

Environmental Audit Committee

Oral evidence: [Sustainability of the fashion industry](#),
HC 1148

Tuesday 18 December 2018

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[Watch the meeting](#)

Members present: Mary Creagh (Chair); Mr Philip Dunne; Mr Robert Goodwill; Kerry McCarthy; Anna McMorrin; John Mc Nally; Joan Ryan.

Questions 391 - 555

Witnesses

I: Witnesses: Victoria Atkins MP, Parliamentary Under-Secretary of State for Crime, Safeguarding and Vulnerability and Parliamentary Under-Secretary of State (Minister for Women), Home Office; Dr Thérèse Coffey MP, Parliamentary Under-Secretary of State for the Environment, DEFRA; Kelly Tolhurst MP, Parliamentary Under-Secretary of State, Minister for Small Business, Consumers and Corporate Responsibility, BEIS; and Janet Alexander, Director of Individuals and Small Business Compliance, HMRC.

Written evidence from witnesses:

– [DEFRA](#)



Examination of witnesses

Witnesses: Victoria Atkins MP, Parliamentary Under-Secretary of State for Crime, Safeguarding and Vulnerability and Parliamentary Under-Secretary of State (Minister for Women), Home Office; Dr Thérèse Coffey MP, Parliamentary Under-Secretary of State for the Environment, DEFRA; Kelly Tolhurst MP, Parliamentary Under-Secretary of State, Minister for Small Business, Consumers and Corporate Responsibility, BEIS; and Janet Alexander, Director of Individuals and Small Business Compliance, HMRC.

Q391 **Chair:** This is our final hearing in the sustainability of the fashion industry inquiry. We are going to be hearing today from Ministers and officials to look at issues around enforcement of the national minimum wage law in this country and policy solutions around the problem of textile waste. Can I ask our witnesses to introduce themselves, starting from my left, please?

Kelly Tolhurst: I am Kelly Tolhurst, Minister for Small Business, Consumers and Corporate Responsibility.

Victoria Atkins: Victoria Atkins, Minister for Crime, Safeguarding and Vulnerability and Minister for Women.

Dr Thérèse Coffey: Thérèse Coffey, Minister for the Environment.

Janet Alexander: Janet Alexander, HMRC, Director of Individuals and Small Business Compliance.

Q392 **Chair:** Thank you. Can I start with you, Minister Tolhurst? We have been shocked—as I am sure you have been—by evidence in this inquiry that there is rampant non-payment of the minimum wage in Leicester textile factories. Is that something that you were aware of before this inquiry?

Kelly Tolhurst: Thank you for inviting me to give evidence on this issue to the Committee, and I welcome the opportunity to talk about what we are doing around enforcement of the national minimum wage.

What I think we need to highlight is that currently there are a number of investigations going on within the Leicester area—joint investigations with HMRC and other agencies—to investigate the potential underpayment of the national minimum wage and the national living wage. One of the things that we are clear about is that, wherever there is a breach of the national living wage or the national minimum wage, wherever that may be, we will enforce and investigate.

Q393 **Chair:** Back to my question: were you personally aware of the widespread non-payment of the national minimum wage? It is the national minimum wage that you are enforcing. Were you personally aware of it before this inquiry began?



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Kelly Tolhurst: When you say “widespread”, sorry your words were—

Q394 **Chair:** Widespread non-payment of the national minimum wage in Leicester.

Kelly Tolhurst: Obviously we will investigate any sector where we believe there are breaches of the national minimum wage and—as I have already outlined in what I have just said—wherever there is a potential breach we will investigate. We act on all evidence that is given to us. We will act when people who have that information inform us of that information or where they suspect a breach has taken place, and we will enforce and we will investigate.

The use of language, was I aware of a widespread breach? You would need to clarify what the widespread breach is, but wherever there is a breach we will investigate. I cannot really be clearer than that.

Q395 **Chair:** Were you personally aware of the issue in Leicester?

Kelly Tolhurst: Clearly, we have known because we are taking joint action with agencies to investigate organisations where there is a suspicion of breaching the national minimum wage and we are acting on all evidence, all intelligence, and also in a proactive way. Obviously my concern is not only with Leicester, it is throughout the whole of the country in regards to organisations that potentially will be breaching the national minimum wage.

In 2017-18 we carried out 93 investigations within this sector; 24 have already received penalties. There are ongoing investigations. They will continue. We are determined—and I am determined, as the Minister for this role—to continue to make sure we act on evidence and enforce where we can.

Q396 **Chair:** Were you aware of the investigation by the *Financial Times* in 2018, which basically said that the average that is paid to mostly women workers in Leicester is £3.50 per hour and that there is systematic cooking of the books and non-compliance in this area? You said there are 93 investigations. How many of them are in Leicester and when did those investigations begin?

Kelly Tolhurst: Did I personally know about these particular breaches before this inquiry? As I have tried to be very clear, wherever we have intelligence—

Q397 **Chair:** Is it a yes or a no? It is a yes or no answer. Did you know personally before this inquiry?

Kelly Tolhurst: If we have any intelligence to say—

Q398 **Chair:** It is yes or no, Minister. You have had three attempts to answer it. Before this inquiry began, did you know that there was widespread non-payment of the national minimum wage in Leicester?



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Kelly Tolhurst: As I have tried to be really clear, wherever we know that there is potentially a breach we will investigate. How can I be clearer than that?

Q399 **Chair:** When were you appointed to your post?

Kelly Tolhurst: I was appointed in July of this year.

Q400 **Chair:** All right, so you started in July?

Kelly Tolhurst: Yes.

Q401 **Chair:** Was the Leicester issue brought to your attention by officials at that point when you started?

Kelly Tolhurst: We know that there are already ongoing joint investigations in the Leicestershire area around non-compliance.

Q402 **Chair:** When did those investigations start?

Kelly Tolhurst: They are currently ongoing investigations.

Q403 **Chair:** When did they start, Minister?

Kelly Tolhurst: Because they are ongoing investigations, I cannot go and will not go into the specifics of those investigations.

Q404 **Chair:** As a Committee, we are asking you when the investigations started. What is the problem with—

Kelly Tolhurst: I am assuring you, as the Chair, that we are having currently ongoing investigations into suspected breaches of the national minimum wage.

Q405 **Chair:** I am afraid that is not going to work, Minister. We have been looking at this issue for the last three months. You are telling me that the investigations are ongoing. That implies that either your people have just gone in, or that they just did not know about it. Can you tell me how many of those 93 investigations, are you saying in the textile sector—

Kelly Tolhurst: I am, yes.

Q406 **Chair:** How many were in Leicester in 2017?

Kelly Tolhurst: In regards to the whole investigations across the Leicester area, we are still investigating those. We are still investigating those potential breaches within the Leicester area.

Q407 **Chair:** How many? How many?

Kelly Tolhurst: As I have said, we have issued 24 penalties across the whole sector on the 93. On my naming and shaming list this year I believe I do not have any within the Leicester area.

Q408 **Chair:** All right. What you have just said is that investigations into Leicester are ongoing. There were 93 investigations last year. There were



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24 penalties across the whole textile sector, but none—either last year or this year—were in Leicester. Is that correct?

Kelly Tolhurst: For this year, I do not have any from Leicester on my list for naming and shaming but, as I have told you, there are currently ongoing investigations in Leicester, joint working with other agencies for potential breaches and other issues that might arise from a national minimum wage breach, as you will know as the Chair—

Q409 **Chair:** We have heard evidence in this inquiry of auditors for retail firms being throttled when they go to audit factories. We have heard evidence of women workers, who may or may not be 16 years old, padlocked into factories with the fire escapes padlocked. Is that not something that is of the highest importance to you as a Minister?

Kelly Tolhurst: Absolutely. I would say that that is where joint working is so important, because HMRC is commissioned by BEIS to carry out the enforcement work with other agencies not just in breaches of the national minimum wage but also in regards to any breaches identified. They could be around health and safety because, as you suggest, padlocking of fire exits is not a minimum wage breach. That is a breach of other rights and also health and safety. That is why it is important that this joint working and joint operations are continuing.

Q410 **Chair:** How many joint workings are currently going on in Leicester?

Kelly Tolhurst: As I have already said to you, Chair, I will not comment on ongoing investigations into Leicester.

Q411 **Chair:** I am not asking you to give us the detail. I am asking you to give us the number. Is it one, five, 25, 100?

Kelly Tolhurst: I am telling you that I will not go into the detail about the particular enforcement work that is being carried out on joint investigations in Leicester at this moment.

Q412 **Chair:** I do not think you can get away with that, Minister.

Kelly Tolhurst: I am afraid I need to because, as you will appreciate, they are sensitive, ongoing investigations and it is quite right that that information is not given publicly at this stage.

Q413 **Chair:** I am asking for the number of investigations, not the names and addresses of the factory owners, not the names and addresses of the investigators. I am trying to get a sense of the scale and the amount of resource that your Department is putting into a flagrant breach of the national minimum wage and health and safety legislation in this country. I have asked you: is it one investigation? Is it five? Is it 10? Is it 50? Or do you not know?

Kelly Tolhurst: As I have said, Chair, I am not prepared to sit here and go into detail about these ongoing investigations.

Q414 **Chair:** How many? So that is two. There is more than one; there are



two?

Kelly Tolhurst: They are multi-agency. We are working together with enforcement. It is not just national minimum wage breaches, as you have outlined here. There are other concerns around those organisations, potentially, that are being investigated. We are quite happy to provide further evidence to the Committee when the outcomes of those investigations have been settled. I cannot go into live investigations and will not get drawn on that matter here.

Q415 **Chair:** That is absolutely extraordinary. I think the people watching at home will draw their own conclusions on that.

Can I talk to you, Ms Alexander? In a report earlier this year, Sir David Metcalfe warned that the average employer can expect to be inspected once every 500 years. How many garment factories have you visited in Leicester?

Janet Alexander: As the Minister said, on the recommendation of Sir David Metcalfe, we have had joint activity with a range of agencies—which started this year—visiting a large number of factories in Leicester.

Q416 **Chair:** How many have been visited?

Janet Alexander: A number of them. We are not into the thousands, but we are into the tens and hundreds.

Q417 **Chair:** You are into the tens and hundreds?

Janet Alexander: Tens, more than hundreds—tens of factories.

Q418 **Chair:** There are 700 factories in Leicester, so you are saying you have visited tens of them?

Janet Alexander: Yes, using risk-based information to make the decisions about who we inspect. We use risk-based information from a number of sources, including media reports, but also trade unions, members of families reporting where they consider there to be national minimum wage breaches. Obviously, we want our investigations to have the most impact.

