

Shale Gas (Lancashire)

[Mr Joe Benton *in the Chair*]

2.30 pm

Mark Menzies (Fylde) (Con): It is a great pleasure to be given the opportunity to introduce this Adjournment debate on community interests in shale gas in Lancashire, and it is a great pleasure to do so under your chairmanship, Mr Benton.

It is important for Parliament to hold regular debates on shale gas, because there is considerable potential for it to impact on the constituencies of many right hon. and hon. Members. The title of my debate in the Order Paper suggests that I would like to focus exclusively on the financial benefits that shale gas could bring to communities in Lancashire following the recent announcement of a community benefits package by the Treasury and the Department of Energy and Climate Change. As we are still in the early stages of shale gas development, however, I firmly believe that further work is still to be done on a range of other related issues, most notably on regulation, community engagement, the development of a UK supply chain and the suitability of potential sites.

I have consistently campaigned on the regulation of the shale gas industry. In my Adjournment debate in October 2012, I addressed the need for a body to be formed to oversee the workings of the regulatory bodies on matters relating to onshore oil and gas development, because it is imperative that shale gas development takes place only if we have robust regulations in place. I pay tribute to the previous Minister with responsibility for energy, my right hon. Friend the Member for South Holland and The Deepings (Mr Hayes), for responding to those and other issues that I raised in my Adjournment debate and for establishing the Office of Unconventional Gas and Oil.

The Office of Unconventional Gas and Oil must take on responsibility for ensuring that the existing regulatory bodies, namely the Health and Safety Executive, the Environment Agency, DECC and Lancashire county council as the planning and mineral rights authority in Lancashire, work together to deliver a world-leading, gold-standard regulatory framework. It is the responsibility of the office not to become a regulator but to ensure that those that are empowered to be regulators are doing so to an exemplary standard.

I also urge the Minister to ensure that regulations are robust and are developed to ensure the highest environmental safeguards, as opposed to what is simply convenient for the industry. The focus should be on robust regulations and we should try to get away from using words such as “streamlining.” When people hear about streamlining, they interpret it as the watering down of regulations, which I am sure is not the case. Were it the case, it would not be acceptable to me.

I welcome the decision to make environmental impact studies compulsory for shale gas development sites, regardless of size, which is an evolution from where we were two years ago. Regulation is not what is written on a piece of paper; it is about what is enforced. I therefore urge the Government to ensure that we have regular, on-the-ground visits by regulators and inspectors, some of which must be unannounced so that shale gas development sites have the authority of operating to the highest environmental standards and no one is beyond reproach. In

order to achieve that, it is important that regulators are provided with sufficient resources to fulfil their role.

We must be able to anticipate future developments as the industry progresses, if shale gas development does take place. We must be fleet of foot to ensure technical changes as the industry evolves and that the regulators and regulations are fit for purpose. For example, it would be inconceivable for regulations on shale gas developments in Lancashire to be entirely enforced by the HSE from Aberdeen. The HSE is based in Aberdeen for various obvious reasons, and therefore if and when the shale gas industry develops in the north of England, it is important that it responds accordingly, with regulators based in a much more localised area. Consideration must therefore be given to the creation of a regulatory hub to monitor the development of shale gas at a local level so that anyone who puts in a freedom of information request or writes to the Minister to discover what he is doing can have confidence that this is being taken seriously and things are being done diligently.

In my first Adjournment debate, I stated my strong opposition to the suitability of the Anna's road site for potential shale gas extraction. My position remains unchanged, and I welcome the announcement from Cuadrilla that it has put on hold any potential development of the site. Decisions will be taken not by Members of Parliament but by elected county councillors, and therefore I do not plan to say any more on that in this debate.

Finally, I urge the Minister to ensure that there is rigorous monitoring of the traffic light system that was put in place following the seismic tremors in Lancashire in 2011, because it is important that public confidence is absolutely maintained in the system. Much work was done to ensure that the traffic light system was put in place prior to the resumption of fracking, that it is indeed fit for purpose and that we constantly monitor and review it to ensure that it does the job for which it is intended so that we see no repetition of the seismic tremors that we experienced in Blackpool.

Public engagement in any controversial sector is critical, but in something as new and controversial as shale gas it is absolutely paramount. I therefore want to see engagement with the local community at the forefront of what is done by the Office of Unconventional Gas and Oil, the regulators and the industry itself. Although the industry has done some work to address that, it is an area that needs substantially more work as the industry evolves and potentially develops.

When the Office of Unconventional Gas and Oil was established earlier this year, one of its main roles was to support public engagement and to help people to understand the facts about unconventional gas and oil production and what that could mean if it takes place in their area. With such a central role to play in the future of shale gas development, it is important that the office has the necessary resources to help drive public engagement.

Paul Maynard (Blackpool North and Cleveleys) (Con): I am sorry that I cannot be here for the whole debate, but I have to go to a meeting on the Keogh review rather urgently. Does my hon. Friend agree that the community engagement fund that is being created for the benefit of local communities has to be transparent in its governance and cannot just be dominated by local government interests? Has he considered what types of community organisations could be brought in to ensure that the fund is truly reflective of the local communities that are meant to be benefiting?

Mark Menzies: My hon. Friend is a champion of transparency like no other, and he pursues transparency in other areas of his work. I know that he has now turned his attention to ensuring

that shale gas is also transparent. I will touch on some of those issues later in my speech, and I know that other hon. Friends will do so, too.

It is inconceivable that the Office of Unconventional Gas and Oil has a single page on the Government energy and climate change website. I might be wrong, and I stand to be corrected, but this is an opportunity for the Minister and the Department to create an interactive online portal where my constituents and my hon. Friend's constituents can go to seek information, a myth buster that is scientific, evidence-based and impartial.

I get many questions from constituents, which are often highly technical and which I simply cannot answer. I am a Member of Parliament not a geologist, and I have no background in the oil industry, so I need somewhere I can go to get those questions answered. I pay tribute to the people at DECC who for three years have been studiously answering letters, often through Ministers including the current Minister, but a community interactive portal where people can post questions and in the fullness of time—they will not get instant responses; it may be days, weeks or potentially longer—get impartial, independent and science-based replies would help to take away some of the fear, the unknown and the uncertainty that shale gas currently has for many people. Information and transparency are key.

I thank Duarte Figueira, the recently appointed head of the Office of Unconventional Gas and Oil, for taking the time to discuss with me in more detail many issues relating to shale gas development. He has always found the time and always been courteous. I encourage that sort of attitude and ethos within the office, so that no one can be in any doubt about its willingness to engage and answer questions.

