



HOUSE OF COMMONS

Transport Committee

Oral evidence: [Work of the Secretary of State for Transport](#), HC 683

Wednesday 27 April 2022

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Members present: Huw Merriman (Chair); Mr Ben Bradshaw; Ruth Cadbury; Simon Jupp; Robert Langan; Chris Loder; Karl McCartney; Grahame Morris; Gavin Newlands; Greg Smith.

Questions 137–256

Witnesses

[I](#): Rt Hon Grant Shapps MP, Secretary of State for Transport; and Bernadette Kelly CB, Permanent Secretary, Department for Transport.



Examination of Witnesses

Witnesses: Rt Hon Grant Shapps MP and Bernadette Kelly CB.

Q137 **Chair:** Our witnesses today are from the Department for Transport. Can I ask you both to introduce yourselves for the record?

Grant Shapps: I am Grant Shapps, the Secretary of State for Transport.

Bernadette Kelly: I am Bernadette Kelly, permanent secretary at the Department for Transport.

Q138 **Chair:** Good morning. Thank you very much for giving us your time again. There is a lot going on in your Department that we are very keen to scrutinise.

I will list the sections that we are looking to cover. We are keen to talk about P&O Ferries, border disruption, performance of the DVLA, smart motorways, Great British Railways, the integrated rail plan, buses, e-scooters, decarbonisation and anything else that we can fit in or you would like to tell us about.

I will start with a couple of topical questions, perhaps loosely grouped under the cost of living. I was thumbing through the newspaper headlines this morning, and there are a few matters that seem pertinent to the Department. The first is a suggestion that the annual MOT may become once every two years. Is this something the Department is looking at to ease the cost of living?

Grant Shapps: I saw the newspaper reports this morning. I would not want to comment on Cabinet discussions. Whatever we do by way of things like MOTs will have to fit a very rigorous safety standard. The Committee will recognise that I am always looking to do things that assist, particularly with the cost of living. In the last week, we have had the great British rail sale, with over 800,000 tickets sold at up to half price this week. The Vnuk law has passed this place, with Government support. That is 50 quid off everybody's car insurance, probably from next year, thanks to being able to leave an EU ruling—an EU law. That is £50 assistance towards the cost of living. I am always looking at things that can assist, but I am certainly not in a position to make specific announcements about those things.

Q139 **Chair:** But you are not ruling it out.

Grant Shapps: I do not rule anything out. Cars have clearly become a lot more reliable than they were when the MOT—named after the Ministry of Transport, before it was the Department for Transport—was put in place. It is always right to keep these things under review, but there is a lot of road to cover before we get to that point.

Chair: Karl, do you want to come in on the MOT?

Q140 **Karl McCartney:** I do. A balloon was flown yesterday—I will not call it an



HOUSE OF COMMONS

announcement—about MOTs being only every second year, instead of every year. You have just mentioned modern cars. That is all well and good, but the 35 million vehicles on our roads at this point in time are not all less than three years old. Would you like to take the opportunity to say, as many have done on social media and elsewhere, that moving MOTs from yearly to two yearly is an absolutely crass idea and very silly?

Grant Shapps: No. First, I never comment on Cabinet conversations.

Q141 **Karl McCartney:** I am not asking you to do that. I am asking you to say here whether it is a good or a bad idea.

Grant Shapps: For that reason, reports are also inaccurate. There would be many different ways, potentially, to look at MOTs. You would not necessarily have to do them every other year to provide some help and to make sure that they are still in tune with the way the cars themselves operate.

Q142 **Karl McCartney:** Forty-five pounds every two years, instead of every year, is a drop in the ocean.

Grant Shapps: As I said, you do not necessarily have to move from one to two years. There is the amount of time before an MOT has to be done. At the moment, it is three years before you have to have one at all. There are all sorts of different things you could look at.

My simple argument would be that it is always right to keep these things under review, isn't it? It is just common sense that you want to keep them in date and under review, with technology and the way the world is moving.

Q143 **Karl McCartney:** Is it not common sense to keep MOTs as a yearly test for all vehicles on the road? Surely that is common sense.

Grant Shapps: You are asking me to skip to the end of a review that is yet to take place. I want to study the evidence. I think we should be evidence-led, Mr McCartney.

Q144 **Chair:** I will continue on the cost-of-living theme. Again, this may have come out of the Cabinet, but fortunately the Prime Minister also spoke about it on the TV. The quote was about "privatising the arse"—if *Hansard* will excuse me—out of the Passport Office. The DVLA was mentioned as well. When the Prime Minister expanded on what that may mean, he talked about the slow service that those who are looking to travel are receiving with regard to passport renewal and the well-highlighted matters at DVLA. We will focus on DVLA, which is within our remit. Are there plans to bring in the private sector to deal with some of the backlog?

Grant Shapps: It is a bit like the previous answer. I will do whatever we need to do to provide an excellent service to customers—in this case, drivers, motorists.



HOUSE OF COMMONS

To put DVLA into perspective, at the height of the outstanding cases we had 1.2 million, plus the usual run rate of about 400,000, which is the standard number coming through. That 1.2 million is now down to 400,000 cases outstanding. If it had not been for a six-month-long PCS strike, we would not have a backlog at DVLA at all. Also, the computerised side of DVLA is running entirely smoothly, so this is really about the 60,000 paper items that are still sent in each day. It might be worth my handing over to the permanent secretary on this.

Q145 **Chair:** Are you sure the figure is down to 400,000? I wrote on behalf of the Committee and got a response on 18 March saying that the figure was down from a peak of 1.6 million in September to 890,000.

Grant Shapps: I am sorry. I should have explained that 400,000 is the run rate. If we remove the run rate, it has gone from 1.2 million to 400,000 or, in your words, from 1.6 million to 800,000.

Q146 **Chair:** I beg your pardon. We are both right. Bernadette, do you want to come in on this?

Bernadette Kelly: The problem has always been drivers' written licence applications and drivers' medicals. As the chief executive set out in her correspondence to you, DVLA is now clear that it should have dealt with the backlog on drivers' written applications by the end of May. Medical applications are always the trickier one. That is always true for DVLA. It has taken a large number of steps to tackle the backlog and to improve processing there.

Q147 **Chair:** I do not want to talk over another Member's section on DVLA, because we will go into detail.

Bernadette Kelly: You are going to come to that. Fine.

Chair: It is more the point that there seemed to be the suggestion from the Prime Minister that working from home is causing these issues. I do not know what run rate you have working from home in the Department for Transport at the moment. I understand that Jacob Rees-Mogg publishes a table. What is the Department's—

Grant Shapps: Members will have noted, I hope, that we have been pretty good in that league table. I think I am right in saying that nearly nine out of 10 staff have been in since Valentine's Day, which happens to be the date that we are—

Q148 **Chair:** The Prime Minister seems to think that working from home is an issue for the DVLA. In fact, the response I got was that 91% of those workers are working in the office, so he seems to be wrong.

Bernadette Kelly: DVLA is interesting. It is one of those organisations that, because it is operational and because of the nature of its work, has had civil servants on site in the office right through the pandemic. Obviously, Whitehall Departments like my own and others have been able to carry out work perfectly productively virtually. DVLA is not one of the



HOUSE OF COMMONS

organisations that has been able to do that. Currently, it has about 3,800 of its staff on site on any given day, so the majority of its staff are on site. As you rightly say, 91% of those staff are working on written applications and working on site. I think it is called conflating. There is an argument going on about working from home, which I am very happy to talk about more broadly for my Department. Then there is an issue about DVLA backlogs, which is being addressed.

Q149 **Chair:** I wondered more why he was bringing the work from home issue into the DVLA when its own figures suggest that over 90% are working in the office.

Grant Shapps: Again, I do not wish to divulge the contents of Cabinet, but that was not quite—

Chair: That was on TV.

Grant Shapps: I know, but that was not quite the way the discussion evolved. To clarify, what the Prime Minister and I feel is that we will do whatever it takes to make sure that the end user—in this case, the motorist—is getting the service they deserve. We have already talked about how the backlogs are being slashed. They would not be there at all if there had not been an entirely unnecessary strike at DVLA.

We will look at everything. We will look at whether we can bring in private services to assist. I will look at the different motoring organisations. We have DVLA and DVSA, which is very confusing for most people. One does the licensing. The other one does the testing. A lot of people ask why there are two organisations. I will look at all these things. No stone will be left unturned. That is the point that both I and the Prime Minister made in this discussion.

Q150 **Chair:** Okay. Private assistance and private contracting are not being ruled out.

Grant Shapps: Stop worrying about whether it is private or public. Start worrying about the consumer and whether they are getting the service they desire. That is the point that both I and the Prime Minister were making.

Q151 **Chair:** I just wondered why we were not having this conversation about the private sector back in September, when it was 1.6 million. It seems to have gone down, and now we are talking about bringing in the private sector. It struck me as weird timing.

Grant Shapps: Everyone accepts that, during coronavirus, backlogs were created—unfortunately, partly due to a completely unnecessary strike, but also because, by necessity, not everybody could be in the office. DVLA went to extraordinary lengths, including leasing two additional buildings, just to create the social distancing required. What we are thinking about is the efficiency of organisations in the long run, not



HOUSE OF COMMONS

just getting rid of the backlog, which, as the permanent secretary has described, is due to be extinguished in any case.

Q152 **Chair:** This is the last topical question from me. I won't take a comment from you now, Bernadette, if that is okay, so that we can move on.

When you came before us, Secretary of State, you announced to us the plans to grant powers to National Highways to seek injunctions for fuel protestors, if we can call them that. We are still seeing the effects of people chaining themselves to terminals and lorries. That flows through to diesel shortages at the pumps. How effective do you feel the current measures are? What more can be done to stop people disrupting the lives of hard-pressed motorists?

Grant Shapps: You are right. I announced to the Committee that I was asking National Highways to take injunctions and, eventually, a national injunction. To answer your question directly, it was extremely effective. We saw one or even two dozen protestors spend Christmas at Her Majesty's pleasure, and it stopped that particular set of protests from Insulate Britain. More recently, Just Stop Oil protestors carried out a very, very dangerous set of protests, including climbing on top of oil tankers and creating potential flashpoints, literally, with regard to fuel. It is really irresponsible activity.

Seven hundred and twenty-four arrests have been made. A variety of agencies and bodies, from local authorities to the refineries and others, have taken out a variety of legal action. I can report to the Committee that it is working, because fuel stocks in forecourts are at absolutely normal levels—44%. We are not seeing grade-outs, which are the sign of problems. There were one or two over Easter, but it has returned completely to normal. We will stop at nothing.

Unfortunately, since we last met, there was a vote on this in Parliament and not all sides of the House supported stronger legal restrictions on, for example, glueing yourself to roads. I think it is a great pity that that did not enjoy cross-party support. It is quite clearly something that should have been done on behalf of motorists and hardworking people across the country. For the time being, we are still having to rely on things like injunctions and arrests being made.

Q153 **Chair:** Let us move on to the sections. P&O is the first. I have the first question and then Grahame will take the rest.

The question is quite simple. It is fair to say that we were very impressed with the leadership that you showed in facing down P&O Ferries' management, but have they got away with it?

Grant Shapps: No. There are three things that P&O will need to do to get out of this mess. I call on it today publicly to get on and do them.

First, it is completely unsustainable to have the boss of P&O, Peter Hebblethwaite, come to a Committee Room like this and openly and



HOUSE OF COMMONS

deliberately explain how he sought to break the law—he actually said that that was his intention, and that he would do it again—and remain in the post of leading that company. He will have to go.

Secondly, in my view, although it is a matter for P&O itself, it needs to repay its furlough money as well. That is around £11 million. I do not think it is right that, having claimed that money, it then sacked the workers in such a premeditated way that, as it admitted itself, broke the law.

Thirdly, it will have to pay the minimum wage. On 10 May, in the Queen's Speech, as promised, we will in the detail ensure that we are legislating, in a harbours Bill, that a minimum wage is required for routes that generally ply their trade between here and France or here and Holland, for regular back-and-forth in our waters.