We have not found the extent of breaches that have been indicated in media reports to date. That does not necessarily mean that they will not emerge in the future, but we have not found the extent to date. We also rely on employees themselves reporting where they think they are being paid less than the national minimum wage.

Q419 **Chair:** Do you think that is realistic when we are hearing that the auditors from the retailers are getting manhandled? Do you think women who may not have English as their first language—

Janet Alexander: I was absolutely going to agree with you, Chair. That is problematic when you have organisations where it is not just national minimum wage breaches but there may be instances of illegal working,



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where obviously the workers themselves will be reluctant to come forward, which is why we use other risk sources.

In 2017-18, 55% of the 2,500 cases we investigated and closed were from proactive work that the HMRC did with colleagues across Government, focusing not just on the textiles industry but of course we have a whole range of employers to police.

Q420 **Chair:** In 2017 you did 2,500 investigations of garment factories in this country?

Janet Alexander: No, 2,500 in total.

Q421 **Chair:** How many garment factories did you do in 2017?

Janet Alexander: I can say how many garment factories we have done in the last investigations over the last six years, if that would be a help.

Q422 **Chair:** Do you not have the data by year?

Janet Alexander: Can I just check?

Q423 **Chair:** Sure. That would be great. Thank you. Sir David Metcalfe also warned earlier this year that insufficient use is being made of prosecutions. Minister Tolhurst, perhaps I can come back to you. What steps have you taken to increase enforcement efforts in response to those recommendations?

Kelly Tolhurst: We have doubled the enforcement budget for enforcement of the national living wage, so that has obviously gone up from £13 million to £26.3 million and HMRC are investigating 100% of all information or evidence or suggestion that there is a breach or potential breach of the national minimum wage. We are very clear. We believe that, if we are talking about it in total, we have doubled the fines of arrears. For example, it is now 200% of the arrears rather than 100%, and we are continuing to look at ways in which we can better enforce.

Q424 **Chair:** The risk of inspection is once every 500 years, so it is worth taking the risk at the moment. Doubling the fines, which is basically the back-payment of the wages owed and a quick settlement for doing it quickly is not a disincentive if you are only paying half of the minimum wage.

Kelly Tolhurst: As I said, we have been working proactively. We also work on intelligence. We have doubled the enforcement; we have more than doubled the amount of arrears that we have collected on behalf of workers. That has gone up from just over £3 million to over £15 million in regard to the number of arrears. We are working with business and we are being very clear. That is why we have a name and shame policy—to highlight that, if you are caught in breach of the minimum wage, you will be named and shamed and you will be fined. Obviously that is one of the reasons why we have increased the penalties for arrears.

Q425 **Chair:** In 2016-17 the average wage arrears were £110 per worker, so



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that implies an employer penalty of just £220 a worker. It is nothing. It is pennies.

Kelly Tolhurst: We continue to monitor in regards to the extent of the penalties. As I say, we have recently taken this action to increase from 100% to 200%. As the Minister responsible, part of our role is to evaluate it and to make recommendations where possible but obviously, on the figures, it is working. We are getting arrears for underpayment. We are continuing to enforce and we are continuing with the naming and shaming. We will keep evaluating to make sure that we are able to fulfil our obligation and, also, for businesses the key thing is around businesses being aware of what we have found.

I do not have the figures in front of me to back it up, but there are issues where employers have not kept up with the yearly increase, so making sure that our communication to employers and their obligation to increase on a yearly basis when we announce those—

Q426 **Chair:** Last year your unit helped 98,000 workers and identified £10 million of arrears. That is £110 of arrears per worker. We are talking about women who are getting £3.50 an hour. They are losing £150 a week in underpayment and the fine to the employer is £200 per worker. That is not a disincentive. There are 700 factories in Leicester. Your colleague has just told me that there are only tens being investigated. They are just getting away with it.

Kelly Tolhurst: I do not believe they are. I believe that we are—

Q427 **Chair:** Believe or not, do you know that they are getting away with it? You did not prosecute any last year, did you?

Kelly Tolhurst: Do I know that they are getting away with it? Is that what you are saying? Sorry. Are you suggesting that I know that they are getting away with it?

Q428 **Chair:** You said you do not believe. Is it not your job to know?

Kelly Tolhurst: As I have said to you, we are undertaking proactive enforcement. We are working on intelligence to target those organisations or investigate those organisations where we believe that there may be breaches. Absolutely, we will take action. I cannot be clearer than that. This Government are absolutely committed to enforcing the national minimum wage, and I believe that the figures that I have outlined show that we are committed to doing that.

Q429 **Chair:** The Director of Labour Market Enforcement suggested linking fines to turnover of factories. Is that something that you have considered?

Kelly Tolhurst: I have not considered that particular point. As I have said, we have increased the—

Q430 **Chair:** Why not? Your Director of Labour Market Enforcement, who is going out, seeing widespread abuse across different sectors, has made a



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concrete recommendation. Why have you not considered that?

Kelly Tolhurst: I have considered what the Director of Labour Market Enforcement has said on a number of things. I have not particularly considered that point.

Q431 **Chair:** Why not?

Kelly Tolhurst: I have not considered that point because obviously we have already made changes to the penalties and I want to review that before I take any further decisions, going forward, around potential penalties in the future.

Q432 **Chair:** You are content with a situation where there is non-payment, where the penalty, if the employer gets caught, is £200 per worker, instead of a fine linked to their turnover, which could be in the many millions—1% of many millions.

Kelly Tolhurst: We are committed to making sure that workers get what they are owed. That is why it is up to 200% of their arrears, depending on the breach. Also, we will take further action where there are aggravated breaches of that. It is not right that people are not paid the national minimum wage. That is why we doubled the budget. We are not satisfied or happy with the fact that employers are potentially underpaying on the national minimum wage.

It is also not just enforcement. It is around making sure that we are communicating with businesses and making sure that businesses recognise their obligations. We are working with local authorities and what we have done, in particular, is we have the pilot project with the London Borough of Newham with regards to working with them in tackling their national minimum wage breaches. We are also working with Leicester City Council with regards to Leicester and the breaches there, so we are doing these couple of pilots.

We are looking at ways in which we will always try to enforce where we believe that there are further breaches in the national minimum wage. It is not right that people are not paid the national minimum wage and we will enforce on that.

Q433 **Chair:** Yet, when your own Director of Labour Market Enforcement makes a recommendation about linking those fines to turnover to hit bad employers in the pocket, you do not consider it?

Kelly Tolhurst: There are a number of ways in which we can bring further action around—

Q434 **Chair:** How many have you prosecuted last year?

Kelly Tolhurst: Of the national minimum wage in total throughout the country?

Q435 **Chair:** Yes.



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Kelly Tolhurst: I do not have the prosecution figure to hand. I am prepared to share with you all the prosecutions and fining.

Q436 **Chair:** There have been 14 prosecutions for non-payment of the national minimum wage since 1999. Could you get us the figures for how many over each of the last years?

You talk about other actions you can take but we are not prosecuting these people, and we are not hitting them in the pocket, so they are just taking a chance at all times.

Kelly Tolhurst: The fines: I would suggest that in some of these organisations they do represent significant fines to them. I do believe that there is a financial risk to those organisations for having these fines levied.

Q437 **Mr Robert Goodwill:** Can I ask a follow-up on that to Minister Tolhurst? It seems to be an open secret in Leicester that employers are paying less than the national minimum wage, or setting piecework rates that mean it is impossible to earn the national minimum wage. In my experience, the people who are best connected to the local communities are Members of Parliament. Do you have any representations from Leicester Members of Parliament asking for meetings or writing to you, alerting you to either the general problem or to particular instances where constituents have come forward?

Kelly Tolhurst: Not since I have been appointed to this role. I cannot speak to before that, but I have not had any representations.

Q438 **Mr Robert Goodwill:** Have HMRC had any?

Janet Alexander: No. I know that you have received evidence in this Committee but, in the work we have done so far, we have not found the level of non-compliance that has been indicated to this Committee. Obviously investigations continue and that may emerge, but we are not seeing that. The information that we get is specific and to act on information about particular employers it has to be very specific, so that we can target our activity to the right people and take action.

Q439 **Chair:** You were going to come back on the numbers.

Janet Alexander: Yes. In 2017-18 we concluded five inquiries into textile manufacturers, but overall 2,500 and we gained £15.6 million for 200,000 workers.

Q440 **Chair:** That is not to the textile sector. That is across the whole sector?

Janet Alexander: That is across the whole sector, yes.

Q441 **Chair:** You did five textile firms?

Janet Alexander: We concluded five textile firms.

Q442 **Chair:** How many did you fine?



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Janet Alexander: I do not have that information with me at all, but I can get that back to you.

Q443 **Chair:** Can you write to us with the figures for each of the last five years?

Janet Alexander: For the textile industry?

Chair: For the textile industry, wherever it is, with the location and the amount of the fines that you have levied. That would be enormously helpful.

Janet Alexander: Yes.

Q444 **Chair:** Does HMRC have a view on increasing the fines and linking it to turnover?

Janet Alexander: Obviously the policy rests with BEIS and not HMRC. From talking to colleagues who work in national minimum wage enforcement, my general observation is that it is the opaqueness of the supply lines that make it very difficult to take enforcement action. We can only take action against a particular employer and often when we go to some locations it is quite difficult to identify who the employer is. Even though you are in a building with lots of people doing work, they may be engaged by someone else or an agency and that becomes very problematic to unravel; probably more so for us than the extent of penalties.

Q445 **Chair:** Minister Tolhurst, have you considered linking the fines to the firms buying products from these factories, so the end purchaser, who may have modern-day slavery in their supply chains?

Kelly Tolhurst: One of the things that we are considering that we have published in our response to the Director of Labour Market's strategy is that we will be consulting around joint responsibility, and that is around how we potentially could make the brand names of the retailers at the top of the chain, so the whole supply chain—

Q446 **Chair:** Make them what? Responsible? Pay the fine?

Kelly Tolhurst: Joint responsibility, so we are consulting on that to see what it would look like. It would have to be workable and proportionate, so we are working on that and that is something that we will be doing in regard to being able to make the supply chain accountable.

Q447 **Chair:** When did the consultation start?

Kelly Tolhurst: We announced that we will be consulting on that. We announced yesterday in our response to the Labour Market Strategy.

Q448 **Chair:** So that is part of the Taylor?

Kelly Tolhurst: No, so we had the Taylor review and then we had the Government's response to the Labour Market Strategy yesterday, which was in that as well.



