

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT
GENERAL COMMITTEES

Public Bill Committee

INFRASTRUCTURE BILL [*LORDS*]

First Sitting

Tuesday 16 December 2014

(Morning)

CONTENTS

Programme motion agreed to.

Written evidence (Reporting to the House) motion agreed to.

CLAUSE 1 agreed to.

SCHEDULE 1 agreed to, with an amendment.

CLAUSE 2 under consideration when the Committee adjourned till this day at Two o'clock.

PUBLISHED BY AUTHORITY OF THE HOUSE OF COMMONS
LONDON – THE STATIONERY OFFICE LIMITED

£6.00

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Saturday 20 December 2014

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The Committee consisted of the following Members:

Chairs: † MR JIM HOOD, SIR ROGER GALE

- | | |
|---|--|
| † Blackman-Woods, Roberta (<i>City of Durham</i>) (Lab) | † Parish, Neil (<i>Tiverton and Honiton</i>) (Con) |
| † Browne, Mr Jeremy (<i>Taunton Deane</i>) (LD) | † Raynsford, Mr Nick (<i>Greenwich and Woolwich</i>) (Lab) |
| † Burden, Richard (<i>Birmingham, Northfield</i>) (Lab) | † Ruane, Chris (<i>Vale of Clwyd</i>) (Lab) |
| † Burt, Alistair (<i>North East Bedfordshire</i>) (Con) | † Rudd, Amber (<i>Parliamentary Under-Secretary of State for Energy and Climate Change</i>) |
| † Coffey, Dr Thérèse (<i>Suffolk Coastal</i>) (Con) | † Shannon, Jim (<i>Strangford</i>) (DUP) |
| † Greatrex, Tom (<i>Rutherglen and Hamilton West</i>) (Lab/Co-op) | † Whitehead, Dr Alan (<i>Southampton, Test</i>) (Lab) |
| † Hayes, Mr John (<i>Minister of State, Department for Transport</i>) | † Williams, Stephen (<i>Parliamentary Under-Secretary of State for Communities and Local Government</i>) |
| † Heaton-Harris, Chris (<i>Daventry</i>) (Con) | † Zahawi, Nadhim (<i>Stratford-on-Avon</i>) (Con) |
| † Jenrick, Robert (<i>Newark</i>) (Con) | |
| † Jones, Graham (<i>Hyndburn</i>) (Lab) | |
| † Kwarteng, Kwasi (<i>Spelthorne</i>) (Con) | David Slater, Marek Kubala, <i>Committee Clerks</i> |
| † Miller, Andrew (<i>Ellesmere Port and Neston</i>) (Lab) | |
| † Newmark, Mr Brooks (<i>Braintree</i>) (Con) | † attended the Committee |

Public Bill Committee

Tuesday 16 December 2014

[MR JIM HOOD *in the Chair*]

Infrastructure Bill [Lords]

9.25 am

The Chair: Before we begin, I have a few preliminary announcements. Please switch electronic devices to silent. Tea and coffee are not allowed during sittings of the Committee. The notice period for amendments is three working days. Starred amendments—those that have been tabled with inadequate notice—will not normally be called. The deadline for amendments to be considered on Tuesday 6 January will be 4.30 pm on Tuesday 30 December. The Public Bill Office will be open on that day.

The selection list for today's sittings is available in the room and shows how the amendments selected for debate have been grouped. If a Member wishes to press a non-lead amendment in a group to a vote, they need to let me know. I will work on the assumption that the Government wish the Committee to reach a decision on all Government amendments. I will use my discretion to decide whether to allow a separate stand part debate on individual clauses and schedules following the debates on the relevant amendments. I hope this will be helpful to hon. and right hon. Members.

Ordered,

That—

- (1) the Committee shall (in addition to its first meeting at 9.25 am on Tuesday 16 December) meet—
 - (a) at 2.00 pm on Tuesday 16 December;
 - (b) at 11.30 am on Thursday 18 December;
 - (c) at 9.25 am and 2.00 pm on Tuesday 6 January;
 - (d) at 11.30 am and 2.00 pm on Thursday 8 January;
 - (e) at 9.25 am and 2.00 pm on Tuesday 13 January;
 - (f) at 11.30 am and 2.00 pm on Thursday 15 January;
- (2) the proceedings shall be taken in the following order: Clause 1; Schedule 1; Clauses 2 and 3; Schedule 2; Clauses 4 to 13; Schedule 3; Clauses 14 to 29; Schedule 4; Clauses 30 to 33; Schedule 5; Clauses 34 to 37; Schedule 6; Clauses 38 to 45; new Clauses; new Schedules; Clauses 46 to 49; remaining proceedings on the Bill;
- (3) the proceedings shall (so far as not previously concluded) be brought to a conclusion at 5.00 pm on Thursday 15 January.—(*Mr Hayes.*)

Resolved,

That, subject to the discretion of the Chair, any written evidence received by the Committee shall be reported to the House for publication.—(*Mr Hayes.*)

Clause 1

APPOINTMENT OF STRATEGIC HIGHWAYS COMPANIES

Question proposed, That the clause stand part of the Bill.

The Chair: With this it will be convenient to discuss the following:

Government amendment 27.

Schedule 1.

The Minister of State, Department for Transport (Mr John Hayes): Let me say what a pleasure it is to serve under your Chairmanship, Mr Hood. I think it was Burke who said that good order is the foundation of all great things, and I am sure you will keep good order during our deliberations on this important Bill.

With your discretion, Mr Hood, perhaps I could say briefly why the Government wish to take forward part 1 of the Infrastructure Bill before we get into the detail of the debate. Our aim is to create a national road infrastructure fit for future decades that supports economic growth and broader environmental and safety goals, which are important not only to the Government but to the nation as a whole. Transport boosts our economy. It connects us, gives us more choice about where we work and live, and creates jobs. Well maintained roads and motorways are an essential part of a modern, vibrant economy.

The Government have launched the road investment strategy, which outlines how £15.2 billion will be invested in our strategic roads between 2015 and 2021. This is the biggest upgrade to our strategic roads—motorways and A roads—in a generation, building on the £9 billion of schemes under construction in this Parliament. Delivering that vision requires a different approach and the measures in the Bill allow us to take that major step forward. The first part of the Bill, which we are considering this morning, has at its heart the changes we believe are necessary to make that vision a reality.

The Bill does that, first, by providing more certainty through the road investment strategy. This removes the cycle of stop/go decisions and provides confidence of funding in the long term, which we hope will affect supplier behaviour too. We believe the strategy will create a framework of certainty, which is essential to encourage investment. We appreciate that it will require a step change in capacity, but we think that certainty is likely to provide the catalyst necessary to bring about that step change. The second part of what we aim to do is to transform the Highways Agency into a Government-owned company—Highways England—capable of delivering road infrastructure within a governance framework that allows us to meet our ambitions while at the same time being accountable to Ministers and, through Ministers, to Parliament.

It is important to emphasise at the outset that the Government and the House must retain their right both to scrutinise the work done to deliver the strategy and, fundamentally, to establish, devise and define that strategy. We believe that greater transparency with independent scrutiny of the company through the watchdog and the monitor will provide sustained pressure over the long term for the company to deliver. This is about placing the strategic road network on an equal footing with other national infrastructure, ensuring that it meets world-class international standards and helps Britain's long-term success in the global race.

I look forward to having a constructive debate on the detail of the Bill and why the Government believe that change is necessary. The debate that we will enjoy in

Committee is important in affirming a cross-party determination to think strategically about these matters. I appreciate that if we are going to develop and deliver infrastructure, it must be done on a consensual basis, and the certainty and confidence that I have outlined are dependent upon that. Part of the uncertainty is due to the concerns of the wider community—the business community and so on—that policy will change dramatically and will be incompatible with their planning.

Clause 1 gives me the opportunity to explain why we want to change the Highways Agency and why the status quo will not serve us in future. The clause allows the Secretary of State to appoint Highways England, conferring duties and functions for it to operate as a highway authority or associated roles as a traffic authority and street authority. The consequential amendments to existing Acts are contained in schedule 1, which we will also debate this morning. A legally separate company will foster a transparent and binding relationship, with a robust funding settlement and a clear performance contract through the road investment strategy, which I mentioned a moment ago. It is clearly the Government's responsibility to set the direction and vision for the future strategic road network and, in doing so, set ambitious targets for Highways England to achieve those aims. However, it must be the company's responsibility to deliver them and be held to account if it gets them wrong.

