

Select Committee on the European Union

Justice Sub-Committee

Corrected oral evidence

Brexit: Consumer Protection Rights

Tuesday 17 October 2017

10.45 am

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Members present: Baroness Kennedy of The Shaws (Chairman); Lord Anderson of Swansea; Lord Cashman; Lord Cromwell; Earl of Kinnoull; Baroness Ludford; Baroness Neuberger; Lord Polak; Baroness Shackleton of Belgravia.

Evidence Session No. 6

Heard in Public

Questions 50 - 55

Witnesses

[J](#): Margot James MP, Minister for Small Business, Consumers & Corporate Responsibility, Department for Business, Energy and Industrial Strategy; Kirstin Green, Deputy Director, Consumer Policy, Department for Business, Energy and Industrial Strategy; Adam Stevens, Head of EU Consumer Policy, Department for Business, Energy and Industrial Strategy.

USE OF THE TRANSCRIPT

1. This is a corrected transcript of evidence taken in public and webcast on www.parliamentlive.tv.

Examination of Witnesses

Margot James MP, Kirstin Green and Adam Stevens.

- Q50 The Chairman:** Minister, welcome. It is very nice to see you here. Thank you for coming. This is our sixth and final evidence session looking at the impact of Brexit on the United Kingdom's consumer protection laws, which we have proudly developed over a very long time. We have a history of consumer protection in Britain, but it is now very much involved with Europe, particularly now that so many goods and so on are bought across borders.

This scheduled evidence session will take place over the next hour or so. As you know, it is open to the public. A webcast of the session goes out live and is subsequently accessible via the parliamentary website. A verbatim transcript will be taken of this evidence and put on Parliament's website. I would be very grateful if you would let us know if there is anything you would like to add. We will send you a copy of the transcript to check for accuracy, and if there is anything you would like to correct, please take advantage of that moment. If, after this session, you would like to amplify any points, please take the opportunity to do so. That would be well received. For the record, you might introduce yourself and your colleagues who are here with you.

Margot James MP: Thank you very much Baroness Kennedy, and thank you all for the invitation to appear before you in your final session of such an important inquiry. I am Margot James, Parliamentary Under-Secretary at BEIS, with responsibilities for small business, consumers and corporate responsibility. I am delighted to introduce you to Adam Stevens, who is head of EU consumer policy in the department, and Kirstin Green, deputy director for consumer policy.

- Q51 The Chairman:** Do take the opportunity to invite your colleagues to speak if you feel they might be able to expand on your own answers.

This has been an interesting inquiry for us. We have found this subject very interesting indeed. To start with, as we are preparing to leave the European Union, which aspects of the current consumer protection acquis—case law and jurisprudence—would the Government assess as the most important to be retained afterwards? Are there any negative things that you would be happy to abandon and leave behind after Brexit? What are the things that you would very much want to keep?

Margot James MP: In answer to the second part of your question, I can think of nothing that we would be happy to abandon. We in Britain have a proud history of consumer protection and consumer rights, and we have shared that with the EU and vice versa. So when we leave the EU we will be leaving a system of consumer rights and protection to which we have contributed substantially and which sits very well with the needs of consumers in the United Kingdom. I can think of nothing that we would want to leave behind.

Obviously, with the repeal Bill as the main vehicle for transposing all EU law into British law, that will apply to consumer protection as it does to everything else, so we will start, post Brexit, with exactly the same protections in place. A number of areas are evolving, particularly in relation to cross-border trade and digital services, that we would want to work on with our European colleagues up until Brexit is finally established to ensure that we benefit from the ongoing development of protections in these areas. In terms of the development of our own laws and protections, we would want to leave with anything that is firmly in train between now and then post Brexit. We are, as Members might know, developing consumer protections independently of the Europe Union at the moment—we are working on a consumer Green Paper—so post Brexit we will want to reinforce some of the areas that are under development within the EU at the moment.