Community involvement is not just a role for the Office of Unconventional Gas and Oil; ultimately, companies must take responsibility for it. I urge them to ensure that they are sufficiently resourced and have the right people in place to deliver quality, effective and impartial community engagement, to tell people what they are doing and when and to take people with them. Ultimately, that is a challenge not for Government but for developers, but I want the Government to oversee it and ensure that they do so effectively.

George Eustice (Camborne and Redruth) (Con): My hon. Friend is absolutely right that we must carry communities with us on projects such as this. It cannot be done to communities; it must be done with them. The experience with wind energy, for instance, has not been good when we have left it to the industry to carry communities with them. All too often, the industry expects Government to pass unpopular laws that second-guess the planning system. Does he agree that we need to consider ways to share the economic benefits directly with local communities, for instance through reductions in their electricity bills or rebates in their council tax?

Mark Menzies: My hon. Friend is absolutely correct that what is important is not that the local council, the Treasury or the companies benefit; they would all benefit from the development of shale gas. Ultimately, it is vital that ordinary people in areas hosting sites see meaningful, tangible, long-lasting and substantial benefits. I will touch on that, and I know that the Government have made an announcement on the subject.

Moving on to the development of the UK supply chain in shale gas, some people criticise the Minister for wearing two hats: energy and business. That criticism is short-sighted. Having experience in both makes him absolutely the right person to ensure that we take the right decisions in developing the infrastructure and supply chain across the whole energy sector, and particularly within shale gas.

There has been much speculation in the press about the number of jobs that could be created by shale gas. If shale gas is developed in Lancashire, it is imperative that local people get maximum employment opportunities. From speaking to those in the industry, I understand that a significant number of jobs in shale gas come not from drilling for gas but from developing the manufacturing supply chain and supporting industries.

I urge the Minister to seek close Government working with the industry to ensure the development of a UK—indeed, a Lancashire—supply chain. It would not be acceptable for the equipment to be manufactured overseas when we have UK businesses with a strong engineering heritage and a highly skilled work force in Lancashire. This is a great opportunity to use those skills to develop a manufacturing base in the region to supply equipment for the shale gas industry. In the long term, an offshore shale gas industry could ultimately develop, and that could drive a considerable amount of highly skilled, well-paid, leading technical jobs. It is important that the north of England does not miss the opportunity or shirk the challenge.

I also urge the Minister to ensure that local enterprise partnerships, the Department for Business, Innovation and Skills and the gas companies undertake a scheme to co-ordinate with local colleges and schools to ensure that apprenticeships are offered to those keen to enter the industry and retrain where applicable. People are key, and it is vital that local people get the benefits and do not miss out.

My hon. Friends who have intervened have mentioned community benefits. On the financial community benefits from shale gas, I broadly welcome the overall shape of the proposed package. It is absolutely right that communities that host shale gas pads should also be the primary beneficiaries. I know that the Government and the Minister have put in a lot of work on that issue. I thank the Minister for his work. It is not an easy task.

I also want to make it perfectly clear that the £100,000 paid must be per well fracked and not per shale gas pad. I have read some ambiguity from commentators in the press, although I never believe everything that I read in the press. It is therefore important for the Minister to give some clarity that it is £100,000 per well and not per well pad site. As he is aware, a pad can contain up to 20 wells, so it is therefore imperative that we have clarity in order to avoid confusion in future.

I welcome the principle that communities benefit from a percentage of revenue generated. At the moment, 1% is proposed; I know that some of my hon. Friends wish to speak about that. If it remains at 1%, the money must be highly localised. If, however, a desire to spread the money over a wider area becomes the prevailing mood, we have no option but to seek a higher percentage level, as I am not prepared for the benefit to my communities hosting shale gas pads to be diluted. That is the decision that we must take.

It is right that a significant proportion of revenues—I believe the figure proposed is one third—should go to the county council, as the mineral rights authority. However, I would like the rest of the money to be placed into a community endowment fund to ensure that the communities that host shale gas sites benefit for generations to come. I know that the Minister is driving much work on the issue, and I look forward to seeing the final results. I like the thought of a National Trust-style model, where the money is awarded to causes that benefit the community in the long term. Those could even include major infrastructure projects. However, it is also important that individual people benefit. Options including direct cash payments or money in the form of energy bills must also be explored. My constituents who host such sites, and my hon. Friends' constituents who will host them in time, must be their prime beneficiaries.

John Pugh (Southport) (LD): Does the hon. Gentleman share my view that it is a slight problem that we do not actually know how profitable the shale gas industry will become? If we set the deal too early, we may lose some of the benefits that could accrue to us.

Mark Menzies: If my hon. Friend were sitting closer to me, I would think that he had read my notes, but as he is an honourable gentleman and far enough away, I know that he has not. He is absolutely right. We are in the early days—indeed, the infancy—of the industry. If it goes ahead, we still have questions and uncertainties to get through. It would be wrong to set too firm a percentage level at this stage, but we also need clarity that when a company says that it will pay 1%, or whatever percentage it turns out to be, it cannot renege or change its mind when the ink is barely dry. With the best will in the world, companies change chief executive. They can be taken over. Governments also change. The intentions being set out honourably at this moment in time could change in future.

We also do not yet know how profitable it will be or how much money it will cost to extract the gas, or what future gas prices may be. It is therefore important that the level set is sustainable for local communities and everyone else who has a stake, including the Government and the operators. It is in no one's interest for the benefits to yo-yo and fluctuate to such an extent that no one knows what they are getting.

Some colleagues have called for a statutory underpinning for the agreement, so that the industry and Government cannot renege. I will put my trust in the work that the Minister is doing at this stage, but I seek assurance that were a company to renege on its commitment, the Government would not shy from being direct with it to ensure that the community benefit package was not lost to the people whom I represent.

Shale gas is controversial, but the Government are engaging with the issue and taking some tough decisions. I will be a critical friend of the Government. If they are not getting the regulations right or not engaging with the community, I will highlight that to the Minister. Similarly, the industry should not expect an easy ride; my colleagues and I will be emphasising anything that we regard as shortcomings. Any attempts by the industry not to adhere to regulations, not to engage with communities or not to ensure that communities are financial beneficiaries, and we will hold its feet to the fire.

We will return to this subject in many debates to come, Mr Benton, but I thank you for your chairmanship today.

Mr Joe Benton (in the Chair): Before we proceed, I assure Members that the air conditioning is working as effectively as possible. It is very close, but it will not get any better, I am afraid, so please feel free to remove your jackets, if you so wish.

2.50 pm

Mr Gordon Marsden (Blackpool South) (Lab): I will take you at your word, Mr Benton, and, as it is customary to say, it is a great pleasure and delight to serve under your chairmanship. It is also a great pleasure and delight to follow the hon. Member for Fylde (Mark Menzies), who is my constituency neighbour and who placed the arguments and his position with his usual sense and robustness. I will do my best to follow him.

