

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT

Fifth Delegated Legislation Committee

DRAFT MERCHANT SHIPPING
(GENERAL LIGHTHOUSE AUTHORITIES)
(INCREASE OF BORROWING LIMIT) ORDER 2024

Wednesday 30 October 2024

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The Committee consisted of the following Members:*Chair:* † CAROLYN HARRIS

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| † Baker, Richard (<i>Glenrothes and Mid Fife</i>) (Lab) | † Simmonds, David (<i>Ruislip, Northwood and Pinner</i>) (Con) |
| † Conlon, Liam (<i>Beckenham and Penge</i>) (Lab) | † Spencer, Patrick (<i>Central Suffolk and North Ipswich</i>) (Con) |
| † Dearden, Kate (<i>Halifax</i>) (Lab/Co-op) | † Stewart, Elaine (<i>Ayr, Carrick and Cumnock</i>) (Lab) |
| † Dewhurst, Charlie (<i>Bridlington and The Wolds</i>) (Con) | † Taylor, Alison (<i>Paisley and Renfrewshire North</i>) (Lab) |
| † Hume, Alison (<i>Scarborough and Whitby</i>) (Lab) | † Thomas, Fred (<i>Plymouth Moor View</i>) (Lab) |
| † Huq, Dr Rupa (<i>Ealing Central and Acton</i>) (Lab) | † Vaughan, Tony (<i>Folkestone and Hythe</i>) (Lab) |
| † Josan, Gurinder Singh (<i>Smethwick</i>) (Lab) | † Whately, Helen (<i>Faversham and Mid Kent</i>) (Con) |
| † Kane, Mike (<i>Parliamentary Under-Secretary of State for Transport</i>) | Sara Elkhawad, <i>Committee Clerk</i> |
| Maguire, Helen (<i>Epsom and Ewell</i>) (LD) | † attended the Committee |
| † Savage, Dr Roz (<i>South Cotswolds</i>) (LD) | |

Fifth Delegated Legislation Committee

Wednesday 30 October 2024

[CAROLYN HARRIS *in the Chair*]

Draft Merchant Shipping (General Lighthouse Authorities) (Increase of Borrowing Limit) Order 2024

4.30 pm

The Parliamentary Under-Secretary of State for Transport (Mike Kane): I beg to move,

That the Committee has considered the draft Merchant Shipping (General Lighthouse Authorities) (Increase of Borrowing Limit) Order 2024.

It is a pleasure to serve under your chairmanship today, Mrs Harris, especially as you are one of Swansea's most famous daughters. As we are talking about lighthouses, however, I will mention Bonnie Tyler. She was also one of Swansea's most famous daughters and she sang "Total Eclipse of the Heart"—that is the best reference I could come up with.

This order will help to facilitate the replacement of the general lighthouse authorities' ageing and increasingly obsolete fleet of vessels by increasing the amount of borrowing that they can access under the Merchant Shipping Act 1995. The GLAs are amazing organisations, and if any hon. Members has the chance to visit Trinity House lighthouses, the Northern Lighthouse Board or the Irish lighthouse board, which we also oversee, I suggest that they do. They do an amazing thing with great Department officials and officials working in the field in the most extreme circumstances. It is a great bit of my ministerial responsibilities.

The GLAs provide aids to navigation, such as lighthouses and buoys; respond to new dangers to navigation safety, such as shipwrecks; and audit local aids to navigation provided by ports and harbours, and offshore structures such as wind farms, which will become increasingly important as we become a green energy superpower, as is one of our missions. The UK has some of the busiest and dangerous waters in the world, which is a potentially calamitous combination when one reflects on the importance of shipping to us as an island nation; 95% of all our import and export tonnage is transported by sea.

The GLAs have been doing that work for hundreds of years. They are vital experts and they need modern, efficient equipment to ensure that they can continue to complete their work. They work their ships and other assets extremely hard—the average economic service life of their vessels is 25 years—so replacement on those timescales is business as usual for the GLAs.

New ships are expensive, however, which brings me to the measure before the Committee. The GLAs are funded by light dues, a hypothecated tax paid by commercial and other shipping interests. They are not paid for by general taxation and make no call on the UK Exchequer for their day-to-day operational costs.