The Chairman: As you said, we started with the Sale of Goods Act, going back a very long time. Every young lawyer learns very early on how important that was in the development of trade. Are you concerned at all that in any arrangement or relationship that we have with the European Union after we have left we may see a reduction in the protections across Europe, given that we will not have the interplay of British lawyers and British lawmakers with the rest of Europe on the development of the law in this field, which is protecting consumers' rights? Does that concern you?

Margot James MP: I would certainly not be complacent about it. The interplay that you alluded to has been very important in developing the protection regime that we enjoy. Clearly it would be complacent to assume that Brexit poses no threat to that in the future, but during the negotiations I would certainly hope the outcome to be a very close association and continuing involvement with European bodies such as the Consumer Protection Cooperation Network. The details will obviously have to emerge through negotiations, as it does with global bodies concerned with consumer protection.

Kirstin Green: It might be helpful if I add to what the Minister has said. While we are rightly proud of our own influence on the body of EU consumer law, it would be quite wrong to suggest that we are the only member state that has high standards of consumer protection or that is promoting that within the membership of the EU. Members might be aware of the recent review of all consumer law which the Commission has been undertaking, along with the Council, and of the recent refit exercise that is reviewing whether the body of law is fit for purpose. I do not think either of those exercises has suggested a trend towards reducing consumer protections within the EU. The refit exercise is coming to the conclusion that the body of law is broadly fit for purpose, but there is quite a welcome emphasis on enforcing the law that we do have and on making sure that consumers across the Union are aware of their rights. As the Minister said, while we would not be complacent about that, I do not think there is cause for too much alarm, given what we have seen in recent years.

Lord Anderson of Swansea: Welcome, Minister. We have had a major influence,

along with others, in the development of European consumer law—of the *acquis*. You mentioned the relationship up to and after Brexit. How do we envisage that we will keep in touch and influence the development of that law? Will it be an institutional relationship? Clearly the consumer organisations will have their role, and our embassy in Brussels will help, but what form do you imagine we will have in seeking to influence that law, which necessarily impacts on the protection of our own consumers when they travel and when they trade with Europe?

Margot James MP: You make some excellent points about the importance of ensuring that a good process for regular communication, consultation and exchange is available to us and our European colleagues post Brexit. I cannot comment on what the precise nature of that relationship will be, but we could draw some lessons from the way we currently seek to influence and benefit from our relationships on a global scale with organisations such as the International Consumer Protection and Enforcement Network and the OECD committee on consumer policy. We contribute to those organisations and vice versa. I would certainly expect the same relationship, if not a closer one, with our European colleagues post Brexit, but I cannot comment on its exact nature.

Lord Anderson of Swansea: But you must surely have some aims and objectives already that we would wish to achieve. What are those?

Margot James MP: I certainly do. My objectives are the overall aim of ensuring that we continue to benefit from developments within the European Union, and that we are in a position to continue to share our expertise with it post Brexit. That is the goal. I was saying that I cannot comment on the nature of how we would get to that point because that really is a matter for the negotiations.

Lord Cromwell: We have looked in the past few minutes at the divergence and reduction issues and concerns around Europe. Can we cast our eyes wider than that? I happen to have with me the *Brexit: Agriculture* report. I will quote a line from it, because it puts it very well. It says that it is “hard to reconcile the Government’s wish for the UK to become a global leader in free trade with its desire to maintain high quality standards”. It says that the balance “will require extensive consultation” that will be “challenging to complete ... in the two-year period”. There are two questions from that. One is: how we will maintain standards as part of the pressures of the world market? Secondly, will we achieve that in the two-year time period or not? Forgive me for asking you a portmanteau question.

Margot James MP: With regard to the second part of your question and the timing, it is widely acknowledged that the two-year timeframe is challenging for a number of policy areas, not least agriculture. That is why the Prime Minister set out in her speech in Florence the desirability of an implementation period lasting approximately two years, which would give us more time. That time would be very well deployed in trying to break through some of the issues that face us regarding agriculture.

I think the other part of your question concerned how we would maintain high standards globally.

