having a slightly different point of view. Something in what you have just said seemed to imply to me that you might see 10p not as a one-off reform, but almost as a first step. If 10p works, could you see it going to 15p or 20p to the basic rate? Is 10p the tool in the box, or is it like everything else that I see with the Welsh Assembly—just a first step in a process that may involve giving much greater powers over income tax?

Stephen Crabb: You use the phrase “tool in the box”. I believe that it is a positive tool in the box for them to use.

Q102 Chair: Is it a full toolbox, though?

Stephen Crabb: The truth is that we need to see how it will be used and how effective it is.

Q103 Chair: So you would not rule out giving more than 10p in the long run.

Stephen Crabb: I am open-minded about the way in which fiscal devolution develops in Wales, but I am pretty clear—this was the implication of one of the earlier questions—that we need that to happen before the whole suite of extra powers comes down to the Welsh Government. The healthy next step for Welsh devolution is more financial accountability.

Q104 Geraint Davies: You have mentioned, in essence, that this may not be a full toolbox in terms of tax-raising powers. In a previous breath, you used the expression “the subsidy to Wales”—namely, the difference between tax and expenditure—and talked about there being some sort of subsidy, a bit like the bedroom tax subsidy. You use the word “subsidy”, but in Britain, of course, richer people pay more in tax than poorer people. I am wondering whether your vision is to reduce the subsidy in Wales and to increase the tax. In other words, the Conservative view would be, “If you want more money, raise it yourself. We are going to cut this subsidy.” The word “subsidy”, in the way in which you use it, suggests that there is nothing constant or secure about that and that it is some bit of charity that the Westminster Tories are giving to Wales.

Stephen Crabb: No. We had this point raised numerous times when we debated these issues on the Floor of the House. Let's be absolutely clear. The reason that I pushed so hard to secure an agreement from the Treasury on fair funding was to give Wales financial protection. The allegation that this is somehow a trap, which comes only from your party—the Labour party—

Q105 Geraint Davies: But “subsidy” is your word.

Stephen Crabb: The allegation that tax devolution is a trap is a nonsense. The reason that we have worked so hard to get an agreement on the fair funding principle is to provide financial protection and the assurance for Wales that its funding will be protected relative to spending in the other parts of the UK.

Chair: I know that members are very keen to come in on other topics. Mr Hart?

Simon Hart: Can we change subject?

Chair: Please do.

Q106 Simon Hart: With the Secretary of State’s permission, I turn to the question of territorial extent. I raise this in the light of the confusion, in some eyes, of what has come out of the English votes for English laws debate. The issue is where you draw the line—whether you can make an absolutely clear separation between what might be exclusively Welsh and exclusively the rest of the UK, or whether there may be cross-border complications, which may extend even as far west as our part of Wales. How do you see that unfolding? Are you concerned—or is anybody concerned—about this all ending up in a massive legislative quagmire that will simply further public frustration and disengagement from the political system?

Stephen Crabb: It would be a complete failure if that were the outcome of moving to address the issue of what is crudely called English votes for English laws, or English and Welsh votes on English and Welsh laws. Clearly, there needs to be a rational, transparent process for adjudicating on which decisions are English, English and Welsh or purely UK-wide, but I think some pretty clear boundaries can be drawn.

On the issue of health, where you have, basically, almost complete devolution of health services to Wales, with Westminster being responsible for English health services, it would not be right to continue with the lop-sided devolution arrangement that MPs from other parts of the UK can affect outcomes in the English NHS when English MPs have no ability to affect those outcomes in other parts of the country. That does not mean that there will not be issues on which Welsh MPs need to make their concerns felt and their voices heard—there will be opportunity in the process to enable that—but it would be wrong to use those as a barrier to stop the process of correcting the imbalanced devolution settlement that we have.

Q107 Simon Hart: I accept the basic premise of the argument, although the downside of allowing people to speak and make a point but preventing them from voting on a particular issue may require further analysis. The question that automatically flows from this, which Nia Griffith touched on earlier, is how it affects numbers. How will the argument unfold with regard to the size of the Assembly and the number of Members of Parliament representing Welsh constituencies? To make it easier, how do you think that the public see that?

Stephen Crabb: The public’s starting point is that they are not looking for a proliferation of politicians anywhere, be it in Cardiff or in Westminster. If we were to leave it to the mood of the public, you could have some quite dramatic outcomes in both places. We need to be sensitive to where public opinion is. It is up to Welsh AMs to make the case for having more of their number. They need to go out there to justify to the Welsh public why there need to be more AMs, on what terms there will be more AMs and how they will be elected. It is not our job to do that.

