

How I represent Remain and Leave voters

I have had a couple of emails telling me I should support staying in the EU or so watering down Brexit that we might as well stay in the EU because a majority of people in Wokingham voted Remain. Let me explain again why I do not agree.

The first thing to understand is my constituency of Wokingham includes wards in West Berkshire, whilst many of the wards in Wokingham Borough are in 3 neighbouring constituencies. We only know the referendum vote for the Borough, not for my constituency. I accept from the canvassing I did in the referendum that around half of my electors voted remain, and I have pledged to take up their worries and make sure their concerns are taken into account as we leave.

The referendum was the one time when an MP had just one voice and one vote like all his or her constituents. Clearly an MP could not be on both sides, and did not have to try to predict where the majority would be and vote with them. Once the referendum was over an MP of course has to do his or her best to represent everyone in the constituency, which is bound to include people of both views.

I support Leave as an MP on the basis of a double mandate to do so from the referendum and a General election. . The government and Parliament made it clear that the referendum gave the decision to UK voters over whether to leave or stay. I feel bound by the decision.

We held a General election in 2017. I made it very clear in my personal Manifesto that I would support and vote for Brexit in the Commons, both because it is the wish UK voters, and because I think it is a good decision. The Conservative party also promised to implement the referendum decision, and I campaigned as a Conservative candidate. Again I feel bound to seek to honour my promises about this important matter.

The results of the General Election in Wokingham were particularly interesting. Not only did I receive a majority of the votes cast, but Labour leapt ahead of the Liberal Democrats. The Liberal Democrat candidate and his party made clear they did want to water down or overturn Brexit, whilst the Labour Manifesto like the Conservative one said they would implement Brexit. I conclude from the General Election that Wokingham voters either want Brexit or believe they should go along with it. They had every opportunity to signal they wanted to stop Brexit by voting Lib Dem, but the overwhelming majority decided not to do so.

The WTO global trading model and Mr Barnier – time for the media to mend its language

There is a lot of bad and misleading language used about Brexit. Apparently Mr Barnier is about to embark on his own version of Project Fear, claiming the so called “No Deal” option will be difficult. The UK government will make sure all is ready to depart without a Withdrawal Agreement if necessary. Why would the UK want to sign such a one sided Withdrawal Agreement anyway? What is Mr Barnier offering to make it worth our while?

Let me attempt to adjust the language to be more balanced and descriptive.

“No Deal” is the WTO global trading option. Far from being without trading rules and without a working system for importing and exporting, the UK would rely on the WTO system for its EU trade just as it relies on that system for the bulk of its trade today which is conducted with non EU states.

“Crash out” are the words often used by Remain to describe leaving without paying the EU £39bn for the privilege of leaving. As we do not owe them any money, most people would call that just leaving, not crashing out. We will not crash, and will have lots more cash.

“Fall off the cliff edge” is another fatuous phrase they use. There is no cliff edge. Planes will fly and lorries will move through ports the day after we leave just as they did the day before. We will carry on trading and travelling, investing and being tourists in each other’s countries, as we do today in numerous non EU countries.

The EU talks about a “disorderly Brexit” if we leave without a Withdrawal Agreement. That means we leave without paying which annoys them but is good for us. The EU will find that people, companies and global rules will work just fine. The continental exporters to the UK will make sure they can still sell to us as they sell to other countries not in the EU. There is nothing disorderly about the way EU states trade with non EU states.

The use of this pejorative language is silly and misleading. The proponents of the EU say they wish to defend the international rules based system. Presumably their beloved EU does just that. In which case, as a law abiding member of the World Trade Organisation, the EU will not be able to discriminate against the UK after we have left and will not be able to impose new additional tariff or non tariff barriers. The EU has to treat us as it treats all other most favoured nations under WTO rules.

As the bulk of the UK’s trade with the EU is imports, I assume even Mr Barnier will understand they need continued decent access to the UK market. The good news for them is we are offering that, as long as it is reciprocal and within WTO rules.

Trade is mainly about companies and individuals, not governments

The good news is governments need to promote and tolerate trade as well as unfortunately doing their best to harm it. Governments like to tax trade, with excise duties, VAT, other sales taxes and customs dues. This both harms it, but also gives them a rationale to want to promote more of it at the same time. They like to regulate it for a variety of good and bad reasons. They rightly want to stop people selling dangerous items that could be misused and want to supervise the safety of everything from planes to drugs, but they also often want to control the style, performance and method of manufacture of things where variety might not be harmful. The EU both poses as an advocate of more trade within its zone, and acts as an impediment to more trade outside the zone by imposing a barrage of controls and taxes on items coming in from non EU sources. The US objects to VAT on its sales into the EU, as well as to the higher tariffs like the ones on food products.

