

Transport Committee

Oral evidence: [Great British Railways](#), HC 1076

Wednesday 30 March 2022

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Members present: Huw Merriman (Chair); Mr Ben Bradshaw; Chris Loder; Karl McCartney; Grahame Morris; Gavin Newlands; Greg Smith.

Questions 1–144

Witnesses

I: Witnesses: Wendy Morton MP, Minister of State, Department for Transport; Conrad Bailey CBE, Director for Rail Services and Strategy, Department for Transport; and Andrew Haines OBE, Transition Team Lead, Great British Railways and Chief Executive, Network Rail.



Examination of witnesses

Witnesses: Wendy Morton MP, Conrad Bailey CBE and Andrew Haines OBE.

Q1 **Chair:** This is the Transport Committee's evidence session on Great British Railways. We have one panel. Perhaps I may ask the witnesses to introduce themselves.

Wendy Morton: Thank you, Chair. I am Minister for Rail at DFT.

Andrew Haines: Good morning. I am the chief executive for Network Rail, but I have also been asked to lead the transition team towards Great British Railways.

Conrad Bailey: Good morning, I am the director for rail services and strategy in the DFT.

Q2 **Chair:** Good morning. Welcome back, Andrew and Conrad. Welcome, Minister Morton. This is your first appearance before us, although of course not your first appearance before a Select Committee. Congratulations on being in post, and I hope that it is going well.

We have a whole series of sections to go through about Great British Railways and how it has been formed; wider issues around fares and train operators and who runs what; and reform of the railways. We shall then look at decarbonisation and accessibility, so we have quite a lot to go through, and we are delighted to have the three of you before us.

Perhaps I may start by asking about the formation of Great British Railways. Originally, we were going to have this session at the beginning of January, but we were persuaded that there would not be anything to scrutinise at that time, but if we held it in March there would be something before us. There does not appear to be that much before us, but there must be lots going on, so perhaps I may just ask for an update and overview on when Great British Railways is going to take control.

Wendy Morton: Absolutely. First, thank you for inviting me along this morning. I am conscious that you did have a session around GBR planned for earlier in the year, so today gives us the opportunity to update you on where we are.

I imagine that you know the background to GBR, but maybe it is worth taking a couple of minutes to set out how we got to where we are today. Then I will set out a bit more about the timeline, and if Andrew or Conrad want to add to that, perhaps they can if it is agreeable to you.

The Williams-Shapps plan for rail was published in 2021. It creates what I would see as the biggest change for railways in about three decades. As a Government, we are really committed to bringing forward these vital reforms, which we see as being needed so that passengers can start to see the benefits. I want passengers to see the benefits as soon as possible.



Within that plan for rail, six problems were identified. The rail sector too often loses sight of its customers—passengers and freight. It is missing opportunities to meet the needs of the communities that it is there to serve. It is fragmented, and accountabilities are not always clear. I am sure that you as a Committee have probably picked up on that in the past.

The sector lacks clear strategic direction. We need it to be more productive and tackle some of the long-term cost issues. It struggles to innovate and to adapt as well. Those were the problems that were identified in the plan for rail.

Outcomes were then identified, and a set of commitments that support those outcomes was set out. Within all of this, a new rail body was to be set up—Great British Railways—to provide what can best be described as strong and unified leadership for our railways, right across the rail network, which brings everything much closer together and makes it simpler as well, both at a national and a regional level, and making sure that passengers and freight are at the heart of what we do in the railways.

I am sure that we shall go on to discuss some of the details of the reform. That is very much a quick background to why we are setting up GBR. We are now in the process of setting up the GBRTT, which is the Great British Railways Transition Taskforce—

Andrew Haines: Team.

Wendy Morton: Thank you, Andrew. This is the step towards GBR, which Andrew is heading up. We obviously need some legislation in place, but our aim is to have this set up by the early part of 2024.

Q3 **Chair:** I suppose the ultimate judge of when that really has occurred is when contracts will be in place between GBR and the train operators to run rail. I met Southern Rail representatives this week, who told me about a three-year contract that they have just signed as a stepping stone into GBR. Three years is quite long and I understand that some of those stepping stones are even longer than three years. When will all the train operators be contracted to GBR?

Wendy Morton: I might have to defer to Andrew on that, but my understanding is that some of the operators were put on to NRCs in the interim before we have the passenger service contracts.

Andrew Haines: That is right. There is a programme that the Department is leading on—a transfer from the current emergency arrangements to national rail concessions—which is a modified contract, and it is a contract that makes quite a lot of progress towards the end state. Seven operators have already signed up to those.

Q4 **Chair:** That is the contract between the Department for Transport and the train operators.



Andrew Haines: Yes, that is right.

Q5 **Chair:** What is the longest period?

Andrew Haines: Some of those are quite long. The longest currently is probably the TPE one, because of the nature of the disruption that is going to be happening with the Transpennine route upgrade.

Q6 **Chair:** When does that expire?

Andrew Haines: I think four years.

Conrad Bailey: Four plus four.

Q7 **Chair:** Four years?

Andrew Haines: With potential extension for a further four years. What I was going to say is that I think it would be wrong to say that GBR will be operative only when everyone is on a new contract because a lot of the levers that GBR could use are in those National Rail concessions. It will not be the end state but there is a lot that you can do within that.

Q8 **Chair:** That is great, but the contractual levers, as we know, are the levers that really show control, and I suppose I can use that as an example, because it just seems like an awful lot longer than it did in the very start, when I thought we were talking about 18 months until transitioning over.

Andrew Haines: If I can clarify, the point is that the National Rail concessions will give GBR some of those levers. It is not the perfect end state, but you have far more levers under the National Rail concession to adjust contracts and outputs, to work more collaboratively between Network Rail and the train operators: different forms of incentives that were not in the old franchises. It is quite a significant step in the right direction, albeit not the ultimate end state.

Q9 **Chair:** I suppose one of the concerns is that the Department for Transport now has its hands on the train set and, for many, that would be what they wanted—please don't take this personally, Conrad. Always, the concern is that the Department does not want to give up its train set and it will design the process that you, Andrew, will ultimately end up having to run. Is there enough collaboration in the system? Is there any reluctance for the Department to move things on so that we have what Minister Morton described earlier?

Wendy Morton: I believe that we are absolutely determined to do this. We know what the end state is and we have a plan to get there, but at the same time we have to maintain continuity of train services—this movement of the contract through the NRC from those which were on emergency measures to the NRC and then to the end state, which is the passenger services contract.

Andrew Haines: The reason for the extended timeline for contracts is largely because that is what the private sector is telling us it will need. It



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is not able to service every contract for the railways going to market at the same time—understandably so—because actually that would create a very artificial bow wave of work.

The second one is that there are certain cases, like Transpennine, where the nature of the infrastructure works means that we want some continuity.

Those are the two factors that are drivers, not a lack of collaboration or co-operation between the transition team and Conrad's team, which are working closely together.

Conrad Bailey: We are very keen to see the national rail contracts and those PSCs that are in place transfer to GBR as soon as it exists as a legal entity. In the meantime, there is very close collaboration between my passenger services team and Andrew's Great British Railways transition team to design and develop the new passenger service contracts, working in collaboration with the sector to get their input.

So we have had one round of market engagement, and we have got more to do. That is very much a collaborative effort between Andrew and me. At the moment, it has to be led by DFT, because of the nature of the legal position, but it is really a joint endeavour.

Q10 **Chair:** Could you see the contract being novated from the Department of Transport to GBR? Does the contract work to allow that?

Andrew Haines: Oh, yes.

Conrad Bailey: We would expect the National Rail contracts to transfer.

Q11 **Chair:** Could it be earlier than six years or four years?

Andrew Haines: I think the presumption is that, after the legislation, the contracts will be novated to GBR.

Conrad Bailey: And managed by GBR.

Andrew Haines: Absolutely.

Q12 **Chris Loder:** Good morning, everybody. Minister, to be crystal clear, GBR will formally come into being when?

Wendy Morton: At the moment, we have the GBRTT in place. To get GBR fully set up, we need a piece of legislation. Our plan is that it will be early 2024 but, obviously, you are all well aware that, to get legislation in place, we have to have that legislation slot, and it has to have gone through this place.

Q13 **Chris Loder:** Thank you. So we are early in 2022 and there are some franchises for, for want of a better word, business units that are currently, I understand, negotiating six-year contracts from this year. Conrad, it is probably best to ask you: can you tell us how many of the



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current franchises or business units are in discussion about six-year or longer agreements?

Conrad Bailey: We have a further three contracts on emergency arrangements that we need to move on to the National Rail contracts that will give us the levers. Most of those we are negotiating for have a break clause in them.

Q14 **Chris Loder:** My question is: how many?

Conrad Bailey: I would need to come back to you on the precise number on the six-year point.

Q15 **Chris Loder:** I understand that one of those is slightly more local to me. Given the impending agreements, could you just tell us, in your spirit of collaboration, why there does not appear to be any consultation with MPs or local authorities? Could you just tell us a bit more about why that is or whether or not that is coming in the short term?

Conrad Bailey: This is about the National Rail contracts.

Q16 **Chris Loder:** The impending contracts to run train services.

Conrad Bailey: Those are really a move from the ERMAs.

Q17 **Chris Loder:** I understand that, but setting a contract for six years is quite a long time, and that is clearly what GBR will inherit. Some of us may think that this is some sort of DFT power grab—I am not saying that I do—but some do have that view. I wonder why you are, in effect, signing up an operator to operate a railway business—one of the lines is in my constituency, which has the worst frequency in the country—yet there is no consultation or anything like that even to give us some hope that services might be improved in that time, in some way.

Conrad Bailey: So maybe it is worth my explaining how the national rail contracts work because they are quite different from the old franchise agreements. They are based on a one-year business plan, with quarterly reviews, so what they allow is huge flexibility to respond, as we are coming out of Covid, to put services back as the market creates them.

Q18 **Chris Loder:** Will you consult on them? That is what I am asking. Will you come to ask the MPs who are affected by your decisions whether we have any views?

Conrad Bailey: That is probably for the Minister, but I am sure that we would be happy to have a conversation with you.

Wendy Morton: I am always happy to have conversations with colleagues to understand what their concerns are.

Q19 **Chris Loder:** With respect, Minister, most colleagues don't even know that you are signing these contracts. It might be helpful if you told us and then we could share our concerns with you. I think a lot of people do not know that they can share those thoughts with you.



Wendy Morton: Let me take that point away. I do make the point that I am very happy, where colleagues have concerns, to meet them, as I have done so with some of you in this room. It is really important that there is a mechanism for your thoughts to get back into the system, even if it isn't a formal consultation.

Chris Loder: Thank you.

Chair: That will never happen! Let us move on to Grahame Morris with a question about responsiveness to passengers.

Q20 **Grahame Morris:** Thank you, Chair, and good morning to the witnesses.

How is Great British Railways going to be more responsive to the needs of local passengers? My colleague said that he has the worst train service in the country. I would dispute that. How will local decisions about improving passenger services be made?