With regard to numbers up here, there is a proposal on the table, which will activate in the next Parliament, for a reduction in the number of Welsh MPs. Different Members will have different views on that, but it will be hard to argue against that if the process of devolution continues in the way that we foresee.

Q108 Jessica Morden: What have you been doing to lobby the Secretary of State for Transport on reducing the tolls on the Severn bridges when the concession ends?

Stephen Crabb: This is a really important body of work. We have talked about it previously at Select Committee hearings, numerous times at Wales questions and in Grand Committee debates. I have asked my Parliamentary Under-Secretary to lead this body of work in recent months.

Alun Cairns: In response to a question from you in the House of Commons a month or so ago, the Secretary of State said that he had asked me to look at this. We have had good discussions with the Minister responsible at the Department for Transport. The evidence from the Welsh Affairs Select Committee has been quite important in that. It is ongoing work, effectively.

Q109 Jessica Morden: Do you agree that tolls should come down substantially, as we recommended in our excellent report? I think that it was the Committee's first report in this session. Toll levels particularly hit constituencies like mine.

Alun Cairns: They should. One of the Ministers in the Department for Transport has already said that the VAT will come to an end when the concession ends. There is active work ongoing, in which we are looking at the range of options. Hopefully, we will be able to make the case on behalf of businesses on both sides of the border. It is particularly important to south-east Wales, but it is also important to the south-west of England and business in that area. You raised the issue with the Secretary of State: I have been looking at it and have been working closely with the Department for Transport on it.

Q110 Jessica Morden: The VAT will come off automatically if the bridges become publicly owned. Beyond that, you think that there is scope for reducing them further.

Alun Cairns: There is good scope to look at that and the sort of evidence that was presented in the first report of the Welsh Affairs Select Committee, of which I was a member at the time. There was strong evidence from all members on that. That has given a good range of options and there will be other options as well.

Q111 Chair: Just to be clear, you and I think similarly on economic issues, but would you agree that this represents perhaps a unique case for nationalisation, given that only by keeping public ownership can we have the VAT off? I am all for it, if that is what is required. What do you think, Minister?

Alun Cairns: I noted that in the recent debate on Welsh affairs in the main House of Commons Chamber you called for the nationalisation of the bridge, which raised a smile from all Members who were present.

Q112 Chair: For 20%, I am more than happy to run up the red flag.

Alun Cairns: That is a strong point of view. It is effectively an area we have been working really hard on to try to come up with an outcome that will satisfy many of the issues that were raised in the Committee report. I am working closely and continually with the Minister and with the Treasury, of course.

Q113 Chair: We all accept that it is very expensive to keep those bridges up and running—much more so than for similar pieces of infrastructure elsewhere, because of the nature of the tide. As a general principle, would you agree that, while there may be arguments for a toll that covers the cost of maintenance, it would be entirely wrong if the Treasury were to benefit financially from a profit on the tolls levied on people in south Wales and south-west England who use it and that any tolls should be about maintaining the bridges, not about giving the Treasury a profit?

Alun Cairns: We need to remember that a debt of £88 million will remain on the bridge, even when the concession ends in 2018. Obviously, that needs to be satisfied somehow.

Q114 Chair: Perhaps that ought to be taken against the revenue that the Government receive from industrial buildings tax and VAT.

Alun Cairns: That only demonstrates the whole range of options that remain. The debt still needs to be paid somehow in 2018, when the toll ends. However, you are right to say that the toll should not be used as a cash cow by anyone, in terms of raising revenue from hard-pressed motorists who like to work on either side of the border. Of course we will do everything that we can to alleviate that pressure.

Chair: Excellent; thank you very much indeed for that. I note that there may be various questions on rail and the Secretary of State for Wales's priorities. I have not called Siân James yet, so I will go to her. Feel free to ask whatever you want, Mrs James.

Q115 Mrs James: Not surprisingly, I am going to ask you about rail. We have already heard about the significant rail investment in Wales, both from the Government and from the Assembly Government. At one time there appeared to be quite an impasse, but suddenly last November it shifted and we proceeded forward. Why did that happen?

Stephen Crabb: It was not a sudden moment. It required numerous months of serious discussion. You may recall my saying at my previous appearance before this Committee that my No. 1 priority when I became Secretary of State in July was to try to unfreeze this, to move the whole thing forward and to seek an agreement and an outcome that works for Wales—a win for Wales. I am delighted that we did. That came about through a lot of negotiation, working on a confidential and trusted basis with the Welsh Government Minister, Edwina Hart, and working with Treasury and Department for Transport colleagues here to do a deal on it.

Q116 Mrs James: Do you think that there are any lessons that we have learned for future negotiations? I know that the St David's day agreement transfers a rolling responsibility for the future Wales and Borders franchise to the Welsh Assembly Government, but we definitely do not want to see this sort of impasse again in the future. I would not want us to see any problems arise in the future. How do you think that we should work together?