Lord Cromwell: Shall I reiterate slightly? We have talked about how we would link up with other bodies and so forth. I am sure we will come on to that within a European context, but we are of course all very aware that there are other trading blocs out there with whom we want to now be buddies. They may have standards that are different from or diverge from ours. How will we maintain a free trade stance and a high quality stance?

Margot James MP: It is a difficult balance, which is one of the reasons why free trade agreements often take so many years to complete. We witnessed the attempts at the TTIP negotiations between the United States and the European Union, which became very fraught. One of the areas where they were particularly fraught was in standards of farming and agriculture and the rather different culture we enjoy in the European Union compared with that of the more industrial agricultural policies of the United States. These issues will undoubtedly create major challenges in the creation of free trade agreements, but that is not to say that we should shy away from them.

Lord Cromwell: Indeed, but if I can use the comment you just made, TTIP lasted rather longer than the two years of transition that we are looking at. Do you believe it can be done within that period?

Margot James MP: Of course, TTIP had to be ratified by 28 member states. We will have the advantage post Brexit of having to reach such an accord on our own, as one country. So to that extent it will be easier, but I do not doubt that it will nonetheless be a significant challenge.

Lord Cashman: Welcome, Minister. I wonder if you would allow me to ask your deputy director a question based on something you said earlier about the *acquis communautaire* being a body of law that is fit for purpose—those are my words, not yours. You also talked about enforcement. I am interested to learn how you believe that UK rights post withdrawal could be enforced in the EU 27.

Kirstin Green: That is a very good question and something that is very much exercising our minds as we prepare for EU exit. We have a pretty good system at the moment—it is not perfect, but it is pretty good—of co-operation between enforcement bodies and between the different member states through the CPC regulation, which I know the Competition and Markets Authority has talked to you about. Our high priority is to develop a way to continue a form of co-operation between enforcement authorities post Brexit. That will be a matter for the negotiations about the future deep and special partnership, which of course has not begun yet. Our aim and ambition is to develop something that enables us to co-operate on a technical level on consumer enforcement cases. Our starting point must be the system that we have at the moment. While I cannot say that we will be able to negotiate something identical to what we have the moment, our ambitions

certainly will be high to negotiate some form of future co-operation for enforcement.

Q52 Lord Polak: Welcome, Minister. We are of course concerned with the rights of the consumer—the citizen. I took great encouragement from the statement you made in answer to the Chairman when you said that the same protections will be in place post Brexit. As the EU has that central role in promoting and legislating in this area, some of the witnesses we have had have had a concern that this issue has not appeared in any detail in the Government’s Brexit plans. Is that a fair assessment?

Margot James MP: I have read some of your exchanges in *Hansard*. Clearly that concern has been expressed. It is not up to me to deny it. If that is what well-informed and active groups consider the position to be, I have to respect that view. I think there have been significant efforts to engage with consumer organisations on this, through my department and others, but their responses to your inquiry point to the need for us to engage in a more regular and systematic manner than we have done hitherto. We are building on some of the contact that we have had over the past six to nine months. I have engaged with one of the DExEU Ministers and we will co-host a meeting for all interested consumer organisations in about three weeks’ time. I anticipate inviting that group to meet us both a little more regularly on a systematic basis.

Lord Polak: Again, I take encouragement from that, but when we get to Brexit day plus one, and going back to your comment that the same protections will be in place, is that what you envisage post Brexit: that on the following day when people have issues they will be able to sort them out?

Margot James MP: Yes, I absolutely do. At the moment under the legislation, any UK consumer will have the same rights. When it comes to enforcing those rights, if they have purchased something cross-border, the UK legal system will guarantee those rights. We need to work carefully and closely to ensure that post Brexit, we work with our European colleagues with regard to cross-border trade and purchasing to ensure that that reciprocity continues. That is the area that is perhaps not absolutely guaranteeable by the UK Government alone, but it is something that we will work closely with the European Union on to ensure. That reciprocity is in the interests of both the European Union member states and our interests. It is perhaps an area of reciprocity that is more substantial than many others.