It is worth saying at this juncture that, during the course of our deliberations, I will deviate frequently and often quite radically from the script provided for me by my Department. That has two virtues. First, it makes the Committee considerably more exciting, which benefits all those who have to sit here and do this important work. Secondly, it keeps the civil servants right on the tips of their toes. In the end, it is the politicians who make the decisions and who are accountable to this Committee and, through this Committee, to the House. That is just how it should be. I learnt from years in opposition, seeing Ministers standing where I am now standing, when I was sitting—standing, sometimes—where the Opposition spokesman is now sitting, that the best Ministers are quite happy to do that. I saw many good Ministers in the previous Government take just that approach. I intend to learn from them and do the same.

I will say at the outset that the hon. Member for Birmingham, Northfield made a number of telling points on Second Reading. We have enjoyed constructive discussions over time, and we continue to have them. If we are to build a genuine consensus, it must be based on robust scrutiny of the changes we are making—I now have a note from a civil servant saying, "Use this," although I should not say that, really. I should stick to the script, but it ain't gonna happen.

The hon. Gentleman was at pains to point out that in framing the new arrangement it is important that the lines of accountability are clearly drawn: that there is a transparent understanding of not only how the strategy will be devised—of course that is vital—but how it will be delivered. For it is in the delivery that the House and, because of the House, Ministers need to be able to adjust the tiller, as it were, and intervene in all kinds of particularities when things are not going to plan. I want to retain that in the new arrangements. I certainly would not want to lose what I regard as an important level of accountability. We will have the information we

need to do that from an independent source, the monitor. It is therefore important that the new company cannot give the impression—I would not go so far as to say "pretend"—that things are going swimmingly if they are not. That should leave Government free to concentrate on making sure that we achieve our vision for roads: a smoother, smarter and sustainable network.

Interestingly, in questioning the clarity that I described in respect of the new organisation, it is important that we reflect on where we are. If we felt that things were ideal now, we would not be doing any of this. If we thought that all was well, in terms of both the efficiency and effectiveness of the existing arrangements, and the accountability of those responsible for delivering the existing plans, we would not be proposing the new model. Again, I am expressing a view based on my long experience of this House—not inordinately long, but long-ish—but it is fair to say that the lines of responsibility in the existing model have been blurred to some degree. It is sometimes too easy for different agencies or different elements in the process to blame one another.

Legal separation between the company and the Secretary of State is, in my judgment, an important first step in building a wider culture of performance, transparency and accountability through a more commercial approach. In essence, while it is absolutely right that we examine closely the way that the new organisation will work and how it will be held to account, I do not think we are beginning with nirvana. In other words, the existing circumstances are not perfect and can be improved considerably.

I do not want to unfairly paraphrase the shadow Minister, but he suggested that long-term funding is sufficient to secure efficiencies without further change. He also made the point that, while he is happy with the idea of a clearer strategy, and certainly with the idea that it should be backed up with the allocation of resource, the structural change we are proposing is not necessary—that if we can get the other elements right, we can perhaps deal with some of the challenges more effectively. However, as we set out to the Select Committee on Transport—I have with me a copy of its report and our response—that is simply to fail to accept what many experts and the industry are telling us and what we can see happening internationally.

In April 2011, the Secretary of State asked Alan Cook to undertake an independent review of how best to achieve the Government's objectives for operating, maintaining and enhancing the strategic road network. Alan Cook was the first non-executive chairman of the Highways Agency and has undertaken many key leadership roles across the public and private sector. That review, "A Fresh Start for the Strategic Road Network"—as it was imaginatively titled—reported in November 2011. I want to draw on the report for a moment. Mr Cook's analysis of the problem was that

"the unique position of the Agency, and its relationship with government, has failed to reflect the wider interests of our economy. The close proximity of the Agency to the DfT means that there has historically been little pressure for the Government to take, or stick to, long-term decisions for investment in the network".

As a result of that analysis, his central recommendation was:

"for a transformation in the management of the network, to bring it in line with the best-performing infrastructure providers in other sectors. At the heart of this is a model that empowers and

[Mr John Hayes]

enables the network manager—with a new independent Board—to make better, freer commercial decisions, with greater financial certainty and control, while being more closely aligned with local priorities and held much more robustly to account by the Government over its medium to long-term performance”.

In essence—I suspect this is the nub of the argument we will have this morning about this part of the Bill—his argument is that it is entirely possible through a more transparent relationship for Government to monitor the performance of the new body, using the various mechanisms set out in the Bill, having set the direction of travel clearly and allocated the resources necessary, without the constant interference from Government which has sometimes inhibited the certainty I mentioned at the outset. Mr Cook was also clear that:

“A new organisation would therefore need to be formally separate from the DfT, with its performance specification underscored by a stable long-term commitment”.

I mentioned international comparisons a moment ago. There are useful data and important lessons to be learned from what other countries have done in this field. Sweden and the Netherlands, or indeed most other developed economies, show that operators can run their roads more efficiently at arm’s length, with more certainty and flexibility, making significant efficiency savings possible. In other infrastructure sectors we have seen the move from a nationalised industry to a regulated utility with a long-term funding framework and plans that have delivered considerable efficiency savings. We are clear that this is not about moving the strategic roads network out of the public sector, but we want to capture similar levels of efficiency for the benefit of road users and taxpayers.

Infrastructure UK’s major cost review report of 2010 indicated that extended funding certainty has been associated with unit cost savings of 10% to 20% in other sectors and countries, particularly for routine maintenance and renewals. For example, the Netherlands generated savings of 20% in roads by extending contract terms from one to two years, to five to seven years and by bundling more maintenance activities together in the same contract. Greater certainty of funding can enable economies of scale through more efficient procurement. It can support reduced labour costs by allowing contractors to plan better and can enable greater investment in new technologies and processes to make for better long-term cost efficiency.

It is true that the Highways Agency has been reducing its costs, following the 2010 spending round. However, opportunities to improve efficiency have largely been exploited. Only significant reforms can deliver a further step change in efficiency with the resulting cost benefits. You will have seen, Mr Hood, as will the whole Committee, the impact assessment, which sets out the evidence for that. We are confident that the reform will allow the new organisation to operate much more efficiently and deliver savings of around 20%, which implies at least £2.6 billion over 10 years, on top of the existing efficiencies.

Those savings stem from the combination of producing a long-term statement of requirements and available funding and, crucially, a new legally separate organisation, ensuring the requirements are robust and transparent. Experience has shown that the Department cannot have a robust contractualised arrangement with itself. It is

also important to recognise that unless the supply chain believes that the arrangements are robust, it will not be willing to make the long-term commitments and take the contingent financial risks.

9.45 am

I do not want to continue for too long because I know others will want to contribute to this important debate. However, let me say at this juncture that setting up a strategic highways company, operating under company law with well established governance and a financial framework, will reinforce the clarity and robustness of the relationship. Company structure and disciplines will help to support a more commercial approach. I will deal with the accountability issue during the course of the debate, because I am sure Members will want to say more about that.

I now move to my exciting conclusion—

Chris Ruane (Vale of Clwyd) (Lab): Dah-dah-daah!

Mr Hayes: I want people to know so that they can build their enthusiasm.

It is not just the Government saying that change is needed, but a wealth of expert opinion, international evidence and their own experience. Our ambition for roads for the coming decades cannot be achieved if the Highways Agency stays part of the Department. Twenty years of trying to instil a different culture has not been entirely successful. We need a model that provides much more confidence. It is a new approach and of course we need to think it through carefully. It is closely tied to the bigger ambition for how we plan our roads in the future—longer-term thinking, more secure funding and a bigger view of how we can make infrastructure work for the future. If we are to succeed in delivering that kind of vision and those kinds of improvement, we need this kind of radical change. For all those reasons, I beg to move that the clause and schedule 1 stand part of the Bill.

Richard Burden (Birmingham, Northfield) (Lab): It is a pleasure to serve under your chairmanship, Mr Hood, as I am sure it will be to serve under Sir Roger Gale’s during the course of the Committee. I thank the Minister for his opening remarks. It is gratifying to know that he departs from his script on regular occasions. There are not many advantages to being in opposition, and we would like to bring that to an end as soon as possible, but one is that we get to write our own script. Of course, that is as a seamless collective with other departments, our Treasury team and the rest of it, but basically we get to write our own script.

I welcome the Minister to the Committee and the spirit in which he approaches this sitting. It is important that all of us think about the long-term needs of infrastructure in this country—in this case, roads, but in other areas as well—and that we work together where we can to achieve them. I welcome the spirit in which he introduced the clause.