Stephen Crabb: I will make two points. First, devolving the franchise and putting money on the table were the two keys to unlocking this. That answers your earlier question very specifically.

How do we avoid impasses like this in the future? The message that we heard loud and clear—this is something that I picked up from business right at the start when I became Secretary of State—is that they do not want to see the Welsh Government and the UK Government at loggerheads over things as important for the Welsh economy as strategic infrastructure investment. The lesson there for the Welsh Government and for ourselves is that, when we work on things like this, we get it right the first time, get the detail right and make agreements we both stick to. It serves no one's interest and really infuriates and dismays the Welsh business community to see Governments at loggerheads.

In the same way that I have tried to take some of the politics out of the devolution debate, there is a good case for taking some of the party politics and tribalism out of thinking about infrastructure. There should be a vision of Welsh infrastructure improvement for the next 30 years we can unite around and help to deliver, regardless of which party is in power at both ends of the M4. There should not be anything party political about how we improve road and rail connections for the benefit of the people of Wales and the Welsh economy.

Q117 Mrs James: Does that go so far as asset-stripping out the really good parts of any future franchise and putting them in England, or letting them remain in Wales? Obviously they are important cash generators.

Stephen Crabb: I think, Siân, that you are referring to the process of negotiation around what the franchise that is ultimately devolved will be. There is a process of discussion and negotiation going on at the moment between the Department for Transport and the Welsh Government. That is happening, believe it or not, in a fruitful and constructive way. There will be some decisions that need to be taken, but there is a lot of good will on both sides. Both the UK Government and the Welsh Government want this to work. It needs to happen.

Q118 Mrs James: We all need it to work. That is very heartening.

Alun Cairns: Can I add something on that long-term need and relationship and on cross-party working? I pay tribute to Andrew Jones, the Member for Harrogate and Knaresborough, who chaired the cross-party group for the DFT looking at the north of England electrification taskforce, which was key to unlocking some potential in the electrification case for north Wales, for example. That was done on an all-party basis. There were active, constructive discussions between Andrew Jones and his group and the Welsh Government, which we supported. Those contributed to a transport summit that we held in north Wales in order to strengthen the case.

That is a demonstration of where we can take the political tension out of an issue because it is in everyone's interests. It is certainly in the interests of north Wales electrification to have the north of England access routes electrified as well. We could not make the case for north Wales to be electrified otherwise, as there would be an electric railway going nowhere.

Chair: Would anyone else like to come in quickly on rail, before I go to the Secretary of State's priorities?

Q119 Geraint Davies: Secretary of State, you know that I was at the forefront of the campaign for the electrification of the railway line and that we worked on it together. Can I ask you something slightly different? There is now a concern that the new electric railway trains will have the buffet car removed. Would you support the removal of a buffet car on the new high-speed railway?

Stephen Crabb: I do not know the detail of that. As somebody who uses the buffet car regularly on trips between Port Talbot and London Paddington, the last thing that I would want to see on my rail service is the buffet car removed.

Q120 Geraint Davies: As the time between Paddington and Swansea may reduce to about 2 hours 40 minutes, there is a rumour flying around that the buffet car will be removed and you will just have a trolley. Obviously you cannot get a trolley down the train until you get beyond Swindon. Do you agree that that would not be something that customers would support?

Stephen Crabb: Yes. That is my—

Alun Cairns: The electrification offers us so much opportunity to improve the rail network between London and Swansea. Quite obviously we do not want to make it less attractive. There will be a franchise negotiation that leads to that. That will be the case and everyone will be consulted on it. I am sure that whoever is in these jobs at that time will want to make sure that that voice is heard against any opposing voice. I think that it would be a retrograde step for the buffet car to be removed when we are trying to make public transport and passenger journeys between London and Swansea much more positive and encouraging and we want to get more people on to rail, rather than drive them away.

Q121 Geraint Davies: There is a concern that the franchise is not being done in a competitive way, to drive quality up and price down. Basically, it will be given to First Great Western. There are concerns that the buffet car will go, services will go down and prices will go up. Is that something that you would resist?

Alun Cairns: The sum of £1.5 billion is being invested in order to improve the service—

Q122 Geraint Davies: I welcome that.

Alun Cairns: The last thing that we want to do is drive down the quality and drive up prices. There will be complete negotiation and consultation on these sorts of issues. There will be negotiations between those who tender for the franchise and those who are successful. I have no doubt that Members here and elsewhere will want to make their voices known.

Q123 Chair: For the benefit of some of the people writing notes furiously, as somebody who has travelled with MPs of all parties, I must say that when the buffet car is made use of it tends to be for tea and coffee—nothing stronger than that.