Andrew Haines: There are two things I want to say. The overriding thing we want to do with Great British Railways is make it simpler, in the interests of everyone. The reason that I labour that point is I think that the current system is too complicated, and complexity has alienated passengers—fares and ticketing is a good example of that. People do not feel that they can trust the fares system.

Secondly, complexity has made it really hard to adapt and local stakeholders think that the industry runs rings around them because they do not know who is accountable, or they find that the infrastructure is not joined up with the train service.

The third thing about that complexity is the added cost, which means that it is too expensive when people want to intervene. I believe Great British Railways can deal with each of those issues. It can have a simpler face for customers; it can be simpler in terms of its adaptability because of the new contracts; and, because of that, it can be cheaper.

We are also very committed to GBR being a heavily devolved entity. Keith Williams was very clear in his recommendations: a central monolith of Great British Railways would have been the wrong thing to do. Both the Government and I as lead in the transition team are very committed to having strong regional links. We are already doing preliminary work with some of the metro mayors to see how that would work in practice—Andy Burnham and Andy Street—and on models that would allow us to give real choice for service decisions where it is local but will still get the benefits of the network.

I think what we have seen already with the changes I have made in Network Rail—it is only the start—is that people welcome having somebody locally who can be held to account. There will be clear accountability. There will be a regional general manager for each of the Great British Railways regions of Great British Railways who will have accountability for the train services. That is a massive step forward that



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local politicians and local stakeholders have simply not had since the early 1990s.

Q21 **Grahame Morris:** That is good and is a helpful response. May I also ask the Minister a question? You mentioned involving elected mayors and the regional managers, but how will we have local decision making? Will there be a structure to feed into these? Did you say there were 12 regional managers?

Conrad Bailey: No, there are four regions and the nation of Scotland, so five in total.

Q22 **Grahame Morris:** I wonder whether I might ask the Minister the same question.

Wendy Morton: I might have to go and get some more detail. I think Andrew will have the detail of how it works right down at the regional level, if I am honest.

Andrew Haines: We believe that that needs to be flexible because different regions need different things. Your constituency, or Mr Loder's constituency, is very different from Greater Manchester. Therefore, we think that a templated model of that work would be fundamentally wrong. That is why we are picking two or three areas and saying, "Let's work with you to develop a model that works." That is some of the agility that we can bring to this. If we try to prescribe a template, it would be fundamentally wrong for large parts of the country.

Q23 **Grahame Morris:** You have answered my next question: how do we stop the system becoming overly centralised?

Andrew Haines: Indeed.

Q24 **Grahame Morris:** So your proposal is not to be too prescriptive but to allow different models—

Andrew Haines: Absolutely.

Grahame Morris—to develop in different parts of the country.

Andrew Haines: Yes

Grahame Morris: I appreciate that. I am going to hand back to the Chair as I think my colleague wants to ask further questions on the same issue.

Chair: And I am going to hand it back in your direction with Gavin Newlands.

Gavin Newlands: Very smooth, thank you very much.

Chair: Just like you, Gavin.

Q25 **Gavin Newlands:** Quite. Thank you. To follow on from the questions that my colleague was just asking, I start with something that you said,



Mr Haines, when you said that you are committed to devolution. I suppose that my point would be that Williams was advised by a previous Transport Secretary on what Network Rail functions should be devolved to Scotland, and that obviously has not taken place. Despite this, in Scotland we have the ScotRail lines for track and train, which, as much as is possible, are run together, so what difference will GBR make to that? Will there be any difference in the level of control currently enjoyed by the Scottish Government through Transport Scotland and the ScotRail lines? How will this work?

Wendy Morton: I think maybe I can pick up on that. The first thing I would like to say is that I recognise that the DAs play a really important part when it comes to the railways. That is why we are engaging on a regular basis with Transport Scotland and the Welsh Government, which is really important as we move towards this model. I would expect the DAs to work with GBR so that our end state is a place where the networks of the devolved administrations benefit from the reforms to the wider network.

To me, this is also about the benefits to the wider customer. The customer, the passenger, doesn't necessarily recognise that they are travelling from England into one of the DAs, so I think that is really important to me. We would expect to work with you. Andrew might have a little more detail to add to that.

Andrew Haines: As we have said, we are already working very closely within the ScotRail Alliance and I think we are looking at further steps on that, following Friday, when there is a change of ownership of the ScotRail contract.

There are areas where the Scottish Government want us to work as a British network. Freight is a good example. There is no intermodal freight traffic within Scotland and, actually, to further the Scottish Government's decarbonisation ambitions they want us to have a network where freight is integrated into the rest of the UK.

I think we can get the right balance: strong devolution locally—we have had credit for the work that we have done already—but then making sure that in things like the strategic freight network we have those strong links.

Obviously, we will work within the political settlement. That is not a decision, ultimately, for Great British Railways, but I think that we have demonstrated already that we can be more adaptable. The thing that we have really been able to do in Scotland, for example, is that we have developed a decarbonisation agenda which aligns to a different timescale for decarbonisation than Westminster. We have demonstrated that we can do that already, so I think that we have good evidence that we can be adaptable in that context.

Q26 **Gavin Newlands:** I expect that there will be more on decarbonisation



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later. I should probably thank the Minister for discussing some of these issues a couple of weeks ago.

You referred to the fact that Friday is a big day in Scotland. The whole of ScotRail comes under public management and ownership and, to that end, it is something that we discussed. In moving forward with GBR, what is the future of open access? Obviously, at the moment, open access, while it has merits in opening up and bringing in competition, obviously, in Scotland, with there being a public operator, it may not be available to the private competition on the profitable routes.

Wendy Morton: Can I come back to you on that one?

Gavin Newlands: You can do, yes. You can write to us.

Chair: If you want to, you can write to us on that.

Wendy Morton: I will on that one.

Q27 **Gavin Newlands:** Thank you.

What role will the Department play in directing GBR? During the pandemic, the Government temporarily renationalised the network, essentially. What did the Department achieve, using those powers, and what is its role, moving forward?

Wendy Morton: The one thing that we achieved was that, collectively, we kept the railways running, which was really important. It might sound simple, but it was important that we kept the railways going. As you will be very well aware, the Government put in excess of £14 billion into supporting the railways because it was the right thing to do. It made sure that we could continue the railways running so that key workers could get to work. I think that it was important that we did that.

We have talked a lot about the role of the DAs, the regional responsibilities and the responsibilities of GBR, but, under the new GBR, when it is set up, Ministers will still have the levers, as you would expect, and the oversight of GBR as an organisation. I am guessing that is where you were coming from, or have I misunderstood?

Q28 **Gavin Newlands:** Essentially, how much command and control, as it were, of GBR will the Government retain? For instance, in the event of, God help us, another pandemic or something like that, would you still have the same powers to exercise over the railways as you exercised in this case?

Wendy Morton: Let us hope we do not get another pandemic.

Gavin Newlands: Yes, indeed.

Wendy Morton: But it is an interesting point and the key thing here is that Ministers have the levers over GBR, and that includes statutory powers. So we will have the ability to issue binding directions and guidance. I anticipate that we will be focused very much on making sure



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that the new body delivers not just services but value for money for the taxpayer. It is important to recognise that Ministers at DFT still have a strong role to play.

Q29 Gavin Newlands: Will you have the power to dismiss the chief executive of GBR, for instance, should that be necessary? Will the Secretary of State be able to do that?

Andrew Haines: Yes.

Q30 Gavin Newlands: No offence to Mr Haines.

Wendy Morton: That is fine. I am glad that Mr Haines has answered the question.

Q31 Gavin Newlands: He wants out.

Wendy Morton: No, no, definitely not.

Q32 Gavin Newlands: I know that you are new to your role, Minister, but what did the Department learn over the recent past about the cost element of the railway through running the railway as it has over the past 18 months?

Wendy Morton: That is an interesting question. Conrad will probably chip in. We probably learned a lot about the costs around running the network, more details about the complexities of the network. Certainly, as a Minister, when you come into the DFT you understand that, when things are working fine, that's great and everything just seems to work but there is a lot of complexity behind that. I imagine that that is one of the things that we as a Department will have learned a lot more about. Given that Conrad has been very much on the track, as it were, I will ask him whether there is anything else that he wants to add to that.

Conrad Bailey: I think that probably the thing we have learned most of all is that real need for a guiding mind, which is obviously what GBR is going to create, and that ability to operate the railway as one. We put that in through some of the emergency arrangements, working incredibly closely with Andrew and his Network Rail colleagues.

I think that, coming to the future requirements for the railway to work in a much more integrated way, that is exactly where GBR is going to really help.

The other thing that we identified, and that the national rail contracts give us the opportunity to do, is to make sure we are really driving for an ever-more efficient railway in the context of the amount of taxpayer support.

Andrew Haines: May I offer one or two quick observations? One is that we were able to flex timetables much more readily, once we set aside some of the old contractual issues. I think that is one of the real benefits that the National Rail contracts give over franchising. The very restrictive



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nature of franchising meant that it was very difficult to flex services, and we were then able to do it much more quickly and adaptably.

The second one was that we were running an overly congested network. We were running trains to the point where we could not sustain reliability. I am not for a moment suggesting that we would want to go back to the depths of the pandemic, but it did give evidence that the consumer price of congestion was disproportionate on certain routes

Gavin Newlands: Thank you.

Chair: Thank you, Gavin—it was a great question.

We are going to carry on with the form and structure of GBR. I want to bring three more colleagues in, and we start with Greg Smith.

Q33 **Greg Smith:** Thank you, and good morning to the witnesses. I want to explore a little this issue of what role the DFT will have in directing Great British Railways and, rather than looking at it through the focus of the emergency measures of the pandemic, looking at it through the lens of the story of rail privatisation so far.

My opening question would be: is there a risk that the new structure will exacerbate some of the largest criticisms of the way rail privatisation was done in the 1990s, in that it was still a fairly fragmented model, where there were too many competing interests from both state and operators, and we are not actually going to set the private sector free to bring in the innovations and changes that most consumers and passengers would want to see on the railways? It will still be too much of a central control system.

Wendy Morton: What I would say to that is that the whole thing about GBR—it is important that we do not lose sight of it—is simplification. It is about recognising the six points that Keith Williams picked up in his plan for rail, and that piece around fragmentation and getting us in the position where we are working much more together, right across the network.

The answer to that is no. In terms of the oversight of the Department, the GBR legislation will be coming through. No doubt, there will be consultation before that, which will give MPs—and the Select Committee, I am sure—the opportunity to look into that in more detail.

On the point you make about innovation, the private sector has brought much of the innovation into the railways, so our intention, it is fair to say, is that, absolutely, we want to be able to continue having the benefit of innovation in our railways, as we transition into GBR, and we have GBR set up and moving forward, and I believe there is a space for that. Andrew, you might want to say a little more.

Andrew Haines: I think the private sector has brought enormous value to the railways over the last 30 years. We have seen a doubling of



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passenger numbers. We have seen an almost entire transformation of rolling stock. We have seen radical innovations and interventions at some of our major stations such as King's Cross, Birmingham New Street and London Bridge. They are all things we must harness going forward.