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Q449 **Chair:** All right, so when will that consultation begin?

Kelly Tolhurst: We are looking to do that in the New Year.

Q450 **Chair:** Concluding in the middle of the year?

Kelly Tolhurst: I was hoping we would be able to have a quick turnaround on that. We are also looking at an option around how we could potentially destruct a supply chain where we believe there are breaches in a form of what is referred to as “hot goods”, so we announced yesterday that it is our intention to consult on both of those areas.

As I have said, if it is workable, implementable and proportionate, we will look at those areas in which we can ensure that the supply chain is affected and takes responsibility for those breaches, because fundamentally—as I am sure you and everybody else agree—consumers want to make sure that they are buying products that are supplied through the chain, where they have not come from organisations that have breached national minimum wage and other workers’ rights that the people who are making those garments or products could be. That is something we are consulting on and it may not just be focused on the textile sector.

Q451 **Chair:** You are sitting next to the Minister responsible for tackling modern slavery in supply chains across the world. Do you feel any sense of irony or anxiety about the fact that we are not tackling it here in the UK?

Kelly Tolhurst: I would disagree that we are not tackling modern slavery. We have been very clear, the Prime Minister has been very clear.

Q452 **Chair:** We are going to come on to modern slavery, but we have heard that five textile factories were fined last year—when this inquiry has heard of widespread abuse in the sector—for non-payment of the minimum wage.

Janet Alexander: Concluded investigations.

Q453 **Chair:** Concluded investigations, okay, and we do not know how many were fined, do we?

Janet Alexander: I do not have that with me, but I will get that to you.

Kelly Tolhurst: Even in the short time that I have had this role, I have sat on inter-ministerial meetings with the Prime Minister where this has been discussed. It is high up on the agenda and we are very acutely aware of it in BEIS, because it affects a lot of our responsibility in the organisations that we would look at as BEIS.

Also we have the strategic co-ordination group, which is a group that is chaired by the Director of Labour Market Enforcement, who brings together all organisations including HMRC and EAS and the Home Office,



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with regard to making sure that we are working together to come up with sharing best practice and information.

Q454 **Chair:** One of the things that he has recommended is considering linking fines to turnover, which you have ignored, so it is not very reassuring to hear that he is in a room, coming up with suggestions, which are then ignored by Ministers.

Kelly Tolhurst: Sir David is not ignored.

Q455 **Chair:** But you have not considered it you said in response to my earlier question.

Kelly Tolhurst: I tried to tell you what we are doing at the moment. You said that I must feel ironic, sitting next to the Minister who is responsible for modern slavery, and I am trying to outline that it is a cross-Government approach to modern slavery. It is not just with the Home Office. It is with BEIS as well.

I am trying to demonstrate that we are working together with all those agencies to try to stamp it out. It is not something that is right for Britain. It is not something that my constituents or, indeed, anyone in the country would accept, but it is a multi-faceted approach, a multi-agency approach and it is not just predominantly within the textile industry. There will be other industries affected, so we are bringing together that expertise in best practice as well that happens in our industries, to make sure that is replicated where it needs to be across the country.

Q456 **Chair:** You were going to have a look at the number of textile firms that were named and shamed. Do you have those figures with you today?

Kelly Tolhurst: It is in the hundreds.

Q457 **Chair:** Over each year. There were five investigations in 2017-18.

Kelly Tolhurst: Five investigations?

Q458 **Chair:** Five HMRC compliance investigations concluded?

Janet Alexander: In 2017-18.

Q459 **Chair:** In 2017-18, so how do we get to hundreds of textile firms being named and shamed?

Kelly Tolhurst: Sorry, excuse me, I misunderstood. I am talking about in total.

Q460 **Chair:** I am talking about the textile sector. We know about the issues in farming, in food production and the construction industry, nail bars, and so on. We are looking at the textile firms, where only five had compliance investigations concluded last year out of hundreds of factories where we have been told that it is rampant.

Kelly Tolhurst: As has been mentioned by my colleague—



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Q461 **Chair:** Could you get us the number of firms, for each of the last five years, from the textile sector that have been named and shamed by your Department?

Kelly Tolhurst: Yes, I am more than happy to write to you with that.

Q462 **Chair:** We would also like to be kept in touch in future when your secret investigations, which you are unable to share with us at the moment, have concluded. Thank you. Robert?

Q463 **Mr Robert Goodwill:** Could I continue with Minister Tolhurst? Supply chains in the textile industry extend beyond our shores to developing countries, in particular. We have been looking at the way that cotton is being sourced around the world and, indeed, I have been on a cotton farm in Uzbekistan and seen some of the conditions there, and we know in places like Turkmenistan conditions are even worse where citizens are forced to work under very harsh conditions.

Can I ask Minister Tolhurst: what is the Government doing to stop forced labour cotton from entering UK supply chains?

Kelly Tolhurst: We had a bit of good news when we had our first Green GB Week, where we had the likes of the retailer House of Fraser, who made a pledge to use sustainable cotton in their own entire brand products by 2022. We are working with business and with my colleague the right hon. Member for Devizes to make sure that we are across that together in regards to making sure that businesses are aware and encouraging them to change culture and to take action.

Q464 **Mr Robert Goodwill:** A lot of textiles, clothing, and garments are bought online. Do you think more should be done to indicate to the purchaser, at the time of purchase—whether that is in the store or on their laptop—that what they are buying is indeed sustainably sourced, not only from the point of view of modern slavery but also environmentally? Do you think there could be moves in that direction to try to make it easier for people to quickly recognise—like a Red Tractor type of scheme—what is sustainable and what is not?

Kelly Tolhurst: Yes. Currently, within our Department we are responsible for textile labelling. The focus is around the construction of the materials that are currently used in the garment, as opposed to the sustainability. That would result in a labelling change in regard to labelling those garments as to whether it is sustainable or not. It is something that we would always look at, as we always do with all of our product safety and different measures that we look after in BEIS. Labelling is something that could be looked at in the future, if that is regarded or deemed to be appropriate action.

It would be good for the industry to take a lead in this area. It is always good when the industry chooses to change the culture and the way that it communicates with its consumers. In my view, legislation should be a last resort. It should not be the first point, unless there is unwillingness of that industry to change. It is definitely worth considering in the future.



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Q465 Mr Robert Goodwill: It is something that could work at the top end of the market but at the bottom end, the Primark pricing, from the online Boohoos of this world, do you realistically think that they are going to see that as a priority in terms of their marketing, or would they need legislation or Government action to force others to maybe do what people like the House of Fraser is doing already?

Kelly Tolhurst: The retail sector at the moment is going through a number of changes. We have seen high street retailers change the way they are doing business and we have seen online retailers taking a big lead. Everybody is competing for that individual to buy their product. It is definitely for business to make sure that they provide consumers with the products they want and the information they want about the garment.

In recent years, one of the big things for the consumer was when there was the factory incident in Bangladesh. All of a sudden, people realised that some of our clothes on the market have not necessarily come from places where we would have expected to have our clothes made. It is a fine line. It is for the retailers but it is also for the Government to work with suppliers, retailers and businesses to make sure that, first, they are providing consumers with the products they want, and, secondly, we work together to take action where required.

Some consumers will want to see where their product has come from and be assured that it is sustainable. The retailers should be looking at ways in which they can provide consumers with that information.

Q466 Mr Robert Goodwill: Turning to Minister Atkins, the Public Accounts Committee has raised concerns about how the Government are monitoring the slavery statements mandated under the Modern Slavery Act. Can you tell me how many of the UK's major fashion brands and retailers have already completed modern slavery statements?

Victoria Atkins: Before I answer, I declare the fact that, before I was elected to this place, I used to prosecute fatal incidents in the workplace for the Health and Safety Executive, and the fact that my husband runs a food company for Associated British Foods, which owns a number of companies including Primark.

In terms of transparency in supply chains, we are the first country in the world to require large businesses with turnovers of more than £36 million to issue statements regarding their supply chains. It is groundbreaking legislation but I do not pretend we are the whole way there yet. Indeed, one of the reasons we have asked Frank Field, Maria Miller and Baroness Butler-Sloss to conduct an independent review of the 2015 Act is to see whether the Act is working as well as it could.

In terms of companies that have reported: we know that around 60% of businesses that we believe to be within scope have put up statements; 60% of companies in total. I do not have the breakdown for fashion companies because one of the difficulties, and not just in this exercise—it



applies to the exercise that required companies to issue their gender pay gap—is that people assume that there is some giant Government database of companies that fall within these scopes and there isn't. There has been a great deal of work in the modern slavery sphere, but also in the gender pay gap sphere, to try to find the companies that are in scope for this legislation and from there make it clear that they should comply.

We were concerned that only 60%—although it is more than half; frankly, it should be 100%—have complied with their requirements under section 54. Last month my Department wrote to around 17,000 businesses to ask them, first, to confirm that they are in scope under section 54 and secondly, if they have not already put up statements that they should do so by 31 March next year, and then also inviting them to sign up to a database whereby we can share information and guidance as to good practice. I am pleased to say, around 2,500 businesses that we have written to have signed up to that database.

Q467 Mr Robert Goodwill: The figures that we have received from the PAC indicate that only 3,000 out of between 9,000 and 11,000 companies that have come in scope are based in the fashion industry, so certainly that is nowhere near 60%.

Chair: Across the piece, not overall.

Victoria Atkins: In a way, the fact that the PAC came up with a figure of between 9,000 and 11,000 businesses—and we working with our NGO partners who have come up with 17,000 businesses—rather shows the amount of work that has to go on in the background, and is going on, before we arrive at a certain figure.

We have also discovered—and we found this as well in the gender pay gap reporting—that there are individual businesses that may meet the turnover figure. Of course, they are part of a larger group and so the group answers on behalf of all the businesses within their group.

As I say, I am very much looking forward to the thoughts of the independent review on the Act next year on the transparency of supply chains because, to me, the 2015 Act is groundbreaking and it is world-leading. It has already had an enormous impact, not just in the UK but internationally. I do think there is more we could do to hold business to account, to ensure that all businesses are following the practices of the best companies in this sphere.

Q468 Mr Robert Goodwill: How sophisticated is the information flow within Government, so that you can easily identify which companies would qualify, or do you need to cast your net fairly wide and ask them if they do qualify, or is that something in terms of turnover? How clever are we at identifying these non-compliant companies?