Baroness Shackleton of Belgravia: Would that necessitate having an English judge—one of our judges—sitting on the Court of Justice, for enforcement purposes or generally?

Margot James MP: I do not think I could answer that question. Do you have any comments, Kirstin?

Kirstin Green: We do not envisage at the moment that it would necessitate that, but again that might be a matter for negotiations.

The Chairman: It is an interesting question, because one of the things that has

always been to our advantage is that we have our own judge on the court. The loss of that silences, or absents, our legal presence, which is rather important as one of the few common-law contributors to decision-making. Even if you express only a personal view, do you not think it would be valuable to have an English judge there?

Margot James MP: Undoubtedly it would be valuable, but I am not in touch with those aspects of the negotiations, so I cannot give a view as to the likelihood of it coming to pass. But I definitely agree with the Committee that it would be valuable, yes.

Lord Cashman: Reciprocity—I love that word. It is like supercalifragilisticexpialidocious.

The Chairman: In what possible way?

Lord Cashman: The ring of it; the way it rolls off the tongue. I want to come back to the issue of reciprocity, which is vital in the biggest single market in the world. Would that reciprocity, post our leaving, necessitate a mutual recognition of judgments?

Margot James MP: I do not think it depends upon it. It would of course be helpful, but I can envisage reciprocity that is meaningful, useful and valuable but that does not depend on mutual recognition. Although, as I said, it would be advantageous to it.

Lord Cromwell: This is very interesting. As we start to peel back the roof and look inside, I feel for you, because we are asking about mechanisms that are probably not yet thought through, but that is exactly the concern. We say that reciprocity is a good thing and that enforcement across borders essential. Every session that we have had has underlined that. But are we going to end up with 27 reciprocity agreements? I do not expect you necessarily to have an answer to this today, but I suggest that the Committee is very exercised about what the mechanisms are and how cumbersome and time-consuming this is all going to become for consumer X, who has an issue perhaps with a couple of countries at the same time.

Margot James MP: It would clearly be much easier to continue to deal with the European Union rather than embarking on separate arrangements with 27 countries. I would concur with that absolutely. I appreciate that how we get there is the point—the nub of the matter, now—and I am sorry not to be able to be more helpful in unpicking that. I suppose that my job in my department is to make sure that our concerns on behalf of consumers and businesses with regard to the Brexit negotiations are relayed to the Ministers and officials responsible for those negotiations. That is the extent of my involvement at this stage, but I quite agree with you that it leaves a gap in what I am able to tell the Committee.

Lord Cromwell: Just to underline that, mechanisms are ultimately what this is going to be all about. We have a slight sense that people get the idea but they do not think through to the mechanisms.

Margot James MP: No, and we will have to do that, but it will be a matter of negotiation. What is important is that we in our department make sure that the people tasked with those negotiations—Ministers and officials—are fully conversant with the consumer protection agenda and put that to the fore during the negotiations.

Lord Anderson of Swansea: Are there aspects of consumer protection that are relevant to the devolved Administrations? If so, is there a mechanism for discussing them?

Margot James MP: There certainly is. Certain aspects are completely devolved, but my department retains oversight, through for example Citizens Advice and, I believe, Trading Standards, and still holds a budget for activity through some of the devolved Administrations. As we start from Brexit with all the laws intact, we would intend to devolve any laws that come back from Europe to the devolved Administrations in areas where they currently have jurisdiction over them.

Lord Anderson of Swansea: Have there already been discussions in respect of that?

Kirstin Green: There have. Just to add to what the Minister said, consumer policy is completely devolved to Northern Ireland. In respect of Scotland, consumer advice and advocacy are devolved, while the rest is reserved. We are, of course, talking to our Scottish, Northern Irish and Welsh colleagues about what happens during Brexit. I believe you have invited the relevant Ministers to a meeting to discuss that shortly. I think the Government have put on record that nothing that is currently devolved will be brought back to being reserved post Brexit. The discussions that need to be had are about whether there is anything else that it would make sense to devolve while also preserving the integrity of our UK internal market.