In the never ending UK Parliamentary debates on trade the advocates of us staying in or rejoining the EU customs union, or inventing a customs union with them similar to one we are leaving, never give up and never find any new and convincing arguments. Three times Parliament voted down staying in the customs union by a large majority. Last night Parliament voted it down yet again by a small majority. As someone who likes Parliamentary democracy and thinks things should be settled here by lively debates and votes, I am also allowed to ask how many more times do we have to make the same decision? I want this Parliament to tackle issues like housing, economic growth, real wages and the other things that matter to voters, but its ability to do so is constrained by so many MPs wanting to go over the same old topic day after day.

I am an MP who wants business to succeed and wants to see more prosperity and more better paid jobs in the UK. So why don't I want a customs union? Let me have one more go at replying to the tired old statements of the Remain campaign that we hear daily in Parliament on this subject.

1 Remain claims that industrial business operating Just in Time supply chains with imported components will not be able to work efficiently from outside the Customs Union!

a) Many businesses today in the UK operate Just in time systems with components coming in from the USA, Japan, China and other sources that are outside the EU. Some JIT systems operate well with seaborne deliveries from outside the EU. They know how to get their products through the docks in London or Southampton just fine. The products have been many days at sea and the short time taken at the port is minor compared with total travel time.

b) Both EU and non EU components come in under a system of Authorised

Economic Operators. They file electronic manifests of the consignment, and the calculation of any VAT, customs duties, excise and other taxes occurs as the goods transit. The lorry driver at the port does not have to wait whilst they work out the payments and pay them by cash or card in a queue of trucks. There has been a long standing system of TIR trucks, with sealed cargo sections that have permission to cross borders because the authorities know what is in them.

c) Both the EU and the UK are members of the WTO. Its Facilitation of Trade Agreement covers the main issues requiring member states to minimise friction at borders.

2. Remain claims that any non EU system of imports will be too expensive and administratively difficult, especially given rules of origin which require specified proportions of local content.

a) The current EU system also requires substantial electronic paperwork and complexity. The EU levies VAT which requires great detail about process and where value was added, with issues over transfer prices. It also needs to police rules of origin. Importing from outside the EU need not be more onerous, and once out of the UK we will design our own system which can be friendly to business.

b) The information the authorities need to police and tax is very similar to the information the company needs to supply to its customers and counter parties. If you are supplying a component for a complex machine like a plane or vehicle you need to send great detail about how and where the components was made, what the tests results were, and what its price is. Modern manufacturers require individual component traceability in case something goes wrong. It means the information the authorities need is already known to the company and in its computer, so a simple computer programme can extract and present the relevant information for transit papers.

The Customs and Trade bills

I welcome the fact that the government is pressing on with taking the necessary legal powers to run our own customs and trade policies. They tell us the bills will allow them to set tariffs, impose trade penalties and do what it takes to be a full voting member of the WTO. So far so good. I support that.

Buried in the detail of the legislation are some areas where I and others sought reassurance or amendment. The government has agreed to make improvements. The government should not have the power to put us back into a customs union or similar arrangement without needing primary legislation. Parliament has agreed to leave the EU Customs Union – voting decisively three times on this matter after extensive debate. Any wish to reverse this

decision should also need substantial debate and a formal legislative process. I agree with Dominic Grieve's line on the need for primary legislation in such circumstances, as he required us to do for the Article 50 letter and all aspects of leaving the EU in the Withdrawal Act.

We also want to see the UK outside the EU VAT system. On March 29 2019 VAT must become a UK tax which we can change as we see fit. The government agrees.

The government supports an amendment that rules out a customs or tax border between the island of Ireland and the UK. All parties to the negotiations tell us they do not want such a border, so we might as well make that clear in legislation. The amendment proposed makes clear Northern Ireland will be part of the same customs and tax arrangements as the rest of the UK. I have always thought the Irish border issue was much exaggerated by the EU for their own purposes. It already is a Vat, Excise and currency border, but these matters are settled away from the border itself. The UK government does not want to put in big barriers and seek to calculate customs or VAT at the border point, nor does it need to. What we have today can handle customs as well if that becomes necessary as it already does for non EU trade.

The government has also agreed to accept an amendment which says that the UK would not collect EU customs duties for the EU unless the EU collected UK customs for the UK.

Yesterday's debate was dominated by people who have never run complex supply chains who were unwilling to accept they work fine with non EU as well as with EU parts. We needed to explain all over again how TIR, Authorised Economic Operators, the WTO Facilitation Agreement, electronic manifests and calculations and checking loads away from the border currently operate to speed goods across borders. The electronic paperwork is detailed and sometime complicated, but it is also needed by the customer and required for product audit purposes. If you supply a part into the supply chain for a complex and safety crucial product like a plane or truck, you do need to supply the customer with very detailed information about where it came from, when and how it was made, and how it has been tested. Your computer can share the parts of this information that is needed with the Customs, Vat, Excise and other authorities electronically.