In a strange way, this Bill and this Committee are a bit of trip down memory lane for me. The Minister made passing reference to the fact that he has been in the House for a number of years, then went on to say “not that many years.” I cannot claim that because I

have been here for rather a lot of years. I say the Committee is a trip down memory lane because it is populated by people who have also been here a large number of years. I see the right hon. Member for North East Bedfordshire, with whom I sparred in the '92 to '97 Parliament when he was a Minister, and we have worked together very closely. Indeed, in recent times, he has been a Minister again in relation to international matters, so it is good to see him in Committee today.

On the Opposition side of the Committee, I am joined by my hon. Friends the Members for City of Durham and for Rutherglen and Hamilton West, who will take the lead on later parts of the Bill. They are reasonably recent to this House, but that cannot be said for all Opposition Members. It is a trip down memory lane for me and for my hon. Friend the Member for Ellesmere Port and Neston. We were on our first Bill Committee together. He reminded me the other day that the Opposition Whip at the time deputed us to talk as long as possible about different parts of that Bill to spin things out. Times have moved on a great deal since then—

Andrew Miller (Ellesmere Port and Neston) (Lab) *rose—*

Richard Burden: If everything goes according to plan, that is.

Andrew Miller: If requested, I am always happy to oblige. May I remind my hon. Friend that our hon. Friend the Member for Wallasey (Ms Eagle) was on that Bill Committee? The Government Minister at the time was Michael Portillo, who did not understand that Committees need to be collegiate. We were asked to keep things going until the message sank in, and it did. I am glad that the Minister on this Committee has accepted that advice.

Richard Burden: Absolutely. My hon. Friend makes an important point that should be remembered by business managers and by all parties.

We are joined by my right hon. Friend the Member for Greenwich and Woolwich. We also served together on Bill Committees. I recall the Housing Bill Committee, when he was in the position I am now in. It is great to have him on the Committee. He will bring a wealth of experience to our deliberations, as will other members of the Committee.

We had an important and wide-ranging debate on the principle of the Bill on Second Reading. Hon. Members had a competition for the best metaphor to sum up what the Bill was about. The Minister described it as a kaleidoscope. My right hon. Friend the Member for Greenwich and Woolwich described it as

“a veritable tessellated pavement of ill-assorted measures”,—[*Official Report*, 8 December 2014; Vol. 589, c. 681.]

My hon. Friend the Member for Southampton, Test thought it was a ragbag of proposals, and the hon. Member for Fylde (Mark Menzies) said it was a “Christmas tree Bill”. If he has things such as this on his Christmas tree, I imagine he is heading for a really fun Christmas with his family. However, I know what he means: the Bill seems to have all sorts of things hung on it, some of which do not seem to go together.

So we have a challenge ahead of us. We have six days and 11 sittings to scrutinise what the Library brief describes as “a portmanteau Bill”. It includes everything, from a new strategic roads delivery model to invasive non-native species and fracking. We must also tackle long-term planning and a range of areas in local government and beyond. According to the programme motion, we must tackle all that in 11 sittings.

It will be a struggle to get everything done within the time scale. It is not simply a question of timing. Opposition Members do not feel that the Bill meets the major infrastructure challenges that we face in transport, housing and energy. Too many parts of the Bill appear to be weak—they seem confused—and we will have to challenge them.

On Second Reading, the Minister said the Bill was no place

“for short-term hard-edged politics”.—[*Official Report*, 8 December 2014; Vol. 589, c.663-664.]

I agree with him about that, and I think he has accepted today that we have got to take the long view, which means full scrutiny of the Bill, and that is what the Opposition intend to do.

The Minister also mentioned the representations that we have received on part 1 in relation to roads. The Civil Engineering Contractors Association, in collaboration with other bodies, has recently drawn up a manifesto for an infrastructure decade. CECA states that

“the next 10 years represent a crucial time for the UK’s infrastructure. Get it right and we could see our roads, rails and utilities acting as a springboard for a resurgent economy. But failure could see the country failing to perform at the level of our global competitors.”

That takes up the theme, outlined by the Minister in his opening remarks, of the need for long-term thinking. I agree with him on that, which is why I fail to understand why the Government have persistently refused to support an Opposition proposal to do precisely that and to go further than the Bill by creating an independent infrastructure commission that could set out evidence-based analyses of our priorities and develop the kind of long-term strategy that we need to respond and ensure that we meet our social, economic and environmental needs in the 21st century. I am sure that we will return to the issue in the course of our deliberations, but for now, we will concentrate on clause 1 and the associated schedule.

I do not know whether it was within the Minister’s script or beyond it, but I am gratified by the stress that he has put on accountability and transparency, and I welcome the points that he has made in relation to them. Perhaps as the Bill proceeds through Committee, we will take up those issues in more detail.

On clause 1, the Minister has said that the Bill will deliver a roads revolution. We are debating the need for the clause because it is important to consider how the creation of an arm’s length highways company will match up to that claim. He mentioned the Cook review in 2011, which identified that stop/start investment—the lack of a long-term strategy for roads—increases costs, restricts efficiency and affects the agency’s effectiveness. Cook identified efficiency savings of between 15% and 20%, saying that they could be delivered through funding certainty, because if the agency operates to a longer-term time frame, it can negotiate cheaper long-term contracts and plan ahead, and companies have enough confidence to invest not only in equipment but in schools. That mirrors the quote that I read out.

[Richard Burden]

Cook recommended a new long-term strategy for Britain's strategic roads, with five-year commitments and outcome-based performance specifications, which the Highways Agency might be accountable for delivering. That is what is in the roads investment strategy, published on 1 December, although we would like it to go further. However, although I am grateful to the Minister for his remarks and explanations, it is still not clear why a new company is needed to deliver it. During the course of debates on the Bill, we have had continual updates on the rationale for the reform, revised cases for a new company and so on, which were tested a lot in the other place.

Over the past year, those explanations of the aims of the new company have ranged from enabling "faster delivery" to unlocking growth to tackling inefficiencies and under-investment and creating a better delivery body to respond to increased congestion. I still do not see why institutional reform through this legislation is in itself enough to deliver long-term certainty on roads investment, as well as £1.2 billion in efficiency savings in five years.

Mr Hayes: The hon. Gentleman quoted written evidence from the Civil Engineering Contractors Association, which draws particular attention to the very point that he is now making. It said:

"CECA is especially supportive of proposals to transform the Highways Agency into a Government-owned company, along with the development of a committed five-year investment strategy. These changes will result in greater efficiency in the way the agency operates, maintains and improves the strategic road network to the benefit of all road users and the public purse."

It has grasped that the existing arrangement is not as good as it could be. The proposal provides for greater transparency in the relationship between the Government and the new organisation.

10 am

Richard Burden: The Minister is correct: that is precisely what it and the Government are saying. What the Opposition are saying—and we are not alone in this—is that that there is a gap between the identified need to change the long-term funding certainty and create different arrangements to ensure certainty, and the creation of a wholly Government-owned company to achieve that. We still have not seen the join between those two things.

We are not alone in saying that. The Minister rightly quoted the Transport Committee. My hon. Friend the Member for Liverpool, Riverside (Mrs Ellman) said that the proposal was likely to be disruptive and costly. She rightly said that if the proposal is intended to make a big change, it seemed strange that the remit of the new company would not be substantially different from that of the current agency. It may be true, as the Minister said, that the close proximity of the agency to the Department for Transport in the past led to too much ministerial meddling in the agency's affairs—let me put it that way—and too little pressure to innovate and improve efficiency. The Cook report said, in addition to the comments quoted by the Minister, that the agency is now "flexible and responsive" with a "dedicated work force" and that it is becoming "more commercially minded".

A challenging roads investment strategy and some basic changes in the Minister's Department could arguably achieve what the new company is intended to achieve. Cook said:

"The...status of the new organisation is less important than creating the right characteristics and relationships with the DfT, its customers and its supply chain".

I hope that in Committee and on Report the Minister will provide more evidence that the company is needed. If he provides that evidence, we will listen. Making the mindset changes that are necessary to get long-term thinking into transport infrastructure planning is as much about changing mindsets within the Government and Departments as it is about creating external companies or agencies. If both sides do not tango—to mix my metaphors—it simply will not work.

Mr Hayes: The hon. Gentleman, as I predicted, gets to the nub of the difference between us. I do not say that pejoratively or critically. As Minister, I have asked my officials exactly those questions, because when I came into the job I wanted to test the points that he has raised.