Q53 Baroness Ludford: Thank you, Minister. I was reassured by your statement that there is really nothing that you would want to abolish in the package of EU consumer law. The EU withdrawal Bill will freeze consumer and other measures on Brexit day, but does not incorporate any dynamism for the future on how we would keep track and keep up with developments in EU consumer law; nor does it deal with the whole question of mutual recognition, reciprocity or cross-border enforcement mechanisms. We are 15 months after the referendum. I note that there is this ambition to develop a way to keep the relationships, the mechanisms, the exchange of information and enforcement, but we need to get down to brass tacks. We keep going round this circle.

I do not understand how this is supposed to happen, particularly if there is a red line about the European Court of Justice. How are we going to keep up with EU law and through what mechanisms? If we do not keep up with EU law, there is less chance of the cross-border mechanisms being acceptable. Can you try to give us a little more substance on how all this is meant to work so as to ensure that there are no gaps? We can do our bit here, but consumers are going to need the reciprocity if they buy in another member state or online, and we need to know what that other part is.

Margot James MP: Trying to add to what I have said on that, you hit the nail on the head with those concerns, but I take you back to the general point that the Government's objective is to secure a very close partnership and the best possible deal with the European Union, covering not just consumer protection but all aspects of trade, of which consumer protection is a very important part. Therefore, we will seek to negotiate a situation where the connections—particularly with regard to services, digital and cross-border trade—are set in stone once we leave the European Union regarding managing any future divergence between British law and European law, anticipating the elements that might become issues in the future as far as is possible. Beyond that, I cannot really comment on the exact nature of the mechanisms.

Baroness Ludford: That is key, is it not?

Margot James MP: I share your questions myself in many ways.

Baroness Ludford: The analogy was made in your opening remarks with international organisations, but we are qualitatively in quite a different ball game with Europe. Because it is nearby there is a lot more interaction between consumers here and suppliers in the EU 27, whether on holiday or via online purchases. It is just not equivalent, is it, to international organisations, with whom you discuss and have international diplomacy? It is quite different.

Margot James MP: The difference might turn out to be quite positive, in that, as you said, we are closer to the European Union because of our day-to-day involvement and membership than we are with the rest of the world. We will start out, in the immediate aftermath of Brexit, with absolutely common protections, rights and laws between ourselves and the European Union. We start from a place of equivalence. We can therefore be positive about a closer working relationship with the various European bodies with regard to consumer protections and rights than we enjoy with the global equivalents.

The Chairman: I think what Baroness Ludford was pressing was that maintaining a two-step with the rest of Europe—our laws developing along parallel lines so we do not end up dropping behind or moving out of kilter—will be one of the challenges, as will whether there are mechanisms. It sounds as though we have not reached the stage where those mechanisms have been thought through or whether they are on the table as part of the negotiations. I am getting the sense that nothing is being presented yet.

Margot James MP: I am not aware of anything. That does not mean to say that nothing exists.

The Earl of Kinnoull: Good morning, Minister. This question is on the same point, really. There is a very large number of European agencies. Tantalisingly, one of the things you said a moment ago seemed to be close to this. The food safety agency here has members, but it also has three non-EU states that are observers. There are 40 or so of these agencies, which I am looking at on my iPad, many of which would

have relevance. So is it the Government's intention to become either an observer or a member of any of these agencies, in particular the ones in the consumer areas that you talking about?

Margot James MP: We want a close association—a deep and special partnership with Europe—post Brexit. That is the Prime Minister's intention and the Government fully support her on that. I am sorry to repeat myself, but the precise mechanisms cannot be identified at this stage. But I would certainly not rule out some of the examples that you have given. As you said, there are countries outside the European Union that have observer status and associate status. If those sorts of ways of interacting—

The Earl of Kinnoull: They also have member status. They are members of some of these agencies, such as the European Aviation Safety Agency. There are various stages.

Margot James MP: Indeed. Speaking for myself, I would hope that we will conclude with the closest possible involvement in all these bodies. I am aware that it is in the process of negotiation, so there is no guarantee on that, but it would certainly be my wish.