Victoria Atkins: It is more difficult than I thought it would be. I say this with my Treasury colleague sitting alongside me. At the moment, there is no general spreadsheet of companies giving the size of the companies,



the number of employees they have and so on. I am very grateful to the NGOs who have already done a lot of this work themselves to get a repository of statements.

The Act was groundbreaking the way it was drafted in 2015. We would perhaps be a bit bolder if it was to be redrafted tomorrow, precisely because of our experience in tackling modern slavery but, also, as I say, with our experience with gender pay regulations. There are areas in which we could be slightly more targeted in terms of defining whether businesses are in scope, so that is why I look very much forward to the recommendations of the review.

Q469 Mr Robert Goodwill: France has introduced a corporate duty of vigilance law. Would the Government consider strengthening the Modern Slavery Act to require retailers and companies to carry out more due diligence tests themselves?

Victoria Atkins: If I may say, my responsibility is for the Act as a whole. Of course the retail industry is an incredibly important part of that but, as the Chair has already indicated, sadly, we know there is exploitation across a number of sectors.

Certainly, one of the things I am hoping the review will look at—and I suspect they will—is whether there is more we can do to tighten up the responsibilities of businesses when it comes to the transparency of those supply chains.

In fairness to businesses, I would say the large players understand this. One of the most helpful fora I have as a Minister is the Business Against Slavery Forum, which is usually chaired by the Home Secretary. It brings together some of the largest businesses—not just in this country but in the world—and sits the CEOs around the table, so that we can talk about modern slavery and how their businesses and Government are tackling it.

One of the frustrations of those businesses—such as BT, such as the Co-operative and others, who do so much work in this sphere—is that they very much lead on this work and it almost puts them at a competitive disadvantage if other businesses, their competitors, are not expected to meet the same standards that they do. That is something I am very conscious of that I want this to not just be led by Government. Of course, we have a role but this is one of those things where, rather like health and safety, it has to be in the DNA of every business to ensure that their supply chains are free from slavery.

Q470 Mr Robert Goodwill: Most of the workers we have been talking about so far are workers who have a legal right to live and work in the UK, but there are people here who have either overstayed their visas or been brought in by people smugglers, or by another route, who are working well and truly in the black economy. How aware are you of this type of worker in the textile and clothing industry and what is the Home Office doing to try to identify these? These will not be whistle-blowers, because



they would immediately be considered for deportation if they came to the attention of the authorities.

Victoria Atkins: We have come on in leaps and strides in terms of how we view victims of modern slavery. I remember 10, 15 years ago defending a woman who had clearly been trafficked into this country, to be raped in brothels repeatedly at gunpoint. She was in that era, mid-2000s, treated as a criminal. She had managed to escape the brothel, had managed to obtain some documents illegally to try to get home, from where she had been trafficked, and the response of the authorities at that time was to prosecute her for her possession of illegal documents.

Nowadays, I very much hope—and indeed expect—that the authorities would take a much more compassionate view of that person's experiences, not least because we want to get to the heart of the criminality, which is the brothel-keepers, the pimps and the traffickers who bring people from overseas, sometimes telling them the most horrendous lies as to what they can expect when they arrive here. Then they are exploited, often using physical force and treated disgracefully. I really do think, as a country, we have turned around our attitudes towards this very complicated area.

I do not pretend for a moment it is easy for law enforcement, or for the CPS or the GLAA, to investigate some of these cases. The reason that modern slavery can take so long is because sometimes the crimes have been committed over such a long period of time that the old law applies—which is much more difficult to prosecute than the current law—and also the vulnerability of the people that we are hoping to get the evidence from. As has been said, if someone does not speak English, they are frightened and they are working very often in oppressive circumstances, it is very difficult to try to get the evidence out of them to support those prosecutions.

The National Referral Mechanism is so critical. The Committee will know that is the system to which potential victims of modern slavery are referred for support and help, to try to remove them from the cycle of trafficking. Through that, as we make improvements to it—as we will do early next year—I do hope that we are going to get even more evidence to help them.

Focusing particularly on the retail industry, Chair, you asked about investigations in Leicester. Following Sir David's recommendations—and I can only speak from a GLAA/police perspective—we had a week of action on 15 September this year where the GLAA, alongside Leicester Police, HMRC and the Health and Safety Executive, visited 28 premises. As a result of that, two cases have been referred to the GLAA for investigation. Chair, you will understand that at this stage I cannot say anything further because, obviously, it is a live investigation, but it shows that, of those 28, two have resulted in referrals to GLAA.



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I understand that there were perhaps other prosecuting agencies that identified other issues particular to their specialisation, but I hope this is part of a body of work for the GLAA looking at labour abuse as a whole. The GLAA is using its increased PACE powers to bring irresponsible—and indeed, criminal—employers to justice.

Q471 **Chair:** Are those cases concluded?

Victoria Atkins: No. The raid was in September. I cannot comment further because it is a live investigation.

Q472 **Chair:** You can tell us about the number of live investigations but your colleague, the Minister, cannot.

Victoria Atkins: We publish these figures because we want to send out the message to irresponsible employers but, also, to criminal gangs that we are coming after them. We can publish the figures of the investigations, but I cannot tell you any more details as to the nature or stage that those investigations have reached.

Q473 **Chair:** Ms Alexander, are you investigating any non-compliance as a result?

Janet Alexander: As a result of the Leicester raids, yes. We are taking some national minimum wage cases. We have 14 of those and we are working actively now on four. That is not the end of the action, because those enquiries continue, so there may be further investigations as we take it further.

Q474 **Chair:** Is that what you were aware of, Minister? Is this the number that you were not able to give us at the beginning of the meeting?

Victoria Atkins: No. Sorry, in fairness to Ms Tolhurst, on my list of organisations that were involved, it was the GLA, Leicester Police, HMRC and the Health and Safety Executive, so I am not sure. I don't want to trespass, but I do not think BEIS would necessarily have awareness of that, because it is very much a GLAA—

Q475 **Chair:** It is health and safety, which responds into BEIS?

Janet Alexander: No, DWP.

Q476 **Chair:** It is DWP, okay. Out of 28 premises raided, 14 are under investigation from HMRC and two for gangmaster-related offences, for labour offences.

Victoria Atkins: Yes, labour abuse.

Chair: That is 16 out of 28 or possibly 14.

Victoria Atkins: Again, I would be careful, because—

Q477 **Chair:** There might be some overlap there.

Victoria Atkins: Exactly, there may be overlap, yes.



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Janet Alexander: We cannot comment on HSE action.

Q478 **Chair:** But that is a 50% strike rate. That is pretty bad, isn't it?

Victoria Atkins: From a GLAA perspective, it is two out of 28. It is too many.

Chair: But from a non-payment of tax point of view and a non-payment of minimum wage, it is a 50% hit rate—back to my earlier questions. Anna, did you want to come in?

Q479 **Anna McMorris:** Can I ask Minister Tolhurst, going back to slavery in supply chains and the need for legislation here, we know businesses are required to publish a statement saying what they are doing to address slavery in supply chains, but technically a business could publish a slavery statement saying, "We are not doing anything" and they are still compliant with the transparency element within that Act. Don't you think we need that tougher legislation?

Victoria Atkins: If I may again interject, I am sorry, because I have responsibility for section 54 of the Modern Slavery Act, so we—

Q480 **Anna McMorris:** But regulations within the industry for transparency, don't you think that is a BEIS matter as well? Shall we let Minister Tolhurst answer?

Kelly Tolhurst: What we have probably outlined—and the fact that there are three Ministers here from three different Departments—is that a lot of these issues are not just the textile industry but business and employment across the country, which crosses the Departments within Government. That is why we do try to work together and we all come together on certain elements.

Absolutely, the Minister can give you more specific information about that particular area of legislation but it is quite right that one of the things is the work we are doing around corporate governance and expecting businesses to step up to what their shareholders and the wider public expect, where I can speak. I think I speak for all Ministers when I say, when legislation is not working, we will always review that and make sure that we change it, where necessary, to get the right outcome, but, you are quite right, the public expect companies to be transparent and we are working with business to bring that forward.

Q481 **Chair:** But you could introduce regulation to make it more transparent, because I have just highlighted where that Act is broken, where businesses can get away with it. A simple requirement could be that brands declare the source of raw material used so you see the steps and where the supply chains are. Could you not do that?

Kelly Tolhurst: It is an interesting suggestion.

Q482 **Chair:** That has been highlighted previously. I am surprised—being six months in the role—that you have not looked at any of this.



Kelly Tolhurst: As I say, since I have been in post, we have made changes to the corporate governance code, where obviously companies now do have a duty to report about their actions and how that affects the people who work for them and the wider society. As I have suggested, particularly in regards to textiles, we are looking at the joint responsibility—as we announced yesterday—to consult on potentially being able to put something in place around that, so that brands at the top of the chain or retailers at the top of the chain have responsibility for breaches.

Victoria Atkins: If I may just pick up on the point that Minister Tolhurst has made, section 54 at the moment targets those companies that have a turnover of more than £36 million. Of course, it has a trickledown effect because, if you are a company that has to report because your turnover reaches the threshold, that means that every business underneath you who you are doing business with, in terms of turnover, you have to be assured that they have their own house in order as well.

The power of this Act: I do believe it has enormous potential. We are beginning to see some of that potential. I do not pretend we are quite there yet, but it does have enormous potential, not just for UK businesses, but internationally. As I say, those businesses that I meet through the Business Against Slavery fora, and any business doing business in the UK, has to meet these thresholds, so it does have huge potential impacts across the world.

Q483 **Kerry McCarthy:** I have some questions for Minister Coffey. I apologise in advance that I have an early question at Justice oral so, the moment the bell goes, I will have to whiz off and perhaps somebody else will have to take over the questioning.

Obviously this morning we have had the Resources and Waste Strategy published, which no doubt the Committee will be getting stuck into at some point but can I ask about the 2011 Waste Strategy? That promised that a review would be carried out into whether restrictions should be placed on textiles going to landfill. Did that review ever happen?

Dr Thérèse Coffey: Not to my knowledge. I am not aware that it has been brought to my attention.

Q484 **Kerry McCarthy:** Isn't it normal practice, when you come up with the latest strategy, to look at the last one and see what was done and what was not done as part of that?

Dr Thérèse Coffey: I am aware that the amount going to residual house waste is falling in terms of tonnage and the amount that is collected for reuse or recycling is increasing. We do have set aside, as part of one of the areas we are going to investigate, extending the extended producer responsibility regime.

Q485 **Kerry McCarthy:** At the moment, WRAP has said the figures are down, but it is 300,000 tonnes of clothing that ends up in household waste each



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year. That is down from 350,000 tonnes, but 300,000 tonnes is still an awful lot of clothing.