Alun Cairns: Chair, I want to ensure it serves much else.

Chair: Secretary of State, may I turn to your priorities? I would like to go back to Jonathan, whom I cut off in his prime, and then to Stephen Doughty on this.

Q124 Jonathan Edwards: It is just a quick question. Can I invite the Secretary of State to rephrase his comment that the Barnett formula is a subsidy? I can see the newspaper headlines being written as we speak. The people of Wales pay far more in taxes than comes back via the block grant. It might be deemed to be slightly insulting to describe the block grant as a subsidy.

Stephen Crabb: Let us be absolutely clear how that phrase was being used. What we were talking about was the extra, if you like, that Wales receives, measured against equivalent funding for public services in England. If it is £100 in England, it is about £115, £116 or £117 in Wales. When we talk about a funding floor, you are protecting that level of extra spending, on top of what is being spent on equivalent services in England. Whatever phraseology you want to come up with to do that—whatever you feel is more acceptable—that is what we are talking about. We are talking about locking in a chunk of money that English public services do not get.

Jonathan Edwards: But you would be locking in underfunding, as compared with Scotland and Northern Ireland.

Chair: We had better move on. Thank you for making your point.

Q125 Stephen Doughty: Secretary of State, I want to turn to a completely different issue that has implications both for the devolution context and for your responsibilities vis-à-vis other Ministers, and that is the issue of policing. The spending priorities that have been put out by your Government could see 1,500 fewer police in Wales by 2019. That is a cutback of about 2.5 per 1,000 from 2010 right through to 1.5 per 1,000 by 2019.

I have already seen cutbacks, change and reorganisation in the Vale of Glamorgan, half of my constituency. It remains a fact that Cardiff is the only capital city across the UK that does not receive additional funding recognising its position as a capital city—an issue that I have raised repeatedly with the Policing Minister, but to no avail. I wonder what you see as the prospects for the future of policing in Wales and whether you think that we are doing right by people.

Stephen Crabb: If crime is coming down, we are doing right by people. Wales is among the safest parts of the UK. It has been an incredibly challenging budget for police forces in Wales to make

work in recent years. That challenge will not go away, but they have been able to do it brilliantly well. Some tough decisions have been made, but in a way that has brought down crime levels and, in many cases, increased satisfaction levels overall. The police are proving that, in the new, constrained budget environment we are in, you can improve quality.

Q126 Stephen Doughty: Would you recognise the fears that have been expressed? I hear them from police officers in private all the time and from constituents. The Welsh Government have taken up quite a lot of the slack through the PCSOs they have brought in with additional funding, who have played a key role on the streets in terms of front-line community safety. Do you not accept that there is a real danger that we have got to a tipping point now, with further cuts and the further spending decisions that are being made, where we will see a reduction in front-line policing and a concomitant reduction in security and safety for our constituents?

Stephen Crabb: Those fears were being expressed in exactly the same language at the start of this Parliament, when we formed the coalition Government and had to get to grips with fixing the financial mess the country had been left in. Those people who predicted that there would be huge problems and that crime would go up have been proved wrong. We had some dire predictions and premonitions from people saying what would be the result of taking responsible financial decisions. Does that mean that we are complacent about what the challenges are in delivering effective policing? Absolutely not. There are some specific challenges in Wales. You have mentioned one around the city of Cardiff. We could also mention rurality. There is an additional cost imposed on policing in Wales through rurality.

Q127 Stephen Doughty: On the Cardiff point, do you think it is right that Cardiff is the only capital city in the UK that does not receive additional funding?

Alun Cairns: I have looked quite closely at this. The current police and crime commissioner for South Wales police used to be a Home Office Minister. He did not acknowledge it when he was a Home Office Minister in order to make some changes on that. Those seeking to perpetuate the argument argue that the number of royal visits, for example, that come to Cardiff warrants additional resources. From the analysis that has been conducted by the Home Office, that does not stack up when you look at the number of visitors who go to other cities as well. The point that I am making is that the current police and crime commissioner used to be a Home Office Minister and did not acknowledge it when he was in office.

Q128 Stephen Doughty: With respect, we are talking about the position now. We are talking about a city that has seen a significant increase in global sporting and cultural events. We had the NATO summit present; obviously additional resources were provided for that specific event. This is a concern that is being raised regularly. Cardiff of today is not the same as Cardiff of 10 or even five years ago. Do you not recognise that there is a problem here, when Belfast, Edinburgh and London are receiving additional resources?

Stephen Crabb: A powerful point is being made here. Cardiff is one of Europe's fastest-growing and most vibrant capital cities. Clearly that entails additional policing costs. We want more events to come to Cardiff. We do not want things like the NATO summit to be a one-off; we want to bring major sporting events, cultural events and things like that. There is a good case for continuing to ask the question about how we meet policing costs in Cardiff. As long as we are in the ministerial team in the Wales Office, we will keep pushing on it.

