

# Statement to Parliament: Hexagon agreement: notification of a contingent liability

I have today (11 June 2018) laid before Parliament a departmental minute describing 3 contingent liabilities relating to a tripartite deal between Heathrow Airport Limited (HAL), First Greater Western Limited (FGW) and the Department for Transport.

Unfortunately, due to the urgent need to finalise the deal and the confidential commercial nature of the negotiations it was not possible to notify Parliament of the particulars of the liability and allow the required 14 days' notice prior to the liabilities going live. A delay would have resulted in higher HS2 costs and an increased scheduling risk impacting on the December 2026 opening date for Phase One.

The main element of the deal is a service agreement between FGW, HAL and Heathrow Airport Operating Company (HEOC) for the continuation of non-stop rail services between Paddington and Heathrow Airport. Under this agreement FGW will assume operation of Heathrow Express services. Although this is an agreement between private sector companies, there are significant benefits to the department, in particular, savings generated from not building a replacement depot for Heathrow Express rolling stock at Langley (the land on which the current depot is situated at Old Oak Common is needed by HS2 for the construction of the high speed railway).

In order to conclude the deal, and secure departmental/HS2 benefits, the department needed to offer indemnities in relation to 3 risks that the parties were unwilling or unable to assume or manage. The financial exposure is not high – a conservative estimate is c£12 million. But they are unusual and outside the department's normal course of business.

The 3 contingent liabilities are:

First, indemnifying FGW against the cost of any delay to delivery of new rolling stock required to operate Heathrow Express services. The department's exposure is estimated to be £2.25 million.

Second, indemnifying FGW against the cost of any redundancies following the transfer of staff, mainly drivers, from HAL to FGW. The cost is estimated to be c£3.2 million.

Third, an indemnity against contagion from a wider industrial relations dispute – nationwide or franchise wide. The exposure is estimated to be £6.8 million.

The Treasury approved these liabilities before they were activated. However, if any Member of Parliament has concerns, he/she may write to me within the

next 14 parliamentary sitting days. I will be happy to examine their concerns and provide a response.

- [Departmental minute: Hexagon agreement contingent liabilities \(DOC, 15KB\)](#)

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## **Press release: Government to launch national detective training programme**

Police will be able to boost the number of detectives by up to 1,000 in the next 5 years following new government funding to develop a national training programme.

The Home Office will work with Police Now, an award-winning police graduate recruitment programme, to develop the scheme.

The Home Office is providing £2.8 million to support Police Now in 2018 to 2019 and will provide an additional £350,000 seed funding for the detective entry programme.

The programme will include digital training to ensure that recruits are equipped to deal with the changing nature of modern crime. It will also focus on problem solving, crime prevention and safeguarding so that detectives on the scheme meet the needs of forces and communities.

Minister for Policing and the Fire Service Nick Hurd said:

Detectives are the fact-finders of our police service. They play an important role in bringing criminals to justice and getting to the bottom of complex crimes.

I'm keen to get more new detectives trained up, so I'm delighted to support this innovative Police Now programme, which will bring in new talent, train detectives in a matter of months and complement other measures that the government and police are taking to keep the public safe.

The programme will include an expanded version of the innovative summer academy model which Police Now uses to offer accelerated neighbourhood officer training.

Together these steps will help to ensure forces are matching the capacity and capability of their workforce to the demands they face, while also recruiting more people directly into specialist roles via accelerated training programmes.

David Spencer, co-founder and chief executive of Police Now, said:

As a former detective myself, I understand the positive impact that detectives can have on reducing crime, increasing confidence in communities and protecting the most vulnerable in society.

Working with forces and the Home Office, we hope this new scheme will encourage a new group of diverse and brilliant individuals to enter the police service and contribute to the outstanding work being done by existing detectives up and down the country.

The National Police Chiefs' Council (NPCC) and the College of Policing are also leading work on providing a national assessment of detectives and developing sustainable solutions to ensure that forces have adequate investigative capacity.

Chief Constable Matt Jukes, the NPCC's National Lead for Detectives, said:

Detectives do a vital job investigating crimes, apprehending offenders and protecting people from harm. The complex nature of investigations and our work to protect vulnerable people has made the role of detectives more challenging than ever.

In order to mirror the changing nature of crime, we need to recruit and develop a diverse group of individuals, who will contribute to this vital area of policing and its future, underlining the critical nature of effective investigations to public confidence and trust.