The hon. Gentleman said what ought to be the theme of this afternoon's discussion: the regulations must be robust and to the highest environmental standards. He rightly passed a

warning shot—if I may put it that way—across the Minister’s bows about the use of language, and I shall return to that later in my contribution. The focus needs to be on “robust”, not on “streamlining”, and I entirely concur with what the hon. Member for Fylde said.

I also agree with what the hon. Gentleman told the *Blackpool Gazette*—that he would be

“inflexible on the point that there must be a gold standard of regulation reached before any potential move to the extraction phase.”

That is a position with which I wholeheartedly associate myself.

My hon. Friend the Member for Rutherglen and Hamilton West (Tom Greatrex), who speaks for the Opposition, also holds that position. He will speak for himself shortly, but in an article for PoliticsHome, when the survey by the British Geological Survey was published, he warned about too much hype:

“For many who are against renewables, shale is the silver bullet. For some who advocate green technologies, the extraction of unconventional gas is catastrophic for the environment. While it may help generate lurid headlines, an absolutist position does little to ensure a realistic assessment of the role shale and other unconventional gas could play in our energy mix.” Coverage in the national media has become extensive, not least since so many people outside Blackpool and the Fylde were alerted to the matter by the famous occasion of the earthquakes, to which reference has already been made. I think that I am speaking for all hon. Members in the Chamber who represent constituencies in or near the Fylde when I say that there is a wide variety of views, ranging from absolutism at both ends to scepticism on either side of the frame. Those views were picked up well in a recent article in *The Observer* by Robin McKie, a distinguished science editor there for many years, who has dealt with the issues in a solid way.

The balance must be struck between the prospectuses of the companies concerned, which will necessarily be expansive, and the realities of the science on the ground and of the amount of gas that is actually extractable. The amount is a key issue, because, as the hon. Member for Southport (John Pugh) rightly identified, that might affect any arguments or discussions about the amount of money available at a future stage. It is therefore incumbent on the Government to get the balance right. At the end of the day, they will set the regulations—I concur with the hon. Member for Fylde that what DECC has done has been proportionate and measured—but I caution the Minister to continue in that line, not least in the context of the Chancellor’s remarks, because the Treasury’s position to date has been far too gung-ho in cheerleading for the industry.

The hon. Gentleman talked about unwarranted criticism of the Minister for wearing two hats, with his ministerial responsibilities for energy and for business. I am worried not so much about two hats as about the possibility of three—the third one appearing if the Minister were to follow his Treasury colleagues and become simply a cheerleader for the fracking industry. It is important that he remembers his quasi-judicial role as we take forward sensitive decisions. Language, whether emanating from him or from his civil servants, is particularly important.

Community benefit is the frame in which this afternoon’s debate is taking place, but which communities and where? There are communities of interest, reasonably so, in the development and the possible production of jobs, but also in the residents of the area and—not to be sneezed at—in the visitor and tourism industry. When we discuss the benefits or where the jobs will come from, we must look not only at what Cuadrilla or British Gas, which has now joined the enterprise, say about the numbers of jobs that might or might not be created—there can be lots of arguments

about that—but at the impact on existing jobs, particularly in tourism, and on green issues. The number of jobs and the effects that those jobs will have on the local area from a positive point of view need to be balanced against the potential—that is all I say at the moment—for things to develop in such a way that tourism, the environment and the continued enjoyment of the Fylde area by residents are jeopardised.

I therefore move on to geographical communities, as well as communities of interest. Blackpool has not thus far been the site of any drilling experiences, but it was Blackpool that got the earthquake. In Blackpool, we were able to provide the definitive answer to the often-asked question, “Did the earth move for you?”, because it certainly did, and in some measure. Seriously, if such things are to have an effect on the reputation, image and attraction of Blackpool, then Blackpool must also be included as a potentially benefiting community, as well as the other areas of the Fylde.

I have mentioned the potential adverse consequences on seaside and rural tourism, and they should not be treated lightly. More independent assessments of the amount of work and jobs that might be created would be welcome. For my part, I so far remain fairly sceptical about some of the numbers produced by Cuadrilla, as I remain sceptical about some of its estimates for the amount of extractable gas available.

Dan Byles (North Warwickshire) (Con): I am not sure whether the hon. Gentleman has seen the Institute of Directors report, which was published about six or eight weeks ago, but it was interesting. It modelled what a pad might look like, how many jobs might be involved in the supply chain and so on. If he has not had a chance to look at that, it is worth doing so, because it is a substantial piece of work.

Mr Marsden: I thank the hon. Gentleman for his intervention. As a former member of the Select Committee who believes in evidence-driven policy, I will look at the Institute of Directors report, as I will look at many of the other bits and pieces that come before us. We can have as many reports as we like, but at the end of the day the issue will remain one of judgment and proportion. What I am urging on the Minister and the Department and what I think largely echoes what the hon. Member for Fylde said is that they should proceed with caution. The precautionary principle should apply. I make no complaint against some of the people who propose the change because they want their business to succeed, but in the famous words of Mandy Rice-Davies after the Profumo affair, they would say that, wouldn’t they? Some people in other business areas will look at it through their end of the telescope, but it is not our job as Members of Parliament to look at it through their end of the telescope. Our job is to look at the effect on our constituents.

With that in mind, I strongly urge that we proceed with caution on the precautionary principle and probe laser-like into what the benefits will be and how broad they will be, and perhaps even to look at the impact on rural and seaside tourism, which are and should be interlinked. Our primary concern as Members of Parliament in the area must be for our residents’ well-being and environment. The Fylde is not like Arkansas or other areas of the United States that are relatively large and sparsely populated. The concern, whether justified or not, about contamination of the water table and other negative effects experienced in the United States would be much more profound and pronounced in the UK.

This morning, I went to Tate Britain for a quick peek at the wonderful exhibition of Lowry’s paintings of industrial Britain. He had the ability to summon up a terrible beauty from the destruction and marred landscape of the industrial revolution. We should take care in our House

and in our deliberations not to be overborne by hype or business prospectuses. I would not want to see some of that terrible beauty visited on the Fylde in the 21st century.

3.2 pm

Dan Byles (North Warwickshire) (Con): I congratulate my hon. Friend the Member for Fylde (Mark Menzies) on securing this debate on this important topic. I am not a Lancashire MP, but I stand here as a member of the Select Committee on Energy and Climate Change, which has looked at the issue in some detail, and as chair of the all-party group on unconventional oil and gas.