P&O has no choice. It is going to have to pay the minimum wage for the job. Until it does those three things, it will not find its way back into the affections of, certainly, the travelling public or, probably, those who use it for freight. It is only a matter of time before it has to do all three of them.

Chair: Grahame Morris, there is a lot for you to unpack there. I will leave it to you.

Q154 **Grahame Morris:** I want to carry on a little longer on that point, Minister, if you don't mind. You mentioned Peter Hebblethwaite giving evidence to the Committee. We were all quite shocked that, with malice aforethought, the company decided it would break the law. We had some expert witnesses at the same Committee meeting, on 24 March, who indicated that it had broken the law in at least three areas.

What redress is there? I read with interest your nine-point plan that was announced on 30 March and your response to the Committee. One of the lawyers—I don't remember which one—said that an option open to Government in order to get the company to comply was unlimited fines. Where do we stand with that particular option?

Grant Shapps: One of the things that was so outrageous about P&O's behaviour was that, as described when they came to the Committee, they deliberately and intentionally went out of their way to break the law. Actually, they were very sneaky about the way they did it. They flagged a ship overseas in order to avoid the legal requirement to provide 45 days' notice. That is one example. They exploited and, in fact, created new loopholes that essentially did not exist before.

The nine-point plan is designed to try to tackle every single weakness that P&O has tried to exploit, and to close the gap. As you know, it includes all sorts of things, including pointing HMRC to P&O's activities and asking the ports—I met two of the large port organisations yesterday—to try to bring in enforcement even before the legislation is in place.



In terms of resolving the business model—the fines and penalties, if you like—the biggest penalty is that P&O is still not operating properly. As of 11 o'clock last night, it had one ferry operating across the channel. Another ferry, the European Causeway, was in difficulty yesterday. The Maritime and Coastguard Agency, which I ordered to go over P&O with a fine-toothed comb, is not happy with a whole variety of safety aspects, many related to bringing in staff who were unfamiliar with the ships. The biggest penalty of all is the fact that it is not able to sail and, therefore, not able to make money.

Q155 Grahame Morris: I understand that, Minister. I compliment you on the approach and the intention. I and other members of the Committee questioned Peter Hebblethwaite about P&O's zero-sum game; their calculation about reducing wages and introducing a new shift pattern, which was done in order to be more competitive with other operators on the same routes. I pointed out to him that, if you had to factor in the recruitment of seafarers, through agencies, from Indonesia, Malaysia and so on, the cost of retraining, the cost of security, all the costs associated with redundancies that were paid to the existing crew and the unlimited fines that P&O could receive from Government, perhaps that would make them think again. Could you elaborate a little on your discussions with the ports? Are you proposing any enforcement powers, or planning to give the ports any new enforcement powers? Would that require an amendment to the Harbours Act 1964?

Grant Shapps: We will be amending the 1964 Harbours Act. That is the legislation that we will be bringing forward to change at the Queen's Speech. The actual enforcement will take place through the MCA—the Maritime and Coastguard Agency—and myself as Secretary of State. We will not be expecting ports to enforce physically. What we will require them to do is to ask for confirmation and clarification that the relevant pay was being made, in the same way as they would ask, for example, that the relevant insurance had been paid. HMRC, the MCA and I as Secretary of State are the correct enforcement bodies, but the ports themselves will have a check that they will do to ensure that it is within the law. I should mention that both civil and criminal action is already being taken against P&O by the Insolvency Service.

Q156 Grahame Morris: I want to come to other points, but can you quickly clarify a point that my colleague Gavin Newlands queried previously? It relates to action against the parent company that directed P&O to take this action, DPP, and its involvement with freeports. I understand that, quite rightly, one of the Scottish ports has decided unilaterally, or without further consultation, to restrict or prevent DPP's involvement in the freeport. What is your role in deciding the involvement or not of DPP in the freeports enterprise?

Grant Shapps: DP World is the parent company. It will interest the Committee to know that I spoke to Her Excellency Reem Al Hashimi this week about the situation. She is the Emirati Minister for International Co-operation and has taken a close interest in this.



HOUSE OF COMMONS

It feels to me that DP World is very concerned about what P&O has done. It is a company that has invested £1.5 billion in the UK in the last 10 years. Last autumn, it invested £300 million in the London Gateway. It does not want to see the reputation of P&O being shredded like this. I think it understands that there is a necessity to get this sorted out. I certainly expect it to do so.

To answer your question directly, I have also gone through and had a look at any of DP World's involvement on, for example, Government advisory boards. We have already had a resignation from the only position that I could see there from a DP World individual who was on a board. We have made it very clear that we continue to go through Government contracts— not that we have not found existing ones; P&O had some during coronavirus, which have expired—and will strip Government contracts from P&O, wherever possible. If we can find any others, we will.

Q157 Grahame Morris: Can I ask you about your statement of 30 March? In relation to P&O and the implications for other ferry operators on the same or similar routes you said you will “ensure that the whole seafaring community is on a level playing field...when it comes to channel crossings and that there will be no advantage to Irish Ferries”—which employs similar practices—“running a cut-price route or P&O Ferries trying to do the same. For Stena Line, DFDS and others, it will ensure that they can all operate and compete on a fair platform.” If you do not take some action, other operators may have no alternative but to go down a similar route.

You will know that Stena and DFDS are clear that the minimum wage is not the only issue that has to be addressed. They are being undercut by P&O and Irish Ferries. Unions are in discussion to develop a fair ferries framework that sets down minimum standards for employment, safety and training, especially in the light of what has happened with the European Causeway and others. That would apply to all operators.

My understanding is that the Department for Transport is meeting the employers—the Chamber of Shipping—later this week. Will you give an assurance that the Government have some red lines to reinforce your statement on the 30th and that any discussions will ensure that a fair ferries framework is agreed that raises standards and stops DFDS or Stena being undercut by P&O and other ferry operators?

Grant Shapps: It is worth reminding the Committee, as you just have, that Irish Ferries moved to this model in 2007. It has been operating a cut-price model, undercutting other operators, for quite some time. That is why it is absolutely right to cut that off.

There are two points relevant to your question. One is that I am working on memorandums of understanding with our European counterparts and the Irish Government to ensure that, for example, ferries cannot operate routinely between our countries without paying the relevant minimum



HOUSE OF COMMONS

wages that exist in each of our countries. That work is ongoing. I am in constant contact with my French opposite number Jean-Baptiste Djebbari, who is keen to resolve this as well.

Secondly, you asked about support on skills and training. Through the British seafarer support, we have brought in £30 million to support welfare and skills. The reforms of the tonnage tax are very important.

Grahame Morris: I know that you are sick of my going on about tonnage tax. Certainly, your colleague should be—

Chair: Grahame, can you make this your last question?

Q158 **Grahame Morris:** I will. There is a whole area that I have not covered. In the circumstances, are you proposing to remove the tonnage tax tax break from P&O Ferries? It would be perverse if they were getting a tax break to train British seafarers and then doing exactly the opposite?

Grant Shapps: Yes. As you can imagine, we are having some pretty strong conversations in that regard. I want to get more ships flagged under the British flag. That is why reform of the tonnage tax, which we have done for the first time in many years, is very important. Without going into too much detail, your point about not providing tax breaks to a company that has just taken a lot of taxpayers' money—in furlough, for example—is very much taken on board. I repeat my call for P&O to repay its furlough money.

Grahame Morris: We will return to this in our inquiry, Maritime 2050. We will get more detail then.

Chair: We certainly will. Ben Bradshaw has questions on border disruption.

Q159 **Mr Bradshaw:** Secretary of State, why do you think that the disruption for air passengers in the UK over Easter was so much worse than in any other European country?

Grant Shapps: I know there was a lot of disruption everywhere, so I do not know whether that is statistically true, but let's assume that it is. I think that, over coronavirus, when we got to the point of perhaps only 10% of the usual traffic—the 2019 traffic—there was temptation for those involved in aviation to continue to cut back. Perhaps they felt they had no alternative. In the end, things have got going a lot faster than they anticipated. If it is true—I have not checked the figures—that disruption was worse here than in any other place, I would suggest that part of the answer is that we have come out of restrictions more completely and more quickly in this country than elsewhere, thanks to the vaccine roll-out.

Q160 **Mr Bradshaw:** That leads me to my next question. One of the things that they say caused it was the fact there was relatively little support for the industry in this country compared with the rest of Europe, which



meant they had to lay off more staff. There was also the fact that your travel rules during the pandemic kept changing all the time, so they had no ability to plan, and that we suddenly came out much more quickly, having had some of the most restrictive rules. You do not think that the Government bear any responsibility for the current chaos?

Grant Shapps: I will correct this figure if I mislead in any way but, first, I think I am right in saying that the total support for aviation amounted to £8 billion. I do not want to underestimate the level of support. Secondly, of course, it included furlough support, so nobody had to lose staff during that period if they wanted to continue to pay furlough.

Thirdly, I very much accept the premise of the excellent report from the Committee on lessons that should be learnt from the border changes during the pandemic. I know it was not just to the DFT, but to the whole of Government. I think it was an excellent report. I know we will be responding formally—in June, I think. I read it and thought that there were many excellent points made. I agree with you. There were too many changes.

In mitigation and in our defence, I would say the world was trying to work out how to handle what was not just a once-in-a-generation event, but a once-in-over-100-years event. Commercial aviation was not even a thing when we had the Spanish flu. We had to learn as we went. I would still argue with you that, by coming out of it more quickly—if you fly to the States, for example, you still have to do a pre-departure test and attest to your status before you can enter—the UK has got ahead of everybody else in getting to the right place in the end. I think that is what led to the very busy spring.

Q161 **Mr Bradshaw:** It is still going on. BA is cancelling nearly 100 flights today in and out of Heathrow. Can you guarantee that the British public are not going to face a summer of travel chaos, as they did at Easter?

Grant Shapps: You will be interested to know that I had Sean Doyle, the boss of British Airways, in my office yesterday to ask him exactly this question. Obviously, it is a private company. He told me that British Airways was proactively slimming down its programme in advance in order to be able to meet the demand. He also explained that the problems were actually growing pains in lots of different directions, very quickly. They are primarily okay, I think, with pilots, for example, but with those on the ground—the baggage handling side of things, for example—it has been much harder, in a very tight employment market where, thankfully, we have getting on for full employment. They have found that quite difficult to do.

What I said, and what I have been saying to the aviation industry, is that we will look for ways to try to assist. I cannot compromise in any way, shape or form with aviation security and safety, and the Committee would not expect me to, but I have looked at the rules and found an area where we can assist with the bureaucracy, particularly with regard to new



people coming into the industry and their need to be security checked. We can begin the training, without exposing them to the parts of the training that are security related, without having the security check complete, as long as it is complete before they start on the security-related stuff. I have a statutory instrument, which I think comes in front of the House today, to do exactly that. Actually, it is a small Brexit freedom that has enabled us to do it. It is an example of how we will try to work with the sector, but in the end it will have to resolve these problems by getting people in the right places.

Q162 **Mr Bradshaw:** Another thing that is causing misery, and has caused misery, to thousands of passengers has been the misinterpretation by our airlines of the EU's passport validity rules. I am delighted to tell you that *The Independent* reports today that easyJet has finally acknowledged that you do not need six months' validity on your passport and that you only need three months. Why has the Department not done anything to sort this out? Will you now instruct the other airlines to do what easyJet has done and put the right rules in place?

Grant Shapps: These are private businesses, and it is for them to check the law and make sure that people are flying in the right way. I can go back and check what advice we have been providing, but we always tell them the law as it is: either our own law or, in this case, EU law. I cannot think of any good reason why it has taken them time to instruct passengers properly.