Where the system did not work was the fact that it is a system, and simply landing a private sector contractor into a system and expecting them to transform it just is not possible. They came up against the constraints of lack of capacity or, indeed, dare I say it, in the north with the May 2018 timetable, where the contract was set several years before the infrastructures were agreed, we found a fundamental misalignment. However innovative the private sector operator is, they cannot break through that brick wall. We have to run the railway as a system.

The big value that Great British Railways has is that it gives the guiding mind that says, "We can either adapt the infrastructure or we can adapt the train service." I believe we will only do that if we get the really strong incentivisation of the private sector to do that.

It is not just in train operators but in stations, in retail and in the £4.5 billion Network Rail currently spends with the private sector every year on renewing the railways, but where we need to get better value. I think there is a massive role for private sector participation.

Q34 **Greg Smith:** I agree with a lot of that. If I can come back to get your view, however, a lot of rail infrastructure at the moment is entirely taxpayer funded. If we are to get the big innovation—I entirely agree with the point you made on that—we actually need the private sector to be able to take the risks and to understand, from a pure market mechanism, what is going to work in the interests of consumers and what is not.

Is there a risk that this model of GBR that has emerged so far, pre-legislation, could still be a picker of winners and losers as opposed to allowing the market to work out what consumers really want and to get the private sector to put their money where their mouth is?

Andrew Haines: I do not think so. That is because the truth of the matter is that there is very little private sector appetite to take on infrastructure risk in Britain's railways. The assets—

Q35 **Greg Smith:** Just to cut across you, is that because the state has taken on that role in recent years?

Andrew Haines: No. I think it is because there are very few brand-new assets. Most are a mix of Victorian assets, right the way through to Edwardian, 1920s and 1930s. Pricing that risk is very difficult for the private sector. There is very little appetite, and you will see that right the way throughout the world. The only railways which are fully privatised with owned infrastructure are places like Japan, where all debt was written off and they were given a very large property dowry.



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I think it is unreasonable to expect the private sector to take that risk. However, we are, for example, finding opportunities to do that with the Network Rail telecoms network. We are currently out to market to get private sector investment to upgrade our telecoms network, replace it with 5G and use that as a spine for 5G across the country. We will get an enhanced network at a much lower price. The private sector will then take the risk on selling the spare capacity to its 5G customers.

We are absolutely looking at those niche examples, but I think you would find very few people saying, "We are interested in taking on asset risk." It is just so big and so unpredictable.

I think what this model does is to say, "Okay, where the private sector can add value is in bringing in incremental innovation as part of a system." It is important that the new contracts incentivise that. What franchising did was incentivise people bidding big on revenue well in advance, but the minute that revenue then did not materialise it was almost impossible to adjust the contract because you were reopening the contract on a bilateral basis. That is never value for money, or it is very hard to get value for money, for the taxpayer.

What we saw was franchises fail, and franchises fail to respond to different conditions. It was not because there was lack of private sector appetite but because the model was too constraining of them. I think this will be a more flexible model, and therefore more private sector opportunity, but in the area that the private sector genuinely wants to operate in as opposed to taking on a risk it cannot really absorb.

Greg Smith: There was a lot of competition for this question.

Chair: I open up the competition to Karl McCartney.

Q36 **Karl McCartney:** Welcome to all three of you. Minister, the Department for Transport do like three-letter acronyms.

Wendy Morton: Yes, they do.

Q37 **Karl McCartney:** Is GBR just a replacement for the SRA in another guise?

Wendy Morton: You are right that the Department—it is the one thing I have learnt—does love acronyms. I see GBR as being an opportunity really to set out our future vision of the railways and, as we have been explaining this morning, the simplification of the railways, recognising that it is 30-odd years since we went down the franchising route. Things have changed. We need our railways to continue to evolve, but we absolutely need to have this guiding mind that oversees everything and we must not lose sight of our passengers and freight as we seek to move forward. I see GBR as a new structure, which it is, to work to.

Q38 **Karl McCartney:** You do not see it replicating some of the things that the Strategic Rail Authority was doing very well.



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Wendy Morton: No.

Q39 **Karl McCartney:** My addition to that is, have you spoken to anybody who worked at the Strategic Rail Authority to take some advice from them, or are you happy reinventing the wheel?

Wendy Morton: You asked did it replicate, and I said, "No, it does not replicate." My interpretation of your question, Karl, was, are we replacing one thing with another?

Q40 **Karl McCartney:** The Strategic Rail Authority disappeared in 2006, so it has not been around for 16 years.

Andrew Haines: There are two fundamental ways in which Great British Railways is different from the SRA. The first is that the SRA had no levers over the infrastructure. That was the fundamental mistake, I believe, for the SRA. It was through no fault of its own. It was set up to be entirely discrete from, initially, Railtrack and then Network Rail. It perpetuated the solid wall between track and train.

The second thing is that it was presiding over franchises where, because of the revenue risk, we saw inflexibility. I think the SRA did lots of excellent work. It had a slightly more hands-off view of managing some of the contracts, which I think meant it got some better consumer outputs. It made a start on creating a long-term plan. It had a better plan on freight than we have probably had since the SRA was absent. There is a lot of learning there.

As part of the transition team, we have colleagues who had some experience of that. I would be interested in hearing your own, because I know obviously you had some considerable influence at that time. It would be wrong to say that GBR is SRA mark II, because those two fundamental changes were, I think, the things that prevented the SRA from fulfilling its real potential.

Q41 **Karl McCartney:** Indeed. That is what I was trying to get to—the good bits, if you like—and also making sure that we learn from the mistakes or the things that were left out, the missed opportunities, during that six years.

Andrew Haines: I think we have learnt those lessons very clearly.

Q42 **Karl McCartney:** I am very pleased to hear that.

Conrad Bailey: When we were working with Keith on the report that led to the White Paper, we spent a huge amount of time, as did Keith, looking at what was good about the SRA and what was not. As Andrew says, in his team there are people with that experience. There are obviously quite a few colleagues in the Department for Transport who have an SRA background. Again, I have been drawing heavily on them to learn lessons for good and bad, both in the substance of how we set it up, the relationship with the Department and, critically, how we can make some of the people changes as we go through this transition.



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Q43 **Karl McCartney:** There are lots of people within the rail industry who obviously did play a part in the SRA. One of the things you might take on board is: do you think the new GBR will be as independent as it needs to be, where perhaps the SRA was not allowed to be initially? That might be a question for the Minister.

Wendy Morton: Maybe it is. Maybe we always need to keep that in mind.

Karl McCartney: Thank you very much for that very succinct answer.

Chair: Just to sweep up on the whole formation and structure of GBR and timetable, I will ask Chris Loder to ask questions.

Q44 **Chris Loder:** Thank you, Chair. Minister, is GBR going to be in the next Queen's Speech?

Wendy Morton: I am not really at liberty to set out what is going to be in the Queen's Speech. I suppose I should say that we will have to wait and see. I have set out what my hopes and intentions are today, but I think it would be wrong of me to speculate what will be in that speech, Chris.

Q45 **Chris Loder:** That is absolutely understandable. Could you tell us a little bit about this? What legislation is needed in order to push the go button on GBR?

Wendy Morton: We need a piece of primary legislation to set up GBR.

Q46 **Chris Loder:** Is it purely for the setting up or is it for the reorganisation of the industry model in the Railways Act 2005?

Conrad Bailey: There are two key things I would really focus on here. First, we need to transfer the franchising powers from the Department for Transport to GBR. That will then allow you to move the national rail contracts across, but also launch those further competitions and contracts for them.

The second thing is that there were a number of changes around the wider industry structure and model that do require legislation. There are many that do not, and we are working through which ones do and which ones—

Q47 **Chris Loder:** Will that legislation address the role of the regulator in any way?

Conrad Bailey: It will absolutely need to as part of that, and the role of Transport Focus.

Q48 **Chris Loder:** Are there any headlines that you could share with us on how the regulator's role might change?

Conrad Bailey: I think this is what we are working through at the moment. It will need to be set out in the consultation before legislation.



Q49 **Chris Loder:** There are mixed views about the effectiveness of Transport Focus. The chairman of Transport Focus is indeed an appointment of the Secretary of State. Do you envisage any real change within that organisation?

Conrad Bailey: We are expecting Transport Focus to need to change, evolve and modernise as part of change across the system, just as the regulator and GBR are going to need to change. Critically, the DFT needs to change a very significant amount as well. We would see it changing to be that passenger champion that is set out in the White Paper.

Q50 **Chris Loder:** We need primary legislation. The legislation needs to deal with who awards contracts—railway operating contracts; the role of the regulator; and the role of Transport Focus as the passenger representative body. Will it address open access?

Conrad Bailey: It is part of looking at the regulatory structure. It will absolutely be looking not only at open access operators but at freight operators, contracted operators and, of course, devolved authority operators.

Q51 **Chris Loder:** Are there any other legislative components within what I presume will be a Bill that comes forward to Parliament that I have not covered?

Conrad Bailey: They are the substantive ones.

Wendy Morton: I think it is fair to say that it is really good having this session, but please recognise that we are still working through the preparation that is needed for the legislation. If there are further questions, of course we would come back.

Q52 **Chris Loder:** I will come back to those very points in just a moment. Could you tell me, Minister, what benchmarks will the DFT adopt for GBR's performance? Do you have any thoughts on that at the moment, or any insights you could share?

Wendy Morton: I am sure we will be putting in place a whole range of performance measures, whether they are KPIs or not. For me, one of the things we will be making sure of is that we are doing exactly what we said we set out to do, which was simplification of the whole system and making sure that we are delivering benefits for our passengers and freight, and really putting them at the heart of what we are doing.

Q53 **Chris Loder:** Is the point at which you would look to lock down those benchmarks being managed through GBR's transition process, or is that something that the Department is going to establish and say, "Here you are, GBR, this is what we are going to measure you against"?

Wendy Morton: I would imagine it is a bit of a combination.

Conrad Bailey: The way we are going to do this is that, whilst Andrew is going to be leading very much on the design of GBR, within DFT I need to



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be leading with my team to advise the Minister on how DFT needs to transform. As part of that, a key element is the shareholding relationship that the Department has with GBR and working through those.

Q54 Chris Loder: My understanding is that a significant transition team has been established. I will come back to ask you about that, Andrew, in just a moment. Do you think it is slightly unfair to have that considerable workstream ongoing or established without being crystal clear with the transition team about what the objectives and the benchmarks are going to be at this stage? If you do think that, could you tell us when you are going to establish those benchmarks, please?

Conrad Bailey: I think our experience of leading transformation programmes is that you need to do this incrementally and collaboratively, which is the approach we are taking. We are working hand in hand with Andrew. Andrew can tell you if he thinks I am being unfair or not giving him the benefit of the doubt. We need to do the work together.

It is worth saying that there is a lot we can draw on. For example, we will want to draw on some of the experience from periodic reviews—on the infrastructure side, we will want to draw on them. We have some experience from our own management of contracts in DFT and we will be drawing on that.

Q55 Chris Loder: Could you tell me when you are going to set the benchmarks or objectives?

Conrad Bailey: I think they will need to be in place for when GBR is established.

Q56 Chris Loder: That is the beginning of 2024.

Conrad Bailey: They clearly need to be in place—

Q57 Chris Loder: So roughly another two years. Thank you very much.