I have worked on this issue in some detail and discussed it at great length with a wide variety of stakeholders throughout industry and beyond. There is great consensus on the community benefit and we have reached the stage where no one is disputing or discussing whether we should have a community benefit scheme; we are simply discussing the detail. There are various reasons why an effective scheme is important and it may be best summed up in a phrase that many hon. Members have heard before: the industry requires a social licence to operate. A community that hosts shale gas resources and could see shale gas development take place is entitled to ask two legitimate questions: is it safe, and how will our community benefit from the process? It is incumbent on the Government and industry to answer both those questions

Today's debate is not about safety, except that, echoing hon. Members who have spoken, we must take this forward with the highest environmental standards, in keeping with the gold standard that we already apply to oil and gas regulation in the UK. Today's debate is about the benefit to people and communities in Lancashire. It is their gas; it is not Cuadrilla's gas or Centrica's gas, and it is certainly not the Government's gas, although the law may imply that it is. I am not a socialist, but as far as I am concerned, it belongs to the people of Lancashire, and it is important and absolutely right when developing a domestic UK shale industry that the local communities who will host that industry and new development should benefit from their own natural resources.

Loosely speaking, two benefits can accrue from a large-scale infrastructure project. One is the natural or organic benefit: the jobs, supply chain and activity from the very process of the investment and flow from the activity without intervention from the Government. The other, which is what we are principally talking about today, is the artificial cash benefit that can be put in place by the industry through voluntary agreements or by the Government to ensure that some of the profit and revenue stream from the industry are shared locally.

I want both forms of benefit to accrue to the people of Lancashire. On the first point, it is essential that the maximum benefit in jobs and investment must accrue as locally as possible to the operation of the shale gas pads. Employing local people and developing a local supply chain is fundamental to making the industry part of the community instead of it being an outside industry that comes in and does things to the community.

In Aberdeen and the surrounding region, for example, the offshore oil and gas industry supports 137,000 direct, indirect and induced jobs. We may not see quite the same number of jobs in Lancashire, much as we would all love to, but the highly detailed report by the Institute of Directors estimated that there is potential for up to 74,000 direct and indirect jobs nationwide from developing UK shale gas. Not all the jobs will be in Lancashire, but many will, and it is important that when the industry and particularly the supply chain go forward with their plans, they do their best to maximise the number of jobs that stay locally within the region.

On the artificial cash benefits, the proposals currently under discussion have been alluded to: £100,000 per exploratory well and eventually 1% of revenue from the development phase going to the local community. Over the lifetime of a shale gas pad, that could amount to a considerable sum, and I agree with those who have already noted that we should remain flexible about community benefits to ensure that, as the industry's profitability becomes better known and we have more information, we can ensure that the benefits remain at a suitable level.

I share my hon. Friend's concern about one fundamental and important question. How does one define the community? Most of our present discussions about community benefits boil down to the question, who is the community? The judgment call on exactly who should receive a direct benefit is often spoken of in terms of municipal level—parish, district or county—but it is important to note that people do not necessarily mean the parish council, the district council or the county council. They use those words as shorthand for the municipal level to which the community benefit should go.

If the community is defined too narrowly, it may create division rather than consensus, and I have seen that in my constituency. When campaigning in Curdworth as a young parliamentary candidate not that many years ago, I asked what the village's main issue was and someone said, "Them on that side of the village got compensated for the Birmingham northern relief road and we over here, one road over, weren't." The compensation package had caused division in the village because the definition of who should benefit was too narrow.

However, if the definition is too wide, there are two concerns. One is simply that if the benefit is diluted too much, it may not provide a genuine benefit. Another danger is the message sent about the impact of the industry. If someone living 10, 15 or 20 miles from a shale gas pad is told that they will receive a community benefit to compensate them for having it in the area, are we not pandering to a myth, because someone 15 or 20 miles away may not notice that it is there? The evidence is that there will probably be no impact more than a few miles away from a shale gas pad.

Graham Stringer (Blackley and Broughton) (Lab): There is an interesting historical point behind the name of this debate: what is Lancashire?

Dan Byles: Tell us.

Graham Stringer: For the purposes of this debate, I think Salford can be Lancashire and that there will be immediate benefits there.

Does the hon. Gentleman agree that apart from immediate local benefits, there will be general benefits for the whole country if the exploitation of shale gas is successful because the real impact will be a lowering of energy prices?

Dan Byles: I absolutely agree that it is important not to forget that Lancashire is part of the wider UK economy and that there are potentially significant benefits to not only Lancashire, but the whole UK economy. The jury is still out on how much shale gas might bring energy prices down, but it is certainly true that it might help to prevent them from rising as much as they might have done, which is, in effect, the same thing.

The majority of the members of a community who will be impacted by such development will be affected not by the actual activity of drilling for gas, but by the wider construction activity. In that respect, shale gas development is no different from any other infrastructure development. More

people will probably be affected by things such as truck movements than by the activity of drilling for the gas.

When the Energy and Climate Change Committee visited Hinkley to discuss the Hinkley Point C power station, we had a long discussion with local parish councils about their concerns. I was struck by the fact that not one mentioned the fact that a nuclear reactor was going to be parked at the side of their town as a concern. They were concerned about truck movements, dust, noise, vibration and, interestingly, which pubs the itinerant work force were most likely to drink in.

When we look at the wider community benefit, and at how wide we go, therefore, it is important that we do not give the impression that somebody who lives five, 10 or 15 miles away from a shale pad requires compensating because of some activity that takes place there.

Others wish to speak, so I will say no more, other than that there is widespread agreement over the principle we are talking about. I do not think anybody here disagrees with the broad thrust of what community benefit will look like. We are now down to the definitions. What amount are we talking about? How should we levy it? Which community will benefit? Later, there will also be the practicalities of how moneys will be disbursed and to whom? We are in a good place, given that we are discussing the mechanisms involved in getting these things right, rather than whether we should do them. There is wide consensus that we should do them, and I think that is right.

3.11 pm

John Pugh (Southport) (LD): It is a pleasure to serve under your chairmanship, Mr Benton. I congratulate the hon. Member for Fylde (Mark Menzies) on the lucid and clear way in which he introduced the debate.

There are many views of fracking. Some, I do not agree with, although I respect them. The Tyndall view of fracking and shale gas is simply that getting them out will add to the greenhouse gases circulating around the globe, so they should be left where they are. I do not agree, for reasons that may or may not be correct, although I believe them. Principally, I do not think that our energy consumption will fall much over the next 20 years or that renewables will be sufficiently developed by that stage to plug the gap. Other alternatives also seem pretty unattractive. One is the extensive building of nuclear power stations. Buying ever cheaper coal—coal is becoming cheaper—is another. Importing gas is probably the favoured alternative, and we will probably face a choice between using Russian, Kazakhstani or Qatari gas or shale gas, which we have in appreciable abundance in Lancashire—the shale there is much deeper than in many parts of the United States, where shale gas is being exploited to some effect.