I draw the hon. Gentleman's attention to our response to the Select Committee report, which he mentioned. Paragraph 60 states:

"Establishing the Agency as a legally-separate company, clearly independent from government, will ensure a transparent and binding relationship, that the funding settlement is robust and there is a clear 'performance contract' through the Road Investment Strategy."

Essentially, to break from the short-term, piecemeal, reactive, stop/start culture, which has to some extent, although I do not want to exaggerate, characterised Government policy on roads for a period of time—not just this Government's policy—it is necessary to address the structural issue. The structural issue is about creating enough distance between those responsible for delivering the strategy and those who set the strategy while retaining the lines of accountability that I described.

Richard Burden: I am grateful to the Minister for those comments and for the fact that, in making them, he has returned to the question of accountability and transparency, which we have discussed informally outside Committee and will, no doubt, discuss formally in Committee. Those questions are absolutely central, whatever we do and whatever comes out of this part of the Bill. If what comes out is confused and not transparent, it will not have the confidence of those outside Parliament. Transparency and accountability help, but even if the provision is transparent, it does not, of itself, establish that a new wholly Government-owned company is needed; that is what we are scrutinising and probing.

The new company is still a public body. The Minister knows that there are major concerns outside Parliament that if the Bill is not about privatisation of the agency, it could put in place structures that would enable that to happen in future. There are genuine worries about that, so I am grateful for the Minister saying on Second Reading and repeating on the record today that it is not about that. He has said that in correspondence to hon. Members and it has been copied around the Committee so I do not doubt his sincerity for a moment. However, we would be failing in our duty as a Committee if we did not log and recognise those genuine fears. I assume that amendment 27 seeks to clarify that point, and that

is good. Would the Minister clarify whether that means that all the documents held by the company will be electronically transferred to the National Archives?

The company's aim is to deliver a new commercial outlook. As a result of the way in which it is set up, it will have a licence but the Government recognise that it cannot have a licence to operate as it has no income stream or revenue-raising powers of its own, so technically it cannot have a regulator. However, the Office of Rail Regulation, even though it will not be a regulator, will be its "monitor". We heard real concerns last week not only that the establishment of the company could be a step towards privatisation, but that there will be confusion as to exactly what its role is, who regulates it, who monitors it and how all those bits fit together. As the Bill moves through Committee, we will examine those things in more detail but it is only right that we mention them now when discussing clause 1, which sets up the company.

Before I conclude, I go back to the concerns raised outside this place. Alan Cook mentioned in his report that the agency has a dedicated work force. Without a motivated and dedicated work force, the results of any organisation—public, private, agency or whatever—are not delivered. It seems that the work force of the Highways Agency need some reassurances. It is important that those reassurances are put on the record in Committee. The Minister said that the company will be wholly owned by the Secretary of State. As the Bill stands, clause 1(3) permits the Secretary of State to terminate the appointment of the company as the strategic road company. If the Secretary of State exercised that power to terminate a company's appointment as a strategic road company, would he or she therefore be free to sell the company? Under clause 2(5)(b) and clause 2(6), the Secretary of State "becomes the highway authority" on termination.

It seems to me that clause 1 is the right place in our consideration of the Bill to ask the Minister whether there is anything in the legislation that prevents the Secretary of State from appointing a sold-off highway company to act on his or her behalf. I hope that the Minister can give the Committee some copper-bottomed, cast-iron assurances on that—I am mixing my metaphors again, as well as my minerals—because it is not simply a question of the Minister's good faith, which is absolutely not in doubt; it is about what is written in the Bill, and what could be a mine sitting there for the future.

Mr Hayes: I might be able to deal with that matter immediately; otherwise, we will move on and the point might be lost in the great scheme of things. I wholly agree with the hon. Gentleman about the need to be sure on this issue. The Highways Agency is not a Government-owned company—it is not 100% owned by the Government—but it will remain in the public sector, and we will use this legislation to guarantee that. If the Bill as currently drafted is imperfect in providing that guarantee, we will amend it to ensure that it is perfect. I am absolutely determined that long after I cease to be Minister—so we are talking about a very long time in the future—that guarantee will stay in place.

Richard Burden: I do not wish to cross swords with the Minister about the longevity of his tenure, but I am grateful for his indication that he will write other provisions

into the Bill if necessary. The parliamentary draftspeople and others will have to think about the clauses and assurances that can be added to the Bill to achieve what he says, but perhaps they will do so over the coming weeks. It might even be considered over the Christmas break—who knows? It is important not only so that everyone outside knows what the Bill is about but to provide key reassurances for current and future employees.

The Opposition do not intend to divide the Committee on whether the clause should stand part, although we might wish to return to the matter on Report, because a lot of the Committee's deliberations on part 1 will be about whether the new company is necessary and how it will operate. If the provisions are necessary, they are necessary, but we do not feel that that has been demonstrated. Bearing in mind the fact that we are discussing the need for long-term funding, and we know that money is tight, it is clear from the estimates that setting up this new company is going to cost around £100 million over 10 years. If it is going to cost that much and there is doubt about whether it is really necessary in order to achieve the long-term thinking and planning that we want, is it really the direction in which we should be going?

Mr Jeremy Browne (Taunton Deane) (LD): Thank you, Mr Hood, for the opportunity to make a brief contribution to our debate on this part of the Bill. I am happy to serve under your chairmanship, as are all Committee members, I am sure.

I want to expand on the theme raised by the Opposition spokesman and give the Minister the opportunity to reflect on it a little more widely. I am hugely supportive of the Government's objective of improving our national infrastructure. I believe that it is inadequate and that Britain will struggle to be globally competitive unless it is improved, so this is a national call to arms. It is the responsibility of all political parties to take this matter seriously. I wholly support the objectives of the Bill.

10.15 am

I am enthusiastic about the Government's stated ambition to have a bonfire of the quangos and about the House of Commons remaining relevant to our national debate. My anxiety—I am sure the Minister can put my mind at rest and address this point—is that I have witnessed over the years the hollowing out of the House of Commons and the role of Members of Parliament. More and more powers have been taken from Westminster and transferred to Edinburgh, Cardiff and Belfast. NHS England now seems to play a greater role in making decisions about the NHS in England than the Secretary of State for Health. I have received letters saying that I should resist any move to increase MPs' salaries; I write back saying that I am afraid we have no power at all in that regard. The public required us to remove that power from ourselves and we acquiesced. The Bank of England sets interest rates, which could ruin homeowners if they rise dramatically, but I am afraid that we in this House have limited scope to have much impact on that.

The reason I say all that—thank you for indulging me, Mr Hood—is that the Government have just announced, for example, that the A358 in my constituency will be dualled to link between the M5 and the A303. That is a necessary infrastructure improvement and I

support it, as do the Conservatives. The Liberal Democrats and the Conservatives have been the two dominant parties in my constituency for a long period. As far as I am aware, the other political parties broadly support the proposal, although the Green party may not do so—I do not know what its view is. Nevertheless, there is broad political consensus in favour of dualling that stretch of the A358, which is only about 10 miles long.

What happens if there is no consensus? Certainly, there are plenty of people in my constituency who are not enthusiastic about that, notably those who live close to the new road. Let us say that this becomes the great dividing line in the general election that is taking place less than five months from now. Let us say that, of the two principal candidates in the constituency, one bases their entire campaign on trying to resist this new road, and the other is hugely enthusiastic about the development. What I am slightly unclear about is whether they are completely wasting their time having this debate; whether it is a charade and, although people are invited to take sides, go on marches, write letters to their MP or the aspirant alternative MP and to see the House of Commons as the body that decides these matters, essentially we are perpetrating a pretence and people will become disillusioned with politics as a result.

This need not be just about the choice between the two most likely winners in an individual constituency. This is a strategic road decision: it is in Taunton Deane and Yeovil parliamentary constituencies, but it links the two main roads to the south-west and south-east of the country: the M5 and A303. It is perfectly possible that people will have an interest in the road far beyond the two constituencies it is being built in. People in Devon and Cornwall would certainly have an interest, given that they will use this piece of road. That includes members of this Committee who represent seats further west than mine. There are Labour MPs in Devon and Cornwall, as well as Conservatives and Liberal Democrats.