The Earl of Kinnoull: To go back to Baroness Ludford's question, would you see that as a route towards achieving some interaction that means that we as a nation regularly sit down with other nations to discuss things in an environment where you can generate some common thought?

Margot James MP: I could not put that better myself.

The Chairman: That is always a happy way to find a conclusion.

Lord Cromwell: We have probably touched on quite a lot of this, and I will try to avoid using the word "mechanism" again. I think we have agreed that cross-border reciprocity and enforcement are vital to this. The mechanisms to achieve it are important. You stressed that the current level of co-operation should be preserved. That is currently underpinned by EU institutions that monitor and enforce. By definition, those fall away after Brexit. That suggests to me a level of risk and uncertainty about the future.

Although we are keen to secure a deep and special relationship, as you just referred to it, you also say this is all a matter for negotiation. That logically, surely, suggests that we could have to adjust our position, and adjust or even dilute our standards, as part of the negotiation. Otherwise, there is no negotiation. We just say, "Those are our standards". I am trying to square this continuing co-operation with an absolute retention of the status quo. I cannot see how negotiation works in between those two positions. Can you help me?

Margot James MP: The point I would make in the hope of reassuring you on the question you have raised is that post Brexit it will be up to the UK Government to ensure that there is no dilution of consumer rights, standards and protections. To

that extent, I do not think that achieving that happy state is dependent on either membership of the European Union or co-operation with it. As a country we are able to set our own standards, protections and rights in this field. The Government are keen to assure everybody that there will be no dilution on account of our leaving the European Union or of anything else.

Lord Cromwell: So you are comfortable with divergence from Europe if it means we retain our standards and they go elsewhere?

Margot James MP: This is hypothetical, but if, for example, there were areas of policy where we felt as a country that consumers needed greater protection than the consensus within the European Union was willing to concede, I would wish to preserve the right within our own governance to exercise that right. So I can see the potential. As we know, the process of having been a member of the European Union has involved constant negotiation. We do not always get what we want. It is usually easier to do more rather than less. That has been the UK way. I would see that continuing.

Lord Cromwell: Finally, I would reflect on the same question regarding the wider world and its standards, but we covered the earlier. I just leave with you that every standards body that has appeared in front of us, from the FCA to the consumer, has been very keen to maintain contact, relationships and commonality of standards across Europe, for obvious trading reasons. At some point there will have to be squaring of this circle of us having good standards that we are not going to dilute and having to get on with our neighbours. I worry about the mechanisms, and I believe that these organisations do, too.

The Chairman: Minister, just so that those who are listening to or watching this will know, we are talking about agencies such as the European Food Standards Agency, the European Medicines Agency and the European Aviation Safety Agency. How do you envisage our relationship with them?

Margot James MP: “As close as possible” would be the only answer that I could honestly give, because, of course, there are many discussions to be had. I am sure we all have the greatest respect for those organisations—I know that I certainly do—and we would want to continue a very close association with them.

The Chairman: Some of the regulatory directives that have come from Europe have not been implemented by us in detail, but the UK provisions are currently read in light of the directives. We might not have actually taken them on board, but we have read them and implement our own law in light of those directives. An example one of my legal advisers has given me is of 11 articles of the consumer protection law in the universal service directive. They are implemented by paying attention to how the rest of Europe does it. How will things that we have not created as part of our law be interpreted after Brexit? Do we know yet?

Margot James MP: Would you have any comment to make on that Kirstin? I am not close enough to that aspect of the negotiation to give the Committee a fulsome answer. It is a very good question.

The Chairman: It comes from my very clever legal advisers, who are very close to this stuff. It is about the directives that we have not implemented, but we tend to follow what the rest do.

Margot James MP: But at the moment we have regard to them. I would see no reason why that should not persist.

Kirstin Green: As with so many things, it will depend ultimately on the negotiation about the future relationship.