[School Funding – reply from the Secretary of State](#)

I have received the following reply from the Secretary of State for Education in response to my intervention on his speech on 25 April and my subsequent private meeting with him in June:

Dear John

Following our meeting, I wanted to respond in writing with further information on the areas we discussed.

You raised some questions about how the minimum per pupil funding levels operate. The national funding formula (NFF) will provide a minimum funding level of £3,500 per pupil for primary schools and £4,800 for secondary schools, by 2019-20. As we transition to these levels, the formula provides £3,300 for primary schools and £4,600 to secondary schools in 2018-19. Of the 45 schools in Wokingham, 10 will attract more funding through the minimum per pupil funding levels by 2019-20.

However, whilst the NFF provides minimum per pupil funding levels, local authorities continue to be responsible for distributing school funding through a formula set locally, in consultation with their Schools Forum, in 2018-19 and 2019-20. Wokingham Borough Council has not included a minimum per pupil funding level in its 2018-19 local formula, so some schools in the area may not receive this level of per pupil funding. The council has set a minimum funding guarantee (MFG) of 0.5%, so no school in the local authority will have received less than a 0.5% per pupil increase in 2018-19.

Many local councils have chosen to replicate the NFF locally, and we support and encourage this. However, we recognise that some authorities may wish to move to the NFF gradually over more than one year. There are also some circumstances where a more tailored local formula is more appropriate as we transition to the NFF – for instance, where local changes in characteristics mean that a greater proportion of pupils than anticipated have additional needs, and it is therefore not affordable to use the funding values in the NFF. We believe some local flexibility should be retained whilst we bring in this historic reform, and it is up to Wokingham council to set the local formula that they think works best for their area. Wokingham council have used this flexibility to increase the basic per pupil funding factors in their formula and the primary low prior attainment factor, instead of implementing the minimum per pupil funding levels. Wokingham were required to consult their schools on the formula they set for 2018-19 and will be required to do so again for 2019-20.

We are currently considering what the system should look like beyond 2019-20, and we will provide details on this in due course. With regards to the transitional protections within the formula, these are as much a core part of the formula as any other formula factor. This includes the funding floor, which prevents a reduction in the per pupil funding that schools attract through the NFF. You will understand that any spending plans beyond 2019-20 are subject to the next Spending Review, so I am not able to make commitments beyond that point.

We understand that it is difficult for schools to manage fluctuating pupil numbers. There are several ways that we help schools to cope with this:

- The lagged funding system gives schools certainty over their budgets, as they know in advance how many pupils they will be funded for. It also means

that when pupil numbers fall, schools have time to respond before this starts to affect their budgets.

- The NFF provides a lump sum of £110,000 to every school. This is a contribution to the costs that do not vary with pupil numbers, and to give schools (especially small schools) certainty that they will attract a fixed amount each year in addition to their pupil-led funding.
- Local authorities are able to create a fund to support schools with temporary falling rolls, where they are judged good or outstanding by Ofsted. This funding can be used where local planning data show that the surplus places will be needed again within the next three financial years. We are considering improvements to falling rolls funding for 2019-20 and beyond.

You also asked more broadly about our approach to place planning and parental choices. Basic need funding is the money we give local authorities each year to help them fulfil their duty to make sure there are enough school places for children in their local area. This funding for school places is based on local authorities' own data on school capacity and pupil forecasts. Local authorities can use their basic need funding to work with any school in their area and have the flexibility to make the best decisions for their local area.

As a matter of good practice, all local authorities should maintain a small surplus of places locally so that they are to respond quickly to in-year applications. We fund local authorities to provide a least a 2 per cent operating margin of places, to help support parental choice, churn in the pupil population, and the general manageability of the system. We also expect local areas to avoid carrying excessive levels of surplus capacity. As part of fulfilling their duty to provide sufficient places, we expect local authorities to manage the local school estate efficiently and reduce or find alternative uses for high levels of surplus, in order to avoid detriment to schools' education offer or financial position.

When funding new free schools, we undertake a rigorous assessment of local factors to ensure that they provide choice, innovation and higher standards for parents. We take into account of existing capacity in the system, balancing the benefits of new places with the costs of surplus capacity and the impact on existing schools and local areas. Of the mainstream free schools approved since 2014, 86% have been in areas where there was a need for more school places.

We have recently launched the wave 13 application round, targeting areas with the lowest educational performance to put free schools in the places most in need of good new schools. In all cases, we will expect applications to show a demonstrable basic need for a high proportion of the additional school places that the free school will create.

Thank you again for raising these issues with me.

Yours ever

Damian Hinds
Secretary of State for Education