Andrew, could you offer us any insights at the moment as to how GBR is likely to be structured? You mentioned a bit earlier about the wish to engage regionally. Could you give us some insights as to how you see this structure taking place from early 2024?

Andrew Haines: Absolutely. The fundamental principle is to be very heavily devolved, initially based on the Network Rail regions and Scotland, just because that gives us some infrastructure and allows us to move at pace. When Keith Williams looked at it, he said it was as logical as any other structure. You might wish to fine-tune it and change things in due course, but that would be the starting point.

There would be a relatively modest headquarters for the organisation so that there is as much empowerment into those regions as possible. The region will both maintain, operate and renew the infrastructure, and let the contracts with the private sector for train operations. It would also look at how you get private sector involvement in things like station



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development, station operation and other activities. It is very heavy at the regional level.

With the key national roles, we are looking at network optimisation. Clearly, when you have big projects like the Transpennine route upgrade, or indeed the integrated rail plan, you need the network to work together. One of the learning lessons has been that, if you do things in geographical silos, then it will be as bad as the track/train silo that we have historically had. We need a strong network capability that really pulls that together.

There is a big focus on revenue generation. I think that has historically been heavily fragmented. With Covid and the change to contracting, we really have to rebuild our capability as a system in that regard.

Q58 Chris Loder: On that point, do you foresee reforming the railway process, particularly the timetabling process, to ensure that the timetable today is much more demand responsive than what, in some cases, is really a minimum of a year out for long-term planning purposes?

Andrew Haines: Absolutely. We are working on that. We expect to have a commission from Conrad and his colleagues very soon to set out an access management strategy, so that we can articulate things.

There are two fundamental things on timetable. One is to build on what I said was the Covid lesson—that we can be more adaptive in the process. At the moment it is a very clunky process that requires people to work several years out. It is very inefficient, with too many hand-off points.

Secondly, as I said, the previous contracting regime meant that it was very hard to make changes to specification if they affected the revenue line. That is one of the things that we have seen in the failures of the East Coast franchise over decades. Both of those things are up for fundamental reform.

Q59 Chris Loder: Going forward, will you expect timetables to be reflective of sectional running times in a way that, in some cases, they are not today? What I mean by that specifically is that we have had situations where the timetable has changed, especially during the Covid period. The number of trains has decreased, but the journey time has increased. Some may say that is because they want to insulate themselves from performance regimes.

Will you ensure that future timetables will actually be reflective of the agreed sectional running times rather than inflated?

Andrew Haines: I am very outspoken on the fact that one of the indictments of the current set-up is the fact that performance regimes have not fundamentally changed for 28 years. We have not used technology to drive delay understanding. Some essential contractual parameters were set up in 1993 by people like me, with no knowledge of how the system would work.



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Moreover, harnessing technology. I do think that is one of the things which have driven outcomes, which have not always been in the consumer's interest. The national rail concessions and, indeed, the PSEs, which we are co-designing, allow for very different incentives to try to remove some of the perverse incentives that currently exist.

Q60 Chris Loder: Yes. Network Rail does accept that today in terms of timetable changes.

Andrew Haines: Yes, because it is one of the oddities at the moment. Network Rail's role is to accept a compliant bid. It does not have any entitlement to optimise the network currently. It is why the need for a guiding mind is there. Neither the ORR, the DfT nor indeed Network Rail can say—

Q61 Chris Loder: Even if a bid would absorb capacity—

Andrew Haines: If it fits on the graph currently, then we have no reason to reject it and no ability to reject it.

Q62 Chris Loder: That is good to know; thank you very much.

How many people—engaged consultants, full-time employees or secondments—are currently working on the GBR transition?

Andrew Haines: Within Network Rail, which is where the transition team is currently hosted, it is about 180. That is 100 secondees and about 80 consultants. Our aim by the end of the next year is to have about 300, but only 20 of them will be consultants. At the moment, we are quite consultant heavy because, of course, we have not had long-term budgets or the legislation. Those are the sorts of numbers we are talking about.

Q63 Chris Loder: Are a number of people seconded from the train operators as well?

Andrew Haines: Absolutely. Less than 50% of the workforce is Network Rail. We are really keen that that remains the case. For example, we have a revenue recovery team which is exclusively made up of either train operators or indeed people from other retail sectors.

Q64 Chris Loder: Is that half of the 180 number you just mentioned, or is that another 180?

Andrew Haines: No; that is the total. It is 100 secondees, more than 50 of whom are Network Rail, and then there are consultants, who currently number 80 but whom we are bringing right down to 20. I was not trying to play fast and loose.

Q65 Chris Loder: Thank you. This may be a question for you, Minister, rather than Andrew. I will let you decide who answers it.

When is GBR going to come and talk to Parliament about its workstreams? I ask because some of us have some specific views to share—whether or not they can be implemented is another matter—



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particularly where current franchise boundaries preclude what should be sensible regional connectivity solutions. When will GBR be allowed to come and talk to Parliament about that?

Wendy Morton: Do you want to answer, Andrew?

Andrew Haines: Once the legislation consultation is out there, I think that will give a much better sense.

Q66 **Chris Loder:** Minister, can I ask you when we are likely to have that? Any ideas?

Wendy Morton: We keep coming back to the same point, Chris. At the risk of repeating myself, the planning for the legislation is under way. I have this aim that we have GBR all set up by the beginning of 2024. We have to have a legislation spot to do it. I cannot pre-empt or second-guess that. As soon as I can give you an indication of when that will be, I can assure you through the Chair that I will do that.

Maybe this will be helpful to you. In terms of the Select Committee or others who are interested in this topic, if you want to feed back any thoughts that you have—I might regret saying this—by all means do that. Maybe I can set up a session so that you can give thoughts and feedback to me, which I can then feed into the Department, if that would be helpful.

Q67 **Chris Loder:** Thank you very much.

Can you give me an insight into when we can expect the whole industry strategic plan?

Wendy Morton: The whole industry strategic plan is known as the WISP. We are working on that at the moment. It is under development, I can assure you. We have launched a public call for evidence. I am sure you were aware of that. That was between December and February. We had hundreds of responses that we are now just working through.

To answer your question, Chris, I am hoping that the first version of the WISP will be ready later this year.

Chris Loder: Wonderful. Thank you very much. Chair, I will hand back to you.

Q68 **Chair:** Would you mind writing to us, Andrew, with regard to the breakdown of all of those who are working on GBR: the secondees and how the cross-transfer works?

Andrew Haines: Yes, indeed.

Q69 **Chair:** And also the cost of the consultants as well on a quality basis. I know that at least one Member would find that very helpful indeed.

Andrew Haines: Yes.

Chair: Let us move on. We want to talk about the impact that the



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pandemic has had on passenger numbers and, indeed, on costs. I will ask Greg Smith to lead us off.

Q70 **Greg Smith:** Thank you, Chair. I have a straightforward opener. What are the Department's current forecasts for rail usage? I will start with the next five years. If you have any longer-term forecasts, that would equally be helpful.

Wendy Morton: The first thing I would say is that during the pandemic we have developed and implemented new business models. This has helped us to develop our capability to exactly do this thing, which is to analyse future demand. It is not just that; it is also to simulate recovery, because that is equally important for passengers, in terms of revenue and marketing. It is everything that will sit within GBRTT.

When it comes to actually trying to forecast, I will defer to my experts. It is quite difficult to forecast where our passenger numbers are going to be. We have seen an increase, I think it is fair to say. Leisure has bounced back a lot quicker than commuters. There are some regional differences as well. From my perspective, we are keeping a very close eye on that. Conrad might want to add a bit more to that.

Conrad Bailey: Our analytical teams do produce forward ranges rather than forecasts, given the range of uncertainties both around Covid recovery and the wider economic climate at the moment. They tend to look out to about four or five years. They show a huge range.

The key thing I would say at the moment is that the level of uncertainty is just very hard to read. You would expect that, I think. Post the lifting of restrictions, we have actually seen passenger numbers and revenue beginning to climb back into the low 70% numbers across the railway.

What we need to see now is at what point that recovery begins to level off. We are still just a little bit too early to draw a sensible trend line from that. We are looking at it very closely. My analysts are doing a lot of work on this, but we are not yet at the point where we can really see things levelling off. I guess a lot of that is going to depend on the extent to which commuters return. Are they returning two days, three days, four days or five days? It is that level of uncertainty, plus the wider economic impact.

Q71 **Greg Smith:** I will pick up on that ever so slightly. There has clearly been a fundamental shift. I see that on the commuter trains from my own constituency. I see that from talking to colleagues all round the country.

How much of the future demand for rail is going to be changed forever by the pandemic, as opposed to a temporary blip? The point was picked up about the difference between commuter travel and leisure travel. I know from my own constituency, for example, that the weekend trains on the Chiltern Line are busier than ever before. On some commuter trains you are packed in like sardines, but I will not go off on one on that. Others



are still completely empty or very quiet.

Do you think there is actually any long-term, fundamental shift to the railways being more about leisure travel or discretionary travel as opposed to those key rush-hour, getting-people-to-work services?

Conrad Bailey: There are two shifts that we can be quite clear about. We are definitely seeing more leisure, so there is an opportunity for the railway there, but that also has implications over time for the kinds of services you would want to run.

When it comes to commuters, it is just a bit too early to say how profound that change is. There clearly is a change.

The other area where we are seeing substantive change at the moment, which one could imagine could stay, is the amount of business travel that is taking place. That is lower at the moment. Again, that feels like another area we really need to watch.

I think it is just too early to come to definitive views.

Q72 **Greg Smith:** I appreciate the point that it is too early, but sometimes you can learn something from emerging trends and from realtime data. Can we dig into that business travel point a little bit? What is business travel? I accept that you are going to give me a range, but what is the number or the range of numbers on how much business travel has fallen?

Conrad Bailey: I may need to correct this, but on the latest figures I saw we were about 30% of pre-pandemic.

Andrew Haines: 33% last week.

Conrad Bailey: That is compared with—

Q73 **Greg Smith:** At 33% of pre-pandemic business travel, or 33% down?

Conrad Bailey: At 33%.

Q74 **Greg Smith:** Within your range, where do you predict that to recover to?

Conrad Bailey: We are still unclear. Our forecasts look at the overall picture and not at—

Q75 **Greg Smith:** Is there a chance that it will not recover and that we will carry on doing Zoom and Teams?

Conrad Bailey: That is the obvious question that we are asking. That is why we also need to focus on the new opportunities, particularly around leisure.

Q76 **Greg Smith:** Let us take all of that as read. What is the difference that GBR can make to the recovery of rail numbers as opposed to the status quo or a different model?



Andrew Haines: As I said in response to Mr Loder, we can be much more adaptive about timetable. Secondly, we can make the interface with consumers much simpler and hence lay focus on modernising retailers. We were able to secure, as part of the spending review, £360 million for what some people might say was long overdue reform of fares and ticketing. I think that front-end attractiveness is really fundamental.

We can harness marketing capability. We can unify the current individual train operator websites into a really strong challenge to the private sector websites, all of which will grow attractiveness. We will have more tools to be demand responsive.