Q54 **Baroness Neuberger:** Minister, it is wonderful that you are here. You are giving us some reassurance about how you are picking this up, but still we are back on the mechanisms. We have been told, particularly by the Competition and Markets Authority, that if the provisions of the consumer protection co-operation regulation were to stay in place after Brexit, “then cross-border consumer protection should not be too affected”. You almost hinted that that might be the case. Can you say that in terms?

Margot James MP: It would certainly be something that my department would advocate. But going back to an earlier question about the wider aspects of a free trade agreement, that sort of thing would form part of a free trade agreement, and I would certainly hope that we would be able to accede to European Union wishes in this respect. I am really pre-judging things now, but I hope that it would wish for the same outcome as suggested by your question. During the negotiations, I am keen to put this sort of agenda forward to the Department for Exiting the European Union, and I hope it will be able to achieve very close alignment.

Baroness Neuberger: That is really helpful. The CPC regulation allows for non-EU member states, so one mechanism presumably would be through the UK being part of it as a non-member state. But at the moment you do not know whether that is the way the Government will go. And, indeed, the EU is reviewing that.

Margot James MP: Exactly, but I am very keen to be as close as possible. If that means membership of it—if, in the round with the rest of the negotiations, that is considered to be an acceptable landing point for both sides—I would be very pleased to see that.

Adams Stevens: Above and beyond the CPC regulation, the EU has a number of free trade agreements that include some high-level indication towards co-operation both on regulations relating to the consumer acquis and on that enforcement level.

Baroness Ludford: Could we get detail of that in a note?

The Chairman: If you could let us have a little note on that, that would be very helpful, Mr Stevens.

Q55 Lord Cashman: Minister, a whole range of contributors have given evidence to the Committee, among them the Financial Conduct Authority, the Ombudsman Services and the Chartered Trading Standards Institute. They have all expressed concerns that, even before the additional problems posed by Brexit, they were underresourced. Remembering that in aspects of EU law, consumers are also businesses and small businesses, what plans, if any, do the Government have to help those consumer protection bodies to cope with the additional burdens imposed by Brexit?

Margot James MP: You mentioned trading standards. I have read the National Audit Office report on enforcement, and its comments on trading standards in the report, which was published last year. Its report gives rise to concerns, which you have obviously heard about from previous witnesses, about the extent of the reduction in budget for local trading standards around the country. That, as I am sure you know, is the preserve of local government, and it is obviously down to local government to order its priorities and so forth. But the overall reduction in some areas has given us concern. My department funds a national trading standards body to give advice to local organisations. We have protected that budget, which has not been reduced. It is possibly through those offices that we might seek to improve the resourcing available to consumer enforcement prior to Brexit.

Lord Cashman: Are those resources additional to the resources that they currently have?

Margot James MP: That is what I was implying. There has been absolutely no decision or approval as yet, but we are looking at the resourcing of the national body to see if that might be a way of improving enforcement with regard to trading standards. As I say, no commitment has been made yet. It is a work in progress, which my officials and I are involved in at the moment.

Lord Cashman: As I say, this has been raised by the FCA, the Ombudsman Services. It is wider than trading standards.

Margot James MP: It is. That is a very good point, and I am sorry that I did not respond fully to your question. To a certain extent, all bodies want to do more than they feel they are resourced to do, and it is not necessarily for me to comment in detail on all those bodies. I happened to comment on trading standards, because I have had, I suppose, more involvement with them and they operate at a broader level of consumer protection. I was therefore able to give you a more detailed answer on that. But I am not aware that the other bodies have a particular claim for more resourcing than any other similar body, all of whom, I am sure, would benefit from more resources.

Lord Cashman: Thank you very much Minister, but I think that after this session it would be worth going back over some of the evidence that has been given to us, in particular that of the FCA, which is saying that it will have to make hard choices because of the obligations imposed upon it by having to deal with Brexit and then post Brexit.

Margot James MP: Indeed. That is a separate matter, of course. There is a resourcing level as of now. Does that meet the needs? There is of course the potential for a greater amount of work. The CMA's role will undoubtedly increase and change following Brexit, and it is very unlikely that it would be able to manage that change post Brexit without additional resources. I am sorry, I slightly misunderstood your question, but of course I would agree with that post Brexit.