Q129 Stephen Doughty: Can I turn to a completely different issue? Secretary of State, we have spoken a number of times about the steel industry and its importance in Wales as a foundation industry, because of the number of jobs reliant on it and because of its contribution to the construction sector. Are you personally satisfied with the positions of and the work that has been done by the

Chancellor and the Steel Minister on this issue? Do you think that they have done enough to stand up for the steel industry in Wales?

Stephen Crabb: We have done a huge amount of work on this. I had a meeting with the Secretary of State for Business two weeks ago to talk specifically about the south Wales steel industry and some of the challenges. There are some major challenges for heavy manufacturing and the steel industry, not least around energy costs. You will recall the package of compensation measures that we announced in a previous Budget. You and I have talked about the need for a bit more urgency in delivering that compensation for the high energy costs that industry is facing at the moment. We will see what the Chancellor announces in his Budget, but at the moment it is one of the big economic issues in Wales that we are concerned about.

Q130 Stephen Doughty: Certainly you have expressed your concern about it. The point I am really trying to get at is what has changed. We have been discussing these issues for a number of months. The Steel Minister has failed to turn up for a number of the important debates that we have had in this House for which Welsh representatives, including a number on this Committee, have turned up. Do you think that that is showing the kind of commitment that we would expect?

Stephen Crabb: I do not think that that is fair. During one of those debates, the Minister was at a funeral. That is not right. It is a bit low to call him out for being at a funeral.

Q131 Stephen Doughty: There were three debates. One I accept, but there were two for which he did not turn up.

Stephen Crabb: It sounds like some heavy politicking is going on here. We can talk about the issue in a rational way. Let's not forget why energy costs are so much greater in the UK than elsewhere. In large part, it is because of measures that were taken by the previous Labour Government, which imposed additional costs on British and Welsh heavy manufacturing. We are trying to correct some of that and to ease those pressures. I am really not interested in having a party political debate on this. We do need action and to bring some relief to south Wales heavy manufacturing, including the steel industry. It is something we are very alive to at this point in time.

Q132 Stephen Doughty: I have one more, completely different, question; I am interested to hear your views on it. This week there has been quite a lot of controversy about the decision of, it appears, some officials and, perhaps, the Presiding Officer at the Assembly not to allow filming of the new James Bond film in the Senedd. Personally, I find that decision completely bizarre. It seems that a lot of other people were not informed of it either. Given the creative industries' contribution to Wales, the fantastic filming that goes on in Cardiff and the announcement by the First Minister that the remake of "The Crow" will be filmed at the new Pinewood Studios, do you think that this was the right decision?

Stephen Crabb: I do not know the details of the decision. It is easy to criticise from afar. However, on the face of it, it looks quite bizarre that possibly the best-known film character that the global film industry has produced could have had the opportunity of being filmed at the heart of Cardiff bay, in the Senedd, and that opportunity seems to have been lost. It was a case of "Dr. No", perhaps, from the Presiding Officer on that one.

Stephen Doughty: I am glad that you agree.

Chair: The *Western Mail* seems to have laid the blame at somebody's door today, but I cannot comment further on that.

Q133 Glyn Davies: One measure—I suppose that it is a priority, Secretary of State—is to hand power over planning permission for energy projects of up to 350 MW to the Welsh Government.

Effectively, that hands over the power over wind farms. We know that the Welsh Government seem to have an almost pathological determination to desecrate mid-Wales with wind farms. It is a most appalling prospect. We are lucky, in the sense that the potential decisions that we might have seen before the election are now being deferred until after the election and we have some respite on that, but don't you think that it is difficult for the people of mid-Wales to accept that one of the things that we want to do is to hand over this power to the Welsh Government, who are determined—from the mid-Wales point of view—to cause nothing but desecration and damage to our area?

Stephen Crabb: I drive through your constituency of Montgomeryshire, which is stunningly beautiful. I recognise the level of concern that there is around there. You talk about handing over power, but the truth is that the Welsh Government have a large measure of the power already. They determine what the planning policy is for renewable energy and wind turbines. They are the ones who have pointed the finger at mid-Wales and said that they want to have wind turbines there. They already have that power, in a sense.

By devolving the consenting, you are effectively completing the package. If the Welsh Government have the policy of promoting renewable and wind energy and the power to determine the planning process and the planning policy that dictates where these wind farms go, it does not make sense that the consenting is not being done by them, so that the full accountability for those decisions rests with the Welsh Government.