Dr Thérèse Coffey: I agree entirely.

Q486 **Kerry McCarthy:** We seem to be far worse than other European countries as well.

Dr Thérèse Coffey: Our collection of clothes I think is pretty high compared to other EU countries, but that is why, Kerry, we have included it as one of the areas we are now going to explore about extending extended producer responsibility on textiles, both commercial and your normal use by us humans.

Q487 **Kerry McCarthy:** As far as you know, the review that was promised in 2011 just died a death?

Dr Thérèse Coffey: I do not know. If I find out that it did happen and informed our strategy, I will write to the Committee.

Q488 **Kerry McCarthy:** It sounds to me like it ought to be something that you are made aware of.

Dr Thérèse Coffey: My team has taken a note of the question.

Q489 **Kerry McCarthy:** As you say, the new strategy is committing to reviewing and consulting on whether various measures—including extended producer responsibility—should apply to textile waste by 2025. That is quite far into the future. If we have already had a promise in 2011 that has not been acted upon, how can we have any confidence that by 2025 anything will have happened?

Dr Thérèse Coffey: There are certain products that we are bringing straight into it, which are not the textiles. One of the elements that we need to consider is the practicability of how you do the EPR regime when it comes to how clothes get reused and how they get away, in effect, from the producer and whether that is not disposable, but can get sold on eBay or all sorts of other online regimes that are available or how they get passed to charity shops and similar. It is a slightly more challenging thing on how to create the scheme, but we have considered now, given that there is still slow progress—

Q490 **Kerry McCarthy:** More challenging than other streams, you mean?

Dr Thérèse Coffey: Yes. I think it is more straightforward. When people have used a battery, it is very clear when it has come to the end of its usable life and so there are more straightforward ways to do that. The same is true of tyres and similar. You cannot say the same is true of clothes. To be candid, don't associate me with fashion, but this is 30 years old, this top. I deliberately chose to wear it today. I only wear it about once or twice a year and it normally comes out towards Christmas and so on and so forth.

Kerry McCarthy: It is your Christmas jumper, is it?



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Dr Thérèse Coffey: It is my black tie Christmas jumper, I suppose is a way of putting it. But I think it is fair to say that it is definitively more complex on how to address that. I am very pleased that there are different things that we are doing on sustainable clothing. You will be aware over 80 signatories—about 60% of the retail volume—have signed up to SCAP and there are all sorts of different carbon and water targets.

But in terms of reactive use, WRAP has been running this campaign about Love Your Clothes. There are all sorts of ways we are trying to encourage people to use that and trying to go back to the producers. It is quite a complex regime on how we can enforce it.

Q491 **Kerry McCarthy:** SCAP has not been very effective, has it, in terms of numbers coming down?

Dr Thérèse Coffey: It is hitting several of its environmental targets: it has hit its water target early; we are on track to hit the reduction in amounts going to landfill. The target for that was 15%. I think a couple of years ago we reported a 14% reduction. We are slow on achieving the supply chain waste per tonne and that does need considerably more effort.

WRAP has published certain reports today. It is also doing some investigative work—which I think it will be publishing shortly—about what more we can do to get the products that we have and perhaps treat them in slightly different ways, so that we can bring the fibres out and put them into recycling. It may not be recycling directly back into clothes, but getting the valuable materials that we have in that.

Q492 **Kerry McCarthy:** If I can just quote them, the SCAP figures, as you say, there has been just over a 10% reduction in carbon emissions and water use is down 13.5%. That is since 2012, but in terms of reducing—

Dr Thérèse Coffey: I have a higher figure than that. I wonder if that is the figure that has been coming out.

Q493 **Kerry McCarthy:** This is reported by SCAP signatories, but the figures that we have for reducing waste across the product lifecycle is only 0.8% per tonne since 2012, so that is less than 1% since 2012. We have had this discussion in other spheres of your brief, things like food waste, plastics and so on. I know you are very keen on voluntary action, but doesn't it show that it just doesn't go anywhere near? You have 300,000 tonnes of clothes going into household waste at the moment. This is not going to get us very far.

Dr Thérèse Coffey: As I say, I seem to have slightly different figures to you, Kerry, so I will make sure the figures I have are shared with the Committee after this session on some of the progress. It is still not huge, we recognise that.

Q494 **Kerry McCarthy:** These are WRAP figures from July 2017, but it is not going to be massively better.



Dr Thérèse Coffey: That is why we are doing that consideration. I have tried to explain why it will take potentially a bit more time, because it is quite a complex programme to pull together.

Q495 **Kerry McCarthy:** When is it going to start?

Dr Thérèse Coffey: That is a good question. I am looking over my shoulder.

Q496 **Kerry McCarthy:** Because plastic is the priority and you have other streams.

Dr Thérèse Coffey: I expect it will be—dare I say it—a post-Brexit sort of activity.

Q497 **Kerry McCarthy:** When you say “post-Brexit” do you mean 29 March or end of the transition period? When is Brexit ever going to end?

Dr Thérèse Coffey: As you know, Parliament legislated such that we will leave on 29 March 2019. I think it might—

Q498 **Kerry McCarthy:** The consultation is going to start on 30 March?

Dr Thérèse Coffey: No, I did not quite say that. What I wanted to just refer to—and I think you have already covered this, and I think you might be seeing the Secretary of State tomorrow—you will be aware that we have redeployed a significant number of people from within the Department on making progress about Brexit, so I am not going to pretend that the consultation is ready to go. We will prioritise those five categories, which we have said that we will take forward, and add to the list of product categories to get EPR and then we will move on to the other elements. It is important that we continue to understand the progress on SCAP.

I would like to think—and you may not think this is ambitious enough—we are probably talking genuinely getting underway sometime in late 2019.

Q499 **Kerry McCarthy:** In terms of these five priorities, these five other areas, when are you going to decide which is first of the five?

Dr Thérèse Coffey: I do not know the answer to that.

Q500 **Kerry McCarthy:** There is a danger that textiles could be fifth and it could be several years before you get started on anything?

Dr Thérèse Coffey: There is that risk, but I am just saying my feeling is that I would like to be able to at least start the work before the end of 2019. I am not a great believer in announcing that you are going to do something and then not do it for another 10 years, but we need to keep on with the work that is doing well on things like, as Kelly referred to, more retailers joining SCAP. It was good news when Primark joined, frankly—thank you for helping with that—but Tesco and Sainsbury’s are already on track to get their 100% sustainable cotton targets.



There are a number of different things such as the way that manufacturers start to design their products. When we consider that and how we then extract from existing material—innovation that we have not really finalised yet—then we will be able to start to, in effect, make it more worthwhile to get those products and, as I say, take the fibres and put them back into circulation for future production.

Q501 Kerry McCarthy: Will looking at a ban on textiles going to landfill be part of this consultation? As I said, that was the thing that was promised or one of the things that was going to be considered in 2011.

Dr Thérèse Coffey: By 2030, as a more general point, we have said that we want any zero avoidable waste going to landfill. That is still there. In my view—dare I say it—I get as much correspondence from MPs, from constituents, complaining about the plastic bags that come through the door when people want to pick up as potentially people who use them. That is still a well-organised route of trying to grab any textiles that we have and putting them back into some sort of way of being reused in a different process.

Q502 Kerry McCarthy: Again, that is facilitating a voluntary approach as opposed to just stopping something happening, which would be a ban on it. At the moment—this is according to Sainsbury's—in 2017 I think 680 million items of clothing went to landfill, £140 million worth of clothing.

Dr Thérèse Coffey: I am a great believer in trying to extend their life. I think the average life of clothes has gone up in the last four or five years from about 2.2 years—I have it written down—to over three years. That is good news, if we can continue to do that even more and continue to support the different markets that are there.

There will be more work done on the household collection, but also the household waste and recycling centres about textiles. Again, part of the strategy is about trying to make it as straightforward and as easy as possible to do the right thing. We ultimately do rely on consumers and then we also rely on local authorities in the processing in order to split out that waste.

One of the things that we are doing in a different way—and in future our intention is textiles will come into that—is we will provide funding to make it more straightforward to split out in the collection and reprocessing system.

Q503 Kerry McCarthy: Minister, you just said something about people holding on to clothes for longer or something like that. Where did you—

Dr Thérèse Coffey: That is the information I have been given. That is what I asked for.

Q504 Kerry McCarthy: My figures say that, in the past 10 years, the number of items of clothing bought by UK consumers has doubled and that that is higher than any other European country.



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Dr Thérèse Coffey: That is true.

Q505 **Kerry McCarthy:** People are buying more clothes but, if they are hanging on to them for longer, what are they doing, just wearing lots of jumpers at one time, lots of layers?

Dr Thérèse Coffey: They might be following my example and just wearing it once or twice a year; I do not know. I do not think we have good enough data to understand how people either pass on their clothes or whether they just sit in the airing cupboard or whatever. We do not have sufficient data on that. It is absolutely true that people are buying—

Q506 **Kerry McCarthy:** How would you know if someone has hung on to their old clothes? If they bought loads and loads more clothes they did not wear, how can you tell whether they have hung on to them or chucked them away?

Dr Thérèse Coffey: You do not know. You can only do it through a sampling survey, but we cannot tell. We cannot go into everybody's houses and investigate their—

Q507 **Kerry McCarthy:** If you could tell us where that information comes from that you said that you have about people hanging on—

Dr Thérèse Coffey: Sure. I will make sure I follow that up.

Q508 **Kerry McCarthy:** It would be useful to know about the 2011 survey as well.

Dr Thérèse Coffey: Yes, absolutely.

Q509 **Anna McMorris:** We have heard from evidence that was given to us that incineration of unsold stock is still a widespread practice across the luxury clothing industry. Given the urgent need to reduce carbon emissions as quickly as possible, should we just ban companies from burning perfectly good products? What is your suggestion on how we deal with that?

Dr Thérèse Coffey: There was a very obvious reaction to what happened with Burberry and I was pleased to see both consumers and investors make very strong their concern. I am pleased that Burberry has since repented on that particular matter.

Q510 **Anna McMorris:** That is just the tip of the iceberg, isn't it?

Dr Thérèse Coffey: I do not know that is.

Anna McMorris: The evidence we have heard is that that is just the tip of the iceberg.

Dr Thérèse Coffey: I would need to consider that carefully. Perhaps I could look forward to your recommendations and your reports and then we can give that a considered view.

Q511 **Anna McMorris:** Minister Tolhurst, from the BEIS perspective, what is your consideration of this issue?