Let us say that this became a point of contention on a national scale and there were not just debates between party leaders and aspirant Chancellors of the Exchequer but between the Secretary of State for Transport and aspirant Secretaries of State for Transport. The big TV debate at 9 pm, watched by hundreds of thousands of people, including those who care deeply about these matters, might centre on whether the A358 ought to be dualled. At that point—this is what I want the Minister to clarify—would it be most honest for all the participants, the Labour transport spokesperson, the Conservative, the Liberal Democrat and the others, to say, “If we’re honest, viewers, you might as well switch over to another channel, because we are not going to be the ones deciding whether the A358 is dualled or not. It will be decided by another body”?

My final question is what happens if we do not like the people on this body. What if we think that they are far too keen on disregarding environmental concerns and that, however tightly we prescribe the rules under which they regulate, we suspect their motives? It may be the other way around; perhaps the body is dominated by environmentalists whom Members of Parliament think insufficiently robust when it comes to improving our national infrastructure and who impede our ability to become globally competitive. How can we remove these people? How can we appoint them? How much

will they be paid? We can be certain that they will be paid far in excess of an elected Member of Parliament, but how much and what will their expenses be?

It is reasonable, before we in this House merrily collude in the debasement of our collective value, that we at least pause for reflection and ensure that the Minister is convinced that this will indeed achieve the objective that I share with him, and that I suspect many members of the Committee also share, which is to improve our national infrastructure, but in such a way that we do not, as has happened in other countries in the world, including on our own continent, allow the country to be run increasingly by technocrats and less and less by people who are accountable to our population.

Mr Hayes: Well, what an interesting beginning to our proceedings, and conducted in the spirit I expected. There is a lot to say, because a lot of fundamental issues relating to this part of the Bill have been raised. I hope you will forgive me, Mr Hood, if I try to deal with them exhaustively.

Slightly perversely, I shall deal first with the remarks of the hon. Member for Taunton Deane, who made an important and serious point about our collective confidence. I think that he struck a chord with all members of the Committee when he challenged us to consider whether, in giving up authority, we were not merely giving up the authority of Government or Parliament, but ultimately giving up the authority of the people. We are, in the end, the people’s representatives and through us, the people exert their will; have their say and can bring about their desires. I agree with him that we should be very cautious about adding to the slightly crass idea that when we take power from elected people, we empower the people. I think that we disempower the people when we take power from those they choose to speak for them. I am very proud of being a Member of Parliament and proud of this House. We should be bolder in making the case for our democratic system of government. I agree with the hon. Gentleman that, in considering the Bill, we need to be mindful of that bigger contextual argument.

As an anecdotal example, I heard a member of the public—a perfectly nice person—say, when interviewed on the radio this morning, “The trouble is that people in Westminster don’t live in the real world and we do”. I always think, when that is said, what sort of world do they think we live in? We care about roads because we use roads. We care about schools because our children go to school. We care about health because we use hospitals and doctors, like everybody else. We have to challenge, at every turn and every opportunity, the silly idea, which is gaining currency, that we exist in one universe and that other people exist in another. Our system of government is something we should champion and we do that best when the House comes together to consider legislation such as this in a measured and reasonable way. People then recognise that this is not about the politics; it is not principally about petty point scoring; it is about the intelligent consideration of matters which are in the national interest and which serve the common good.

I know every member of this Committee to a lesser or greater extent, and I know that every one of them holds the national interest and the common good close to their heart. I take the point made by the hon. Gentleman

that, in resisting the temptation to add to the guilt-ridden, collective shrill cry about politics and politicians, we need to consider what we do very carefully. That is why I am absolutely insistent that, in any changes we make, there must be proper accountability and a decision-making process which has at its core the role of Government and Parliament. I will not have excessively paid bureaucrats making decisions that should be made by Ministers through proper consideration in both Government and the House of Commons. In the delivery of this strategy, we must not remove the opportunity for individual Members of Parliament—not Ministers or shadow Ministers, but individual Members and Back Benchers—to bring to Ministers' attention specific concerns and particularities, about which they know most because those concerns are in their locality, to get something done about it.

The House works best when the interface between those with power—the Executive—and those elected to Parliament allows things to change in the cause of virtue. I well remember serving on Committees such as this as a Back Bencher when the Conservatives were in opposition—briefly, as I was not a Back Bencher for very long—and certainly as a shadow Minister. It is illustrative of the effectiveness of our system of government that Back Benchers have that opportunity, and it induces a response from Government of the kind that the hon. Member for Taunton Deane highlighted in his locality about a particular road, a particular place and a particular set of problems or circumstances.

The hon. Gentleman raised the issue of remuneration, which I, too, have raised. Remuneration packages applying to the new body will comply with public sector rules. Salaries will be paid in line with public sector rules, and any pay above the Prime Minister's pay will need the approval of the Chief Secretary to the Treasury. I do not want to set up a body over which we have no influence on salaries and where no one quite knows how the salaries are fixed, set or incremented; that is not going to happen. I can give the hon. Gentleman that firm assurance as a direct result of his inquiry. It is helpful to the whole Committee to do so.

The hon. Member for Birmingham, Northfield raised a wide range of points, and I will try to deal with them as fully as I can. I think that I have dealt with the issue of the agency's future status as a public sector body. I will happily look at that again to ensure that the Bill makes it crystal clear, and I might write to the Committee on that subject following today's meeting. As I said, if we need to do more, we will, but I want to be absolutely sure that the objective he set out is one that we can guarantee. Accountability to Parliament becomes stronger once we have clear, transparent scrutiny. The road investment strategy is very clear about the company's objectives and, as the hon. Gentleman said, we have an independent monitor publishing reports on how the company has performed. Parliament will for once—at last, one might say—have the information to hold Ministers and the company to account.

10.30 am

I will go further than that. It is important that Ministers see the drafts of those annual reports before they are published. If there is need for specific reports to the House on particular aspects of the new organisation's work—for example, if concerns are expressed through

the House, through Select Committees, or by the other means by which these things can be drawn to the Government's attention—I will ensure that that happens and am happy to write that into the arrangements that we are going to put in place when the body is set up. A call-to-account process needs to be built into our assumptions.

I can also assure the Committee that this new arrangement does not fetter Ministers' ability to take action. Ministers must be open about what they want and the funding to deliver this. Under the new model, we want the company to be able to focus on delivery without having to worry about micro-management. However, we have made it clear that Ministers will retain the power to intervene.

I draw the Committee's attention to "Transforming our strategic roads: a summary" which the Government have published, is available in the Library and has been made available to the Committee. On page 16, the document lists very clearly ways in which Ministers remain accountable to Parliament and can intervene if the company fails to deliver. Clearly, there are all the normal means by which Ministers can be challenged—through written and oral questions and statements, responding to debates, and so on—but the summary goes on to define the Government's capacity to set the direction and performance delivery requirements. In addition, through a series of other means we will be able to hold the new body to account.

For example, we can reduce or suspend the company's autonomy; we can issue additional statutory directions to the company to take specific actions to implement specific policies; and we can increase scrutiny and oversight of the company, for example, by introducing additional reporting requirements, of the kind I mentioned a moment or two ago. We can change the articles of association of the company, and we can reserve certain decisions for other members of the board of the company. Clearly, we have the right to appoint the board. I have already mentioned that we have the right to approve the board's overall pay policy, the details of which I gave a few moments ago. The road investment strategy would also provide a performance contract by which the company's performance can be monitored and assessed. The company's strategic business plan and annual report will track progress and allow us to measure the effectiveness of its delivery.

I am conscious of what the shadow Minister and the hon. Member for Taunton Deane said. If there are problems—for example, if the company is not dealing with incidents quickly enough; if there are particular circumstances on particular roads, which are drawn to the attention of Ministers by hon. Members; if there are undue delays or significant additional costs; or if we do not see the improvements that we want in design—I will ensure Ministers can step in.

I want, as a result of all these things, to think about design much more carefully. I have made it clear to my Department that when we think about environmental considerations, we should consider things that are increasingly regarded as vital environmentally—biodiversity, the effect on emissions and so on—but we should also look at the aesthetics of road design in a way that we have not done in modern times. Nothing we build should be ugly, and nothing should affect the existing built environment and the landscape in a way that is

incompatible with local people's understanding of their aesthetic, which provides them with a sense of belonging. I am keen that we should see a renaissance in road design, and I am going to set in place measures to enable that.