Police Now is a national police recruitment programme which started in the Metropolitan Police. The former Home Secretary granted more than £5 million to the scheme in 2016, which enabled Police Now to expand and become an independent charity supporting multiple police forces across the country.

Police Now currently operates across 25 forces in England and Wales, and was recognised as offering the best learning and development initiative in the public and third sector by the Chartered Institute of Personnel and Development (CIPD) in September 2017.

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## **[News story: The AAIB has sent a team to South Wales.](#)**

The AAIB has sent a team of inspectors to investigate a light aircraft

accident that occurred near Raglan, Monmouthshire, South Wales.

[Learn more about how the AAIB investigates aircraft accidents.](#)

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## [Press release: UK's biggest firms will have to justify pay gap between bosses and their workers](#)

- For the first time ever, listed companies will legally be required to annually publish and justify pay difference between chief executives and their staff
- the directors of all large companies will also have to set out how they are acting in the interests of employees and shareholders
- reporting is part of the government's modern [Industrial Strategy](#) which is helping ensure the UK remains a world-leading place to invest and do business.

Big firms will have to justify their chief executives' salaries and reveal the gap to their average UK worker, under new laws to be laid in Parliament tomorrow (Monday 11 June).

It means that for the first time, UK listed companies with more than 250 UK employees will have to disclose and explain this difference – known as 'pay ratios' – every year.

This follows concerns that some chief executives have been receiving salaries that are out-of-step with company performance.

These new regulations are part of a package of reforms which will hold big businesses to account for the salaries they pay, while giving employees a greater voice in the boardroom.

Business Secretary Greg Clark said:

One of Britain's biggest assets in competing in the global economy is our deserved reputation for being a dependable and confident place in which to do business.

Most of the UK's largest companies get their business practices right but we understand the anger of workers and shareholders when bosses' pay is out of step with company performance.

Requiring large companies to publish their pay gaps will build on that reputation by improving transparency and boosting accountability at the highest levels, while helping build a fairer

economy that works for everyone.

The new regulations form a core part of the government's modern Industrial Strategy which aims to build on the UK's strong reputation and make sure our largest companies are more transparent and accountable to their employees and shareholders.

In addition to the reporting of pay ratios, the new laws will also:

- require all large companies to report on how their directors take employee and other stakeholder interests into account
- require large private companies to report on their responsible business arrangements
- require listed companies to show what effect an increase in share prices will have on executive pay to inform shareholders when voting on long-term incentive plans

Responding to the government's new corporate governance laws, the chief executive of the Investment Association (IA) Chris Cummings said:

The UK has a global reputation as a leader in corporate governance and we welcome today's package of reforms as they focus on the long-term interest of all company stakeholders, including shareholders and employees.

Investors are demanding greater director accountability and transparency on executive remuneration. Pay ratios will shine a spotlight on what executives are being paid compared with their workforce, and investors will expect Boards to articulate why the ratio is right for the company and how directors are fulfilling their duties.

Through the IA's Public Register we are seeing investors hold business to account. The IA wants to ensure UK listed companies are run in a way that delivers long-term returns for savers and pensioners.

Director of the High Pay Centre Luke Hildyard said:

Pay ratios provide an insight into the culture and employment practices of major companies that is useful to investors, workers and wider society alike.

This is a welcome move that will greatly improve public understanding of the pay gap between those at the top and low and middle-income earners.

We hope that it will initiate a more informed debate about what represents fair, proportionate pay for workers at all levels.

Chief UK Policy Director of the Confederation of British Industry (CBI) Matthew Fell said:

The CBI is clear that high pay is only ever justified by outstanding performance. High pay for mediocre or poor performance is unacceptable.

This legislation can help to develop a better dialogue between boards and employees about the goals and aspirations of their business, and how pay is determined to achieve this shared vision.

Ratio comparisons between sectors and firms will be as meaningless as comparing apples and oranges. What's most important is that all businesses make progress towards fair and proportionate pay outcomes.

UK Government Minister Lord Duncan said:

It only takes poor behaviour from a small number of companies to damage the public's trust in big business. These new laws will ensure that differences in salary within large companies across Scotland and the whole of the UK – and the reasons for the variations – will be there for all to see.

Improving transparency and accountability in this way, plus other initiatives such as giving employees a voice in the boardroom, will help create a more equal and fair society while ensuring that the UK remains a world-leading place to invest and do business.

The new laws follow last year's corporate governance reforms which sought to increase boardroom accountability.