The other related problem that I have seen at airports is that people have, quite rightly, heard that we have scrapped all of our Covid restrictions—there are no forms; there are no pre-departure or passenger locator forms—and then wrongly thought that was the case for the destination they are going to. I think the bigger check-in problem for airlines has been people turning up and not realising that other countries are maintaining some of their Covid controls. The United States is a good example. That has been causing slower check-ins as well.

Q163 **Mr Bradshaw:** All the passengers who have had their travel ruined because of misinterpretation of the rules, or who for any other reason have had delays or cancellations, are entitled to compensation, thanks to our previous membership of the EU. You are consulting on changing those rules. Consumer groups like Which? are very worried that you are going to water them down. Can you give me an absolute categorical assurance that you will not water down or reduce the amount of money that people are currently entitled to when their flights are cancelled or delayed?

Grant Shapps: I will have to wait until the outcome of the consultation, but my broad aim is to ensure that, a bit like with trains—I don't know if we will quite get there with aircraft—there is a 15-minute delay repay. I would like to see that advance a bit more. I would like to see on Great British Railways, to use that example, an automatic process of refund.



HOUSE OF COMMONS

I am not sure that we will quite get there with aviation, but I think it should be a lot easier, a lot more automatic and that potentially the CAA should have greater powers. That is really the direction of the consultation. I cannot really say more about the outcome until I have seen the consultation.

Q164 **Mr Bradshaw:** With no reduction in the amount? The fear is that you are going to do a trade-off and reduce the amount.

Grant Shapps: I want it to be proportionate to the real delay that someone has experienced. I suspect, actually, that at the moment you do not get compensation for too long, and then the scale or the comparison to the delay may not be entirely in proportion. I want to ask those questions to find the answer.

Q165 **Mr Bradshaw:** Finally, another area that is experiencing serious disruption at the moment is Dover. The warnings of critics of your Government's Brexit deal have come true, haven't they? Kent has turned into a massive car park, which is causing enormous damage to our economy and misery to thousands of hauliers and other drivers.

Grant Shapps: I must object to that idea. Everyone likes to throw Brexit into every third sentence, but genuinely on this occasion P&O took out a third of the cross-ferry capacity with their stupidity that we have already discussed. We had extremely bad weather going into the Easter period and one of the ships had a harbour hit and had to be taken out of service. Another was taken out of service at a rather inopportune moment just for routine work, which was not helpful. We had a combination, therefore, of problems and of course lots of people coming back to travel for the very first time. Operation Brock went into place, and I acknowledge that when that is in place it causes considerable disruption on the roads of Kent.

I want to refocus the Committee. The primary reason for the disruption at Dover over Easter was P&O Ferries.

Q166 **Mr Bradshaw:** We were there a month or two before Easter, and it was bad then, nothing to do with P&O.

Grant Shapps: Understand that Dover, or the short straits as we call that crossing, has often been under pressure. I was looking at the figures for back in 2019, for example, and saw some very lengthy delays which clearly could not have been to do with Brexit or anything else.

It is a restriction. I believe, broadly speaking, that we want to make sure we have as many entry and exit ports in this country as possible—ports and airports. It is very important that we do not become over-reliant, as I think in the last 15 or 20 years we have, on the Dover-Calais route. I know it is the shortest crossing, but there is a physical capacity constraint in Dover. It is in this country's interests to have more ports and airports available.

Q167 **Mr Bradshaw:** How will you stop it getting worse when the EU



HOUSE OF COMMONS

introduces its new entry/exit system at the end of this year?

Grant Shapps: First of all, the date of the new EU entry/exit system has constantly been put back, as you know. Talking to my European colleagues, it may well be again. None the less, we are preparing very intensely, in particular with France, which is obviously the most likely area for congestion. I am working very closely with my opposite number. Obviously, the same French Government have just been re-elected at presidential level.

We are very ambitious in our approach, and the desire to see it run smoothly at a political level most certainly exists. Obviously, they are in the position of having to implement EU law. I think they understand that given that, for example, Eurostar is a business they own, they need to see it run smoothly otherwise it damages their own commercial interests. It is over half-owned by the French Government. They will want to see this resolved, and it is in our political interests to see it resolved. I am working very closely with them to do so.

Bernadette Kelly: I sent a fairly detailed letter to the Chair of the Public Accounts Committee recently on the specific issue of traffic in Kent and the steps that the Department is taking with the Port of Dover, the Kent resilience forum and National Highways to manage that. I would be very happy to share it with the Committee; it sets out quite a long list of actions that we are talking about.

Chair: We are about to publish recommendations off the back of our supply chain inquiry, so that would be a great help. Karl, do you want to come in briefly?

Q168 **Karl McCartney:** I know this is not your remit, Secretary of State; however, we saw the problems exacerbated by management underperformance at the DVLA, with delays in people getting new driving licences. Have you had any conversations, or have staff in your Department had any conversations, with the Home Office about the potential for similar actions to take place regarding passports as we approach the summer period when people need to use their passports to travel abroad, whether that is on ferries or on airlines?

Grant Shapps: I have spoken to the Home Secretary about this. In fairness to the Home Office, or the Passport Office, they have been proactively texting people whose passport looks like it is coming to its expiry date to remind them to renew. We had a two-year period during which people essentially did not bother to go to the cupboard to get their passport out to check the date. I know they have proactively been doing that. I understand they are working hard to try to clear backlogs but, as you rightly said, it is a little out of my remit so I do not want to overstep the mark and give information which may be less than accurate.

Q169 **Karl McCartney:** As long as the matter is being dealt with by your colleagues, that is the main thing.



Grant Shapps: Obviously, from a transport point of view, I am very keen that people have their passports. By the way, I reflect that for the first time in two years I have been in front of the Committee with transport up and running again, and what have you. It fills my heart with joy. The more people are able to have the freedom to travel, the happier this Transport Department is. Of course, I want people to have their passports in order to be able to do that.

Chair: We go to Robert Largan on DVLA, which has come up a couple of times already.

Q170 **Robert Largan:** Good morning, Secretary of State. Are you satisfied with the performance of the DVLA?

Grant Shapps: I am actually never satisfied with the performance of anything, ever, to give you my absolute unalloyed view. I always think that all services should run better. For example, when you renew your vehicle excise duty, which is quite a smooth process, I am always looking at even that website and thinking, "How could that be faster, easier and less intrusive?" That is actually a very good experience. I am never fully satisfied.

I ask myself why, in today's world, we still need to have 60,000 pieces of paper arriving at DVLA every day. What is it that we still need to digitise? How could we do things more efficiently? I will give you a simple example. The British Medical Association asked GPs to de-prioritise DVLA work on medicals for people's licences during coronavirus. My view is, in which case who else could we ask to look at those medicals? Does it have to be your GP? There are other medical professionals. We could expand it. No is the answer; I am never satisfied.

Q171 **Robert Largan:** On that point about the medical profession, when can we expect the Government to respond to the recent consultation about that point of allowing a wider range of medical professionals?

Grant Shapps: Pretty soon, actually.

Bernadette Kelly: I think it is the summer. I will double-check, but it is certainly very much in play now. It is something that we are keen to make progress on as soon as possible.

Q172 **Robert Largan:** Obviously, this is all linked to the backlogs, which I understand, and which we touched on a bit earlier. It would be useful if you could set out where we are now with the backlogs, and when we expect them to be over.

Grant Shapps: Sure. I will start, and then I will hand over to my permanent secretary. There was quite a lot of publicity during the latter end of coronavirus about 55,000 outstanding heavy goods vehicle or vocational licences. Those are now down to zero. There is no backlog at all. They are turned round in five days unless there are complex medical issues that need to be resolved.



HOUSE OF COMMONS

We already mentioned that by removing the run rate, which is 400,000 and is the normal throughput flow, the total was 1.2 million outstanding and is now 400,000. Let me hand over to my permanent secretary to fill in the details.

Bernadette Kelly: There is a huge range of actions, many of which I know the chief executive has shared with this Committee both in person and in writing over previous months. Let me just summarise what has been done to tackle the backlogs.

First, to the point about digitisation, 10 more services have been put online—some new and some existing—by DVLA. This is all about reducing the burden of paper applications. We know that all the online services, the vast majority of DVLA services, are working perfectly well and there aren't any delays. The more we can digitise, the more we will reduce the need for paper applications and processing and, therefore, any delays.

On drivers' licences, paper licences have to be dealt with by staff processing paper applications. We expect the backlog to be dealt with by May, so that is pretty imminent. Drivers' medical applications are always the trickiest part of DVLA's case load, as I have said before, because it depends in part on medical input from doctors and other health professionals. The DVLA has now opened two new drivers' medical customer centres, one in Swansea and one in Birmingham, specifically focused on processing those applications.

The legislative reform order that changed the law, which you have already referred to, means that a wider pool of healthcare professionals can provide the necessary input. That is going through. Staff are working overtime on site dealing with them every weekend. There are also plans to extend the simplified processing for particular medical conditions. All of this is about trying to simplify and increase the resources that DVLA are using to process drivers' medical applications. They hope to have eliminated the backlog by September. I think really good progress is being made in tackling those backlogs.

Q173 **Robert Largan:** Given the very large number of constituency cases I have had related to that, I am relieved to hear that we are close to getting it sorted out.

Bernadette Kelly: Absolutely. By the way, DVLA have also had specific resources dealing with the very large correspondence from MPs. We are very conscious that this is a major concern to MPs, and we are very keen to resolve it.

Grant Shapps: Not to be a stuck record, I again remind the Committee that there would be no backlogs if not for the strike. The strike was without purpose. It did not achieve anything. It was resolved without any changes specific to the strike demands. We would not be in this position if that needless strike had not taken place.



HOUSE OF COMMONS

Q174 **Grahame Morris:** With all respect, you have said that three times.

Grant Shapps: I just want to make sure it is on the record.

Grahame Morris: Well, it is on the record at least three times, but there is a counter-argument. The union contends that it was a needless strike because it was perfectly possible to resolve the issue over health and safety. Remember, we had the biggest outbreak of Covid in any workplace in the country there, and they put forward reasonable proposals to do that—

Q175 **Chair:** Didn't you end up having to pay a bonus?

Grant Shapps: It started off about safety. We leased two additional properties. It morphed into a discussion about pay instead, which was not the purpose of the strike. That strike was a red herring.

Grahame Morris: Was it—

Chair: Grahame, Robert still has his section.

Q176 **Robert Largan:** I suppose that leads on to the next question. We have talked about the performance of the DVLA. You are never satisfied, which is a good answer.

Grant Shapps: Never.

Q177 **Robert Largan:** Thinking about Julie Lennard as chief executive, how do you rate her performance?

Grant Shapps: I never like to personalise these things. The work required at the DVLA, while everyone was being told to work at home, not least because the Welsh Government had stronger and more exacting requirements on Covid than in England, meant her hands were tied during a large part of the last couple of years. Actually, the restrictions have only very recently been lifted.

As with any organisation and as with any individual—as with myself—I always expect better. I can answer the question in a very similar way. I always want to see more, but broadly speaking I think she has had to deal with very complex casework for reasons the permanent secretary has described, particularly on medicals. Regardless of causes, fault and what have you, there has been a difficult industrial background as well as coronavirus. I agree with you that all of our mailbags have been too full of too much correspondence.

The answer is to digitise and not have to send bits of paper around. We have been pursuing digital by default for a very long time in this country. I want to see it completed in all areas related to transport as well.

Q178 **Chair:** We turn next to smart motorways. We were delighted as a Committee to see the Government accept the recommendations, and the smart motorway roll-out paused for further data to be collected, and also the retrofitting of the existing smart motorways network. Would it be



HOUSE OF COMMONS

possible to get an update either from you, Secretary of State, or the permanent secretary as to where we are with smart motorways, the retrofitting and what the plan is? It is something we would like to scrutinise as we continue to show our commitment to the cause.

Grant Shapps: I will kick off. First of all, I again thank the Committee for what I thought was an excellent report. As you know, I accepted every single recommendation in it. Genuine thanks to everyone who was a part of creating it. It was exactly the sort of independent look at the whole issue of smart motorways that was required.