I have the advantage of having visited one of the exploratory wells and seen the precautions taken to ensure that what happens is not environmentally intrusive or damaging. I therefore have a better feeling about the regulations the industry must currently abide by, although we are looking at a tougher regulatory environment in the future. We already have extensive planning controls and health and safety regulations, as well as oversight from the Environment Agency.

Clearly, good regulation is crucial to the successful development of shale gas. I say that because I have also seen some slightly alarmist anti-fracking propaganda. We have probably all had sight of “Gasland”, with the taps that catch fire and so on, and we have probably all heard the exaggerations about the chances of pipes fracturing, threats to the water supply and subsidence. People have also exaggerated the number of wellheads we need, and they have talked about traffic densities and movements that are unlikely to materialise—producers are unlikely to want to

move gas around by lorry if they can find a better way to move it. To be fair, a lot of the people who object would object if all those concerns were set aside; in other words, they have the same fundamental objection as the Tyndall climate change group—they think shale gas is not something we should dally with and is not something for the future.

Against that argument, there are clearly powerful economic arguments. If shale gas materialises as Cuadrilla and others hope it will, that will be good for the country's balance of payments and it could have huge implications for the north-west's economy. My constituency, which is on the edge of the Bowland special protection area, will, I hope, benefit in some way. I am not holding my breath on that, because we have seen false dawns locally before. Gas was discovered in the bay, and the production facilities can be seen from Southport beach. We hoped that that would have enormous benefits for the local economy, but it led to Hamilton Oil sponsoring a few events, and that was it. When one of the few fibre-optic cables from America came on land on Southport beach, I dreamed of Southport becoming not the Aberdeen of the north, but the silicon valley of England, but, somehow, that did not happen; we just got a quietly humming shed on an industrial park and little in the way of local employment. I am not, therefore, holding my breath, but I am none the less encouraged by the fact that the shale gas industry has made some pretty good opening moves, which will, I hope, move us in the direction of rebalancing the economy and provide some local community benefit.

Through the Treasury, the Government are concentrating principally on incentivising shale gas development. I am in favour of that, and we certainly need to explore it, because this business could be hugely profitable. The issue then is, what will happen to all the profits? Will they simply leach out to the south-east or wherever the company headquarters are, or will we feel the benefit locally? If I can throw my two pennies-worth on the table, I would like to see a levy that is channelled towards investing in permanent renewable energy in the area. At some point, the shale gas, like all other such energy sources, will run out. Other Members have other attitudes and other proposals. The hon. Member for Fylde talked about the supply chain, and I agree with what he said about that. He also talked about energy rebates, and none of my constituents would be unhappy to receive them.

We are at the beginning of what will probably be quite a protracted discussion with the Government and the industry, but it is important that we discuss these issues among ourselves. Those of us who are embittered northerners have too often seen wealth generated in the north accumulated and spent somewhere else. That is the one thing, above all, that we wish to prevent.

3.18 pm

Eric Ollerenshaw (Lancaster and Fleetwood) (Con): It is a pleasure to be called after the hon. Member for Southport (John Pugh). As a Member from the embittered north, may I say that I am really pleased that Salford still regards itself as part of Lancashire? I am even more pleased that north Warwickshire now regards Lancashire as part of the United Kingdom. It is nice to know these things.

I congratulate my hon. Friend the Member for Fylde (Mark Menzies), whose constituency I have to drive through every week to get to a third of my constituency, on getting the debate. As he said, this is the second debate he has initiated on this issue. I have managed to get only one, but he has managed to get two, which shows the power he has. However, I have a part share of the debate on shale gas on Thursday, so perhaps things are more balanced. On Thursday, I will talk more about safety matters; today, in view of the time, I will talk principally about the compensation system.

In our earlier debates, virtually all of us stressed the need for the Government to commit, at least in principle, to some form of community compensation when a possible go-ahead with extraction was announced. In that sense, we are pleased with where we have got to. We have had the announcement that the compensation system will be established. We have learned that it will be run by the United Kingdom Onshore Operators Group. We have learned it will provide £100,000 per wellhead at the exploration stage, and I will be interested to hear the answer to the question from my hon. Friend the Member for Fylde about the distinction between wellheads and pads. We have also had the indication that, once production starts, 1% of all revenues generated over the lifetime of the well will be allocated to the local community. The suggestion is that one third will go to the county and two thirds to the local community, which I assume means the district.

In one sense a good start has been made, and I compliment the Minister on the work he has done to get things to that stage; but we want more clarity and certainty. We also want a guarantee of additionality, and ideally we want more money. I will begin by talking about clarity. At the moment the UK Onshore Operators Group has said that two thirds of the revenue generated will go to the local community. My hon. Friend the Member for North Warwickshire (Dan Byles) raised the question of what the local community is. There is a question in relation to the wellhead: that because of the engineering that could be used in Lancashire it will go down vertically and then horizontally. Will the local community be defined in relation to the extent over which the gas is extracted, or just where the wellhead is? I am not splitting hairs: those things will be brought up locally, for Members of Parliament to answer.

As to the figure of two thirds being directed locally, does that refer to the district councils, such as Wyre, in my case, or Fylde; or does it mean a unitary authority—Blackpool? My major concern is about what happens if those councils take the third or two thirds. What commitment do we have that that will really be seen as additional to the normal process of local government revenue grants? I have absolute faith in my right hon. Friend the Minister and, indeed, in the shadow Minister, the hon. Member for Rutherglen and Hamilton West (Tom Greatrex), but let us think of a future time, when other Ministers have come along. What if Lancashire county council, or, indeed, the district councils, are gaining a fair amount of money just on the basis of the 1%, and they apply for the normal general grant? Or what if there are regional growth fund applications for the area? Will not a future Minister say, “Well, Lancashire has that money; it does not need this other money”? That is my argument about additionality. We need some guarantees about it—that the money will be additional, above and beyond what the localities would normally expect under the local government or business funding systems or whatever, and they will not be disproportionately treated because there is extra money.

We are all struggling to find the right vehicle and I am sorry that none of us has the perfect answer—the hon. Member for Southport and others hinted at one—to whether the money should go into something like a sovereign wealth fund for Lancashire, or, indeed, a trust fund. That might be managed by professionals, but open to applications from the districts, parishes and counties for funds—and major, structural funds. My other argument will be that 1% is not enough. Big profits will be made. I understand the strictures of the hon. Gentleman: we are at the beginning of an industry. However, perhaps there could be a rising scale as the profits mount up. There is a serious issue about 1%: it is not enough. If the predictions about the productive capacity of the Bowland shale are right—and it stretches across Lancashire and parts of Derbyshire, and even that other county called Yorkshire—5% would be a substantial amount of money, which would guarantee to the people of those areas that something would be left after the shale gas was gone, as it eventually will be. That something might be renewable energy; it might be all kinds of things, but that is the kind of vehicle that I suggest.