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Kelly Tolhurst: In regards to the burning of garments? What specifically—

Anna McMorris: What would you want to see done if we have companies, clothing companies, high fashion, burning millions and millions of pounds worth of stock, incinerating it? How do we put a stop to that? Do we need to, in your view?

Kelly Tolhurst: As I say, I am not aware of the details that you have outlined. Again, it would be interesting to see your evidence for us to take it further, but fundamentally, as we are clear, we work with the retail sector. We have just literally set up the Retail Sector Council and there are a number of issues that we are working on with them. The Government are supporting it. We have some of the big retailers, some of the independent retailers, to tackle some of the challenges that the retail sector face. Many things are ongoing and it would be quite welcome to bring that up at the Retail Sector Council.

Q512 **Anna McMorris:** Would you agree then that if this is widespread practice, which is what our evidence tells us, that something needs to be done about that?

Dr Thérèse Coffey: I am struggling why it would be a widespread practice, because you can always make money from this material.

Q513 **Chair:** We have people in the audience today whose businesses are based on taking excess stock, which is not sold or is in the wrong sizes, cutting the labels out, selling it on eBay, exporting it to countries where the brand is not present, so that might be exporting it to Turkey, the Middle East or Sub-Saharan Africa. The model of the fashion industry is based on: if you sell one, you have broken even, if you sell two, you have made a profit, and so you do not need to worry about the other eight. The whole industry is based on over-production.

When Burberry—and I am amazed the Minister has not heard this—burns £28 million of Burberry bags, shoes and raincoats to keep their brand price high and not to sell them off, isn't there something fundamentally broken with the fashion industry?

Dr Thérèse Coffey: Coming back to Burberry, as you are aware, that has had significant backlash. I do not understand that, I should say, but there will be—

Chair: You do not understand what?

Dr Thérèse Coffey:—some kind of economic calculation, which suggests that that is how it protects its brand by not allowing it to be—

Q514 **Chair:** Burberry made the mistake of including it in their accounts. The others just send it out the back door; send it off to waste and recycling. They do not really mind what happens to it, but it is excess stock, they do not want to do anything. The industry is based on volume, so it is based on buying loads of it, selling what you can in a very short window



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and then shipping it off at the end. They do not really care what happens. Burning it is the simplest thing, because you protect the brand. Having Burberry stock in circulation is a risk to the prices that they can charge, so that is why they burned it. They just made the mistake of including it in their annual accounts. The rest of them do not do that.

Anna McMorris: £28.6 million worth of stock.

Chair: It is not good to say that that is energy from waste.

Dr Thérèse Coffey: But I do not know what the volume is on that. I am not going to defend Burberry in any way, but it comes back to there are different things on why we believe we need to investigate extending the producer responsibility. That would probably be an excellent example of something that does not need to be destroyed. It may be inconvenient for Burberry to make that choice at the time, as that is the quickest way; the way it felt it could protect its brand. I believe—and I am sure other people in this room and, indeed, their investors believe—that was the wrong thing to do, so they are changing their practice.

With the EPR scheme, which I recognise you may want to happen much more quickly than I am already flagging, that is the kind of regime that would then make that not the way that you would then handle that material. As I say, it may be the kind of work that is still to be done, but I would hope that Burberry—I am sure—will have learned very clearly from the reaction of their customers and investors.

Q515 **Chair:** Have you looked at the EPR scheme in France?

Dr Thérèse Coffey: WRAP has provided a report for me. I have not had a chance to read that yet, but I think that has been one of the things that have prompted its inclusion in the strategy. Sorry, I have not read the report in detail.

Q516 **Chair:** They have an EPR for 19 different waste streams, including carpets and textiles. They do it on a per garment basis, so it disincentives volume production. That is the first thing, to bend the curve of production. The second thing is then to make them responsible for end of life and they are doing that, 97% of retailers are involved with that. You are saying that you are going to wait until 2025 to consult and think about it. That is seven years away, Minister.

Dr Thérèse Coffey: I did not mention 2025.

Chair: That is what the Resources and Waste Strategy says, which I have just read.

Dr Thérèse Coffey: I do not think it details that one particular regime will be done by 2025.

Q517 **Chair:** The five areas are “will be consulted on by 2025”. That is what your strategy says.



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Dr Thérèse Coffey: I do not have a timeline, which I tried to explain to Kerry earlier. I gave you a view on where I think we will come to an assessment. The very fact that France already do this, we need to now work out how that works in our market, but I have no doubt that the French EPR scheme was one of the inspirations and why WRAP assessed it and why it has come into our strategy as a potential future consideration.

Q518 **Chair:** Only 60% of British firms are members of the SCAP, the Sustainable Clothing Action Plan, so you have 40% that just take a free pass on it. In terms of waiting for the industry to step up and do the right thing, it is going to be a long time coming, isn't it?

Dr Thérèse Coffey: More people have joined and we will make progress. As I say, we will do the policy work.

Q519 **John McNally:** My question is to Dr Coffey and its aim is to explore what action Westminster has taken to encourage sustainable consumption, which we touched on earlier with Kerry. I would like to take you back to the recent evidence hearing we had at the V&A Museum, where it was said that the social and environmental consequences of over-consumption, we are, according to statistics, now consuming 60% more garments that we did in 2000. If this keeps ramping up, by the time 2050 comes along we will need three times the amount of resources if we associate the consumption levels with the business model that they are using at present.

It was then said that the predominant business model is fast fashion. What has not really changed are the three fundamentals of fast fashion, which are low-cost, high-volume and consequence-free production. They are the holy triumvirate. We have to tackle each one of these to have a chance of tackling the damage, both environment and social. One of the producers, the manufacturers, went on to say that, "Fast fashion is a monstrous disposable industry".

Three years ago the UK Government signed up to the UN Sustainable Development Goals. Goal 12 is about promoting sustainable consumption and production. Could you tell us the work the Government have done to meet this goal since 2015?

Dr Thérèse Coffey: The point of SCAP is to see what we can do to reduce carbon emissions, to reduce the use of water, to reduce the amounts going to landfill. There is work being assessed about how we can get more environmentally friendly fibre production, as I say, to try to see if we can get more of that material out of existing textiles and put them back into use for that.

In terms of SDG 12, I do not pretend to have data on me specifically about how the Government have reported on that, but I will certainly look into it and write back to the Committee, John, to share that with you about SDG 12.



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Very candidly, I particularly have an interest in the water angle. The water target has been ambitious and has been met, which is great news. Some of that is due to the Better Cotton Initiative, which is a way of producing such garments so they do use less water. I think we now have M&S and Sainsbury's; I cannot remember the other main producer or retailer of things like t-shirts and similar. Silk is higher, that is not as high, and synthetics use less, but we know the problem with synthetic materials and their impact they can have, microfibers and similar.

I think SCAP is a good programme. I recognise it only covers about 60% of the volume of clothes that are sold in this country. I hear what some of the members of the Committee have said and we will consider whether we should move more quickly into more regulation. That is under consideration.

Q520 John McNally: I would echo the sentiments of the Chair earlier about this. This investigation has been an absolute total revelation of what lies underneath the surface. You make these probably unfounded assumptions when you think people are acting in an ethical manner and then, when you look a bit deeper, you can see how bad the practice is and how it affects the planet generally.

I know you are particularly concerned about the effect it will have on the planet. Just, for example, at last week's APPG on the fashion and textile industry—

Dr Thérèse Coffey: The what, sorry?

John McNally: The APPG, All-Party Parliamentary Group. I apologise for my accent.

Dr Thérèse Coffey: No, not at all. There are so many acronyms.

Q521 John McNally: It is very well-led and very well-chaired and it is hugely attended. Last week, as an example, the room was absolutely full of people who are concerned with the whole fashion and textile industry. Anyway, one of the presenters, they are carrying out research on the supply chains of sustainability, the appropriate labelling and the disposal of clothing, so we are beginning to sing from the same hymn sheet, I think.

I want to go back to food labels. We have a traffic light system showing which products have high fat, salt or sugar content. On packaging, we have labels saying which products are recyclable, which is all very well, it is all good. Have the Government have considered harmonising—I know I have brought this up before—the product labelling to make recycling decisions easier? For example, a traffic light system of colour coding to match the infrastructure, which was invented by this Committee, could remove the present confusion that exists for the public presently when they are disposing of rubbish or clothing or whatever.

I would think it would not be beyond the wit of this place to have some collegiate thinking between Members of Parliament, the devolved



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Administrations and local authorities, to get our collective heads together, as well as with the fashion industry, to have a simple system that people could understand. I do understand that to get a simple answer you have to understand the problems behind it, but at the moment we do not seem to be solving any particular problem. I would like to know what the Minister thinks about the long-term benefit to the planet if we could get something like this introduced.

Basically what I am asking, Dr Coffey: is there any impediment why Westminster could not meet such a project?

Dr Thérèse Coffey: On labelling, we are going to be creating a new domestic ecolabel system once we have left the EU. We will consult widely on that. I think that that is a good element of helping consumers make informed choices. Pretty much any cotton product should be able to be reused in some way. As I say, there is funding happening at the moment on this fibre-to-fibre recycling research, so there is an opportunity for innovation.

Q522 **John McNally:** I have heard that at the APPG of the pesticides and chemicals introduced in some of the production of the cotton, which is very concerning as well.

Dr Thérèse Coffey: Yes. There is an element there that we need to think carefully through how we help consumers to the best recycling of all. There is a fairly straightforward way that people can do it, rather than just put it in the residual waste bin. I do think that this could be a suitable category for labelling in the future, but we will not start work on that until again after leaving the European Union.

Q523 **John McNally:** Can I ask why you have to wait? There is a lot of conjecture about how long it is going to take us.

Dr Thérèse Coffey: To be candid, there are only so many hours in the day and we have to cover a wide range of different issues, I can assure you, pulling together the Resources and Waste Strategy. It is a strategy; it is not an individual action plan for each category. It has taken some time, but we are working actively on further steps on the plans of several of those. I am just conscious that we can only do so many things at a time. It is on our agenda to create that new domestic labelling system and ecolabelling. We had originally thought about it being white goods, but there is no reason why this could not be extended to other sorts of materials where we want to increase recycling.

Q524 **John McNally:** I would like to know who you are consulting with to get to the end of this. For example, at the moment—I think the Chair mentioned it some time ago as well—if you go to any transport hub, airport, bus, train, taxi, there does not seem to be any harmonisation. For example, if I want to take that and I drop that where do I put it? It changes from place to place, from station to station, it changes from inside here. Can you follow me? There is no bin to tell you where to put your product and that is what I am trying to say.