As you know, we paused the programme, apart from those that were already in flight as it would have been dangerous to leave them at half and half stage. In answer to your specific question, we are about to have the second anniversary of the stocktake that I undertook, before the Committee got into this, when I first became Secretary of State. A new National Highways report is about to be published on the subject. There will be a lot more detail that you will be able to extract very shortly.

One thing I will highlight is that a further 111 miles of radar stopped-vehicle detection has gone in over the last year. As you know, I have been critical previously because I think it should have been part of the plan from the outset, as your own report suggested as well. Some good progress has been made. I am impatient for us to get on with every element of this, but there will also be new data about the safety record of the motorways, which I think shows that they remain among the safest in the country, notwithstanding the concerns that we all have and that the Committee has already reported on.

Q179 **Chair:** We will await the data from the second anniversary, and then no doubt take a look at it and work with you. The commitment was that there would be a maximum of one mile between emergency refuge areas. It appears that National Highways may include in the definition of emergency refuge areas not just what we consider, but slip roads and service stations. Has the Department landed on a definition?

Grant Shapps: To go in both directions, first of all I think that coming off the motorway into a motorway service area is a safer area to be in. That is good, but I do not want to see a mile; I want to see three quarters of a mile, by and large.

Q180 **Chair:** Yes, that is best. The maximum would be a mile. We have worked on the basis that it means emergency refuge areas would be no further than a mile in spacing. We tabled a written question, but we did not seem to get to the bottom of it. It appears that within it would be, "Well, if there is a slip road, that counts as your emergency refuge."

Grant Shapps: That is interesting. I do not have specifics on that, and unless Bernadette says something I will have to come back to you.

Chair: That would be super, if you could, because I do not want to trip up here either. We will furnish you with the answer to the question. There



was an article back in February in *Highways Magazine* that reported National Highways appeared to be rather stretching the definition. Let's leave that there and get it corrected for the record.

I was going to move on to Great British Railways, but the Chris Loder express has not rolled into the station yet. Actually, it is not express as it turns out. Perhaps instead we could go on to the integrated rail plan, if I could jump the gun. I will do the wash-up later on.

- Q181 **Greg Smith:** Secretary of State, to start at the bottom with the IRP, which has an impact further down the road, we have gone round in circles in a couple of sessions of the Committee, both when we visited Leeds and Bradford, hearing evidence from Mark Thurston, and in conversations since with the HS2 Minister. Are we any closer to having an overall BCR for HS2 with the eastern leg gone?

Grant Shapps: Perhaps I will hand this over to my permanent secretary.

Bernadette Kelly: While we are still determining options for taking HS2 services to Leeds, we cannot possibly have a BCR for the entire programme. What we have is a BCR for phase 1, phase 2a and now the western leg, because, now that the hybrid Bill has been deposited for the western leg to Manchester, we need to set out what the Government's assessment of the value for money and BCR of the project is. The eastern leg BCR will depend on what decisions are finally made in response to the options study, so I think it would be premature, and actually quite odd, to seek to make the assessment before that work is complete.

- Q182 **Greg Smith:** Let me turn the question slightly differently before we get into some of the detail of what is in the IRP itself. I buy the Government's argument, by the way, that it was cheaper, quicker and better to increase the capacity in the north to do things differently. Were questions asked about phase 1 and Birmingham to Crewe, and then Birmingham to Manchester, as to how phases 1 and 2 could have been done differently, especially given that by conceding that you can improve rail capacity quicker and do it cheaper, even though the amounts of money we are talking about are still considerable at £96 billion, in fact speed is no longer the driving factor? Given that it is the speed of HS2 that causes the majority of the problems and the destruction, particularly along phase 1, why could that not have been revisited, going back to the conversations that were had before February 2020 around the great central line?

Grant Shapps: Let me have a go at this. If you are asking, "Could the whole HS2 experience have been better from the outset?", going back 20 years, I think the answer is yes. By the time of the Oakervee review, which was when this Administration came in and stopped to look at the whole process, the simple answer was that it was too late; £10 billion had already been spent at the time. A lot had already been committed to the route and the direction.



I am also not sure that the answer automatically would have been “Don’t do it” in a full-blooded way. In the end, there was a stop-go question on the table. Because phase 1 came first, as the name suggests, it was too late to second-guess that question.

Bernadette Kelly: I strongly agree in a sense. As you say, this Government took their decision when phase 1 was well under way. It would have been impossible. The choice was either to continue or not to continue. You could not have redesigned it in a different way at that point without effectively cancelling the project.

The Secretary of State is quite right. Over 20 years, the twists and turns on HS2, and how exactly it has been developed as a project, have been quite complex and difficult at times. Certainly though, when this Government were taking their decisions, we were very focused on HS2 as a capacity project and as a way of investing in our long-term infrastructure to provide that capacity for the next 100 or 200 years. I think speed had become a less significant part of the argument. However, shortening journey times between major cities is one of the ways you drive the benefits of the project. It is a factor, but I think capacity has increasingly been the driving motivation, particularly as we now take decisions about the design and formation of phase 2.

Q183 **Greg Smith:** I will get into the detail of the IRP. It is a £96 billion Government commitment. People know where Government infrastructure projects often go when it comes to cost. HS2, full stop, started in the 30 billions of pounds. We are north of £100 billion for the whole thing. How confident are you that the IRP can be delivered for £96 billion?

Grant Shapps: Extremely. I just want to pick up on the £30 billion to £90 billion—obviously not the whole figure. We have a tendency in this country only ever to think about the figure as it was and forget about inflation. If you do compound inflation for a lot of years, it is surprising how much more expensive stuff becomes. Every single project will always end up being more expensive because inflation is part of the calculation, which is not the full answer to why HS2 has become more expensive. I am not trying to pretend it is, by the way.

Confidence in the £96 billion for the IRP? Yes, this is a programme that has looked to do things efficiently. It is already understood that, for example, we could have spent an extra £18 billion on the Manchester to Leeds approach and knocked about three or four minutes off. Instead, we have taken the approach of getting Manchester to Leeds in 33 minutes, just over half an hour, £18 billion less expensive and delivered 10 or 15 years sooner. Yes, we have been prepared to take difficult decisions, some of which I know have been criticised, but actually it is going to deliver for people a lot faster, and a lot more efficiently when it comes to people’s tax as well.

Q184 **Greg Smith:** One of the things that has come up before this Committee, particularly during our visit to Leeds and Bradford, is the impact that



working on existing railways will have on capacity on the rail network and the knock-on impact for roads, buses, and so on, particularly in the north of England. How confident are you that that can be effectively managed, and that we are not going to be into years of significant disruption to journeys both within the north of England and north-south?

Grant Shapps: It is undeniable that upgrades have a disrupting impact. I cannot sit here and say that there will be no disruption. I want to ask you this, as a constituency MP. A brand-new railway is being built through your constituency. Has it caused disruption? I know it has because you have told me that.

Greg Smith: Massively.

Grant Shapps: There is no panacea in the idea that a brand-new railway would somehow cause no disruption but upgrading an existing one would. There are parts of Northern Powerhouse Rail—the Leeds to Manchester or Warrington by high-speed rail, and then on to Marsden in West Yorkshire—which are new track. This is not a complete either/or. Some of it is brand-new track. Yes, there will be disruption. It would be disingenuous to say otherwise, but there would be either way.

Q185 **Greg Smith:** That is not really the point I was making. For the record, I think you are doing the right thing with the IRP. As you highlighted, I am against HS2 because I see the pain, and I have the scars on my back, of what that actually means to real people on a day-to-day basis.

My point and my question is, given that there will be disruption by upgrading existing railway lines, which is the right thing to do, how is that disruption going to be minimised and managed to ensure that journeys, particularly in the north of England or east midlands to the north, are as smooth as they possibly can be, accepting that there will be disruption from the upgrades?

Grant Shapps: A range of different things.

Bernadette Kelly: I will briefly give the example of the trans-Pennine route upgrade, which is a classic example of a very significant upgrade that will also inevitably have disruption associated with it. Network Rail worked very hard to learn lessons from previous programmes about how to deliver that. It cannot eliminate disruption because you cannot upgrade an existing railway without disruption, but managing that disruption and doing the project in a phased way that ensures the disruption is managed over a reasonable timeframe for communities has been at the heart of the management of that project. I can certainly set out more details. I do not have them to hand, but I know that has been a real focal point of the work on that particular upgrade.

Q186 **Greg Smith:** That would be very helpful. There will be nervousness around what the disruption means. There are undoubtedly other ways of reducing disruption than the simple, "Here is a replacement bus." There must be good examples from around the world. I think it would be an



HOUSE OF COMMONS

area where, if we can look at the best innovation in how to minimise disruption, accepting that there will be disruption, it will be an incredibly helpful thing to do.

I think I have a minute left. Briefly, can you comment on why you think there has been significant negative reaction from some communities in the north to the IRP?

Grant Shapps: I am afraid a lot of it just comes down to pure politics. It is a demonstration that it is possible to spend £96 billion, the most money any Government have ever spent on upgrading rail in the midlands and north, and still attract negative comment. For example, one Mayor called it “a pittance.” Another said, “crumbs off the table.” If £96 billion is a pittance, there are many other Mayors who would say, “Yes.”

The journey time improvements are extreme—12 minutes to get from Bradford to Leeds. That is proper London-style connection between, in this case, two great northern cities. The journey from Manchester to London will be 71 minutes. The route upgrade, going from Birmingham to Nottingham and Derby on high-speed rail, will massively slash those journey times and join up great cities in the midlands and even up to Leeds, which has been much discussed, and I will be saying more about that shortly.

As you rightly say, through a combination of improving and upgrading existing lines, we will see dramatically faster journeys to Leeds. Actually, we are already seeing the benefits. I have already put spades in the ground for the midlands main line electrification. That was before Christmas, actually, immediately after the integrated rail plan. A couple of weeks later I was out there improving the track for the east coast main line, where the journey continues to improve through digitisation of signalling, for example.

The advantages are enormous. I cite Liverpool as an example where journey times from Manchester will be slashed dramatically. I think there was a little bit of disingenuous talk about this. What is interesting is that residents on the ground are going to wonder, given the steer they were provided by some of their leaders about how they were getting a pittance, and will be stunned to discover that journey times halve in some cases and dramatically improve in all. Many more communities will be served. Many communities who in the original plan were not going to get a look-in will now get train services that are faster and much more reliable.

Q187 **Chair:** Robert, I will bring you in, but we will take another couple of minutes on the IRP. We have a set of recommendations that we are looking to publish. I am looking at this more from a technical critique rather than anything political, and the thing that concerns me is Leeds station. A lot of the delivery that you are talking about requires Leeds station to have more capacity. You talked about 12 minutes from Bradford to Leeds, but at the moment it takes an awfully long time just to



navigate through the way the tracks are configured in Leeds station. Leeds station is already at 105% capacity. How do you get HS2 trains up there as well? Doesn't all of this require a massive redevelopment of Leeds station in order for it not to have the second worst performance in terms of delays of all stations, and to be able to take the capacity, so that you have those fast trains, and more trains, coming in?

Grant Shapps: Yes, that is right. I know you have been to Leeds to look at it. You will have seen that Network Rail and DFT have already put huge investment into Leeds. There is a new concourse roof and platforms, but we need to do a lot more. The question is what we need to do to get those HS2 trains to Leeds. The answer will come through as announced in the IRP: a £100 million study which will cover both taking HS2 trains to Leeds via an eastern route and a mass transit system for West Yorkshire.

We will be answering in detail the questions that you have just asked through carrying out a proper study of what would need to happen to the station and how the routeing would work to get the trains there. I completely acknowledge and accept your point that Leeds station will need radical transformation to make that happen.