There are other examples of such things, and we can learn from mistakes that have been made. I understand that the Shetland Charitable Trust has got itself into trouble over what it can and cannot fund. The Alaskan funds are quite interesting because of the dividends that they have been able to pay out, on top of the future capital investment that will be available to ensure that when the oil goes Alaska will be left with something. That is what we are looking for. It is certainly what I am looking for: to be able to tell people in Lancashire “We will be prepared to put up with all this”—because I am not sure there will be too many jobs in it—“as, at the moment, we, or some of us, are prepared to put up with wind farms out at sea and on the hills, and possibly a new nuclear power station, if some long-term investment will be coming back to Lancashire, and it will not be used as an excuse to deny Lancashire other funds.”

That is the principle that I would like the Minister to consider. I know he cannot give us direct answers today, and I am grateful for how far he has got on the question. There will be future meetings, until we reach a system. Members of Parliament of all parties from the part of the world in question need to prove that serious investment will come back to the boundaries of our county, however we define them, and those of other counties that will be affected in the future. Then, provided all the safety and environmental measures that we may debate on Thursday are secure, and, as my hon. Friend the Member for Fylde has stressed, there is absolute clarity and transparency and independent regulation, we can give our support and make a vital contribution to the United Kingdom, in the way that Lancashire has always been prepared to do.

3.26 pm

Tom Greatrex (Rutherglen and Hamilton West) (Lab/Co-op): It is a pleasure to serve under your chairmanship this afternoon, Mr Benton. I congratulate the hon. Member for Fylde (Mark Menzies) on obtaining the debate. It is not really a surprise to many of us that following the announcements that formed part of the spending review—or rather announcements of announcements, as I anticipate more detail soon—there is heightened interest in the broad subject of shale gas and fracking, with two debates this week.

Some hon. Members who will take part in Thursday’s debate are not here today, and I hope that they will read this debate before then. What has been good about it so far is the degree of thought and rationality that has been applied to wider issues of community benefit, and not just the specifics. Those thoughts have come, not surprisingly, from Members of Parliament from all parties in the affected area; they have the right and responsibility to speak up for their constituents. As many have intimated, even if they have not said so explicitly, we do not yet really know what we are dealing with. We can know only after some exploration, when we find out what is being extracted and what will be got out of the ground. We can then make further judgments; but we can get to that stage only if there is public confidence and acceptance.

The hon. Member for North Warwickshire (Dan Byles) referred to a social contract—I am pleased to hear he is not a socialist; that gave me some comfort. However, the idea of a social contract is vital. The technology is not new, but an existing technology is being given a new or different application, and it is not surprising that there is anxiety and concern about the impact. That is not least because people have seen reports and films about the experience in other parts of the world, notably the USA. It is right for Government and the appropriate authorities to take those things seriously; because confidence is necessary. That is why the hon. Member for Fylde was right to begin his remarks by talking about regulation. I hope that he does not mind my saying that he was right to point out that the issue is not just the robustness of the regulation; it is also the comprehensiveness of monitoring. Having all the right regulations does not necessarily guarantee

that what should happen does happen. That is not to cast aspersions on any individuals or companies that may be involved in the future: it is a question of public confidence.

The reality is that for a number of months, following the cease in activity after the earthquake, or earth tremors, that my hon. Friend the Member for Blackpool South (Mr Marsden) referred to, many of us were waiting for the Government response to those issues. Despite the comments of some hon. Members—who are not here today but who have an interest in the area—who thought that that it was a dereliction of duty for the Government to have that pause on activity, I think it was exactly the right thing to do in order to assess properly what was happening. I take the geological survey published a couple of weeks ago as an aspect of that evidence base that needs to be assessed, but it only tells us what the theoretical resource is and not what is recoverable.

We had a debate in Westminster Hall on the Energy and Climate Change Committee's initial report into shale gas, which the hon. Member for Fylde was not able to take part in at that time, as he was a Parliamentary Private Secretary to the then energy Minister, the hon. Member for Wealden (Charles Hendry). However, I seem to recall that the hon. Member for Southport (John Pugh) and the hon. Member for Lancaster and Fleetwood (Eric Ollerenshaw), who have spoken today, were present and took part. Since then, a lot has happened and things have moved on, but in March last year, we set out a number of conditions, from the Opposition perspective, that we thought needed to be in place in relation to regulation. I am sure that we will delve into these matters much more on Thursday, but I want to highlight what we suggested those conditions should be, because they speak to the wider point about the way in which the whole issue continues to develop.

We said that the chemicals used must be restricted to those that are proven to be non-hazardous with mandated public disclosure of all the chemicals to be used, including their toxicity levels. The integrity of each well must be assured to prevent water contamination, with independent assessment of the well design, the cement bond between the casing and well bore, in addition to the composition of the casing to determine its ability to resist corrosion. Seismic monitoring should be put in place with a traffic-light system, to which the hon. Member for Fylde referred earlier, as has been the case in the Netherlands and Germany. The level of methane in groundwater should also be assessed prior to any drilling, because a criticism that has been made a number of times relates to potential contamination. Sometimes it goes further, and some people claim contamination of groundwater from methane, when, as we are all aware, methane can occur naturally in groundwater. Unless there is initial monitoring of it as a baseline study, we cannot tell whether anything untoward has happened. We said—the hon. Member for Fylde also made this point—that all potential shale exploration should be subject to an environmental impact assessment, given that previously, smaller applications did not necessarily need to be. We also said that we believe the monitoring should take place over a 12-month period to allow sufficient time to gather the evidence required to make an informed decision to proceed with exploration. I am pleased that late last year, the Government broadly accepted, or came up with, a very similar set of conditions. Those conditions are comprehensive, although there are still some gaps in regulation that the Government need to fill, which I will come on to later in the week. But, as others have said, the regulation needs to be robust, and I am sure that that is exactly the intention of both the Minister and the Department. I repeat the point about language, and using language that suggests, even if it is not the intent, that the regulation will be streamlined—which can mean a number of different things to a number of different people—is not necessarily the best choice of language in this regard.