Alun Cairns: I want to pay tribute to Glyn Davies. I do not think that there is any Energy Minister, DECC Minister or Wales Office Minister who does not know the strength of feeling that lies in Montgomeryshire, in terms of their scepticism and opposition to those wind farms.

Q134 Glyn Davies: They are not going away, either.

Alun Cairns: The issues are very complicated. Glyn Davies will know that the decision is to be announced after the election, in coming months, but it is fair to say that the strength of feeling is well known as a result of his activities. The complexity means that those issues will be looked at very closely, particularly in light of the debates that we have had.

Glyn Davies: “No” is not a very complex word.

Q135 Nia Griffith: I would like to ask a couple of questions on different aspects. One is on the issue of housing benefit being paid directly to landlords. It appears that this is not going to be the case. Particularly with universal credit coming in, there might have been an opportunity to allow that, and there has been a study in Wales—in Torfaen—showing how tenants get into debt very easily, but that is not the case. Secretary of State, what representation have you made to the DWP about that?

Stephen Crabb: This was an area on which I did a lot of work when I was in the role of Parliamentary Under-Secretary. I met local authorities all across Wales, both in round-table meetings and one to one, to understand how the welfare reform agenda impacts on them and looked particularly at the results of the Torfaen study. The truth of it is that even that study showed that most people on housing benefit can manage their resources—and do so successfully. There will be difficult cases that require intervention, but you should have as your starting point that the benefit will get paid to you. Managing your resources carefully is part of good household management. People who have a wage need to manage their own wage—they do not have a portion of it going directly to their landlord.

If we are interested in breaking down barriers between people who are on welfare and long-term welfare dependent and people in work, we should make it your starting point that the benefit will go to you. We have an expectation that you will manage your resources effectively, we will provide you with lots of support to enable you to do that and, if you run into difficulty, we will intervene to make sure that you do not run into problems that are too great. That starting point is

much healthier than the previous position, which says, “We don’t trust you to manage your resources.” If you do that, effectively you start with a default position of deskilling people by saying, “We are not going to give you the chance to manage your resources effectively.”

Q136 Nia Griffith: The issue is that it is not a choice at the outset—you have to fail before you are in a position to have the rent paid directly. That seems to be rather the wrong way round. We have a situation at the moment where tenants, social landlords and private landlords all seem to be in agreement: 92% of tenants say that they would rather have the housing benefit paid directly to landlords.

We know that some private landlords have got into considerable difficulty because the tenant has gone into arrears and they have to spend two or three months not having any income before they can start to take action and get in somebody new. The result of that is that they become very wary of making their properties available. With social landlords—local authorities and housing associations—public money is being spent on massive debt collection efforts in order to recoup that money. It seems to me that, whatever the ideology may originally have been, the reality of the situation is that there needs to be much quicker intervention, rather than waiting for those failures and for two or three months’ worth of arrears to rack up before the option is given to switch.

Stephen Crabb: The whole point of the Torfaen and other studies—Torfaen was just one of a number of studies that were done around the country—was to learn precisely what interventions work and at what stage you do that. They were all part of the learning, to inform policy making in the future.

You made a point about landlords. I have spent a lot of time talking to landlords about their views on this. Of course they would rather have money paid to them directly—it is a guaranteed income stream. That is a legitimate interest to have. They want that guaranteed income stream, without interruption. That makes their lives easier. Does it make the lives of people receiving welfare easier? Does that equip them better to cope with transitioning to the workplace? I would suggest not. I make my top priority on this what works and what is in the interests of people who are long-term welfare dependent. Helping to move them down the pathway to economic independence must surely be in all of our interests.

Q137 Nia Griffith: I hoped that the lessons from the Torfaen study would encourage you to revise and to look at whether there could not be an earlier intervention.

I want to move on to another quick question, if I may. As Secretary of State, you have the privileged position of being able to have an overview of the impact of Government services across Wales. Given the recent coastguard cuts, the cuts to the police helicopter service and potential defence cuts, what work have you done on the total impact of all of that? What talks have you had with the Welsh ambulance and fire services, which are devolved responsibilities, on the emergency response provision across the whole of Wales?

Stephen Crabb: That is a good question. You are right—we are well placed to have that overview of Government services. Of course, some of the services that you mention are devolved. A key part of the function of the Wales Office is to be the bridge between UK Departments and the devolved Government. It comes back to the discussion that we had around police numbers. All kinds of dire predictions are made at a time when decisions are taken. You keep things under review. When serious problems arise, there is a need to reassess policy, but at the moment we are not getting strong communications from any branch of those services that there is what you are hinting at—a configuration of different changes to services leading to something really negative happening in Wales.