Q77 **Greg Smith:** I appreciate that. This is the last question from me before I hand back to the Chair. Accepting it is too early to say, but given the realtime data and the 33% of business travel, is there a risk that GBR, on vesting day, when it comes into being, is going to find itself with a lot of unviable railways, potentially new railways?

Andrew Haines: I think the Government have made their position very clear on supporting Britain's railways. There is a very clear, explicit commitment to levelling up. As part of the whole industry strategic plan, that is one of the five criteria we have been asked to look at. The signals we are getting are that there is a long-term commitment to growing the railway, as long as the railway understands what it is for and what it is good at. That is what we are doing.

I do not think that is a risk because we have been given very clear indications that we want a long-term investment in a sustainable railway. Indeed, if we are going to deliver on our decarbonisation commitments as a nation, we need to continue to promote the growth of the lowest-carbon form of large-scale public transport available anywhere in the world, which is train travel.

Q78 **Greg Smith:** I do not want to put words into your mouth, but is that a yes, but it does not matter because the taxpayer will subsidise it?

Andrew Haines: No. You said the railway was not viable. I think the railways depend on public subsidy everywhere in the world in some form or other. What we are seeing is a commitment to that. I believe that what we have in Great British Railways is a way to drive out some of the cost, so they will be more sustainable and not less sustainable.

Q79 **Greg Smith:** Minister, do you want to say something?

Wendy Morton: I would just come back and say that, in terms of that long-term commitment, the work of Keith Williams in the Williams-Shapps plan for rail really sets out for me the direction and the changes that we need to make to get to that point about being passenger focused. Setting up GBR creates that real opportunity to tackle some of the things like fares and ticketing, to simplify the railways and improve the passenger journey. You have to take that alongside the investment that



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we have made, not just in keeping the railways going throughout the pandemic but the £96 billion over 30 years in the IRP as well.

We absolutely need to get this right, but GBR gives us, in addition to the ministerial levers that we were discussing earlier, those tools to continue to drive the rail industry forward, recognising that it has survived for nearly 200 years. It needs to continue to evolve and change, recognising that post Covid the markets that were traditionally there are still there but the format has changed. We are still working through trying to understand what that new market is going to look like.

Andrew Haines: I want to say one last thing very briefly about trends. It is particularly to do with commuting. Right the way throughout 2021 we never got to 50% of pre-pandemic commuting levels, according to ticket sales. In the last couple of months we have already broken through that barrier. What we are seeing is a week-on-week increase.

One of the reasons it is so difficult to predict is that we do not seem to be anywhere near a plateau yet, which is great news. I think people have not yet adjusted to a new norm. We are seeing more appetite for leisure. Last week, it was 104% of pre-pandemic levels across the country. In some areas of the country, it was at a significantly higher percentage again.

Greg Smith: Thank you very much. Back to you, Chair.

Q80 **Chair:** Ben, I know that you and Chris want to come in. I have Grahame down here as well. I want to make a point on the leisure side, just as a suggestion. Minister, as Rail Minister you have heard me say this before when we met with the Tourism Minister. Mr Haines is here obviously as the chief executive of Network Rail. We are trying to bring everything together.

Is there an opportunity in the Network Rail stations to be advertising our cultural tourism gems around the country? For example, as Southeastern Rail grew their numbers, they made profit from it and did the whole Visit Kent all around their stations. That, of course, encouraged leisure growth. Southern Rail did not used to do that because they had quite a large commuting network and they were fine.

Surely we should be looking at ways where Network Rail, through the stations, could help promote the parts of the country where people will go and take a break. It is not just in Sussex, which is my constituency. It is Dorset, Durham, Devon, Lincolnshire, Scotland and Buckinghamshire. It would surely be a great idea. Is that the type of thing that you will be lending Network Rail station boards to do?

Andrew Haines: Absolutely. I think the station portfolio is one of the untapped opportunities here. I was talking to somebody yesterday, and the Transport for London Commissioner, Andy Byford, has worked out of the UK for maybe a decade. When he came back, one of the biggest



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transformations he saw were those big Network Rail-managed stations being a much better environment.

We have the opportunity to do a lot of that across the country by working with the private sector on some of the untapped retail potential. In doing that, we can create a more welcoming environment in the station. We will hit more people with that attractive messaging. You do not want attractive messaging with stations that people do not want to linger in. Part of the process has to be an attractive and welcoming environment. Then they are a much better shop window for the system as a whole.

I will not tell you about my rather tragic experience last night, being stuck at a station. It was not a good experience, by any means.

Karl McCartney: I will not ask you which one.

Q81 **Chair:** Perhaps when you write to us, you could mull over that suggestion.

Andrew Haines: I am very happy to do that.

Chair: Minister, I would be grateful for your time on that as well. Ben, is this the right time to bring you in?

Q82 **Mr Bradshaw:** Mr Bailey, what is the definition of “business travel”, and how do you measure it?

Conrad Bailey: By “business travel”, what we are talking about is people, who rather than commuting go on a journey for a work purpose to a different office or something like that.

Q83 **Mr Bradshaw:** How do you measure that?

Conrad Bailey: I think some of the data comes from the fact that we have different channels of sale for business travel—it is companies buying it.

Q84 **Mr Bradshaw:** Do you have any idea about the comparative decline and post-Covid recovery of rail passenger numbers in other European countries?

Andrew Haines: Yes. It varies quite widely. I think it is fair to say that we have probably been harder hit in the UK. That is partly because we are more of a long-distance commuting population. In those parts of the country which are most like European models of transport, we are very comparable, but London and Birmingham have been more hit than other big European cities because the commuting profile was different.

Q85 **Mr Bradshaw:** Which are the countries that have had the least negative impact and the best recovery?

Andrew Haines: I am not very up to date on that. I think we could certainly write to you on that. We have data. My information on that is probably a few months out of date and it is moving quite quickly.



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Mr Bradshaw: It would be helpful to know whether there are any lessons we can learn.

Andrew Haines: Yes.

Conrad Bailey: It has tended to mirror the restrictions in place in the countries to a higher degree as well.

Q86 **Grahame Morris:** I am continuing on the same theme about passenger numbers and so on. You have given us a flavour of that. Clearly, with hybrid working and homeworking becoming more of a feature and more of the norm, you indicated that passenger numbers were up above 70% of pre-pandemic levels, Mr Bailey, and that business travel was about 33%.

Is there a risk that Great British Railways will be opening up new routes and opportunities for business and leisure travel and will spend a deal of time retrenching and cutting routes if the surveys and figures do not stack up? Who can I put that to—Mr Bailey or the Minister?

Wendy Morton: You can put it to me in the first instance. The first thing is that at the moment it is important that we work through the post-pandemic recovery. It will be 2024 when GBR is set up, but obviously we have the transition team in place at the moment.

As we have heard, the numbers and the profile are different between the leisure business and commuters. Clearly, travel is changing. The most important thing here is that we use this opportunity. The opportunity we have today is moving to GBR. It is an opportunity to look at our timetables and to make sure that the services that we are providing are adjusted to the changes and needs of our passengers.

We have supported the rail industry with £40 billion throughout the pandemic, which was really important. That was vital. Clearly, that is unsustainable in the longer term. We need to move towards a position where we have a system that is fair for passengers but fair to taxpayers as well, and continues to look at the current demand as well as beyond that, but also consider what the costs are too.

I do not necessarily see it as straight black and white here, Grahame.

Q87 **Grahame Morris:** I understand that. What is the current level of state subsidy for the railway system and the private train operators? I mean post pandemic; I am not counting Covid support. What would be the annual level of state funding?

Wendy Morton: Off the top of my head, I do not know.

Conrad Bailey: We have spent about £14 billion in Covid support. For this financial year we are expecting it to be in the region of £5.4 billion or £5.5 billion of support. I think it is very hard to know what is going to be required next financial year and beyond as we go into the Covid recovery.



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It does depend on both passenger demand and the kind of tickets they are buying.

Q88 **Chair:** Is that £5.4 billion what you expect the financial year ending next month to be?

Conrad Bailey: Yes, exactly. It will all need to be reconciled down. It could move around a bit.

Q89 **Chair:** You have not actually set a level between 2022 and 2023 yet.

Conrad Bailey: Our experience—for example, over the last two months—is that passengers have come back faster, so our subsidy requirement is lower. If that continues, it depends on the trajectory.

Q90 **Grahame Morris:** That is good information. I appreciate you clarifying that point.

Can you try to look ahead? I am still conscious of the Beeching cuts from the 1960s. There are campaigns to open the Leamside line in County Durham and so on. There is enormous potential, not just for assisting people to access employment but for leisure and so on. If we can develop the network, there is also the potential for getting freight traffic off the roads and so on.

What is your advice, Minister, to make sure that GBR is really positive and constructive rather than seen as a vehicle for reducing public subsidy in the railways?

Wendy Morton: My advice to GBR is: let us look at where we are at now. Let us look at our demand levels but let us really keep a focus on those. Let us look to the future but underpin it by going back to what the Williams-Shapps plan for rail sets out, which are the changes that we need to make. Even though the rail industry is in a different place today from what it was two and a half years ago because of Covid, those fundamentals around the needs of our passengers, our customers and freight and the issues around the need to simplify the rail system are still relevant today. We must not lose sight of what it is we set out to do and what it is we need to deliver.

This is not simply replacing one organisation with another. This is setting up GBR to deliver outcomes for passengers and for freight, as well as for the taxpayer.

Q91 **Chris Loder:** I want to ask a few more questions about demand, if I may. Conrad, you said earlier that we were roughly at 70% of pre-Covid demand. Was that passenger journeys or revenue?

Conrad Bailey: The two are remarkably in balance.

Andrew Haines: It does not make much difference.

Q92 **Chris Loder:** So, 33% was for business. I think you mentioned 104% in some areas for leisure. What is the commuter figure, roughly?



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Conrad Bailey: The latest figures are just over 50%.

Andrew Haines: Last week it was 54%.

Q93 **Chris Loder:** I am thinking about making sure the railways are in the best possible position for GBR to come into effect. Would you say that some of your work at the moment should also consider how the current timetables need better to reflect that change in demand?

Conrad Bailey: I would say two points there. One goes back to what Andrew was saying earlier. One of the things we did learn over Covid was that it is easier to change services downward. It takes longer to optimise the services as you are putting them back in. That is very much an area of focus for my team, to make sure that we are working with Andrew's team and Network Rail. It is informed by the work that the rail revenue recovery group does within the GBR transition team, to make sure that we are able to advise Ministers what the optimum approach will be going forward given the nature of demand.

Q94 **Chris Loder:** I understand that, going forward, but my question was really about the here and now. Clearly, some of these statistics are really good. It is certainly very clear to me that traditionally some businesses have focused on a commuter service. Maybe where they have mid and longer-distance services within their business unit, the priorities should change. Would you agree with that or not?

Conrad Bailey: The discussion we have had as part of the business planning round with operators is very much based on their insights and the insights we get from Andrew's team on where that demand is coming back. I am sorry if I was unclear. I am talking about the here and now and the forthcoming period.

Q95 **Chris Loder:** There are not many wonderful things about the beginning of Covid, but one of them, I thought, was how well the railway industry reacted and responded, not just to keep trains running but to amend its timetable in order to facilitate that, given all the pressures. It did so extremely quickly, in fairness.