The 1995 Act recognises that from time to time the GLAs need additional borrowing to be able to afford large capital purchases, but it also sets a cumulative limit of £100 million on the amount that all three GLAs could borrow. That figure was first included in legislation in 1988 and has not been changed since. It does not recognise inflationary or any other pressures. In today's terms, that figure would be worth £270 million. It also does not recognise the changes in international financial reporting that have resulted in other costs, such as the fixed-price costs of contracts, being treated as borrowing in accounting terms. The figure also includes all borrowing regardless of source, commercial or Government.

Although the GLAs have been able to keep comfortably within this limit until now, the need to purchase new vessels means that the current limit is now insufficient to meet forecast borrowing requirements. However, the 1995 Act places restrictions on how and when the power to increase the limit can be used. First, any raising of the limit requires advance approval from HM Treasury. My colleagues have recognised our case and provided that approval. Secondly, the limit can be increased only by an order—the statutory instrument under consideration today.

Thirdly, the limit can be raised only by a maximum of £33 million at a time. To say "at a time" is somewhat ambiguous in this context, but following advice from the Joint Committee on Statutory Instruments, we have interpreted that to mean within a single order. Given those legal constraints, we need to raise the limit by a maximum of £33 million this year. Additional orders will be required to raise the limit further in future to ensure that the limit keeps step with the GLAs' borrowing, and we will bring those orders forward for the approval of Parliament in due course.

I stress that increasing the borrowing limit does not represent a commitment to new funding. Every vessel replacement project will be subject to the highest levels of scrutiny under the Department for Transport, Cabinet Office and HM Treasury spending controls and approval. However, the order is a vital prerequisite to enable the GLAs to fund their new vessels through borrowing when they need them.

In summary, the work of the GLAs is vital to the UK and ships are critical to the delivery of the GLAs' statutory duties. Their current fleet is reaching the end of its economic service life, so borrowing must be used to facilitate the purchase of replacements. We need to begin raising the limit now in line with their forecast borrowing requirements. I commend the order to the Committee.

4.36 pm

Helen Whately (Faversham and Mid Kent) (Con): It is a pleasure to serve under your chairmanship, Mrs Harris, to discuss lighthouse borrowing rules. This Budget day does not seem to be a good day to be a borrowing rule. Nevertheless, in this Committee Room, the Opposition are more inclined to see eye to eye with the Government on the necessity of some rule changes.

I expect all Committee members agree that our general lighthouse authorities need to have up-to-date kit to keep mariners safe. I recognise that £100 million went a lot further in 1988 than it does today, and that vessels cost somewhat more now. It was good sense for the

Government at the time to include a provision in the Merchant Shipping Act 1995 to increase the borrowing limit, and even better sense to cap the increase at £33 million, just in case a future Government happened to be rather profligate and keen to change the rules so that they might borrow more.

Focusing on the matter in hand, I would like to be assured that the GLAs will make good use of the increase. As an island nation, we always have and always will rely on shipping for trade, travel and connection—as I am only too aware, as a Kent MP with the world's busiest shipping lane just offshore. Those who operate in UK waters deserve to do so safely, and I put on record my thanks to the general lighthouse authorities for all they do to ensure that. We will be supporting the order.

4.37 pm

Mike Kane: I am grateful to the hon. Member for her support with the order, and with the difficult issue of MV Ruby off the Kent coast over the last few weeks and months. We have come to a sensible solution with cross-party co-operation to secure that vessel and its cargo.

To use an idiom, I have been absolutely blown away by the quality of our GLAs. I encourage hon. Members to engage with them—particularly hon. Members from coastal communities—to see the incredible quality, breadth and depth of the operation around lighthouses, buoys

and aids to navigation. The hon. Member is exactly right that £100 million back then is worth £270 million today. This is a sensible measure that does not expose the Treasury or the Department, because these are effectively loans to be paid back.

As the hon. Member said, we are an island nation, but we are often ignorant of our reliance on the seafarers and vessels that do so much to support our economy, and the work of the GLAs. I hope you will indulge me, Mrs Harris, in taking a moment to offer my thanks to the staff of those organisations, who go above and beyond every day. I have witnessed at first hand what is necessary in the harshest and most challenging environments—and with climate change, the number of days that the operatives can work at sea is reducing.

The GLAs, together with the Maritime and Coastguard Agency and the marine accident investigation branch, are recognised around the world for their world-class standards and expertise. The order is an essential prerequisite to facilitate the purchase of new modern vessels and other vital equipment that the GLAs need to deliver their statutory duties and to enable them to continue, as they have done successfully for hundreds of years, to ensure the safety of all mariners in UK waters.

Question put and agreed to.

4.40 pm

Committee rose.