I move on to community benefits, on which some important points have been made so far this afternoon. I take a broadly similar position to the hon. Member for Southport. When making the

case, there are people who have legitimate concerns about a number of areas that need to be addressed, while some are against shale exploration and have a principled, ideological position. It is fair enough for people to take that position, but there is a need to separate those ideological objections from legitimate environmental concerns, and that is exactly what the regulation needs to do.

In terms of community benefits, the Government have acted on onshore wind, and, given the ongoing discussions, I am sure that we will get more on community benefits in relation to nuclear in the near future. We have had a broad acceptance that there is a degree of disruption, that there is a need for that to be recognised, and that there should be some community benefit and support. However, it is not as straightforward as it initially sounds. My hon. Friend the Member for Blackpool South made the point about what local impact is, how that is best defined, and where community benefits are. The Minister is well aware of the issue. I read a comment from him that must have been made at the time of the announcement; he was talking about what might impact on a particular community, but if that community uses a swimming pool that needs to be rebuilt in an adjacent town, how can that line best be drawn? We really need to get into the detail of that over the next period, because there are potentially significant financial benefits, quite apart from the impacts that others have discussed in terms of jobs and economic activity.

I want to reiterate a point that has been made. I have, in front of me, documentation from the United Kingdom Onshore Operators Group, when it put out its community engagement charter. The point about whether it is a wellhead or a pad is important—the language used by the UKOOG refers to it being per well site. That language in itself is slightly ambiguous, in terms of it being a well site, as opposed to a wellhead. Will the Minister try to clarify that important point?

On the wider point about community benefits, we know that in relation to the foreshore, the Crown Estate has established a system of community benefits. Not a huge amount is flowing into that fund at the moment, but it will in future in relation to offshore activity. The fund is effectively administered by the national lottery and it is appropriate for a number of community bodies, as well as local authorities, to apply. Will the Minister say more about consideration of that type of model or of that as part of the model, as opposed to something being run by an industry group?

There is a wider point in relation to Shetland, which the hon. Member for Lancaster and Fleetwood referred to. In one of my previous lives, I was a local government officer in Scotland. It always used to gall us that, every year, when the 32 local authorities in Scotland got their audit reports, Shetland got the worst one in terms of sustainability of funding, but it was okay, because it has that huge amount of money there. In fact, with what is happening west of Shetland, it probably has quite a lot to be able to rely on well into the future. However, there is a point about long-term sustainability as well, which I think needs to be reflected in the wider community benefit picture. The Minister is well aware of the issue, and he asked how we stop funds being swallowed up by the local authority social services budget—I think that was what he used as an example of a local authority budget that is always under pressure, where there is the temptation to plug the gap, if there is additional revenue. However, this really needs to be something additional. We do not know the scale yet, as the hon. Members from Lancashire have made clear in their contributions.

I shall finish by reiterating a point that has been made about regulations. Regulations need public confidence and wide acceptance, and the same goes for the community benefits package and arrangements. Communities need confidence in them and they need to know that they will be appropriately and fairly dispersed and applied. They need to see that the benefits are there for

them to use in recompense—although not formally in recompense—for the disruption there may be during the activity that may or may not happen in Lancashire or elsewhere in the years ahead.

3.40 pm

The Minister of State, Department for Business, Innovation and Skills (Michael Fallon): May I join colleagues in welcoming you to the Chair, Mr Benton? I congratulate my hon. Friend the Member for Fylde (Mark Menzies) on securing an important debate on this subject and on his constructive approach. If I may say so, I congratulate Members on the tone that they have adopted throughout their contributions. I will try to answer the various points that have been raised.

My hon. Friend began by rightly raising the interests of communities, and the debate has clearly demonstrated that community interests have a number of dimensions and apply to all potentially affected communities across our country. I will group my comments into four areas: first, local communities should be clear on the Government's policy on shale; secondly, they should be clear on when they will be engaged locally and by whom, and have access wherever possible to objective information; thirdly, they should be reassured about shale development and that it will be carried out safely and in a way that protects the environment; and finally, they should know exactly what benefits should flow from hosting shale gas developments. I will tackle each in turn.

As a Government, we believe that shale has the potential to provide this country with greater energy security, an incentive to growth and more jobs. Through the co-ordination of the Office of Unconventional Gas and Oil, we are creating the framework to accelerate the development of shale responsibly. Looking at the big picture to see how our various energy sources fit together in the market as we transition to a low-carbon future, we quickly realise that oil and gas will form a key part of our energy requirements for some decades to come. We need to recognise that shale gas development is part of a historic continuum in the development of our domestic resources. Over 2,000 conventional oil and gas and coal bed methane wells have been drilled in the UK. Fracking, of course, is an established exploration technique used around the world. I see unconventional resources as a part of the bigger picture and continuum.

As Members will know, the British Geological Survey has now estimated the total volume of gas in the Bowland-Hodder shale, which includes Lancashire, at some 1,300 trillion cubic feet. Effective exploration of that resource is necessary to help us understand how much of that gas is technically or economically recoverable. We are therefore encouraging the safe and environmentally sound exploration that will help us determine that. With robust regulation now in place, there is nothing to prevent licensees from bringing forward new drilling plans and seeking the necessary permissions. In Lancashire, Cuadrilla has recently announced further plans for exploration, and of course we welcome Centrica's recent investment in its licence in the area. We are therefore likely to see Lancashire lead the way in the exploration phase, which if proven will provide local communities with real benefits and opportunities.

Early community engagement by companies in the industry is essential to gaining public acceptance of and support for shale gas development. We have worked closely with the industry to encourage strong engagement that addresses local concerns. We are therefore pleased that the industry—through its trade body, the United Kingdom Onshore Operators Group—has recently collectively adopted a community engagement charter. One of its objectives is to identify and proactively address local issues and concerns. In addition, each operator will engage with local communities and other stakeholders, beginning in advance of any operations or any application for planning permission. For our part, the Government have a role to play in supporting public

engagement by ensuring access to evidence-based information that can address the questions raised and inform public debate.

My Department is looking urgently at how we can swiftly take forward the suggestion from my predecessor, my hon. Friend the Member for Wealden (Charles Hendry), which has also been touched on this afternoon, to ensure that we provide clear information to the public on the myths that tend to surface about shale, so that we can help the public to separate fact from the fiction. An objective of the Office of Unconventional Gas and Oil is to help people understand the facts about shale gas, and that includes supporting local authority engagement with communities where it can assist in resolving issues and allowing projects to proceed where appropriate. Officials are developing plans for how we can do that in practice and will be engaging with local authorities—particularly Lancashire, at this stage—on what assistance is needed from central Government to best deliver support.

Some of that is already happening. The Lancashire shale gas forum, established by the Environment Agency, already brings together county and district councils, regulators including the Health and Safety Executive, my Department and the Office of Unconventional Gas and Oil to discuss strategic shale gas issues and matters of concern to local communities. That forum is meeting today.