Q188 **Chair:** If that £100 million study comes back and says, "Actually, the only way to deliver all of this is to redevelop"—the talk is of a T-shaped station, with 700 football pitches set aside in Leeds to be able to do that—would that be something that could potentially be delivered if that is what is needed to deliver the IRP?

Grant Shapps: The IRP makes a commitment to get HS2 trains to Leeds. We will need to do what we need to do to get the trains there. I do not want to pre-empt the study. The whole point of it is to work out what will need to be done. It gets hugely technical, as you know, once we start looking at routes in and all of that. It is why we are having a proper study. I will be making an announcement in due course after the locals.

Chair: Brilliant. Thank you for that. Sorry, Robert.

Q189 **Robert Largan:** That's okay, Chair, you have teed me up perfectly for what I was going to ask. Following up on the exchange with Greg on HS2 and the cost of phase 1 going up, obviously one of the reasons for that was that changes were made, particularly the enhancements and protections brought in along the route. That is part of the reason for why it became more expensive.

Thinking about the IRP and when we look north, following on from the conversation about Leeds station, a huge bugbear for me for a very long time has been Piccadilly station at Manchester and how that is a huge bottleneck and a huge problem. At the moment, there is quite a bit of concern about the current proposal for Piccadilly, and whether that will block all the potential we can have from the IRP and HS2. Is that still being looked at? Is it still being considered that perhaps there might be quite a different look for Piccadilly than the current plan suggests?



HOUSE OF COMMONS

Grant Shapps: We have to have a taskforce on the more immediate issue, which is that there has been a bottleneck for a long time at Manchester Piccadilly through the Castlefield corridor, and there is a new approach to timetables to make that run more smoothly. That is just in the short term. Yes, there is a lot of work required to get Manchester Piccadilly station capable of handling the kind of traffic that will be coming through, including HS2.

A number of different studies have been carried out and concluded into whether, for example, that should take the format of an underground station at Piccadilly. In fact, that does not work out. What it would do is take a lot of money out of other parts of the network. In the end, it has been concluded that that is not the way. There will be very large amounts of construction around Manchester Piccadilly to get HS2 in. Bernadette, is there anything you want to add?

Bernadette Kelly: No, I think you have covered Piccadilly. I suppose there is a broader point. The first question we had on the IRP for the Secretary of State was whether he was confident that we would actually be able to deliver the plan within the £96 billion budget set for it. Your point about HS2 and the history of that is spot on. We know that, for example, many improvements were added during the process of the hybrid Bill for phase 1, which of course also added to the cost.

As we develop each part of the IRP and as we move through development to delivery and implementation, obviously we are going to have to balance the desire that will always exist in communities for improvements to the plan with the money available. That discipline will have to be maintained. I am just making the general point that I see that as a significant challenge for years to come, probably decades, as we deliver this.

Robert Lorgan: Understood. I have no doubt that some of those discussions will go into the hybrid Bill. Thank you very much.

Chair: We hope to get the IRP report over to the Department in a month or so. Chris Loder on Great British Railways.

Q190 **Chris Loder:** Good morning, Secretary of State and Bernadette. It is nice to see you both. First of all, I want to ask you about GBR and plans to legislate for it in the next Session.

Grant Shapps: Yes, I can confirm that it is our intention to do so. We will be bringing forward a transport Bill. We will wait for Her Majesty's address, but I do not think you will be disappointed.

Q191 **Chris Loder:** Will that be solely based on GBR, or will it cover other policy areas?

Grant Shapps: There will be a single approach to transport overall, of which a very large part will be Great British Railways.

Q192 **Chris Loder:** Could you tell us a little more about the transition



HOUSE OF COMMONS

arrangements from today going forward? As we understand it, there are a number of passenger operating contracts that look to be let imminently on a six to 10-year basis. I assume that is correct, although the Department has not confirmed it. Could you outline how you expect the decisions that clearly those businesses will make now will transition and work within a new framework of GBR?

Grant Shapps: Since Keith Williams worked on what eventually became the Williams-Shapps White Paper, a lot has changed. Coronavirus in particular meant that £15 billion has been spent on supporting the railways. In the end, every single train operating company was brought into a somewhat different structure than was originally in place when Keith Williams was looking at the sector. That meant we had already moved to some extent towards what will eventually be passenger service contracts—the national contracts we are seeing in place at the moment.

We avoided by necessity, but in this sense fortuitously, having to do a huge jump from franchise to those through a series of in-between contracts, two of which took place specifically during coronavirus: the emergency ones and the national ones that are going into place now. Every single time, they are gradually looking a bit more like the passenger service contracts that Great British Railways, once it is legislated for, will provide.

Q193 **Chris Loder:** Given that some of the six-year contracts are due to be awarded later this year, in the not too distant future, are we not missing a lot of opportunity that the new framework could offer by awarding six to 10-year contracts?

Grant Shapps: It is definitely something I am very cognisant of. I do not want to lock ourselves into things that do not then allow Great British Railways to perform as we know it will need to. Mr Loder is an expert, but everybody else may not be aware that the principle behind the Great British Railways passenger service contract is that companies are not paid if they do not deliver the service. Let's put it that way round. They have to perform for the customer, which unfortunately is not the way that franchise contracts have operated in the past.

Q194 **Chris Loder:** With regard to the opportunities for improvements or changes to take place during this period, in the previous model one of the things that was often a priority was for key changes to take place as part of an agreement for a new franchise. That is what has particularly happened. It is not happening at the moment. There are communities that are in a difficult situation with their railways, for whatever reason; Dorset is a good example that I think we have shared before. We have not been able to feed back or say that from a new six-year contract we would like the three-hourly train service that we have on our railway line to be improved, or for something to be done about it.

When there are communities in that sort of situation and you are about to award a six-year contract—there has been no consultation on this



HOUSE OF COMMONS

contract as such—how are you going to make sure that those sorts of difficult community issues—

Grant Shapps: To be absolutely clear, I have not signed off any six-year contracts that I am aware of. I hear you saying, “You’re about to do this,” but that is news to me. I am not about to do something that cuts across Great British Railways and what we want to achieve. I stress the point that given we are only in the recovery stage from coronavirus, with perhaps 70% to 80% of passengers back at most, I do not want to do things that would lock us into a three-hourly service on the timetable that in six years’ time will look completely irrelevant. The Committee can rest assured that I will not be allowing that to happen.

Bernadette Kelly: There is no question of us awarding six-year contracts, under the new model that we envisage as part of Great British Railways, without consultation.

Q195 **Chris Loder:** So that I am crystal clear, are you basically saying that is misinformation on my part?

Bernadette Kelly: Let me check the timing, unless the Secretary of State has it.

Q196 **Chris Loder:** To be quite honest with you, I hope I am wrong.

Bernadette Kelly: It sounds as though—

Grant Shapps: I am going to make sure you are wrong.

Bernadette Kelly: What we are doing at the moment are the national rail contracts, which are shorter and much more of a business—

Q197 **Chris Loder:** Absolutely, and a lot of them are expiring imminently.

Bernadette Kelly: Indeed, but we have choices about whether or how long to extend them. We are seeking to lock in the changes. We are seeking to lock in improvements there, but you are right that some improvements will be more readily negotiated where a long contract is on offer. There is no question of us rapidly entering into those contracts, and certainly not doing so without the extensive consultation which, of course, we have always done in the past.

Q198 **Chris Loder:** Given that you have some expiring imminently, possibly before new legislation comes forward, what would be your typical length of new contract at this stage?

Grant Shapps: It would depend on the operation. Lines are different. A commuter line can be quite different from a long-distance line, for example. I want to reassure you. I would not normally say this. Last night prior to coming here, but not related to the Select Committee, I wrote a memo to my private office to stress the point that you are making, unrelated to your particular line. I want to make sure that we leave ourselves maximum flexibility with the Great British Railways



HOUSE OF COMMONS

passenger service contracts, and that the national contracts should not cut across them. That is just to reassure you on that.

I do not have a specific time in mind. We know that legislation takes time to pass. We know it is in the next Session. We will want to allow ourselves flexibility during the Session, but also during this Parliament.

Q199 Chris Loder: As it stands today, when would you expect GBR to come into full force? When roughly will the actual organisation—I do not mean a shadow organisation—

Grant Shapps: Look, we have it in legislation in the next Session. It lasts a year. I am not expecting it to be a rollover, so it will be within the next year for it physically to exist.

Q200 Chris Loder: Perhaps in 12 months' time.

Grant Shapps: The transition team, as you know, is already up and running and called GBRTT. The transition team has already started work. As the Committee will know, we are actively looking for the HQ for GBR at the moment.

Q201 Chris Loder: I have heard. Excellent. Bearing in mind current trends, clearly coronavirus has skewed passenger demand enormously and it has meant a lot of unknowns in the future for different sectors of the industry, so is there a risk that GBR has to inherit a railway that it may have to manage, or potentially manage, in a period of decline, or at least a plateau of demand for a period of time?

Grant Shapps: I am putting, as are the Government, a big bet on the idea that brilliant as Zoom, Teams and remote working are, and I have no doubt they will carry on playing a part in everyday life, and that sometimes people can be very efficient without leaving home, fundamentally human beings need to meet up for all sorts of work reasons, but also for social reasons.

One of the ways in which we are seeing that reflected is, in some cases, more weekend traffic than we have seen in the past on the railways. We are getting to over 100% on some routes at the weekend. We are also seeing different patterns. There is a longer rush hour, which is not unhelpful to running a train service. You get to use the track throughout the day in a more efficient and less crowded way.

There will be a lot of changes, but the big bet we are making is that if you roll forward and stop thinking about this month and next, and this year and next, but think about the big sweep of history, our railways, which were the first in the world, survived and then thrived through a previous pandemic, the first war, the second war, depression and recessions, and have come back stronger every time. In the last quarter of 2019, before coronavirus, we saw the most people ever travel the furthest distance on our railways. I would not be surprised to see that come back a lot faster, looking back in two or three years' time, than



HOUSE OF COMMONS

people think now. Whether it is two or three years or 10 years, I do not know, but I do not think that GBR will be set up and looking at how it manages a shrinking railway. We have just discussed £96 billion of spending just in the midlands and the north, plus HS2.

Q202 **Chris Loder:** Have you, or are you planning to, set a priority for GBR to become more demand responsive, specifically in the context of setting a timetable? The default today for a major timetable change is a 52-week process.

Grant Shapps: Yes, at least.

Q203 **Chris Loder:** As it stands today, broadly speaking, you have the same timetable on a Monday as you have on a Friday, even though passenger demand profiles are completely different for both days. Could you tell us whether you have set a very clear objective to make the railway more demand responsive?

Grant Shapps: Yes.

Q204 **Chris Loder:** And have you pushed people like Andrew Haines and others leading GBR to say that, actually, this is important and that you want to see it happen?

Grant Shapps: Yes, and it is absolutely at the heart of the Williams-Shapps White Paper. I remind everybody that GBR brings together infrastructure, fares, timetabling and planning of the network. The rather ludicrous approach that led to the May 2018 timetable debacle of hundreds of different organisations, or at least dozens, playing into a negotiated timetable that often ends up satisfying nobody, and is certainly very chaotic and extremely long-winded to plan, comes to an end with a single guiding mind at Great British Railways.

Your point about the bluntness with which Mondays to Fridays are viewed as all the same in this post-coronavirus world is excellent. We should be way more responsive to real demand in the future.

Q205 **Chris Loder:** Finally, I briefly want to cover fares and the workforce. As it stands today in terms of the recovery from coronavirus, we have seen clear and quite fast recovery of leisure traffic and long-distance traffic but not so much the shorter, commuter-based traffic. The fare structure today requires peak fares to operate between 7 and 10 am for going into London. If you look at demand profiles of passenger loadings, those trains are now often quieter than those either side of the peak.

It could be said that is a result of a fares strategy that requires peak fares during that time and therefore pushes the demand elsewhere. Do you have any plans to reform? I am not talking about fares reform in the way that we have talked about it previously. I am talking specifically about the times of the day when peak fares apply. At the moment, it appears as though we are suppressing demand during the time when, typically, we need it to recover the most.