There has been a lot of criticism levelled at Network Rail and others about the length of the process, but that was one example where it did it so wonderfully quickly. Do you think that there is an appetite within the DFT to find opportunities where we can accelerate the growth—I am particularly thinking of leisure—by some short-term changes to certain timetables, where it is possible?

Conrad Bailey: That is definitely something that we have been advising the Minister on, where we see there are opportunities.

Q96 **Chris Loder:** Minister, do you think those opportunities will present themselves imminently and that we will see some of those changes happen, or is it less likely until GBR takes effect?



Wendy Morton: I do not see that it has to wait until GBR takes effect. The key thing really is to understand where the demand is and for me to be advised on what is feasible. I am very conscious that it is not always just as simple as saying, "I want an extra train here or there." We have to look at the bigger picture, the network and everything. I think it is only right, moving forward, that we continue to look at where the demand is and, for me, do we have the flexibility in the system to be able to respond? The last thing I would want to do is put something on and then find, actually, that the knock-on effect is less than desirable and causes a slowness or a hiccup somewhere else.

Q97 **Chris Loder:** Exactly. In those areas in the country that have had a reduced timetable—I am sorry my colleague is not here because he was asking about potential timetable reductions—do you currently expect those timetables to go back to pre-Covid levels before GBR takes over, or do you not expect that to happen in some cases?

Wendy Morton: The thing for me here is that we are still having to closely watch the demand. We can try to forecast, but none of us is really certain what the future demand is going to be. It would be wrong of me to sit here and make a sweeping statement as to what that would be.

The main thing is that we continue to work with the rail industry to make sure that the services that are operating are appropriate to the demands of the passengers. I know that one of the key drivers for passengers is reliability. It is important that we remember that going forward as well.

Q98 **Chris Loder:** Finally, what is the base specification when the Department contracts with operators to provide a train service? By that, I mean the base timetable. Is that the pre-Covid timetable or are you contracting operators to deliver a reduced timetable?

Conrad Bailey: Under the national rail contracts we let the contract, broadly speaking, for the timetable that is in place at the moment, if we are introducing a national rail contract. As I said, we have huge flexibility within these contracts. It is very different from franchising.

Q99 **Chris Loder:** You recognise the flexibility, and that is a great thing that previous contracts have not had so much. I just want to be clear. As we heard earlier, some contractors will be contracting on a six-year term, imminently. Will you be contracting based on the reduced timetable, or the original timetable pre-Covid with a clause that says, "You are going to be reduced for a certain period of time until you can"—

Conrad Bailey: Perhaps we can write to you to confirm that.

Chris Loder: We would appreciate that. This is a very important point to know. There is clearly a lot of concern around the table about the potential for services to be reduced. I should say that I do not think the concern is all about that. There is an opportunity here better to reflect demand in future timetables. That is one of the things that some of us are concerned about. We might be rigidly sticking to what might be



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outdated timetables when, clearly, the demand curve is changing massively. We want to make sure that GBR is in the best possible place to be successful when it comes into effect in a couple of years' time.

Chair, I will hand back to you at that point.

Q100 **Chair:** Thank you, Chris. Before we move on to fares and ticketing with Ben Bradshaw, I want to look a little more at costs and some of the choices. To Chris's point, there are some timetable changes coming in for some of the operators. Which ones are looking to change over the next month or two?

Andrew Haines: They are pretty modest changes from May. It is a 2% or 3% increase in total service levels across the country, but there are no big changes planned.

Q101 **Chair:** Increases?

Andrew Haines: They are a net increase of 2% to 3%.

Q102 **Chair:** Obviously, there is going to have to be a big conversation about costs. We talked about the billions that the Government and the taxpayers are putting in. It used largely to break even or pay a profit for franchising. There are clear choices. One can be reduction of the timetable and then that allows the rolling stock to be put back to the ROSCOs. The other, of course, is that about a third of the cost on the railway is related to labour and staffing, so there is an element of reduction there.

Minister, you sowed the seed, as it were, about the reform that is needed. We all know that the Treasury is looking at that as well. At this stage, do you have anything more to say about changes to staffing or can you give us an idea as to when there might be more proposals?

Wendy Morton: I think you are referring to the speech that I gave recently at Accelerate Rail. The first thing is that I want to acknowledge the work the industry did during Covid. I know I have repeated it several times today, but I do think it is really important. Yes, we subsidised and kept the rail industry going. Those workers kept the whole of the network going.

We are all acutely aware of the situation that we are in: ourselves, the unions and the employees. This is about really wanting to secure the future of the railways. That is what I want to be absolutely clear about. The rail industry reform group was set up to deliver reform.

There is not a huge amount more that I can say now. I am more than happy to give details as and when I can. The piece around workforce reform and supporting that is about getting to a position where we have a model that is fair and sustainable for the long term. We need to look way beyond the pandemic, while also recognising that we do need to reduce that burden on the taxpayer. We need to be in a place where there are opportunities for employees as well. I do not want us to lose sight of that.



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There are opportunities to develop further skills and careers. The future of the railways is really going to depend on how we shift to the reality that we are in today.

Q103 Chair: If there are staff changes, some of that reality has previously led to industrial action. I have experienced this in my time as an MP on Southern Rail. Innovation was suggested and the unions did not like it. They went on strike and ultimately the Government caved. The question is whether the Government and, indeed, the new GBR team, as is, have the stomach for that type of industrial action, if it comes to it. Obviously, I know that you hope it will not do, but let us be realistic. Whenever there are changes to staff conditions we seem to see strikes, and then we seem to see Governments just not go through with it. If it comes to it, will the Government see reform through?

Wendy Morton: I think reform is really important because this is about the long-term, sustainable future of the railway. Let us be absolutely clear on that. We face this unprecedented crisis. Equally, industrial action is not going to resolve the situation that we are in. I fear that that will only further increase the burden on taxpayers to subsidise the industry.

I really want industrial relations to be positive. We, the Government, are very much committed to working collaboratively with our stakeholders—and that includes the trade unions—to deliver on the reform piece.

The way to reduce the likelihood of major disputes and disruption is collaboration. That is what we all need to focus on. We must remember there are passengers here and seek to mitigate the impact on passengers, citizens and key workers as much as possible.

Q104 Chris Loder: Can I briefly come back on that point? Minister, there has been an industry-wide voluntary severance programme of late. That will, of course, be understandable in many ways. You may not know—but write to us if you do not—but how many people have taken voluntary severance as a result of that industry-wide programme? Will that affect the ability of the railway to bounce back?

Wendy Morton: With your agreement, and the agreement of the Chair, I think I will write to you. I would like to make sure I get absolutely the right details to you on something that is important.

Andrew Haines: I can give you Network Rail's figures because they are a bit more straightforward than the whole industry. Just under 1,300 people have left thus far. That has been entirely in management and non-frontline management grades. I think it will have no impact on the running of train services.

Chair: Let us move on to fares and ticketing reform.

Q105 Mr Bradshaw: Given the cost-of-living crisis, Minister, and the desirability of recovery in rail travel, was this a sensible time to increase fares in the way you just have?



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Wendy Morton: I am very conscious of the situation with the rising costs of living. I think it is important to recognise, though, that when we introduced a rise in fares we actually delayed it. Historically, we would have brought those fares increases in on 1 January. We delayed it until March to give commuters a bit more benefit from the pre-increase prices. I appreciate that it is always a difficult one.

Q106 **Mr Bradshaw:** What assessment have you made of the relationship in terms of impact between fare rises and passenger numbers?

Wendy Morton: Again, the challenge that we have, if I am really honest, is that because we are still working through the recovery from the pandemic, obviously we continue to monitor passenger demand—and Conrad might have more to say on this—but it is perhaps not as simple as it once was in monitoring the impact of that.

Q107 **Mr Bradshaw:** Looking ahead, does GBR give you the opportunity to do something about fare levels? Rail fares in this country are the highest in Europe. They are about 30% higher than the rest of Europe. Is there the prospect of that changing under the new structure?

Wendy Morton: First of all, what the Williams-Shapps plan does is to commit GBR to using its role to simplify the whole complicated situation of fares and tickets. A lot of us recognise that trying to find the best-priced ticket is not always the easiest of jobs in the world. GBR and GBRTT are working very closely with us to deliver the £360 million investment that we have put in to help improve the passenger experience.

Q108 **Mr Bradshaw:** It is great that you are hoping to address the complexity because our fare structure is incredibly complex compared with those of other countries. It is really the price levels I am asking about. When the Secretary of State and the Permanent Secretary came before us on their decarbonisation of transport plan, they acknowledged that the long-term trend in Britain of rail fares increasing in relationship to private car use, for example, comparatively, would have to change if you are to meet your environmental and modal shift—

Wendy Morton: To get people off the roads and on to rail.

Q109 **Mr Bradshaw:** Yes. My question really is, what is your Department's strategy for that to happen? It does not just happen by magic.

Wendy Morton: No. On the pricing of tickets, when we have the legislation in place and it is passed to GBR, then GBR will be able to set the fares. I am hoping that simplification will go a long way to helping as well. Andrew might be able to give us a little bit more detail on that from a GBR perspective, if that is helpful.

Andrew Haines: I think the White Paper is clear that the overall fares policy and the level of revenue to be generated from the fare box versus the taxpayer will remain a Government decision because it is about the



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use of public funds. What GBR can do, frankly, is to make the railways more attractive so that the yield per train is greater because of the load volumes, but also take significant cost out.

The White Paper is fairly clear that within three or four years from now we should be saving at least £1.5 billion of industry costs through reform. That makes the political choice more palatable. At the moment, we are wasting money through complexity in the system. That either has to be paid for by the taxpayer or the fare payer. I genuinely believe those are two big levers that Great British Railways can have: a more attractive system that is easier to interact with and a cheaper system because it is simpler.

Q110 Mr Bradshaw: What guarantees do you have from the Treasury that they will not claw that money back?

Andrew Haines: I think you will know that the Treasury does not tend to offer guarantees. I think what we can do is make a compelling case. Ultimately, if you just continue to increase prices you get to a point of elasticity where people do not use the railway. The Treasury tends to be rational on this. We can demonstrate, and indeed their support for fares retailing is based not just on the costs that would be saved but on the revenue that they will generate. They do see the value of simplification as being something that helps the taxpayer as well as the consumer.

Q111 Mr Bradshaw: I am sure they see the value of simplification, but what I am trying to get at is whether they see the imperative of a shift in that balance that I was describing earlier in order for the Government to achieve your zero carbon objectives. The worry that I and many other people have is that the Treasury just do not understand this and do not see it. You have communications with the Treasury. Can you reassure me that this is something that they understand and get and need to help you deliver?

Wendy Morton: Maybe it is best if I answer that one. The spending review gave us the £360 million to invest in ticketing and retail. I think it is important that we remember that. That is about delivering this major overhaul. I think it is incumbent upon us to continue to make the arguments as to why the reform of fares and ticketing really matters, underpinned by the Williams-Shapps report. As Andrew said, if the offer to the passenger is a good one—and price is one of those key elements—that will help continue to drive the numbers on to the trains, which helps that shift from road to rail and increases the revenue offers overall.