Q138 Nia Griffith: Have there been any talks, though? Each thinks of its cuts in isolation. Transport thinks of the cuts to the coastguard. Defence has its own cuts. There has been a huge discussion very recently about the police helicopter service. Does each know what the other services are doing? Have you brought them together to talk about that?

Stephen Crabb: That is one of the functions of my regular meetings with the First Minister. Both he and I can look at things in the round. If there are things that he feels are not being spotted at UK Government level, he raises those, because he, too, gets a cross-departmental picture. Similarly, I can raise things with him. That provides an important mechanism for doing that.

Alun Cairns: A change or an improvement in service is sometimes labelled as a cut when really it is not. For example, the police service is being taken from 12 to 24-hour cover, although it could have an impact on one centre. Services will always evolve. We need to be quite pragmatic about how those services can be evolved and how the benefits can be achieved over a greater length of time, for more communities or for more individuals, be it with the coastguard or with the police specifically. We have to be careful about how we use the word “cut”. Sometimes it is improving the service—sometimes with less money.

Q139 Jessica Morden: Previous Governments have done a lot of work on relocating civil service jobs to places like Newport. We have benefited greatly from having the likes of ONS and the MOJ shared services centre, which has unfortunately been outsourced under this Government. What work have you been doing to encourage more jobs to relocate to Wales?

Stephen Crabb: On the specific issue of the shared services centre, that is not just an aside. We have engaged very strongly on it with the Ministry of Justice to seek safeguards and to protect job numbers in Newport. In the eight months I have been doing the job, I like to think that I have built up a track record around the Cabinet table of banging the drum for investment in Wales.

The best kind of investment is sustainable private sector investment, which is the really productive bit of the economy. We need more of that in Wales. However, the Prime Minister and I were at the Royal Mint in south Wales just a few weeks ago. That is a great example of something that used to happen right in the heart of London but that was moved. That was a couple of generations ago now, but it continues to expand and to grow jobs.

We want more investment in jobs in Wales. That is difficult to do at a time when we are making really difficult decisions about overall civil service numbers, but last year inward investment to Wales was at the highest level for almost a quarter of a century. That is private sector investment—the best kind of inward investment, I would suggest.

Alun Cairns: The shared services centre in Newport, as well as others elsewhere, is also a great opportunity for attracting more work. Hopefully, the reassuring statements that have been made about the MOJ and the fear that there was initially of offshoring and so on have reassured members about that. I would go beyond that, in that the centre in Newport is in a great position potentially to expand. Of course, it needs to work on attracting work and to exploit the great skills that are already there in Newport. I mean that in a positive way. I see it as a great opportunity for Newport. I do not take it in a negative context at all.

Q140 Jessica Morden: However, staff at the MOJ shared services centres have had their jobs outsourced. Therefore, you are not really in a position to guarantee their jobs in any way.

Alun Cairns: I take it on a much more positive basis, because I realise the potential that they have to use their skills and expertise to provide services to so many other organisations as well.

Stephen Crabb: Can I jump in and respond to that? You talk about investing in Government-related jobs in Wales. Let us not forget the investment in the prison in Wrexham, which will create

hundreds of high-quality, taxpayer-funded jobs in north Wales. You will be aware of the recent announcement by the Secretary of State for Justice that it will be the public sector that will run the prison, rather than a private contractor. I hope that that is music to your ears. That is a good example of this Government's track record of investing in Wales and seeing good-quality Government-related jobs created.

Q141 Jessica Morden: That is a timely advert for our report, which is out later this week.

Finally, we all welcome a growth in jobs in Wales, but what analysis have you undertaken at the Wales Office of the types of jobs that those are? How many are temporary, how many are part-time and how many are minimum-wage jobs? What factual analysis have you done?

Stephen Crabb: We work closely with BIS and the Treasury on this. Every month when the unemployment figures come out, a question that I ask immediately of my civil servants is, "What is the underlying analysis here? What is going on in the labour market?" I look not just at the headline numbers but at what types of jobs are being created.

Q142 Jessica Morden: What are they, then?

Stephen Crabb: There is a bit of a political theme here, isn't there? We have had this at Wales Office questions and in other debates, where an image of poor-quality, insecure, underpaid jobs is presented. The reality is that the majority of jobs that have been created in Wales in the last four years and that have brought down unemployment have been permanent, full-time jobs.

That is not to say that there is not a problem of under-employment. If you are somebody who is on a so-called zero-hours contract, your aspiration may well be to have a different kind of contract—a more long-term job or a permanent contract, with higher pay, of course. However, the kinds of temporary contracts that you describe work perfectly well for a lot of people. That is something they are comfortable with and want for themselves. The labour market is changing in all kinds of ways. It is a real strength of the UK that we have this flexible labour market, which has delivered a jobs record that is remarkable in the last four years.