HOUSE OF COMMONS

Grant Shapps: On the whole of the fares issue, I think you are right about the change in pattern. It is quite noticeable. The rush hour is much longer. It goes on until 11 o'clock in the morning. We are seeing more weekend traffic and less Monday and Friday traffic. It is very interesting to see the patterns. It is not uniform across the country.

There are lots of things we need to do with rail reform to modernise it. One of the things I am going to do is introduce contactless to 900 additional stations. It happens to be contactless at my local station, which is outside the capital, and it has made travel much more tempting and much easier to do. It removes the friction of buying a ticket and working out which ticket. You just tap in and out, and it is intelligent. If you travel more than X number of days, you get money back at the end of the week. You do not have to have made the decision at the beginning of the week about how many days you are going to travel that week because you did not quite know what your work or leisure pattern might be. I want to see a lot more of that type of thing.

You will also be familiar with our experimentation with single-leg ticketing, which can often be cheaper. We are not forcing return fares that are £1 more, and in reverse mean that you are paying almost twice as much as you should for a single leg. We have done some experimentation with that on LNER. I will be coming back to say more about that. We intend to do more on all those things.

Q206 **Chris Loder:** Very quickly, I want to touch on workforce. When are we likely to see the workforce plan as part of GBR?

Grant Shapps: First of all, the workforce were terrific through coronavirus. To be fair to the taxpayer, we had to put in £15 billion to ensure that not a single person lost their job and that we could keep a railway running, even when there was only perhaps 10% of the usual traffic. It is undeniable, as you described, that people are coming back in a different format, and we need to modernise our railway. I mentioned contactless and that sort of thing. We have to have workforce reform, otherwise we will literally be expecting the taxpayer to pay for our railways and not for our NHS or what have you.

Q207 **Chris Loder:** The question is, when are we likely to see that?

Grant Shapps: It has already started. We already have a voluntary programme that has started to get that under way. There is more to do. We all have to understand that our railways have changed. They need to keep up with the times and to be modern and work in line with things like technology on ticketing. We need to make progress on that footing.

Q208 **Chris Loder:** Where stations are unmanned, and particularly where they are unmanned and inaccessible for those who are disabled, typically the staff would mitigate that. Are those sorts of things featuring in your workforce plan? I will not list them but there are many stations where that proves to be a particular problem. At the moment, it does not appear



HOUSE OF COMMONS

that your workforce planning takes that into account.

Grant Shapps: It will be interesting for the Committee to note that we undertook and announced a survey of every single station. There are far too many. We have a Victorian-built system. The Victorians were many things, but they were not very conscious of disability access. We have done a survey that has now covered 1,500 stations which are inaccessible, at the last count, in order to map this out and improve the service.

Q209 **Chris Loder:** The specific point is that the train operators know the stations that are accessible and not accessible. They also know the stations that are staffed and not staffed that are inaccessible. I just want to understand whether that is featuring in your plan, and whether stations like Yeovil Junction, for example, are going to have more staffing or longer-hours staffing—

Grant Shapps: You make an excellent point. Probably the train operating company might know, but we have such a hotchpotch of who owns the station and different companies that getting the resources to the right places is not something that has happened across the network. That is one of the things that GBR is going to help us resolve, together with the survey that we have been carrying out, to give a better service to people with disability.

Q210 **Chris Loder:** I have to hand back to the Chair shortly, but do you have anything to say about the RMT industrial action?

Chair: Very briefly.

Chris Loder: Succinctly.

Grant Shapps: Very briefly, the taxpayer has supported every single job on the railway. I want us to make sure that we can carry on running an excellent railway for people. I do not think this is the time for industrial action, not least because taxpayers have funded £15 billion to keep everything in place. We are all trying to push for an excellent railway. We should get on and deliver that.

There is enthusiasm for the railway. I want to put on record that I announced a great British rail sale and some people said, "Oh, is that it? Just a million tickets?" Actually, it is 1.5 million tickets. More train operators came forward; it was 1.5 million tickets. The latest figure is that over 800,000 tickets have been snapped up. People love using our railways. We want people to be able to do it more easily. I hope the unions and everyone else work with us to deliver that.

Q211 **Chair:** The last question on railways is about Southeastern, specifically the Department's plan to fine LSER, or to issue a notice of intention to impose a penalty of £23.5 million. I want to ask you about the decision made on 25 March to award a further three-year National Rail contract for Govia Thameslink to run Thameslink, Southern and Great Northern rail services. Was that a close call?



HOUSE OF COMMONS

Grant Shapps: First of all, I took an extremely dim view and pushed for maximum penalties and sanctions. As the Committee knows, there was an issue relating to LSER where money had been paid. It was their specific legal duty to ensure that the money they accepted was correct. They did not. They actively obscured it. It took a forensic accounting exercise on our side to uncover it, and they paid a very large penalty which I imposed.

When detailed work was done into whether this extended beyond that particular company, it transpired that it did not. There were resignations and firings in that company, but it did not extend to the parent companies who were completely unaware of it. Of course, you will not be surprised to hear that we had a very close look at whether there was any connection between the two at all, and there was not.

The other thing is that I recused myself from that particular renewal because my constituency happens to be on one of the lines. I took no part in the actual granting of that extension.

Bernadette Kelly: Obviously in all of these decisions, when presented to Ministers, whether the Secretary of State or other Ministers on his behalf, the advice is very detailed. It is very deeply considered. The investment committee that I chair, as well as the other governance boards of the Department, look very closely at it. On this occasion, we looked particularly closely, as you can imagine, given the problems that we had seen on LSER, to satisfy ourselves in advising Ministers that there was no cross-contamination, if I can call it that, into GTR of some of the very unacceptable practices we had seen. It was based on that, and then the decision is always based on what is best for passengers and what is best for the taxpayer.

Q212 **Chair:** You both say there was no cross-contamination, but that same notice of intention to impose the penalty said, if you don't mind me reading it out, that "there is evidence that The Go-Ahead Group plc's Audit Committee explicitly considered the accruals in respect of the Overpayments, including in two successive meetings in July and August 2019. The evidence indicates Go-Ahead Group plc and LSER director level presence at those meetings, and that the meetings considered whether LSER should change its approach and disclose the Overpayments to the Department, and decided that it should not do so." Given that, I do not understand why there is not contamination at the parent level.

Bernadette Kelly: As you know, the way these operating companies are structured is as separate organisations within the owning group structure. When I say cross-contamination, what we had to satisfy ourselves of was that there was absolutely no question of GTR having adopted any of the fraudulent practices that had been seen—

Q213 **Chair:** But Go-Ahead owns 65% of—



HOUSE OF COMMONS

Bernadette Kelly: Obviously, part of what we were looking at there was culpability and what was known within the owning group as well. We took all of that into consideration very carefully in considering what the advice should be to Ministers. I know the Minister will have taken that into careful consideration in making a decision.

Q214 **Chair:** Was it because Keolis, the other 35% owner, was not involved? Effectively, did that allow Govia to—

Bernadette Kelly: I do not think that was really the way we were looking at it. As I say, what we were looking at was, what was the evidence based on the audit trail that we had unearthed? It was a very extensive audit trail. The investigation was led by the two chairs of the owning groups and the inquiry that my own Department was making into what had happened on LSER. We had to be satisfied that there was no evidence that the same sort of unacceptable practices were evident or could have been happening in GTR. Ultimately, that was the threshold we were looking at. I think there were questions, rightly, around exactly what was known about this within the owning group, particularly Go-Ahead. You are quite right that we looked very closely at that evidence as we were considering what was the right advice for Ministers.

Grant Shapps: The money that had been taken, which was repaid, was separate from the fine that you mentioned, and at least two people were fired. There was a very strong reaction. I pushed for the maximum possible forfeiture.

Q215 **Chair:** Given that evidence about the Go-Ahead Group's audit committee, it sounds like it might have been quite a close call in terms of whether to continue.

Bernadette Kelly: We looked extremely carefully at all of the evidence. We had thousands of pages of documentation. You are not wrong in suggesting that this was something we had to consider and weigh very carefully.

Chair: Thank you very much indeed. That is the end of rail in this session. We will move on to buses with Gavin Newlands.

Q216 **Gavin Newlands:** Thank you, Chair, and apologies to you and the Secretary of State for being in and out of the room so often. Rather ironically, my wife and kids are heading off to Orlando for a dancing competition and here was a problem with my wife's ESTA at the airport. Cue panic, after a passport-related panic because we had to wait 10 and a half weeks for my daughter's passport renewal. We just got it last week.

This is obviously as difficult a time for the bus sector as it has been for the rest of the transport sector. The last tranche of Covid support funding is dependent on local areas and operators co-designing a financially sustainable network. Particularly given the increased costs for diesel, electricity, zero-emission buses and drivers' wages, which obviously have



HOUSE OF COMMONS

had to increase significantly as well, do you expect this financial sustainability to lead to a significant decrease in service levels?

Grant Shapps: No. In fact, we want to go the other way. It is worth putting on record that I think financial support to the buses in England specifically has been £2.58 billion of emergency support. Then we have had the bus improvement cash as well—£1.1 billion so far. We have been backing our buses with the public's money.

It is worth putting on record that buses are the most used form of public transport in the UK. I think they deserve a special place in our hearts and special support to make sure that people are able to continue to take them.

Q217 **Gavin Newlands:** While we definitely agree with that, passenger numbers have continued to fall on buses. That takes us on to the BSIPs that you mentioned. The CPT has estimated that fully funding the bus service improvement plans would cost around £10 billion; you are probably aware of these figures. You said yourself that the Government have committed essentially a tenth of that, a fraction of that. Are you being ambitious enough?

Grant Shapps: I think I am right in saying this; I do not want to mislead you. I mentioned £1.1 billion for the service improvements, and 34 local transport authorities are benefiting from that. It is not the only money. There is £525 million for zero-emission buses and £320 million for other things. There is other money. There is also money that is channelled through different means. CRSTS to the mayoral areas add £788 million, so £1.1 billion is not the totality of it.

I have no doubt that, as with any area of public service, you can put in almost any sum of money, and in the end any Government will have to make decisions against an extremely tight fiscal backdrop of what they are going to do. I would say that the proof is in the eating. During coronavirus, not only did we spend over £2.5 billion supporting our buses, but we did not raise fares. We actually made sure that people were able to carry on taking buses during some pretty tough times.

Q218 **Gavin Newlands:** You said there are probably winners and losers in this. In areas that were not successful in applying for funds, bus services are in some cases significantly poorer than in areas just a few miles down the road. What do you say to passengers in areas with a poor bus service? When will they see an improved service? There are areas such as South Yorkshire which had something like a £470 million application that got knocked back. You can make an argument that Yorkshire did not do so well on the rail planning end, so Yorkshire has not done particularly well out of either. When will Yorkshire see an improvement?

Grant Shapps: First of all, it is worth mentioning that two thirds of England's bus passengers—population is the better way to put it—will see new investment as a result of the money that has already been announced. The second thing is that it is not the be-all and end-all. There



HOUSE OF COMMONS

are other ways in which communities are improving their areas for buses, including things like levelling-up funds.

The third thing is that the BSIPs—the bus service improvement plans—are not just about money. There are lots of things that areas are able to do through their BSIPs that are non-financial but will make a dramatic difference. It might be to do with the way that the timetables are being operated for connectivity with other types of transport, for example. Money is part of it.

Lastly, there is the money we are putting into funding different types of on-demand buses. There is a very good programme in Cornwall, for example, to look at that, and other programmes on how to improve things like enhanced partnerships. The totality of this is very large indeed. Of course, we never rule out doing more in the future.

Q219 Gavin Newlands: Moving on to zero-emission buses. As you mentioned, we have had a few exchanges over the last few years on the issue.

Grant Shapps: We have indeed.