In any of these circumstances, I will make sure that Ministers can step in. If there are problems with funding, with design or with timing, or if there are local doubts about the delivery of a road scheme, we will—I give the hon. Member for Taunton Deane an absolute assurance—retain the power to intervene. I say that also to the shadow Minister. That goes a little further than I had gone until now, but it is important to retain that right. I can see that some people may perceive a risk—and I want to make it clear that this risk is not real—that we will set the strategy, we will set the company up, then we will say, it is down to you to deliver it and we do not want to know too much about it until the annual report. That is just not good enough. There has to be an ability, using Government Ministers as a conduit, for Members of the House and, ultimately, the people who are affected by these roads to have their say about delivery.

As well as being the sole owner of the company, Ministers will have the power to issue directions. Those directions might affect any of the subjects that I have just described. If I am not satisfied, I will step in and give Ministers who follow me the power to do so too. Those powers should sit alongside the monitoring function. I do not see this as an alternative to the monitoring function but as a parallel process. The monitor will have the ability to take enforcement action if there are systematic problems with performance. We have to deal both with fundamental performance issues and the particularities raised by the hon. Member for Taunton Deane and by the shadow Minister.

Andrew Miller: Will that include, for example, the drive to improve design to reduce accidents on existing roads? That is a key feature of the way in which the Department in recent years, under both Labour and coalition Governments, has approached road improvements, but it needs to be a fundamental duty of the new body.

Mr Hayes: The hon. Gentleman has always inspired me.

Chris Ruane: Steady on.

Mr Hayes: I do not want to oversell him, but I have always found him a diligent and interesting Member of the House; he always adds value to what we do.

I can feel a keynote speech coming on. I feel it is time for a roads Minister to make a keynote speech about the aesthetics of infrastructure and the character of design and how we need a step change in how we see these things. It is part of a bigger social and cultural problem about the triumph of dull utilitarianism.

I do not want to live in a world that is dull and utilitarian. I want to live in a world that cares about beauty. I do not want to introduce Keats, Mr Hood, because you will call me to order, but beauty and truth are inseparable. So I take the hon. Gentleman's point, that both in existing schemes and certainly in new schemes, we must do much more, aim much higher in terms of what we deliver, and design is part of that. That might be about landscaping, but it might just be about the architecture and engineering of roads.

There is a lazy assumption that ergonomics is enough, but ergonomics and aesthetics are not the same thing. They can sit happily together in a scheme that delivers utility necessary but which also edifies, elevates and enthralls. Why should we not aim to do all that? That shows how far I am prepared to get involved. I am prepared to get involved in the design of roads, apart from everything else.

There is also the issue of road safety. It has not been raised yet, but I know that it will be if I do not deal with it now. The duty of the new agency to design safe roads is an important consideration. As those who have studied the road investment strategy will know, it sets a safety target and that target, as with all the duties set out in the strategy, will be binding on the new highways authority.

Hon. Members will have seen the various documents that have been issued. We have published a draft licence, and I emphasise that it is a draft. I hope that our consideration will help us to make further changes. It is an iterative document which has already developed to some degree as a result of conversation and wider discussion with third-party organisations and so on. We have set out an outline for a framework document for the new highways company, which we hope will evolve during our consideration of the Bill. It would be easy for me to come to Committee with the finished article and say that that was how it was going to be. I do not want our consideration to be like that because, at the risk of being tedious—it is necessary to say it again—if we are going to plan for the future and have a serious think about infrastructure investment, that has to be framed by consensus.

It is vital for the wider world, particularly to the industries associated with delivering all that we aim for and their supply chains, and, perhaps even more, to those who have to make the necessary investments, as the shadow Minister said, in both hard-edged investments and in softer investments around building a skills base, that we speak, as much as we can, with a common voice. Those documents begin the process of getting right the detail of what we provide with the new body.

The essence of the argument is whether we could do enough to get to where we want to go with the existing arrangements. I did not start out with any doctrinal or dogmatic view about the new structure. Having thought about it carefully, I am not convinced that the existing arrangements are sufficient to make the step change necessary to deliver the kind of infrastructure improvements that our country needs. It is necessary to think again about structure. The rethinking of structure is about the distance between the new body and Government. I do not mean that it has to be distant; I mean the distance, and the choreography between the new body and Government, and how that translates into sufficient confidence to deliver a long-term plan as well as sufficient line accountability to ensure that the plan is in accord with both the Government's strategy and the way in which that strategy unfolds.

Richard Burden: I am listening carefully to the Minister, who rightly focused on accountability. However, there are two elements to this issue: accountability and transparency. I asked a question earlier—perhaps the Minister was about to answer it—about the documentation that will be held by the new company and whether all documents will transfer to the National Archives as a

matter of course, which is an issue of transparency as well as accountability. I make that point now to ensure that the company is transparent. The Minister may not be able to answer my question now, but he may magically get a note during his speech.

10.45 am

Mr Hayes: I will answer the hon. Gentleman now—why prevaricate? Yes, of course I think it is a very sensible idea. I did not think of it until the hon. Gentleman raised it, but it is a sensible idea, barring any profound legal concerns—[*Interruption.*] I am probably about to get some. If we are making a case for transparency, we must be transparent—[*Interruption.*]

Let me read this note out. It relates to the Public Records Act 1958, about which I knew nothing until a second ago. Under the terms of that Act, we will ensure that any records that are produced by the new company will be properly considered for transfer to the National Archives or destruction at a suitable point. That Act defines how the process that the hon. Gentleman suggested will take place. He can be absolutely assured that it will apply to the company in the normal course of things.

Let me move on to the watchdog and monitor. We have conflated two arguments, although not deliberately. There is an argument about accountability to Government and, through Ministers, to the House, which we have begun to flesh out. I hope I have given a lot of assurances about that in the list of things I have said will take place and in the further assurance I have given about the directives that have been issued and about the willingness of Ministers to get involved in particular matters, which I will happily confirm after this sitting in any form that the Committee wishes—I am happy to write to the Committee to say more about that.

We have conflated the issue of accountability with the issue of how the watchdog and monitor will work. I wish to draw the Committee's attention to the document "Transparency for roads: creating the watchdog and monitor", which will be published in October 2015, although I know that it has been made available. In it, we say that the watchdog will be

"responsible for gathering the views of Strategic Road Network users and using them to shape policy and decision-making. This function will be carried out by Transport Focus—a restructured and renamed Passenger Focus, incorporating a dedicated Strategic Roads Network element".

The monitor will analyse

"the performance and efficiency of the new strategic highways company...checking to see that the SHC is complying with the terms of its licence and delivering what is required under the Road Investment Strategy. This function will be carried out by the Strategic Road Network Monitor...a unit which sits as a semi-autonomous part of the Office of Rail Regulation and which will work solely on roads."

The document states:

"Both bodies will be independent of government, and placed so that they can provide strong advice to the Secretary of State that genuinely reflects experience on the ground. They will also act as an important channel through which key stakeholders can help to hold the SHC to account. The reports of both bodies will be published to add an unprecedented level of transparency to the operation of the Strategic Road Network. The monitor will also be able use new statutory powers to hold the SHC directly to account, like the regulators in other sectors. Taken together these measures will have involve a step change on both efficiency and accountability."

In essence, the duties of the new body will be laid out in legislation and in the licence and framework agreement. Legislative provisions are set out in the Bill, and the road investment strategy that we published contains a set of expectations about strategy and about performance. I have described further steps which will enable Ministers to become more closely involved, and they will also be able to challenge any aspect of the delivery of the new body through the process by which reports are made to them and then to the House.

Taken together, these steps represent a significant improvement on where we are now. If they are compared in total to the existing circumstances which, as I said—it seems like hours ago but it was not that long ago—are not exactly a nirvana, we can confidently say that the new body will have a clearer set of marching orders, very clear lines of accountability to Ministers, an independent series of bodies monitoring its performance, and a set of duties about both what it is supposed to be doing and how it is supposed to be doing it. This takes us further forward than people considering these changes might first assume. It is absolutely right that we set all that out very clearly in the documents that support this legislative change. I am confident that, having given this reasonable consideration in a measured way, we have done enough to address how the new body will function with both effectiveness and accountability.

Quite properly, I was invited to say a word about Government amendment 27. I did not mention this in my opening remarks, but the Chair will of course insist that I do so. This is a Government amendment to schedule 1. The administrative and departmental records of the Highways Agency, as an executive agency of the Department for Transport, are public records for the purposes of the Public Records Act. That means that the agency needs to ensure the safe-keeping of its records and consider carefully the retention strategy for information, including the selection of what ought to be preserved in the National Archives. The company is wholly owned by the Government: it exercises public functions and is subject to powers of direction from the Government. We believe that this is the right arrangement, and that it should continue in future for Highways England as a strategic highways company. The amendment adjusts the Public Records Act to achieve this.