Q112 Chair: Our former colleague, Sir David Hanson, raised the case of someone who was known to him. I tried to introduce legislation to give consumers more rights when it comes to tickets. This is the concept of buying a ticket and paying for it, but actually being charged a penalty fare because you cannot display the orange ticket.

Let me give you an example. Someone buys a ticket off Trainline—a split ticket—and they get the QR code. They get on at Brighton and get to



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London Bridge, transfer station and take the leg down to Tunbridge Wells, but that is where you cannot use a QR code. Therefore, despite the fact you have paperwork that shows the amount you have paid with the debit card, your name and the train you are on, you get to the station and present that paperwork but the person at the ticket barrier says, "Well, you haven't got a ticket." You say, "If you let me through the barrier I will go and get a ticket and I can show it to you." They say, "No, you have to pay a penalty fare." You pay the penalty fare and appeal it. You do not win your appeal because you did not have a valid ticket and then get prosecuted.

Surely, that type of practice has got to come to an end. Okay, it relies on reasonableness by someone who operates at the station, but, as Sir David has demonstrated, and I can demonstrate, you do not always get that. How are we going to enhance and embrace technology in ticketing options when we still have a Luddite system that charges people when they can demonstrate that they have already paid?

Wendy Morton: Was this your 10-minute rule Bill?

Q113 **Chair:** It was my 10-minute rule Bill, which sadly did not get the support, but Sir David raised the same case this week, so I am plugging it.

Wendy Morton: Yes, and highlighting why we do need a more simplified ticketing system. Andrew might want to say a few more words on that.

Andrew Haines: You have encapsulated what is wrong with the current system, which is that we have fragmented ticketing arrangements. We are in the process of rolling that out already. The Government have already funded some of that roll-out. As of 1 April we have access to this £360 million.

There is also the cultural point. The thing that I sit here steaming about in that narrative is, in what world do those people, making those decisions, think that helps grow the railway?

Wendy Morton: Or usage.

Andrew Haines: And usage. That is the cultural transformation that has to be at the heart of this. Currently, we make it too hard for those frontline people with so many rules and regulations, but it is not a service culture when you say to people that they have to preside over this complexity of technology and ticketing. We almost force people on the frontline to make those binary decisions. It puts them in an unfair position, and it destroys customer confidence in the system. They are things we can absolutely fix on the back of the money that the Government have committed to invest.

Chair: I will continue to plug that, hopefully with support, because it applies not just for train tickets but for any other transaction where someone can demonstrate that they have already paid. Chris Loder wants to come in on this, and then we will move to the final two sections.



Q114 **Chris Loder:** It is probably fair to point out at the beginning that not all fares are necessarily subject to fares increases. It is only regulated fares. I think that is an important point to note. Not everybody is affected by it.

One of the things that we started to see earlier in the pandemic was that the period of time when the regulated fares do really bite, which is generally the arrivals into London between 7 am and 10 am, was the period of time that was most hit by passenger demand. It had the most reduction of passenger demand.

In my mind, there was a clear correlation between enforcing regulated fares on arrivals into London between 7 am and 10 am and a huge impact on passenger numbers.

Minister, have the DFT shared those insights with you? Are you minded to do anything about that, or are there any reforms that may be forthcoming?

Wendy Morton: When it comes to the fares and the ticketing piece, I am keen to see what we can deliver through GBR and through the investment that we are making in fares and ticketing. With regard to that specific point, I will take that one away and come back to you, if I may.

Q115 **Chris Loder:** I think that would be worth while. The spirit of these questions is certainly to make sure that GBR is in the strongest possible position at the beginning. We have heard that commuter numbers are down to just 54% of pre-pandemic levels. It is very clear that that has an impact. Broadly speaking, I think that people may be travelling earlier or later, as indeed the last round of statistics that I saw showed. I think that would be helpful.

Andrew Haines: In response to one of your earlier questions, I was going to offer a separate briefing for Committee members and maybe officers on some of the insights into what is happening with passenger volumes. It varies by geography, by time of day, by ticket type and, indeed, by day of the week. For example, Friday volumes are now very different, because of the combination of leisure and commuting, to Mondays. Friday is now the busiest day of the week in recent months. How we adapt ticketing to reflect that diversity is really quite interesting territory. If it would be helpful to give you some of the granularity around that, I would be happy to organise that.

Chris Loder: Yes.

Chair: That would be well worth doing.

Q116 **Chris Loder:** On the £360 million that is going into fares reform, could you tell us what outcomes we are going to see for the taxpayer from that investment?

Conrad Bailey: I can summarise some of the areas, and Andrew may want to add to them.



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We are going to see the pay-as-you-go roll-out, both across the country and in the south-east that Ministers have announced. We are going to see the completion of the roll-out of barcode ticketing. We are going to see the introduction of a single retail platform that is more user-friendly than the complexity of the existing operator platform. Those are three areas.

Q117 **Chris Loder:** When you say “pay-as-you-go”, what exactly do you mean by that?

Conrad Bailey: The tap in—

Wendy Morton: Contactless.

Q118 **Chris Loder:** Is that across the entire network?

Wendy Morton: Major areas?

Conrad Bailey: It is 200 further stations in London and the south-east and 700 across the rest of the country.

Q119 **Chris Loder:** Thank you. When you say the “single retail platform”, does that mean you are going to streamline the private sector involvement in the distribution system?

Conrad Bailey: This is not about the whole range of third-party retailers that offer all sorts of competitive and quite exciting services. I am sure many of us use them. This is more about the individual train operating companies’ websites and the linkage there to the national website. It is having a clear, single interface as set out in the White Paper.

Q120 **Chris Loder:** Are you therefore saying you will be safeguarding the private sector involvement in the distribution and sales systems for rail tickets?

Conrad Bailey: Third-party retailers clearly have an important place going forward. There is no doubt about that.

Q121 **Chris Loder:** You say that they do have one.

Conrad Bailey: Yes, absolutely.

Q122 **Chris Loder:** Andrew, would you concur with that?

Andrew Haines: Yes. I would absolutely welcome the competition they provide. I think the fragmentation of retailing within the sector has meant that it has been underinvested in, with the National Rail Enquiries and individual train operator websites. Really strong, healthy competition will be great for consumers. We expect that the private sector will be able to thrive, and indeed may even raise their game, in response to a credible GBR website. That is typically what we see the private sector do.

Q123 **Chris Loder:** One of the areas, Devon and Cornwall, has bounced back, certainly with local traffic into commercial sectors such as Exeter. I understand that the main lines to London are some of the busiest now in the country.



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One of the great successes of Devon and Cornwall is that it has a local railcard to offer discounts to people for local journeys. Minister, might you consider extending that to Dorset and Somerset?

Wendy Morton: Let me take that one away.

Chris Loder: I should be delighted if you did. Thank you very much.

Wendy Morton: I do not know what is feasible and what is not.

Chair: Let us move on because we have two more sections. We are really keen to cover accessibility. As a Committee, we have tried to champion the rights of those who struggle with mobility to be able to use the rail network and improvements that could be made.

Q124 **Gavin Newlands:** Williams found that users with a mobility difficulty made about two and a half times fewer journeys than those with no mobility difficulties. A year ago, I think, your predecessor Minister said that only around one fifth of the 2,500 stations had step-free access. There have been some improvements since then. Where will improving accessibility for passengers sit in the hierarchy of the new GBR's priorities?

Wendy Morton: I am sure that Andrew will want to say something on this, but let me be really clear because the accessibility piece is really important. I visited the opening of Eridge station's new lifts quite recently. It was a really good example, actually, of what we can do. It works so well, and there is a huge amount of support from the community there, too.

The Department have commissioned Andrew's transition team to develop a National Rail accessibility strategy. This is to enable a real step change in making the rail network more accessible for disabled people and those with extra accessibility needs.

Again, it is about making sure that we have the passenger at the centre and as the focus of what we are doing with rail, to encourage them on to the railways and drive up our passenger numbers. You are absolutely right that Williams-Shapps will introduce that through a whole suite of reforms around the accessibility piece to make sure that we have passengers at the heart of the railways.

The accessibility strategy is expected to be published in April of this year, so you will not have long to wait. Andrew might want to say a bit more about how he sees the role of GBR.

Andrew Haines: Absolutely. We have—

Wendy Morton: I am sorry, it is 2024 and not April.

Andrew Haines: Yes, we only started a week ago.

Wendy Morton: I got a bit ahead of myself there.



Andrew Haines: We have not made the progress on accessibility that I think we ought to have done as a system. Fragmentation has made that worse. It has made it more expensive. It has not been joined up. The accessibility strategy allows us to baseline what the gap is currently. It may sound very boring, but actually we do not currently have a register of station assets, which is quite surprising. It has not been updated for 16 or 17 years. I was shocked to see that. When I asked, “How many platforms do not have tactile paving?”, we could not even, as Network Rail, give a clear answer to that.

There is a huge amount that we can do in this area by understanding what really matters to passengers and by investing much more effectively, where there is money to invest, by standardising some of our interventions. A lot of our access-for-all interventions are currently expensive because they are not standard, because they tend to be stop/start and because they are not part of that long-term strategy.

They tend to be placed in ad hoc locations as opposed to being part of an accessibility strategy to get maximum accessibility for people. We have demonstrated in Network Rail at our major stations that we can get rid of the 24-hour notification. We are now down to two hours. We have done that within about 18 months. Where there is a will, and by working with the regulator on enforcing requirements, that can be done.

There is a huge amount to do. I do not want to second-guess what the strategy is going to say; otherwise, we will be determining it without listening, but it is a key priority.

Q125 **Gavin Newlands:** I am not really surprised, given what you say about stations assets, paving and so on, that progress has been relatively slow for those with mobility issues. It is good to hear there is a strategy coming forward, but if that could perhaps be brought forward from April 2024 in any way that would be useful. Obviously, it is more urgent for those with mobility issues.

Without trying to pre-empt some of that, the Disabled Persons Transport Advisory Committee—who obviously advise the Government—have said that the Government and GBR should be working towards specific access targets in 2030, 2040 and 2060. Will you be bringing that into the strategy, accepting that challenge and putting it into statute, or are you going to have different targets? That is without pre-empting the strategy that is potentially a year hence. What do you plan to do?

Wendy Morton: I think we do need to get the strategy in place first.

Andrew Haines: And we need to consult on that.

Wendy Morton: We need to understand where we are at on that and, as Andrew says, to consult on it. I think what you are probably driving at here, Gavin, is the need to move at pace. Apologies: I got the year wrong. It is 2024.



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I just want to be clear that the audit that is currently ongoing is actually progressing really well. It is going at pace.

Andrew Haines: We have done 1,000 stations already.

Wendy Morton: Exactly. We have done 1,000 stations already. Obviously, there are a lot more to go but that is already a pretty good achievement. I want you to understand that we are progressing on that.

The other point around the audit is that it is being delivered by Atkins on behalf of DFT, but it does have the support of the ORR and DPTAC. You are probably aware of that.

The Access for All programme is continuing. It was an Access for All programme that I visited recently at Eridge.