Gavin Newlands: The Prime Minister made his 4,000 bus pledge over two years ago in early 2020. The ZEBRA scheme to support that commitment was not announced until over a year later. When it was announced, it was announced with money to support only around 500 buses at that point in time. Another six months elapsed before 335 buses were fast-tracked through the ZEBRA process, and a similar period again before the 943 announcement just a few weeks ago. Are you happy with the pace you have been moving on that?

Grant Shapps: The pledge is to get 4,000 buses either on the road or ordered by the end of the Parliament in England. We will do that. It will be more like 5,000 across the country, so we are on track to deliver on zero-emission buses. The good news is that there are 300 electric buses for Coventry. Orders have gone in for the first 130.

In the west midlands we will have Europe's centre for hydrogen buses. There will be more hydrogen buses on the road in the west midlands than anywhere else in Europe. It is all part of getting to zero-emission buses. To answer your question, yes, we are going to achieve our manifesto pledge on this.

Q220 Gavin Newlands: How many have been ordered so far? Since the Prime Minister made his pledge, how many have been ordered and how many are currently on the road?

Grant Shapps: I think about 2,000 are already ordered. I cannot tell you precisely how many are on the road, but I can come back to the Committee to let you know that. The figures are back in my office. As I said, I can see it tracking forward with money that has already been provided, and there is outstanding money still to be allocated. The programmes are in place. Of course, what is happening with this



technology is that we are seeing improvements in its efficiency and therefore some of the prices enable us to order more. We are going to meet the 4,000. As I say, across the United Kingdom that figure is more likely to be 5,000.

Q221 Gavin Newlands: I will probably come back to that, as you can imagine. When I speak to industry, there is still real concern. Obviously, there is relief at the 943 bus announcement through ZEBRA and what have you, but they do not see any long-term commitment. They do not see the money flowing for next year and the year after. What commitment can you give them as to how much is going to be spent? They obviously have to plan for their workforce, supplies and so on.

Grant Shapps: Of course, we also want them to do these things through their own brilliance and sales, improving their product, and I am seeing that happen as well. There is another £205 million to be distributed by 2024, to answer your question directly. We know that money is coming down the line. I want to pay tribute. I thank Alexander Dennis for supplying those buses to Coventry, and there is some great work being done at Wrightbus and elsewhere on hydrogen buses. These are great British firms. It is worth knowing that 80% of buses in urban areas in this country are UK supplied. We have a real lead in this area, particularly on zero-emission buses.

Q222 Gavin Newlands: We certainly agree on that. The 4,000 represent only about a tenth of the English bus fleet. Do you think you are being sufficiently ambitious? The Scottish Government have committed to decarbonising 50%, half of its bus fleet, over the same period. Thus far, the Scottish Government have ordered the equivalent of 5,500 buses.

You set an ambitious target but, whether you achieve it or not, we have ordered 5,500 buses compared with probably under 2,000 by the UK Government for England. Do you think that a tenth is an ambitious enough target, given your plans? In fact, it is in your transport decarbonisation plan, and you are currently consulting on when to end non zero-emission bus sales as well. Is a tenth really ambitious enough?

Grant Shapps: I always want to go further, as I have done with cars. In seven and a half years you will not be able to buy a pure petrol or diesel vehicle because we will have to go to zero emissions, largely electric and perhaps hydrogen as well. I am consulting on 2025 to 2032 for buses to be zero as well.

I think this country is making great strides in moving to zero in all sorts of areas. There is new analysis out on vehicles—cars and vans specifically—which places us third in the world after Norway and Holland, neither of whom have their own domestic production facilities, on how we are doing in readiness for electric and hydrogen. I want to see that extended to buses. I am very ambitious to push this hard.

The Prime Minister loves buses, as I think is widely known. He is very keen for that to happen as well. I think our record stands very well. As I



HOUSE OF COMMONS

pointed out, following the recent announcement the west midlands will have the biggest hydrogen bus fleet in Europe. We can all put forward our various different boasts for why we are doing very well on this. I welcome it whether it is in Scotland or in London, frankly, or in the rest of the UK. I welcome it.

Q223 Gavin Newlands: Lastly, because I am conscious of the time, the Prime Minister may like buses, but does the Chancellor? How hard have the conversations been in securing money from the Treasury for this policy?

Grant Shapps: The Chancellor has put in billions to support it. Let's be clear: buses would not have been able to continue running if the Chancellor had not put in that £2.5 billion-plus of support, with zero fare rises. We will continue to pay money—

Q224 Gavin Newlands: But for this policy on zero-emission buses.

Grant Shapps: We all know it is going to go there by law between 2025 and 2032. Once we have finished this consultation, we will be able to say where we are going to set that. They are all going to have to get to zero emission. I am looking forward to the day. People will welcome those buses. They are modern. They will be air-conditioned. They will have wi-fi. Buses have a big future in our transport sector.

Gavin Newlands: Until next time. Thank you.

Chair: Let's move on to e-scooters, which generate a lot of correspondence for us as a Committee. Then I have another, similar mode of transport to ask about.

Q225 Simon Jupp: Good morning, Secretary of State. E-scooters: should they stay or should they go?

Grant Shapps: There have been 30-plus trials in the country and I think they have broadly been very successful. There have been no fatalities in the trials. Millions of miles have been e-scooter across the country. They are extremely popular where they exist. Critically, in the trials, they are made to the proper standards; they have lighting, indicators and registrations. You have to have a licence. They are properly controlled with insurance and so on and so forth. There are build standards.

That is not the case where they are sold privately. What I want to do, and will do, is crack down on all the e-scooters that are being sold privately that are substandard, that can be tampered with without necessarily breaking the law, that do not have the required lighting and that are sometimes built to the wrong power, wattage and the like. We will crack down on the private market and make it illegal to sell e-scooters that do not meet the regulatory standards we will bring in, and stop there being a free-for-all. We will make the retailers responsible for this and we will bring those in the private market up to the standard, potentially even exceeding the standard, of what is required in the rental market.

Q226 Simon Jupp: Are you suggesting that, following the trial, people will



HOUSE OF COMMONS

legally be able to buy e-scooters to use on public roads, which they cannot do at the moment. Is that what you are planning?

Grant Shapps: To be clear, the trial itself is not about that. The trial is about these rental set-ups and—

Q227 **Simon Jupp:** You indicated that people would be able to buy them from shops, and so on. People can buy them and sometimes there is a label saying, “Only use this in your garden.” Nobody pays any attention to that. In the future, will people be able to buy them in a shop and use them legally on public roads?

Grant Shapps: In the future, I want to crack down on the illegal use on roads of non-compliant e-scooters, which are sometimes quite simply dangerous in my view. They are not up to standard in terms of—

Q228 **Simon Jupp:** But if they are up to the standard and the spec of the rental scheme e-scooters that we see around the country in the trials, will they be able to be sold privately in the future to be used legally on public roads? That is the question.

Grant Shapps: We will take powers that do not exist at the moment because they are not a category of transport. It is to do with some very old laws. We will take powers to properly regulate, and then we will be able to decide the usage of them, on which we will come forward with more detail. What I am clear about is that we will have a crackdown on their illegal sale and illegal use.

Q229 **Simon Jupp:** You said that you deem the trials to be successful, but we will differ on that if you do not mind my saying so. There have been 900 collisions, 11 of which were fatal.

Grant Shapps: No, not in the trials.

Q230 **Simon Jupp:** But more generally.

Grant Shapps: More generally. That is the problem.

Q231 **Simon Jupp:** Because you unleashed the beast of these mechanical menaces, we have this problem. It would not have occurred without the trial taking place.

Grant Shapps: Neither I nor the DFT invented e-scooters. They are a fact, and if you go to any other country in the world you will see them being used in most cities very regularly. You cannot uninvent technology. It is not the case that there have been nine fatalities in the trials. As far as I am aware, there have been no fatalities in the trials.

Q232 **Simon Jupp:** But more generally, the usage of e-scooters has led to 900 collisions.

Grant Shapps: No, I don’t think that is right. They were already being sold prior to the trials taking place. As I pointed out—

Q233 **Simon Jupp:** That is data from last year, though, Secretary of State.



HOUSE OF COMMONS

Grant Shapps: That is during the trials, I agree, but they are not part of the trials, and the sales were already taking place before the trials.

Q234 **Simon Jupp:** There is clearly a technicality, but we can still see that the use of these particular things has caused problems on the streets of this country.

Grant Shapps: Specifically, where they have not been up to the technical standards, where they have been illegally used on the roads and where they are being sold without being up to the kind of standards that you see in the trials, yes. As I have said, that is what I absolutely intend to crack down on.

Q235 **Simon Jupp:** How can you crack down on that? How can you do that? We know that the police have more important things to worry about.

Grant Shapps: There are lots of things that I think you can do. First of all, we do not have any standards set in law because there is no law that recognises this form of transport. The first thing to do is to set standards as to how powerful they can be, how fast they can go, whether they have indicators and lights at night and so on.

The second thing to do is to hold retailers accountable. You can make it an offence to sell one that does not fit within the law. You can make it an offence to tamper with them. None of these things exists at the moment. As I say, I am very keen to ensure that happens.

Q236 **Simon Jupp:** I welcome that. It is a really good step forward. Some areas dropped out of the trials for reasons that have been made public. In the future, whether it is extending the trials or keeping them geographically limited in their usage, there is an argument that e-scooters are more useful in a city—let's say Exeter—than they are in a town like Exmouth. What is your thought process behind the future use of e-scooters? Surely, there are some places where they are just not suitable to be on the roads.

Grant Shapps: That is right. We are not planning to legislate for every area to have to have trials of e-scooters, in the same way that we do not require areas to have bike-hire schemes, for example. But they are a reality; they exist. If these things exist, they need to be made safe. I think the trials have been useful in gathering data, and there is more data still to gather. The trials are still ongoing. I note your very proper point about injuries and fatalities, but, as I say, none of those has happened within the trials. What we need is for any usage to be on safe and safely used vehicles, whatever the type.

Q237 **Simon Jupp:** They could be geographically limited. For example, in the City of London you could still use them, but in other more rural places they would still not be allowed if, as you hinted, you would be able to buy them in a shop and use them as a private vehicle.



HOUSE OF COMMONS

Grant Shapps: There is quite a lot of work required on this. To set it out in proper order, first of all we need a category that describes these things because they are impossible to legislate for without being able to describe them in law. Secondly, as we would always do, and as you would expect us to do, we will consult on the correct way to legislate and restrict or enable their use.

My big message, broadly speaking, is that the trials have been popular and successful. I saw a figure—a long time ago—of 5 million miles travelled on them. I suspect it is nearer 10 million by now. I will write to the Committee and confirm. We are getting some very useful data.

There are things like geofencing, which prevent them from being used in busy pedestrian areas, but unless we legislate for these things we will not be able to introduce that on the ones that are being sold privately, sometimes almost on a grey market. We will not be able to legislate for their standard and quality. I want to crack down on that. We will consult on exactly where, when and how they could or could not be used.

Q238 **Simon Jupp:** Is there an argument that the horse has bolted, though? If there are loads and loads of these private vehicles already, people are not going to go, “I must take that in to be geo-tampered with,” or whatever it might be?

Grant Shapps: It would have been wise if the Victorians, when they invented the legislation which defines the types of vehicles, had taken e-scooters into account, but they didn’t. Look, they are a reality. They are being sold. You can buy them. We keep writing to the retailers. Minister Harrison just wrote to them again to remind them to remind people that you cannot use them on roads.

Q239 **Simon Jupp:** Why don’t they listen? Why don’t the retailers listen, and why do they still sell them?

Grant Shapps: Some do. Halfords, for example, is quite responsible about their sale, from what I have seen, but of course when they get into individual hands that is not always what happens. We can change that, but we need to be able to class them as a mode of transport in order to be able to crack down on their illegal sale, and tampering, insufficient standards and the rest of it. That is what I intend to do.

Q240 **Simon Jupp:** Go-faster stripes and things like that.