I have dealt with most of what has been raised, and I am very happy to take further comments from members of the Committee before we conclude our consideration of this part of the Bill. I am delighted that the shadow Minister has said that he will not pressing for a Division on this matter, although he quite properly reserved the right to return to it should he and his colleagues decide to do so. This has been a useful and important debate about the duties and conditions laid out in the legislation, and beyond legislation in the other documents I have mentioned. I am absolutely confident that our determination to build the long-term strategy, which is necessary to deliver the roads we want for the future, is well served by the changes that are at the heart of the proposed legislation.

Question put and agreed to.

Clause 1 accordingly ordered to stand part of the Bill.

Schedule 1

STRATEGIC HIGHWAYS COMPANIES: CONSEQUENTIAL AND SUPPLEMENTAL AMENDMENTS

Amendment made: 27, in schedule 1, page 69, line 17, at end insert—

“Public Records Act 1958 (c. 51)

67A In Schedule 1 to the Public Records Act 1958, in the table at the end of paragraph 3, at the appropriate place in Part 2 insert “A strategic highways company for the time being appointed under Part 1 of the Infrastructure Act 2014.”.—(*Mr Hayes.*)

This amendment would cause the administrative records of a strategic highways company to be public records for the purposes of the Public Records Act 1958, and would cause the company to have duties under the Act in relation to the preservation of those records

Schedule 1, as amended, agreed to.

Mr Nick Raynsford (Greenwich and Woolwich) (Lab): On a point of order, Mr Hood. I would have liked to make a remark on schedule 1, and understand that there should be an opportunity for that. If it is now not possible because the Committee has approved the schedule, is there a mechanism by which I could raise my concerns elsewhere?

The Chair: I am sorry to disappoint the right hon. Gentleman, but the amendment to the schedule is grouped with the debate on clause 1 stand part. His opportunity to discuss the schedule was during the debate that has just concluded, so I am afraid he will have to find another ingenious way to come back and discuss the matter.

Clause 2

AREAS AND HIGHWAYS IN AN APPOINTMENT

Richard Burden: I beg to move amendment 8, in clause 2, page 2, line 23, at end insert—

“() Before appointing a strategic highways company the Secretary of State must consult all highways authorities in the area to be specified under section 1(a) responsible for roads in that area other than the roads specified under 1(b). This consultation must cover—

- (a) the structure of the new organisation;
- (b) the appointment of at least one non-executive director representing those authorities to the board of the new company; and
- (c) any other matter which the Secretary of State deems relevant.”

With this amendment I am trying to propose that the Government think, quite seriously, about the kind of road network that we are creating for the future. It has often been said in the debate on the Bill—on Second Reading, in the other place and here today—that the state of our road network is critical for our economy and for society more broadly. It is critical for getting goods and materials from A to B, and for connecting people with their work, opportunities, and each other. That is where amendment 8 comes in because the Bill, as it stands, is about improving 2% of our road network. That is needed and it is particularly important that we get the strategic highways network correct for freight and businesses but it begs the question: what about the rest?

Around 67% of traffic is on local roads—not strategic roads—and they are straining under that pressure. A pothole epidemic is blighting journeys for all road users and leaving 51% of the public unhappy with the condition of their local roads, and the latest departmental statistics show that average speed during the morning peak on local authority managed A roads has continued to decrease since 2011 despite the fact that traffic volume has remained broadly stable since 2010. I would like to think that that is drivers showing a great amount of speed awareness but I suspect that it is not to do with that but with road condition and congestion. The road investment strategy identifies that increasing urbanisation will put even more pressure on our towns and cities in the future. The Government predict a 61% increase in congestion on the local road network in the coming period. We do not want to spoil the party but the Government’s claim that the reforms in the Bill will

“deliver the safer, more stress-free journeys that everyday users desire”

does not really stack up in practice when we consider the actual journeys that people make. Even if people end up using the strategic road network, or use it in the middle of their journey, largely they start and end on local roads. It is normally a local road that is outside people’s front doors or workplaces.

11 am

The Department has tried to look at that in some ways in the road investment strategy because they commissioned a public survey. If I am quoting correctly, I understand that it found:

“If all roads were in comparable condition, users believe that investment in the SRN”—

the strategic road network—

“should be prioritised”.

Local roads face a 12-year pothole backlog: in other words, at the current rate, it would take 12 years, and about £12 billion, to fix the potholes that blight our local roads. It is clear to me that the public are not happy with their local road networks, and they want something to be done.

As many people have told me—by which I mean organisations from the Royal Automobile Club to the Local Government Association—the trouble with the Bill, unless an amendment like ours is made, is that it risks making a bad situation worse. The Government are putting strategic roads management at arm’s length. If it works and the Government’s claims are right, it will provide the strategic road network with stable and long-term funding, but at the same time, local authorities, which face a real-terms decline in road maintenance by 2020 and myriad different bidding points for local transport, will have no clarity or long-term investment. Local authorities have been warning that that two-tier system, with targets to increase efficiency and achieve mile-a-minute speeds on strategic roads, will push more and more traffic on to local roads, worsening congestion there.

We are pleased that the Government have conceded that the company has a clear duty to co-operate with local highways and planning authorities. That is a good thing, and it is now on the face of the Bill in clause 4, as well as in the draft licence. However, we need closer co-operation now, and we will need it even more with

the new company. We should be considering new ways to make it work. I took on board what the Minister said earlier about trying to address the assumption that elected politicians are not necessarily in touch with everyday concerns. We in this place need to remember that we are not the only elected politicians around. Local authorities are there too. Their members are just as elected as we are, they are just as in touch with ordinary concerns and they know that the condition of local roads is a problem.

That is why the amendment proposes that the new company should establish a new level of local and strategic co-operation by ensuring that highways authorities are consulted at the highest level of strategic highways decision making and requiring that local authorities be represented at board level so that the voice of the local network is heard at the important time when decisions are being framed and discussed, as well as after they have been made and local authorities must put up with the consequences. I hope that the Minister will consider seriously the provisions in the amendment.

Mr Hayes: The amendment comes as no surprise, as the hon. Gentleman raised the matter on Second Reading. He is right to ask the question. Disraeli said:

“The fool wonders, the wise man asks.”

He is right to ask these questions.

These are a few facts on what we are doing with local roads, so that they are on the record. We are very clear that, while local roads remain the responsibility of local councils, they matter. We recognise their importance to the rate of growth locally and nationally and their impact on the lives of millions of people. The relationship between local roads and the national road network, about which we have been speaking up till now, is of course fundamental. My constituency in Lincolnshire benefits when we improve the A1. However, people are also concerned about non-trunk roads, because they are vital in getting to the A1, which is the main arterial route affecting hauliers and motorists in my constituency. That is why I have taken up the cause of the A16 and A17, which need further work and improvement. I have no doubt that every single Member of this Committee has a similar story to tell about local roads in their constituency.

Some £168 million has been made available to local councils for potholes. As the Committee knows, the pothole fund was announced in the Budget this year and applies to the year 2014-15. By the way, that is in addition to the regular funding provided to councils for local highways maintenance. This was a particular pot of money for potholes, one might say, because of the concerns that the hon. Gentleman raised—which are reflected by concerns that my wife often raises about potholes when she goes about her daily business. If I mention her early on in our consideration, that will serve me well before Christmas.

The fund was a competition and all councils eligible to do so submitted a bid. In total the Department for Transport received 148 bids for a share of that funding. As I said, it will repair temporarily about 3 million potholes across the country.

Richard Burden: May I press the Minister about pothole funding? As far as the logic in the strategic road network is concerned, the emphasis is on the long term:

certainty, forward planning and so on. When it comes to potholes and local roads it is a bit of a lottery and there is competition. Given that the funding is coming from the top-slicing of existing budgets, does he really think that that is getting the idea of long-term thinking to local authorities? As far as I can tell, it is not new money. As well as that, what happens if one is using a local road in an authority that has not won in the competition, which still has potholes?

Mr Hayes: As I said, the pothole fund is in addition to the funding that local authorities receive for highways maintenance. The Government have provided £4.7 billion for councils in this Parliament for local highways maintenance. That is about 27% more than the last Parliament provided. Of course, there needs to be long-term funding that allows local authorities to plan highways maintenance over time. The pothole fund was an addition that allows for short-term repairs that are necessary to deal with the urgency that potholes represent.