Q126 **Gavin Newlands:** On that strategy, with regard to Access for All and the accessibility pot funding, with the exception of GBR what difference will that make for Transport Scotland or Transport for Wales? Will there be any difference whatsoever to how they currently access that funding?

Andrew Haines: We do not believe there will necessarily be any change because accessibility funding is provided from Westminster.

Gavin Newlands: Thank you. I suspect we will come back to this issue when the strategy comes out, Chair.

Chair: Thanks, Gavin. I think Chris wanted to come in briefly as well, and then we will move on to decarbonisation.

Q127 **Chris Loder:** As part of the future of the accessibility strategy—I am not sure whether this will be for the Department or GBR, so I will leave you to decide who answers—will you be adopting a clear measure such as a basic footfall at stations that need to be fully accessible? At the moment it feels like it is very sporadic as to how decisions are made to make stations fully accessible. Are you looking to adopt a measure in the future, where the clear, transparent measure is the number of people who use that station?

Andrew Haines: That is absolutely something on which we need to be consulting. Indeed, Conrad and I had a conversation with the chairman of DPTAC on that. Should we be saying that everybody should be within X number of miles of a fully accessible station, or should we be saying that we will do it by line of route to give maximum accessibility? There are some choices to be made there, but I do agree that if it is going to be a strategy then it needs to have a rationale behind it for how we optimise accessibility. We want to talk to advisory groups on that.

Q128 **Chris Loder:** Andrew, how do you think you will approach the whole capital expenditure versus operating expenditure balance going forward? Last year, I was quoted a minimum of £6 million to put in an accessible footbridge over a two-platform station. In some places that could be mitigated by having a member of staff there from 6 am to 10 pm or 11



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pm, clearly at a much reduced cost than that. Do you have a view? Does the solution always have to be one or the other, or a combination?

Andrew Haines: It has to be a combination. First of all, £6 million for a two-platform footbridge is just not acceptable. We have to drive the cost of that down. We have a number of initiatives which are doing that.

Secondly, we have to look very much on a case-by-case basis. All too often, we have tried to impose a template approach. That is the way that we will maximise resources. Nobody is suggesting that we will be able to solve all these problems.

Q129 **Chris Loder:** Conrad, there are a number of stations—for example, Yeovil Junction just outside my constituency, which serves a vast area of it—which are only staffed between 6 pm and 8 pm or something like that. In order to mitigate the accessibility need—for example, for millions to be put into a new footbridge—would you and your team consider extending the manned opening hours of the station to mitigate that need?

Conrad Bailey: There are two points here. First, once we have GBR established, one of the real benefits, both in the accessibility area but also in other areas, is that ability to take a look at the whole profit and loss—

Q130 **Chris Loder:** Why can't you make that decision now?

Conrad Bailey: Just to come back to your question on station staffing, what we are very keen to do is to look at how we can maximise the value that colleagues working at the stations can do in working with the customers in the way they need them, and in some cases that may require adjustments. I am not familiar with the overall—

Q131 **Chris Loder:** I understand that. Dorchester South is the same. It is the county town of Dorset but it is not fully accessible. It has a considerable footfall, but I think staffing finishes at 2 pm. It is a huge problem. I accept your point, to an extent, that GBR is the light at the end of the tunnel, but we are faced with these difficult issues here and now. Can you take action now to address these difficulties? We are almost forcing people unnecessarily to be stuck and stranded when they do not need to be.

Conrad Bailey: I think this comes back to the point I was saying earlier. Where we have colleagues, we must make sure that they can operate in the most effective way for the passenger, with flexibilities. That is what we need to work on.

Q132 **Chris Loder:** Could you take it away and look at that?

Conrad Bailey: Yes.

Q133 **Chair:** Chris's suggestion of criteria that we can all understand would be gratefully received. He has obviously listed some examples. Minister, you mentioned that you had been to Eridge. You would have struggled to



have found Eridge because it is in the middle of nowhere. It is hard even to pinpoint where the village centre is. It already has issues around accessibility. We could probably all give examples. I have Battle, which is a town on the Southeastern route. It has not succeeded, and it is hard for us exactly to decide the rationale.

What we would suggest is that if there is going to be another programme we can absolutely see how you can apply successfully—"Here is the data and this is what you perhaps need to achieve."

Wendy Morton: I will absolutely take that away.

Chair: Our final section is on decarbonisation. We have previously had an inquiry and issued recommendations on how the decarbonisation of the railways can be delivered, or whether it can. We will start with Gavin Newlands and end with Ben Bradshaw.

Q134 **Gavin Newlands:** Obviously, the promotion of modal shift to rail for both passengers and freight is a matter for wider government policy and not just GBR. There is a whole mix there—motoring policy, etc.

Minister, how would you view GBR's role in promoting that modal shift?

Wendy Morton: GBR has a key part to play in this. GBR will do that in setting out the paths for delivery of a greener future for rail, with commitments for its 30-year strategy that will be in place. In doing so, it will consider the environment right across its operations.

We know that the cleaner, greener vision for rail was also part of the Williams-Shapps vision, and that committed to the creation of GBR. Once that is established, it will bring forward the costs and the options to decarbonise the whole network to meet the Government's commitment to a net-zero society as part of our 30-year strategy.

It is also important to recognise that GBR will have a specific duty to consider environmental principles in all the operations that it undertakes. Andrew might want to build a little bit more on it, but I think that is very much the overarching picture. GBR will also be responsible for improving the natural environment across the rail estate.

Andrew Haines: The 30-year strategy is a brilliant opportunity to deal with decarbonisation in the context of what the railway is good at. Also, at GBR, we will be bringing together the research and development budgets across the industry currently, which are in two or three different places, so that we can sponsor innovations more effectively and support technology. We have been supporting the introduction of hydrogen technology, both the Department and Network Rail. We have been supporting battery operation through the rail network enhancement pipeline.

What is fairly clear at the moment is that technology is such that it is too early to come up with a very detailed, granular strategy. What we can do is demonstrate that there is a role for electrification. My job as chief



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executive is to bring the cost of that down so that it is more palatable and for the business case to be improved. At the same time, we must enhance our understanding of the capability of alternative technologies.

Q135 **Gavin Newlands:** I have a couple of quick points on freight, and then I will come back to electrification before we pass on to Mr Bradshaw.

Railfuture said that you should try to achieve increases in rail freight of 25% in five years, 50% in 10 years and 100% over 30 years. Is this achievable?

Andrew Haines: I think that is understated. We probably need to do rather more than that to help to decarbonise the road network.

Q136 **Gavin Newlands:** I am pleased to hear that, but is there enough capacity?

Andrew Haines: In much of the network, yes, but not everywhere. We need to look at targeted interventions to do that. What we learned in the run-up to Christmas was that that capacity needs to be end-to-end. We created additional paths on the most congested part of the freight network between Felixstowe and Ipswich for Christmas traffic when there were issues. We found that the trains could not be loaded at Felixstowe or unloaded at the terminals. You need an end-to-end strategy to deal with freight.

Q137 **Gavin Newlands:** Are some of those targeted interventions to do with improving loading gauge on the network? If so, are they going to be tied in with electrification as well?

Andrew Haines: Loading gauge is an issue in some cases. We will be looking at that as part of the WISP, but there are many routes where it is currently not loading-gauge dependent.

Q138 **Gavin Newlands:** But some at the moment are?

Andrew Haines: Yes, absolutely.

Q139 **Gavin Newlands:** The last question from me is on electrification. You said yourself, and obviously we have heard before, that cost has been a barrier, certainly down here. I have said before that cost per column is about 50% or so higher than in Scotland. At the moment we have achievable targets to reduce that further, which will be about half of the current spend or cost.

Your own traction decarbonisation network strategy shows that to achieve net zero, 11,700 km of the 15,400 km that are currently unelectrified will need to be. That is obviously a lot of track. How many kilometres do you have plans to electrify over the next two years? Feasibly, how many do you think you can electrify in control period seven?

Andrew Haines: That will depend on the enhancement pipeline. We have yet to see the outcome of that. We know that the Government is



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committed to electrification of the Transpennine route as part of the IRP, and indeed the Midland Main Line. They are two big and really strategically important schemes. How much we will be able to do will very much depend upon that enhancement pipeline. I do not have access to that.

Q140 **Gavin Newlands:** And how much money you are given to do that.

Andrew Haines: Indeed, yes.

Q141 **Gavin Newlands:** We are currently opening a brand-new line at the moment that is not electrified. That does not seem to be ideal.

Minister, will they get enough money to electrify the tracks required? Will you set GBR specific targets on decarbonisation, and in this case also electrification of the network?

Wendy Morton: In terms of the funding, we have made a big commitment to the IRP over the next 30 years which covers things like the Transpennine route upgrade.

Q142 **Gavin Newlands:** If I could just cut across you, the IRP will only electrify 750 km of track. We are talking about needing 11,500.

Wendy Morton: It is also important to recognise how many kilometres we have already done. Let us not lose sight of that. It is 1,226 km, I think. In terms of the rail network enhancement pipeline that Andrew mentioned, and you allude to, we are obviously waiting to see what the outcome of that is. We will have to wait until that is published.

Q143 **Gavin Newlands:** Despite the figure that you just gave of 1,200 km, you would agree that there has to be a real step change on electrification.

Wendy Morton: Electrification really matters in terms of that shift, but we have obviously had to prioritise some significant funding in terms of where we have made it available to decarbonise the network already. We have obviously put our focus on those areas where we needed to decarbonise the highest polluting transport modes in the short term to make the most of that investment that we have. Obviously, electrification continues. It plays a really important part in that decarbonisation piece. It is also important that we look at what the alternatives are as well, such as battery and hydrogen train options.

Gavin Newlands: I suspect this will be a real point of scrutiny as we move into delivery rather strategy, but back to you, Chair.

Q144 **Chair:** Indeed. There are 10,000 km still to be decarbonised. For that to be delivered between now and 2040 is going to need quite a ramp-up. Andrew, you have been before us on this. With the current progress that we are making, are we going to get to 10,000 km? I know that some of it will be hydrogen and battery innovation, but that cannot deliver freight. Are we on the right trajectory for that delivery?



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Andrew Haines: I think everyone recognises that to get to 2040 we would have to ramp up from where we currently are. What we are learning already is that there may be more scope for hydrogen than we said even two years ago, when we developed the TDNS. Our learning around hydrogen is really quite exciting. Hydrogen freight trains may not be ruled out.

The good news is that we can get on with “no regret” electrification schemes at the front end, but at the back end we might find that hydrogen is a bigger contributor than we have historically thought.

Wendy Morton: The key thing here is that it is going to need a mix.

Andrew Haines: Absolutely.

Wendy Morton: It is not either/or. It is going to be a mix of electrification and hydrogen and battery trains.

Andrew Haines: The use of hydrogen is still quite fast-moving territory.

Chair: Thank you. Ben has signalled that he covered his part previously. Any other Members? No, in that case, we are done. Minister, thank you very much. It is great to have had you for your debut with us. You are very welcome, and thanks for all the evidence and detail you have given to us. Conrad and Andrew, it is great to see you both as well. Thanks to all three of you.