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If you go to Belgium, it is quite clearly marked. I am concerned that you think we should operate in isolation with this because, irrespective of what does happen, post-Brexit, we will still be travelling. It would make sense to have products that we use here, which we might dispose of abroad, that would harmonise in with other EU countries.

Dr Thérèse Coffey: I am not saying it will be entirely different, I am just flagging it is the case that, technically, we will not be part of that EU ecolabel system anymore when we are no longer part of the EU. We should take the opportunity to think about: if we feel we could do something even better, recognising that particularly when it comes to the recycling of textiles, whether that is clothes, whether that is carpets, whether that is furniture, that we should be focusing on the domestic market. That is where people mostly have those sorts of systems and, indeed, the white goods and similar to which they are largely applied.

Q525 **John McNally:** I think that at this moment in time, people will want to see these things happening. You are the architect of choice or part of the architect of choice within this, so like many others here, I would like to see this happening as quickly as possible.

Kelly, if I can move on to you, the Advertising Standards Agency has recently reprimanded Boohoo for using a fake countdown clock on its website to encourage people to hurry up and buy the products that are on sale. I know there have been reports this morning that they are now at the very bottom of selling their products, I think they have reached an all-time low at this moment in the stock market and the shares are plummeting. I believe they are now selling things at £1 and £2. That is very concerning.

What are the Government doing to crack down on websites that are using misleading psychological tricks to encourage consumption like this?

Kelly Tolhurst: It is a great point you have raised. One of the things that the Retail Sector Council, which we formed with the sector, is doing is how we work with traditional retailers. For example, we have representation on there—like Amazon—and we are working with retailers, first, to understand what the issues are as well because it is fast-moving, in the sense that things are changing. The retail market has not finished changing, I believe. I think there are still more changes to go.

One of the things—and it is a challenge—with dealing with online retailers that are obviously based in the UK, it does fall within the trading standards element of the work that the Government do in regards to enforcement and trying to work with organisations to take action when they are doing things that are illegal. One of the things that are a factor for Government, and with the sector, is making sure that we stay on a front foot to what particular things are coming forward.

Q526 **John McNally:** Can you give me a particular instance of what actions the Department has taken to reprimand any particular advert that is misleading people?



Kelly Tolhurst: I do not have any examples to hand about particular adverts on web-based retailers, but it is definitely something where we need to work with the industry to make sure that we also educate consumers as well. As you will know, being a Scottish MP, one of the things that we have focused on as a Department—we have been looking at it and we have been moving to take action on it—is around delivery charges and the misrepresentation on websites about free deliveries. When they are getting into them, they are hit with surcharges. That is one particular live issue that national trading standards, working with us and the Minister—

Q527 **John McNally:** Sorry for interrupting, but I quite like the idea of naming and shaming. I think the more public humiliation you can do in that matter, the more effective it might be.

Going back to what Mary was saying earlier on, if people think they are going to get away with this and it is worth their while, they are just going to carry on doing it. The lessons need to be learned.

Kelly Tolhurst: Absolutely. I recognise completely that where so much more of that commerce is being done online, as opposed to our traditional outlets, it is right. It is something that we need to make sure we keep up with. A lot of the challenges with these websites are they can put something up but remove it quite quickly. It is how we adapt our enforcement measures going forward and how the agencies work together, but it is also good to work with the sector.

Q528 **John McNally:** Standards.

Kelly Tolhurst: Yes. It is something that the Retail Sector Council is looking at around technology and the future of online retailing, how it all fits in. There is a whole element of work that is happening. Obviously, some of these traditional retailers are online retailers themselves. It is important that there are standards in the system—

Q529 **John McNally:** Yes, but the better retailers probably are undermined by these not-so-scrupulous retailers. I think I heard this morning that John Lewis's stores are 50% and its online is 50%. For the "clicks versus bricks" thing, the clicks may be moving in the right or wrong direction, but they are moving in that direction.

Kelly Tolhurst: That is right. Interestingly enough, I was with some businesses that have used Amazon as their platform, and they started off in houses and now they are opening shops. That was completely at odds with what we have been hearing. That is quite interesting. You have some small businesses that started online and are now branching out to retail. It is such a complex area, but you are quite right. This is why BEIS specifically set up this Retail Sector Council, which is really important going forward.

Q530 **Mr Philip Dunne:** I have a couple of quick questions on how the public sector can help drive this agenda to encourage ethical and sustainable



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sourcing. We have had evidence there are some 39 million people in this country who are issued with or wear uniforms during their working lives, and, of course, many of those will be in the public sector. Could I ask you to start with, Minister Atkins, about what the Government have done to ensure that supply chains for clothing are not inadvertently falling foul of the Modern Slavery Act?

Victoria Atkins: Yes, certainly. Central government spends £47 billion a year on buying goods and services, and the wider public sector spends around £200 billion annually, so these are huge numbers. With that, there is a great—

Q531 **Mr Philip Dunne:** Do you have a figure for how much of that is in textiles? I imagine not very much.

Victoria Atkins: I think I do. For example, we know that there are certain Departments that, by definition, buy far more clothing than others: for example, the Ministry of Defence supplying the armed forces. I do not have that figure specifically to hand and if it comes to me that would be wonderful.

What I can do is speak specifically about the Home Office because—having ownership of this statute—we want to ensure that our garments and garments we procure are not made with forced labour. We will be using a new supplier next year for all Home Office uniforms that is a member of two schemes, ETI and SEDEX. They use specialist organisations to audit the quality and ethical performance of their supply chains, and we will continue to monitor that.

Again, it brings on this wider point about public sector procurement. I suspect this is something that the review will look into, and it is something that we are giving a great deal of thought to, because it seems to me that we should be satisfying ourselves that our own procurement processes are as ethical and clean of slavery as we expect others to be.

Q532 **Mr Philip Dunne:** Does that mean, at the moment, that the Government themselves do not require procurement to comply with the Modern Slavery Act?

Victoria Atkins: No, that is not true. Depending on the contract, there will be measures within certain contracts depending on what the arrangement is, and it is one of the factors that can be included in the contract if it is relevant to that contract.

Q533 **Mr Philip Dunne:** Should it be relevant to all contracts that people who are fulfilling procurement comply with our own legislation?

Victoria Atkins: Yes, and it is the law. I am struggling to think of a contract that does not involve a supply chain, but certainly we are clear that it is one of the factors as part of the contract. I accept your answer as being an entirely proper one.



Q534 **Mr Philip Dunne:** You would welcome recommendations from this Committee that we ensure the public procurement supply contracts in future have a clause to compel compliance with the Modern Slavery Act?

Victoria Atkins: Yes. As I say, that is the situation for the vast majority of contracts at the moment in any event. I am a huge fan of transparency. I think that helps ensure best practice when it comes to supply chains. Indeed, forgive me, we are publishing a statement next year on transparency, and it is going to be covering the work done by all central Government Departments in due course. The Prime Minister announced that at the G20 recently.

Q535 **Mr Philip Dunne:** Ms Coffey, I have a question arising out of today's publication of the Resources and Waste Strategy. I was pleased to see references to procuring for growth—balanced scorecard being one of the devices by which in public procurement we can look not just to price but also to wider issues than price. Presumably, that at present is compliant with EU procurement directives, but, post the European Union, we will be free to make our own decisions on procurement outwith the EU public procurement.

Dr Thérèse Coffey: You will be aware that, under certain elements of the withdrawal deal, state aid would still apply as one of the considerations. Yes, we will be freer to do that.

It is also important that we already have a Government buying standard for textiles, which requires the bidder, when they are putting information in, whether it is supplying police uniforms, paramedic uniforms, whatever, those sorts of things—it is quite a comprehensive standard where you go by percentage of weight, what sort of recycled fibres they are and what chemicals are in there. There is quite a comprehensive element. There is that compliance with the EU ecolabel, and that will continue, because those criteria will be readily available that we can see.

Q536 **Mr Philip Dunne:** You are saying we do that at the moment? Do you think we can be doing more to encourage greater use of organic materials or recyclable fibres within textiles, for example?

Dr Thérèse Coffey: There is definitely the opportunity to see where we can do more about embedding demand into commercial agreements, so that there is a more resource-efficient approach or circular economy approach to materials in the future. We are not at that stage yet, but it is something that we have said we will develop.

Q537 **Mr Philip Dunne:** We have not had the opportunity to read every page of the strategy yet; at least, I have not. Do you see that as a strand of activity to encourage greater sustainability and recyclability within public procurement?

Dr Thérèse Coffey: Within what, sorry?

Q538 **Mr Philip Dunne:** Within the Resources and Waste Strategy, what you



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have just said, do you see that as being a strand of activity that you will be progressively seeking to roll out across Government?

Dr Thérèse Coffey: Yes.

Victoria Atkins: May I just confirm as well to assist the Committee? The businesses who are bidding for Government work are required to certify whether they have met the regulations in terms of transparency statements under the Modern Slavery Act. That is already the case.

Mr Philip Dunne: Thank you.

Q539 **Chair:** Can I just come back to the Minister? You said that some of your suppliers use audit, but we heard from IndustriALL, which is the global trade union for garment workers, that audit is a completely ineffective process for checking labour abuses in countries like Bangladesh, India and Pakistan, which is where modern slavery is most rife. Could you let us know if any of those countries have supplied uniforms for the British Government?

Victoria Atkins: May I write to the Committee on that? Thank you.

Q540 **Chair:** Yes. That would be enormously helpful. We have also had recommendations for the Government to require mandatory disclosure of supplier lists or product code labelling to improve traceability. Is that something that you are considering?

Victoria Atkins: We are very much working across Government at the moment to develop the transparency statement in early 2019, so we are looking at a range of options. A great deal of work is already going into this as it is because, as I say, we see this as "in addition to", not simply fulfilling the Act. It is in addition to the requirements of the Act. For example, we are developing a supplier assessment tool for Departments to use with their top suppliers to understand where the risks are in the supply chain and how to address these risks. The Home Office, the Crown Commercial Service, the SEO, DfID, BEIS and HMRC have piloted the tool with approximately 200 suppliers in 2017 to get more information about the risks in Government supply chains. That is going to be available to all Government Departments in early next year.

In addition, DfID has made it mandatory for its suppliers to be signed up to the UN Global Compact, which includes principles around social responsibility. There is work going on in individual Departments, but we want to get that cross-governmental approach really clarified as well, which will happen, as I say, following the Prime Minister's statement to the G20 two weeks ago.