Grant Shapps: Yes, certainly being able to go too fast. I don’t know about stripes.

Q241 **Mr Bradshaw:** Everyone else in Europe can use this very convenient, cheap and environmentally friendly form of transport except in Britain. When are you going to get a move on and properly license these things, avoiding the problems that my colleague points at, so that people have the liberty and freedom to use them as a very good alternative form of transport?



HOUSE OF COMMONS

Grant Shapps: I shall announce it on 10 May. It is the flip side to our colleague's point. I believe we need to crack down on the poor standards and the inability to control them sometimes, when they end up being used in the wrong way, or dangerously, and enable use where it is appropriate and responsible. We are on the same side of the coin here. The first thing is to have some legislation that describes the things.

Q242 **Chair:** Related are pedicabs or rickshaws. We see a lot in London. They are not licensed or regulated, and there are real concerns about their safety. Are you able to commit to do something about that form of transport?

Grant Shapps: Excellent question. Yes, I am. We will be introducing in the next Session a law to control what I think is the wild west of pedicabs or rickshaws, particularly in London where there isn't legislation that accurately enables any type of proper licensing or control. I think it is high time. I know Parliament has expressed an interest, including through a series of Back-Bench Bills that, for one reason or another, or perhaps one person, have not proceeded through Parliament. We will do that on Government time in the transport Bill.

Chair: Let's move on to our final section, which is decarbonisation, something that always features in everything we look at.

Q243 **Ruth Cadbury:** Secretary of State, which transport sector do you feel is going to be the most challenging in terms of decarbonisation, and how is progress on the other key ones?

Grant Shapps: Aviation without a doubt. It is by far and away technically the hardest thing to decarbonise. We have had a fifth session of the full Jet Zero Council. There are dozens, possibly now hundreds, of meetings that take place at working level with the Jet Zero Council all the time. We are looking at the latest innovations and technology, and very shortly I will be saying more about the first objective of the Jet Zero Council, which is to experiment with the principle of being able to fly a transatlantic passenger aircraft at net zero. I will be saying more about that soon.

Was the rest of your question about other areas?

Q244 **Ruth Cadbury:** Yes, but quickly on aviation and jet zero. A lot of hope is being put on sustainable aviation fuels, a large part of which are dependent on feedstocks such as oils and waste, where there are other demands for that feedstock, particularly the energy sector and of course food. That is even more of an issue now with what is happening in Ukraine and what Indonesia is doing in cutting back on exports of palm oil. Is there not a massive challenge in developing sustainable aviation fuels in the way that the jet zero work seems to be predicated on?

Grant Shapps: The Jet Zero Council is neutral on which technology resolves the problem. I think you are right that in the early days it was sustainable aviation fuel. Technically, it is already possible if you produce



HOUSE OF COMMONS

enough of it to put it in an aircraft and fly across the Atlantic. You can already technically do this. You will probably pay 10 times as much for the fuel once production costs are taken into account. You are right to say there is a competitive market for the feedstock.

Interestingly, I was having a fascinating conversation with the chief technology officer of Rolls-Royce about this recently. There are many different ways that we could get to sustainable aviation fuel, including vertical farms. That means you could produce sustainable aviation fuels in a vertical way, grown specifically for the purpose of turning it into SAF, or sustainable aviation fuel.

It is not true to say that the Jet Zero Council is only interested in SAF—

Ruth Cadbury: No, I didn't say that. I said there is quite a—

Grant Shapps: Just so you know, the fifth meeting of the Jet Zero Council last week was actually focused on hydrogen. Airbus made part of that presentation, and others, and even that is not the extent of the work. There are many different alternate proposals for getting to jet zero. I suspect it is true to say that, with sustainable aviation fuel, you can use the same engines. You can take a Rolls-Royce Trent 700 series or something, and it is already possible to feed that entirely sustainably. The technology does not require entirely newly designed aircraft with hydrogen in the wings and what have you, as in the early stages. I think a combination of different things will get to jet zero.

Q245 **Ruth Cadbury:** Where are the other challenges in transport for decarbonisation?

Grant Shapps: Across the board, one of the big things that has not been much spoken about, but which we announced in the spending review, is UK SHORE. This is to take maritime, particularly when low ships are at shore, and feed them through sustainable versions of energy—for example, electricity on the shore. There is a lot of interest in ships out at sea; I have done a lot of work and put a lot of money into competitive bids, for example, for autonomous ships that are also zero or very low carbon. Some even clean up the environment. Shipping is a big area.

We have already had quite an extensive discussion about buses and the bigger transport sector. With buses and lorries, again we have massive investments. I think I previously mentioned to the Committee an experiment using overhead wires for trucks. I am not sure we want to do that to all of our motorways, but in principle it is an interesting investigation. There is no area of transport where this is not complex.

Q246 **Ruth Cadbury:** You mentioned UK SHORE. Do you know when it is going to start announcing its investment plans?

Grant Shapps: I do not know the exact date, but I can write back to the Committee on that.



HOUSE OF COMMONS

Q247 **Ruth Cadbury:** On rail, could you give us an update on the implementation of the commitments you have given? You have given a number of commitments in your response to our Committee's "Trains Fit for the Future?" report. I know the rail industry are concerned about some of your commitments. They are not seeing any delivery. You have an opportunity to update us now.

Grant Shapps: I mentioned earlier that I put the spade in the ground for the electrification of the midlands main line north of Leicester up to Sheffield. That is a major commitment for that kind of electrification. It is the kind of electrification that has led to 1,200 miles of track being electrified during the last 12 years. I think it shows our serious commitment to decarbonising the network.

I do not think we will get all the way there through electrification. Battery and hydrogen technology in trains will be extremely important. I have ridden on a hydrogen train that is being developed in Coventry. It is very impressive. It means that you do not have to put up wires. It means we can do some of these branch lines which, for technical reasons, including height, we may never be able to electrify easily. Some of those technologies have a big part to play as well.

Network Rail has a very ambitious plan for the decarbonisation of the track, and the whole predication of Great British Railways is about getting what is, I have to say, already probably the most carbon-friendly sector even more so.

Q248 **Ruth Cadbury:** Maybe you could get back to us on the recommendations. The Rail Industry Association says that on five of the 12 commitments to act there has been no work done that they can see, and a further four do not go very far. Perhaps you could—

Grant Shapps: I can certainly do that. I have to say that I had not spotted that report.

Q249 **Ruth Cadbury:** It was on 28 March. The Railway Industry Association published a review of your response to our recommendations.

Grant Shapps: I will come back with our response to my response to your recommendations in short order.

Q250 **Ruth Cadbury:** Thank you. On pavement parking outside London, your Department's consultation was in November 2020. How much longer are we going to have to wait for the Government's response on this?

Grant Shapps: I know there will be a groan from the Committee, but there was the small issue of coronavirus in between times. The transport Bill that I have spoken about a lot will bring the relief that you are after.

Ruth Cadbury: A lot of Members outside London—most Members outside London—have been pushing for this for a long time, as you know, Secretary of State.



HOUSE OF COMMONS

Chair: They will be popping open the champagne in Bexhill and other places.

Q251 **Ruth Cadbury:** On the implications of the growth of electric vehicles, particularly private cars, your Department's prediction suggested that road traffic could increase by 51% by 2050 as a result of the choices taken by people buying cars that are relatively expensive to buy but very cheap to run. That has incredible implications for traffic congestion, and the economic impact of that will be massive as well.

The Government are going to have to deliver a range of responses to make alternatives to just nipping out in the car, in terms of the use of public transport, buses and rail, and active travel. What is your Department doing to address that challenge?

Grant Shapps: I am very cognisant of it. When it comes to active travel in particular, we have seen great steps forward, not least because of coronavirus and people having time on their hands to go and explore. A lot of people are keeping the habit, and a lot more people are walking and cycling. We had a brief discussion just now about new forms of travel, including things like e-scooters and, I imagine, other autonomous vehicles as well, some of which will even be in the air. There is a story in Coventry this week about the first heliport for electric, vertical cabs.

There will be lots of different responses. We have not talked about cycling in this session, but there are things like Gear Change—the PM's plan to revolutionise cycling—and the setting up of Active Travel England, which is now well under way. It is an agency or an organisation focused in the same way as Network Rail are—

Q252 **Ruth Cadbury:** Have you done the numbers on that? We are talking about a modal shift. What are the numbers or percentages?

Grant Shapps: I do not have them off the top of my head. With your permission, I will write back to you. Yes, we have run all of those numbers. As far as you can ever predict towards 2050, we are looking for a dramatic shift in the way that people take journeys.

I do not know about others, but I notice it in my own approach to transport. I am much more likely to bring my bike out or walk somewhere that, in years gone past, I probably would not have.

Q253 **Ruth Cadbury:** Are these projections now feeding into rail passenger projections? Obviously, new rail infrastructure is dependent on projections for passenger usage. The growth of people shifting out of rail into their electric vehicles will have an impact on rail projections. Has that been fed in as well?

Grant Shapps: Yes. We are also doing things which reverse that. I opened the Dartmoor line. That was the first Beeching reversal. I think we will see more Beeching reversals—the Northumberland line, for example. By the way, the Dartmoor line has gone from one train per hour to two trains per hour. It has been far more successful than the



HOUSE OF COMMONS

projections thought was likely to be the case. It has clearly taken people out of their cars. It is a very good example of how things like the Beeching reversals and restoring the railways can help with that effort.

The other part of it is making it easier to travel. It is too hassly to buy a ticket and to work out which ticket machine. When you can do contactless with your card or your phone, you just jump on the train because it is easier. You do not have to think about it.

Q254 Ruth Cadbury: But there is the relative journey cost. It is much cheaper to travel short and long distances in an EV than it is to go by train or bus. How are you addressing that?

Grant Shapps: That is true, but if the roads are full it is much easier to get a train. I live outside the capital, but I know it is always going to be easier, even though I have driven an EV for a long time—I am on my second EV, in fact—to get on the train to London if I am coming in at the weekend. For convenience overall, we really want to push it.

Chair: The very last question from Gavin Newlands.

Q255 Gavin Newlands: I do not have time to delve into this in any detail, but there is an HGV driver shortage, and for that matter a bus driver shortage as well. It has been a big issue in the last year. There are estimates ranging from 60,000 to 100,000 for the shortage towards the end of last year. Does the Department have an estimate for the current shortage?

Grant Shapps: Yes, I do. It is much, much smaller than that. I do not know that I have the actual number with me, but I will come back to you with it. I want to put on record, if I may, that we clearly had a difficulty with the shortage of HGV drivers, as did every developed country in the world from America to Europe, in Poland and Germany and beyond. We introduced 33 measures in this country to tackle that driver shortage, including making a series of changes that I would not have been able to make as Secretary of State without the freedoms that we have post Brexit. It has massively assisted.

I am not saying there is not still a shortage. We are still working very hard with Logistics UK, the main and largest haulier association, to have Generation Logistics—as it is going to be called—which is a shortly to be launched programme to attract yet more people to the sector. It is paying better and we are improving the facilities with £34 million.

Q256 Gavin Newlands: When you write to us, could you give us an update on the progress of the facilities and, in particular, the temporary facilities that were announced? Have any sites been identified? Has any work been done?

Grant Shapps: We have launched—or the commercial market has, but Minister Vere went to do it—the largest HGV lorry services in Europe



HOUSE OF COMMONS

down in Kent. It has been open since that crisis. I can provide a further update on all of that for you.

Chair: We will be providing our report as well, so we can meet in the middle. That concludes everything from us. Thank you very much indeed, Secretary of State and permanent secretary. You have given us a heck of a lot of information. We are very excited about what may come through in the Queen's Speech. There are a lot of interesting measures.

I want to put on record our thanks. The Department is always very proactive in feeding information back to us when you promise. I think it has been noted that you are one of the best as far as that is concerned across Select Committees. Long may that continue. Please pass on our thanks and regards to the rest of your team, if you would.