Mr Marsden: The Minister will have heard my comments about the effects in Blackpool. He referred to district and county councils. Can he tell us whether Blackpool council, which is of course a unitary council, is included in that group?

Michael Fallon: I am not able to confirm that immediately, but I may be able to do so shortly. I certainly understand the question. My information was that the group included Lancashire county council and the district councils, and my assumption was that that would include Blackpool. If I am wrong, I will let the hon. Gentleman know as swiftly as I can.

I turn to regulations that ensure safety and protect the environment. In our country, we have more than 50 years' experience regulating the onshore oil and gas industry. Our system of regulation is comprehensive and fit for purpose for exploration, but we are not complacent. We want continuously to improve it, and local communities will expect no less. A number of regulatory bodies and Departments are involved, including the Environment Agency, the HSE, my Department and the Departments for Environment, Food and Rural Affairs and for Communities and Local Government. The Office of Unconventional Gas and Oil, which has no regulatory functions, co-ordinates activity across Government on unconventional gas and oil, including on the regulatory process, while ensuring that shale development remains safe and the environment is protected. We are making good progress. The Department for Communities and Local Government will shortly publish planning guidance for industry, mineral planning authorities and local communities on how shale gas developments should proceed through our planning system.

For its part, the Environment Agency recently published a statement of actions to simplify the regulation of exploratory activity by the oil and gas industry while maintaining environmental protection. As a first step, it will publish draft technical guidance for consultation by the end of July, setting out its requirements on operators and giving them, local communities and stakeholders more certainty. The Environment Agency and the HSE have already agreed to work closely together and have developed a joint approach to inspecting new exploratory shale gas operations under a memorandum of understanding, which directly addresses one of the points that my hon. Friend the Member for Fylde made. That means that they have agreed a joint programme of inspection for the next series of fracturing operations in England and Wales. They

will meet new and first-time operators, advise them of their legal duties and conduct a joint inspection of key operations, including cementing and the verification of cementing and the main hydraulic fracture.

In addition, the Department of Energy and Climate Change will check that the HSE and the Environment Agency, or its Scottish equivalent the Scottish Environment Protection Agency, have no objections before it consents to drilling operations. Furthermore, if hydraulic fracturing for shale gas is intended, we will require measures to address the risk of induced seismicity, namely prior analysis of geological risks and the submission of a detailed fracturing plan, including a traffic light control protocol.

On the community benefits, I think we all agree that it is vital that communities that host shale benefit from the developments. As part of the recently published charter, the industry has set out its benefits proposal, which is, as has been said, to provide communities with £100,000 per fracked well site at the exploration stage and 1% of revenues at the production stage. The industry estimates that that amounts to as much as £5 million to £10 million per pad, and some £1.1 billion overall for communities in the UK. We welcome the offer from the industry. It represents a good deal for communities at this stage in the development of the UK shale industry. I am pleased that the industry has pledged to keep the offer under review and to consult communities about it in the light of operating experience.

At this stage, the operators group envisages that community funding will be split, with two thirds going to a local-level community fund and one third to a wider fund at county level. That need not mean the local authority itself; it might be a charitable or other foundation operating at county level. The operators have pledged that at each stage they will work with the local community funds to set out what level of benefits would be provided on a per household basis, so that even though communities may choose to use the funds to pay for community-wide measures residents will understand what their share of the benefits is at the household level.

The industry plans to publish further details of the proposals later this year, setting out more on the funding allocation and on how the charter will operate in practice. As the industry develops the details further, it will engage with interested parties and the local authorities involved, so I urge interested Members also to engage in the process and to help shape the proposals further. I assure Members that we in the Government will continue to work with the industry to ensure that it delivers on its commitments and, importantly, to keep the offer under review as we learn more about how the industry is likely to develop in the UK.

Finally, one of the potential benefits of shale gas production is job creation. My hon. Friend referred to the importance of the supply chain. Building partnerships to encourage job creation and growth is part of the work being led by the Department for Business, Innovation and Skills under the Government's growth strategy, and DECC will work closely with BIS to assess the need for skills development.

The oil and gas sector strategy has already identified how the sector and the Government can work on the skills challenges the offshore sector faces, and it points out that links could be made with opportunities in other sectors, including that of shale gas. Work on supply chain mapping is also being commissioned. To improve the responsiveness of the skills system to the needs of business, BIS is promoting much greater employer leadership and closer collaboration between business, higher education and further education colleges. We are already seeing signs of that in Lancashire, and I hope that other companies and institutions will follow the lead of Cuadrilla and the university of Central Lancashire.

In the brief time remaining, I want to respond to the points that have been made, but if I cannot cover them all I hope that colleagues will allow me to write to them in detail. I was asked how we will monitor seismicity. The monitoring system will include a prior assessment conducted by operators. A fracking plan will have to be submitted. There will be a traffic light warning protocol and real-time monitoring, and if any activity over 0.5 on the Richter scale is detected the operation will be halted and further steps taken. The British Geological Survey has a national earthquake monitoring system that will, of course, alert us all to any changes in natural background seismicity.

I was asked how we would maximise local job opportunities and improve apprenticeships. The industry commits in the charter to encouraging that wherever reasonably possible. I was also asked about greater public engagement by the Office of Unconventional Gas and Oil, which I have already mentioned. We are developing plans, as has been suggested, and we are committed to reinforcing how the public can have access to more independent information.

On transparency and the type of organisations involved in enjoying community benefits, I was asked whether we should share benefits directly, for example through reductions in bills. I have already said that I welcome the industry's commitment to flexibility, to engaging with communities and to consulting them over the autumn. Even if it is decided to take the benefit more generally—the new swimming pool that was mentioned, for example—I want local households to be clear what the benefit would be if it were a reduction in their individual bills, so that everyone understands the contribution that shale gas can make. The operators have committed to publishing each year how they are adhering to the charter, once the system of benefits starts to operate. The information about each local arrangement will be made public, and the next community down the line will be able to see it and decide whether it wants a similar package.

I was asked whether the benefit is per well. In the charter offer it is per well site, but that is one thing that the industry will consult on in the autumn. The disruption and the impact of the whole operation is at the well site, but the length of horizontal drilling means that some of the activity takes place a long way from the site. That is one of the issues that will be clarified a little later on.

I hope that I have responded to the main points that were raised, but I undertake to pick up any others later. I thank all Members who have contributed to the debate. I think we have shown that it is perfectly possible to approach the development of this entirely new industry as neither zealots nor victims but in a practical, constructive way, working through the issues one by one and ensuring that our communities get the benefit of what is potentially a very exciting development.