Q541 **Joan Ryan:** When we held our evidence sessions at the Victoria and Albert, Professor Dilys Williams of the London College of Fashion told us that repairing can be more expensive than buying new. However, she went on, extending the life of a garment by an extra nine months means that you get a 20% to 30% reduction in the carbon, waste and water



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footprint, which is pretty significant, I would have thought.

Minister Coffey, what scope is there for the Government to use the tax system to incentivise companies to design products that reuse or recycle resources?

Dr Thérèse Coffey: That is where the consideration of the EPR system will come into play. Also, once this research is well understood and can be shown how it can be used commercially about the recycling of fibres, there may well be some elements like that. We have some key commitments about, as I say, the eco-design standards that we want to see. I have already mentioned that we are considering extending this to potentially clothing in the future on the labelling. I do not have a particular view on tax regime in that regard. If you write to give me a suggestion, I will be happy to consider it.

Q542 **Joan Ryan:** Could I suggest you have a look at Sweden? Sweden and other countries are well ahead of us and moving at a much faster rate. Sweden has reduced VAT rates on repairs for clothes and shoes from 25% to 12% to encourage more repair services for clothes and other products. Will the Government consider holding a consultation on giving tax breaks to repair services here?

Dr Thérèse Coffey: You will be aware it is the Treasury that looks after tax. I am not going to call on Janet; do not worry.

Q543 **Joan Ryan:** You have all been at pains to impress upon us the cross-governmental working, so I am sure you must have discussed this, as it is nothing new.

Dr Thérèse Coffey: No, I do not think I have had any discussions with Treasury Ministers on tax incentives in this way. There has been a general approach on other aspects of repairs and similar, should we reduce VAT. Consistently, across Government policy, it has been not to change VAT except on very certain, specific things. You will be aware it was a Labour Government that was able to get it through about energy being reduced to 5%.

I do not know the process that Sweden has gone through in how it has decided to do the different VAT rates. At the moment, I believe that all requires permission or consent from the rest of the EU to do that. We need to consider that, but, as we are leaving the European Union, options will become more open on what we choose to do with our sales tax in the future.

Q544 **Joan Ryan:** You would not be averse to such a move, then, and to discussing it cross-departmentally?

Dr Thérèse Coffey: I would not be averse to it. We would need to understand what would be the benefit-cost ratio of doing it. Would it really see a transition? Thanks for bringing the Sweden example to my attention because, at least, that can give us an element on data and evidence on which we could make a consideration.



Q545 Joan Ryan: Are you aware of the research by the universities of Exeter and Wolverhampton, which shows that information to consumers about sustainable fashion is not and will not be effective?

Dr Thérèse Coffey: I am not, but—as I think Kerry said earlier—the Love Your Clothes campaign has not massively been seen to have had huge differences, with people continuing to buy more and more clothes. It is one of the behavioural changes that is a constant challenge, not only for any retailer and marketer but still continues to be a constant challenge for the Government.

There are ways that the industry has successfully helped people to make the right choices on broader environmental impacts. I would suggest that, for example, making sure that clothes are designed in a way so they can be washed as well at 30 degrees as they are at 40 degrees has led to the possibility of a significant reduction in carbon. There is analysis that suggests it has, but ultimately it will still come down to consumers making those choices on how they decide to use and consume these products.

Q546 Joan Ryan: Your new strategy does make the point that we do need to consider the true value in environmental and social terms of retail and all products. The Government often use the tax system to incentivise business.

Dr Thérèse Coffey: They do but, in terms of consumer retail tax, in terms of services, so far the Government have chosen very few examples of where they would deviate from the standard rate of VAT on any good or service. I am afraid I am not the person best placed to advise why that is the ongoing philosophy of Treasury in its considerations, but I recognise it is a cross-governmental issue or responsibility.

Q547 Joan Ryan: It does feel a little bit like in this area we are operating on a wish and a prayer, rather than real, solid evidence, research and proposed action, I have to say. It is a very long timescale we appear to be talking about.

Could I ask Minister Tolhurst? There are lots of exciting start-ups in the UK that are experimenting with new and sustainable business models, based on renting and hiring clothes, and repair services for the clothes that they produce and sell. What are the Government doing to encourage a more sustainable, circular business model like these kinds of initiatives?

Kelly Tolhurst: There are two elements to it. The wider, overarching element is our clean growth strategy, where we have committed £170 million to support and invest in the technologies that will be our businesses in our future, but committing to our objective of reducing our carbon footprint. We have that on the wider scale.

From the small business point of view, we have our start-up programme, which is run by the British Business Bank. That is distributed by them,



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but people get access to that by their growth hubs and the networking opportunities.

What we really want to do is encourage entrepreneurs to come up with those ideas and not necessarily affect the age-old, traditional industries of repair, but we want to encourage people to come up with new ideas. That is what the money is there to do.

I went to see a small drycleaner's that is still doing repairs. One of the things that I can tell you, from a local constituency point of view, is that there are hardly any organisations now or small shops that are doing repairs to clothes that they used to do a long time ago. You might be able to get some hems sewn up or a button sewn on, but not what I would call a substantial repair. I also know that some retailers are now taking clothing back. They are quite happy, even if you have had it for some time, to do a repair if you are buying directly from the manufacturer. I know one of the companies that I use does that on clothing that you have had for some time.

I do not have a specific strategy for sustainability in regard to small business, but what we are committed to is anyone with an idea who wants to do that, committing to that from a small business, with that start-up in investment funding. We want to feed into the new technologies, which are creating our jobs, to deal with our wider commitment to reduce our carbon footprint.

Q548 Joan Ryan: Like I have already said, extending the life of the garment makes a big impact on reducing the carbon, waste and water footprint. It does not really sound like this has been given any consideration in the Department. We are talking here about changing the business model and incentivising that change, not just new technologies. Repairing garments is not a new technology. Some companies do this anyway. They have darning machines.

What I am asking here is about incentivising it. What does your Department think it can do? Are you aware of the research by Exeter and Wolverhampton universities? That has interesting information that you might want to consider. They have undertaken quite a lot of qualitative research that suggests that merely providing consumers with information is not going to do it or make much difference. They argue for embedding pro-environmental behavioural change into clothing practices, and that this requires long-term spaces in the community where individuals can share knowledge and skills. Your Department could have a role in that.

Kelly Tolhurst: Yes, absolutely. I had not seen the research that you refer to, but I will have a look on the information to consumers. When you think about it that would probably be correct in some way, because you can impart information to consumers but you need to change culture or habits or attitudes towards certain behaviour. Retailers and providers are working to meet the demand of the consumer. It is an approach around getting that information out, but it may not be enough.



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In regard to my Department specifically having a programme for sustainability within textiles, referencing those businesses that you highlighted around repairs and mending, we do not have a specific programme for those organisations. They feed into the whole programme that we have around small business start-ups and support and networking in order for people to expand and grow their businesses and opportunities. If people want to enter into that marketplace, what we are offering is an opportunity to do that, so giving you the tools to be able to set up. It is definitely an interesting area that—

Q549 **Joan Ryan:** Are you aware of the new sharing economy business models for the fashion industry? Are you aware of those?

Kelly Tolhurst: Yes, I am. I have been to one, and I am aware of it. As I say, we do not have a specific strategy focused at that. I am just trying to be straight with you and tell you what the situation is. From a small business point of view, we are there to support working regionally and nationally through different schemes to support good growth, not just in that particular area but across the piece.

Q550 **Joan Ryan:** It is a lot about encourage and not very much about direct action and incentivising. Thank you.

Dr Thérèse Coffey: I must admit I have only ever used eBay to get clothes. I have not used Depop or other things like that. A lot of these smaller repair outfits will have benefited from the small business rate relief that happens quite often. I am not pretending there has been direct action from DEFRA on how we get more people into this market but, on a broader scale, there is definitely opportunity for people who want to get into it but, as for any small business, to be helped with that. The same would be true of the VAT threshold.

Q551 **Joan Ryan:** I think what you are talking about, Ms Coffey, are measures across the board. We are talking about specific measures to incentivise this move to a more circular business model, and specific measures to encourage more repair services. These were asked for by industry leaders and designers. What worries me is there seems to be very little knowledge of any of this.

Kelly Tolhurst: It is not knowledge. I just tried to highlight that there is not a specific programme for that. I am more than happy—

Q552 **Chair:** Yes, we have made that clear.

Dr Thérèse Coffey: I am not sure the Government should be sorting repair manufacturers for individual commercial companies. I am sure we all use different people who help us repair our clothes and—

Q553 **Joan Ryan:** As I have pointed out, the Government use the tax system to incentivise all kinds of business. Just thinking about corporation tax, for instance, or research and development. If you want to change the business model, if you are really serious about doing something about



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our carbon, waste and water footprint and doing it sooner rather than later, surely these measures are of crucial importance. They are some of the most powerful weapons the Government would have, and that is evidenced in other places, and we see—

Dr Thérèse Coffey: I said I would look at what happens in Sweden, and thanks for bringing that to my attention. The Government have clearly an industrial strategy. They have their areas of big focus, so they will particular focus on some of those. At the moment the fashion industry is not one of the grand schemes. There are other elements about space. There are other elements and different factors. I recognise you might be frustrated that fashion is not part of that at the moment, but we have to be careful about where the Government—

Q554 **Joan Ryan:** It is not that important compared to your other priorities.

Dr Thérèse Coffey: I am just flagging that the Government have made certain choices that certain strategy industries are going to be their key strategies for growth for this country, and we are not going to get involved in the minutiae of arranging suppliers.

Joan Ryan: I understand that, but what worries me is the decisions that are made do not seem to be based on very much in-depth knowledge or evidence.

Q555 **Chair:** I think the Committee's concerns are the fact that scientists have told us we have 12 years to tackle damaging climate change. We have a Climate Change Minister and the Environment Minister here. Fashion is the third largest industry in the world, after the electronics industry and after the car industry. It is a £32 billion industry here. It is built upon labour abuses from the top to the bottom of the supply chain, whether in this country or abroad. It is on an unsustainable path.

Given that we have just had the IPCC COP24 just taking place in Katowice, it strikes me that we are not thinking in a joined-up way about how we, as a large, advanced Western economy, can change consumer behaviour, business behaviour and Government regulatory behaviour to tackle some or all of those social and environmental abuses.

We will come up with our recommendations. We will be publishing them in February. Can I thank all of our witnesses here today for your attendance?

Dr Thérèse Coffey: A merry Christmas to you all.

Chair: A merry Christmas to you, too. Thank you.