Richard Burden: To put this on the record, the Minister says that spending on local road maintenance increased under this Government. Is it not the case that that depends on how one looks at it? Under the previous Government, from 2005 to 2010, we were spending £4.5 billion annually on local authority roads. He says that that recently went up to £4.7 billion, but it was cut to £3.4 billion in 2011-12, so it is arguable that by 2020 the net effect on local roads will have been a cut, certainly in real terms and perhaps, if averaged out over the whole period, in cash terms as well. Either way, there is a real problem that requires long-term thinking about local roads.

Mr Hayes: The hon. Gentleman is right about long-term thinking. As he knows, that is one reason why we established the highways maintenance efficiency programme in 2011. It is fair to say that local councils do need Government support in terms of asset management, advice on procurement, the potential brought by collaboration, sharing good practice and greater efficiency. We established the programme in order to try to bring about exactly that: greater co-ordination and collaboration and the better sharing of good practice. He is right that it is about long-term planning as well as money. In those terms, his amendment, the motivation for which I understand, makes a helpful contribution to the debate inasmuch as it draws attention to the relationship between the long-term planning that we seek nationally for the major roads that are within the remit of the Highways Agency and the same kind of long-term thinking about local roads.

Mr Brooks Newmark (Braintree) (Con): I know that we are not supposed to comment on interventions, Mr Hood, but there was a financial crisis so it was understandable that budgets were cut in the early years of this Parliament. Notwithstanding that, will my hon. right Friend join me in congratulating Essex county council, which in the past 24 months has done a stellar job of dealing with potholes not only in Braintree but throughout Essex? The council has allocated in excess of £4 million to deal with potholes, which are a blight on all our roads, particularly those in the country.

Mr Hayes: I am delighted to acknowledge Essex county council's work in that respect, and that my hon. Friend has paid tribute to it. He has illustrated the understanding of the relationship between national and local politicians that the shadow Minister invited us to have. When we work together, we work most effectively—all those elected, standing together to do their best by the people they serve. I think that at the heart of the shadow Minister's amendment is the desire to ensure that local decisions are made in concert with the plans set out by the Government for the national road network. As he says, the road investment strategy contains directions to take proper account of the effect of the strategy on local roads, but we might go further than that.

I have asked my officials to look at what more can be done to ensure proper co-ordination between what is done locally and nationally. We might be able to add something to the documents that we already have, or we might have to conduct a parallel exercise in which we look at those parts of the network that are affected most significantly by some of the announcements we have made in the road investment strategy and the effect of those announcements on local plans. I mentioned the circumstances in my constituency; many Committee members will face similar circumstances in their own.

It seems to me essential that we use this opportunity to catalyse some fresh thinking about the interface to which the amendment draws our attention. As I suggested earlier, part of the answer might be to look at best practice and see how best it can be exported. My hon. Friend the Member for Braintree mentioned Essex; I have no doubt that there will be good examples of local highways authorities developing their plans in response to the road investment strategy. That will oblige them to think through exactly how their local plan is affected by what we announce. However, I am sure that some authorities will lead that process and will be at the apex of that thinking. One way that we perhaps have to move forward is to take that best practice and find ways in which we can share it.

11.15 am

Richard Burden: The Minister is sitting on an important point. I have focused my remarks on the need for local authorities to feel involved and to have their needs recognised, but he is right; that is not just a reactive thing. There is a lot of good practice out there, and having the right kinds of mechanism to spread that more widely would be a really good thing. I absolutely do not expect him to come back today with a definite yes or no. However, one suggestion in this amendment is that as well as having mechanisms to spread best practice, we could look at the appointment of a non-executive director from the local authority sector to the new company. There would then be a permanent voice which might provide a conduit to ensure the links that I am sure we both want to see. Will he consider that carefully?

Mr Hayes: The spirit of that proposal is certainly reflected in the development of our thinking. We have amended the legislation, as the hon. Gentleman knows, to require co-operation between all of England's highways and traffic authorities and the new body. We are also including provisions on co-operation and consultation with relevant stakeholders in the statutory directions

and guidance, the latest draft of which the hon. Gentleman will have seen. We published it recently, and there is a copy in the Library of the House. That is obviously in addition to what we inherited. The Traffic Management Act 2004 already sets out a statutory requirement that binds all highways authorities and Highways England's co-operation responsibilities as a traffic authority.

The spirit that lies behind the hon. Gentleman's amendment is very much aligned with the development of our own thinking. Our public consultation on the proposals, which we launched a year or so ago, gave local highways authorities the opportunity to put forward their views on not only the structure of the company but on all proposals for the running of the strategic road network. Our response, published in April this year, took those views into account and this legislation is built on that response. That phrase—"running of the strategic road network"—is key. Highways England will be responsible for running the strategic road network in England, and local councils will retain their role in respect of local roads, in case there is any doubt or fear about that.

Andrew Miller: The two do meet, though, do they not? There are junctions where the strategic meets the local. There needs to be absolute clarity about the mechanisms there. Local authorities would not love the Minister if he created an authority whereby, for example, at a particular junction, there was no mechanism for local input to come into the design.

Mr Hayes: That is a good point. I talk about the interface between the two, but the hon. Member for Ellesmere Port and Neston draws attention to a direct and literal interface between major roads of the kind dealt with in the road investment strategy and local roads, which may be significant in their own right. When we talk about local roads, we are talking about a very broad description. There is an issue with how the new body will deal with those points of connection that he has identified. It will need to engage closely with local authorities, as the Highways Agency does at the moment. It is critical that it does so to achieve its wider objective of running the strategic road network. That is why we have included both co-operation and consultation in the provisions.

In respect of the kind of examples highlighted by the hon. Member for Ellesmere Port and Neston, I would look to the new body to engage closely with the local body to see exactly what needed to be done, how it would be done and who would do it. The duty to engage and consult on that basis must be central to the new body's work because, simply on the grounds of efficiency and effectiveness, to do anything other than that would be inappropriate.

Andrew Miller: A good point, but what happens in the event of a dispute between the strategic body and the local body? Who will arbitrate?

Mr Hayes: In the end, as I mentioned earlier, in the event of a dispute I am happy for Ministers to engage. I talked about particularities and the need for Ministers not to be frightened to involve themselves in the particularities of the delivery of our strategic objectives.

That is the kind of particularity that I had in mind. Such matters would be brought to the attention of a local Member of Parliament or of a local authority, and I have no doubt that they would not be slow in making representations to Government. That is the normal course of events. If things could not be solved, although in most cases they would be through the process of co-operation that I described, there would ultimately be a power for Ministers to become involved if the matter became disputatious in the way that the hon. Gentleman has described.

The fundamental flavour lying at the heart of the amendment is dealt with by the arrangements that the Government are putting in place. In a sense, the amendment is mixing two objectives. Ensuring that Highways England is efficiently managed in terms of its objectives is different from ensuring that it co-operates with local highways and traffic authorities. There is a joined-up approach. We do not need to undermine the governance in order to ensure that the latter happens, provided that there is a clear duty of the kind that I have described to consult and to co-operate. The company will be governed not only by our directional guidance and framework documents, but by its articles of association, which will be put in place by its sole shareholder, the Secretary of State.

The focus of Highways England's board will be to ensure the proper operation, maintenance and improvement of the strategic road network, and any directors will be responsible for carrying out those functions. An important part of the board's responsibilities will be to ensure that, between them, the members of the board have the breadth of experience and skills required to lead a company with such a breadth of stakeholders and duties, including those I have detailed above.

I am therefore not convinced that it is necessary to have a local highways representative on the board, although it would be useful to have members of the board who had direct experience of local highways matters. Indeed, I would be surprised if we did not have such representation on the board, because, frankly, most roads are local. Understanding and experience of involvement in those local roads—whether private or public sector—would be of immense value to the board. We might, however, go further in pulling local authorities together; in examining the particular parts of the country where the announcement has been made already, perhaps creating new challenges; and in looking at how we can identify and share best practice. I am happy to go away and look at all those things as a result of our discussion and of the moving of the amendment.

I invite Government Members to resist the amendment as drafted, but the spirit from which it emerged and the sentiment that it summates are close to the Government's thinking. I am prepared to look further, even beyond what we have already done, to ensure that there is proper co-operation between those responsible for the national road network and those responsible for local roads.

Richard Burden: I am grateful for the Minister's response. Getting the interface between the local road network and the strategic road network right is vital. Whatever—

11.25 am

The Chair adjourned the Committee without Question put (Standing Order No. 88).

Adjourned till this day at Two o'clock.