Q143 Jessica Morden: For some people that may be true, but for others it just leads to insecurity. What is your plan as Secretary of State to tackle those kinds of insecure jobs?

Stephen Crabb: The first part of the answer to that question is not that we stand back and let the market do it. We have a vested interest ourselves in seeing stable jobs created in Wales—

Jessica Morden: What are you doing, then?

Stephen Crabb: By and large, that is what businesses are doing. We are doing something that, with respect, the previous Labour Government never did, even though the number of zero-hours contracts soared, which is to tackle the really nasty bit of it—the exclusivity clauses. We have taken action to ban those. I would hope that you would welcome that as something that restores fairness to the workplace.

Q144 Stephen Doughty: On that point about job security and low wages, were you surprised to learn that there have been only nine prosecutions across the whole of the UK for non-payment of the minimum wage since 2010? I do not know whether you have statistics for Wales, but some quite shocking allegations have been made this week about a company operating in my own patch and a practice known as clipping. Apparently that is being investigated by HMRC. We will have to see what the outcome of that is, but are you surprised at the low level of prosecutions on the minimum wage, given the number of people who are on those very low wages?

Stephen Crabb: I have not seen those figures. I will need to go away and look at that. Clearly, we want to be prosecuting people who are not adhering to the minimum wage legislation.

Alun Cairns: I want to counteract the negative image of Wales that we sometimes project inadvertently. Wages have been rising faster in Wales than in other parts of the United Kingdom. We need to celebrate that. That is not to say that our job is done. Clearly, more needs to be done, but there are some great opportunities and it is a great place to invest and employ.

Q145 Geraint Davies: The first round of police cuts was 26%. The next round is due to be 20%, so nearly half of the service will be cut. The president of the Association of Chief Police Officers, Sir Hugh Orde, has said that we have now reached a tipping point in terms of putting the public at risk, particularly in relation to possible so-called disorganised terrorism. Given that we have had ISIL groups identified in Cardiff, in particular, and elsewhere, do you think that there is a particular risk in this? Do you think overall that halving the police force in Wales is a comfort for the Welsh nation?

Stephen Crabb: I am going to come back strongly. We do not have ISIL groups in Cardiff. There have been localised incidents of people with links to Cardiff travelling out to be part of ISIS, but we must be careful not to tarnish Cardiff with the reputation of having a problem of Islamic extremism in a way that it does not. Cardiff is a great city. There are great community relations between—

Q146 Geraint Davies: There have been individual cases that have been identified.

Stephen Crabb: We need to be careful about the language that we use about the issues of extremism and radicalisation in Cardiff. There is a danger, fuelled by elements of the UK media, of painting Cardiff with a negative brush. I am concerned that your question tapped into that too heavily.

Q147 Geraint Davies: Do you think that halving the police force pushes us to a tipping point in terms of risk to the public?

Stephen Crabb: These are the same kinds of fears that have been expressed for the last five years. What the police forces all across the UK and in Wales have shown is that by collaboration, innovation and working differently you can deliver lower crime rates and still manage budget resources within a tight framework. We do not know what the next spending profile for police services will be. We need to wait and see what the outcome of the next comprehensive spending review will be.

Q148 Geraint Davies: Should there be a single police force for Wales?

Chair: Yes or no, Minister.

Stephen Crabb: No, there should not be.

Geraint Davies: Why? It is a waste of money, isn't it?

Q149 Chair: We will have to have that discussion at another time. It is an interesting subject for an inquiry, perhaps.

This is my last question. If we are back and you happen to be in your position, will you consider publishing the new Wales Bill in draft, to enable pre-legislative scrutiny by the Welsh Affairs Select Committee?

Stephen Crabb: I am completely open-minded about that. As I said earlier, what is really important is that we get the detail of the Bill right. It will be a big Bill—a major piece of Wales legislation. If it helps to get the detail right—

Q150 Chair: I will leave this on record, but I think that I speak for all of the Committee when I say that we would strongly welcome the opportunity to see it and to help you in your deliberations, if we could have a look at a draft Bill.

Stephen Crabb: With respect, Mr Chairman, do you have any idea of what you are letting yourselves in for?

Chair: Ministers, thank you very much for being here this afternoon.

I have one last thing to say. Unfortunately, Siân James is not here now, but she is standing down. She has been an absolutely superb Member of Parliament, a superb member of this Committee and a champion for Wales. Although we have obvious different political opinions, personally I really respect the work that she has done. I am going to miss her personally; I think that the whole Committee will. It is a sad fact of political life that sometimes we cannot pay the tributes that we want to pay to people until they are leaving, but I put on record my and the whole Committee's admiration for Siân James as an individual and as an MP.

Alun Cairns: I am sure that we would gladly echo that.

Chair: Thank you.