The Chairman: That is very helpful. I am drawing this session to a close, but I see some hands going up and wanting to seize the opportunity.

Lord Anderson of Swansea: Some would argue in respect of the whole range of EU contact with us that with Brexit, with one bound we are free, but now you are telling us in effect that we should have the same broad consumer protections but are unlikely to have the same influence over how that is formulated. Perhaps this is a comment rather than a question, but I get the impression that we are involved in a damage-limitation exercise, and that some of the bodies involved in it are seeking to find ways and means of relating, but nothing as good as the existing relationship.

Margot James MP: The public voted in a referendum last year and the result is the result that we are now implementing in government to the best of our ability. We intend to get the very best possible deal. It comes down to whether you have a glass half full or half empty view of the matter. That does not detract from the fact that we are intent on getting the very best possible deal.

Your comment gives me the chance to address the point about divergence once we leave the European Union. It would be disingenuous of me to assume that we want the closest possible alignment and continued equivalence of all regulation matters. That is not necessarily a set view within the Government. In this area it is probably more set than in others, in that I am quite certain that none of my colleagues in government wish to see the process of Brexit result in a reduction in consumer protections and rights. I am quite convinced about that. One reason why people voted to leave the European Union is so that we can set our own laws and standards. Therein lies the basis for some difference in the future scenario.

The Chairman: The difficulty with that is that we can set our own standards, but once you are trading with people elsewhere you are reliant on theirs. Having some uniformity of standards is rather useful. As we go off into the great new world of trading globally, the reality is that the standards set in some part of the world for goods being produced will not meet the standards that consumers in this country have become used to. There will be an awful lot of hard work on your desk, if you are still sitting there into the future, in trying to raise their standards and insist on the standards that British consumers have become used to. I am not sure to what extent people have realised this whole area of work falling on your shoulders.

Lord Cromwell: I think we are in danger in these discussions, as often happens, of starting to refight the Brexit campaign. Let us not go there.

Margot James MP: Thank you.

Lord Cromwell: Nonetheless, I appreciate that you have tried to be very honest with us about where things are and concerns about the mechanisms. Let us hope that some can be arrived at. In the spirit of openness, I hope you will not mind me making a slightly cheeky point. I seem to be getting from this whole meeting that we will exit, but that on consumer protection the Government's intention is to end up in a similar position to the one we would have if we had remained.

Margot James MP: I quite understand where your comment is coming from, because we focused on commonality and the benefit of having a harmonised system of protections and rights once we leave, but I would not necessarily agree that that represents a goal indefinitely. As I mentioned in response to one of your questions, there may well be occasions in the future, as there have been in the past, where we seek to maintain a higher standard of protection, consumer rights or enforcement than pertains across the European Union. Let us not forget that there are differences between member states in this area. I think we would all agree that we are at the higher end of protection. I am quite sure that will pertain indefinitely, but the means by which we arrive at that point may well necessitate the UK taking action that is not consistent with the rest of the European Union in this field. I am confident that will be on greater enforcement and more rights, rather than less.

Lord Cromwell: Thank you. I am encouraged by that, although I foresee difficulties when looking across the Atlantic and trying to negotiate a trade deal in saying that we are going to have higher standards.

The Chairman: I think we are all thinking of hormone-filled beef.

Lord Cromwell: I am sure you are alert to that.

Margot James MP: I am very alert to that. I would say that, in my constituency mailbag, three in 10 emails concern animal welfare—a point that is not lost on Members of the House.

The Chairman: Thank you very much, Minister. As my colleague said, you have been very frank and open with us about your views on the position you are in at this stage. Thank you to you and both your colleagues for coming in.

Margot James MP: Thank you very much indeed for this hearing. It has been extremely useful to us in our work, too.

The Chairman: Do take our invitation to add anything you feel might be helpful to us.

Margot James MP: We will, and we will get back to you with the various commitments that we have made.