Subject to Parliamentary approval, the regulations will come into effect from 1 January 2019 meaning that companies will start reporting their pay ratios in 2020.

The government has already:

- supported the Investment Association's world-first public register of FTSE-listed companies where more than one fifth of shareholders have opposed resolutions on executive pay packages, directors' re-appointments and other issues
- appointed James Wates to lead a coalition of industry and wider society bodies in drawing up the UK's first-ever set of corporate governance principles for large private companies
- launched research into the use of share buyback schemes to see if they are being used to artificially inflate executive pay
- asked the Financial Reporting Council (FRC) to revise its Corporate Governance Code to strengthen the voice of employees and other

stakeholders in the boardroom

- proposed new reforms to ensure that directors dissolving companies to dodge debts and avoid facing accusations of misconduct will face investigation for the first time.

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## Speech: PM statement at G7 summit: 9 June 2018

### **Introduction**

Good afternoon. At this G7 summit, we have discussed a range of issues – including the vital importance of defending democracy and the rules-based international system, free and fair global trade, the need to work for equal opportunities for all our citizens, and the need to protect our oceans.

There have been some difficult conversations and strong debate, but – by working together – we have agreed on outcomes to shape a better future.

Allow me to set out how.

### **Upholding international law**

Foreign interference in our democratic institutions and processes, and other forms of malign state activity, pose a strategic threat to our shared values and interests.

Recent events have demonstrated the importance of a unified international response to send a clear message that such malign activity will never be tolerated.

We have agreed a new Rapid Response Mechanism to tackle this growing threat.

We have agreed we must maintain the global norm against the use of chemical weapons – and we have agreed to strengthen the ability of the Organisation for the Prohibition of Chemical Weapons to attribute responsibility for chemical weapons attacks.

I also welcome the G7's recognition of the need to maintain sanctions on Russia in light of Russia's failure to fully implement the Minsk Agreements in Ukraine.

We have agreed to stand ready to take further restrictive measures against Russia if necessary.

## **Making the global economy work for everyone**

On trade and the global economy, we have discussed the importance of the multilateral rules-based trading system, as the framework for enabling free and fair global trade.

But some people feel left behind by globalisation. And not all countries play by the rules.

So we need to show our citizens that the global economy can truly work for everyone, with the benefits of free trade felt by all.

That means working to make the international system, including the World Trade Organisation, operate more effectively.

It does not mean taking unilateral action against your partners.

Where we disagree with our allies on something, it is right that we say so, and air the issue openly and frankly.

We have done just that at this summit, registering our deep disappointment at the unjustified decision by the US to apply tariffs to EU steel and aluminium imports.

The loss of trade through tariffs undermines competition, reduces productivity, removes the incentive to innovate – and ultimately makes everyone poorer. And in response, the EU will impose countermeasures.

At the same time, we need to avoid continued tit-for-tat escalation, and maintain a constructive dialogue.

As a champion of free trade, the UK will continue to support these efforts.

## **Championing equality**

What distinguishes the G7 is our common belief in human rights and the equal value in every citizen's voice, regardless of gender, sexuality, ethnicity, or socio-economic background.

I am a passionate advocate of improving education for girls around the world.

And, at this summit, the UK has announced £187 million of new funding to support over 400,000 girls in developing countries in getting 12 years of quality education.

We have also committed to new action to prevent gender-based violence, abuse and harassment online.

Following the UK call for tech companies to do more to help fight internet harms, they have already made significant strides in using new technologies to tackle online extremist content – and we now need to extend that effort to address the growing threat of online violence against women and girls.

In particular, we are committed to new joint working to tackle the use of the internet to facilitate people trafficking for the purposes of sexual exploitation.

## **Sustainability**

Finally, we have discussed the urgent need for global action to tackle oceans pollution, which is one of the greatest environmental challenges facing the world.

The UK government is a world leader on this issue, through our 25 Year Environment Plan.

And here at this summit, we have recognised the need for greater global action and coordination on marine plastics pollution, including working with business, industry and Non-Governmental Organisations to find innovative solutions.

## **Conclusion**

The discussions here have been candid and they have been productive – underlining the importance of continuing to work together to uphold the values that shape our world.

The G7 is a vital forum for full and frank discussion between close allies. I want to take this opportunity to thank Justin Trudeau for his leadership in delivering a positive outcome.

Together, we stand determined to create a safe, secure and prosperous future for all our citizens.