House of Commons

Transport Committee

Oral evidence: Rail services and infrastructure, HC 1041

Wednesday 21 June 2023

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Watch the meeting

Members present: Iain Stewart (Chair); Mike Amesbury; Mr Ben Bradshaw; Jack Brereton; Ruth Cadbury; Paul Howell; Grahame Morris; Gavin Newlands; Greg Smith.

Questions 100–193

Witnesses

I: Huw Merriman MP, Minister of State for Rail, Department for Transport; and Conrad Bailey CBE, Director General for Rail Strategy and Services, Department for Transport.

Examination of witnesses

Witnesses: Huw Merriman and Conrad Bailey.

Q100 **Chair:** Welcome to today's session of the Transport Select Committee. Welcome to the Minister and our other guest. For the purposes of our record, can you give us your name and position, please?

Huw Merriman: Good morning, Chair and Committee. I am Huw Merriman, Minister of State for Rail and HS2 at the Department for Transport.

Conrad Bailey: Good morning. I am Conrad Bailey, the director general for rail services and strategy at the Department for Transport.

Q101 **Chair:** Welcome both, and thank you for your time this morning. I will start by asking about the integrated rail plan. When can we expect to see its publication?

Huw Merriman: Yes, of course, Chair. With regard to the response to the recommendations that the Committee made last July, I should apologise for the fact that the response from the Department has not yet made its way through. I assure you that we remain on track to get that to you by the end of this month, so by next week. We had used today's evidence session as an opportunity to muster everyone to get that response back. I apologise that the formalities have rather defeated us, but we will get it back to you. I hope the extra time taken will demonstrate our desire to do more in some of the areas where the Committee made recommendations. I hope that it will end up being well received by the Committee as a result.

Q102 **Chair:** I appreciate that you will be limited as to what you can say prior to formal write-rounds and sign-offs, but are you able to give us any indication of what we might be able to see?

Huw Merriman: We remain committed to the core parts of the integrated rail plan, and the effect of the entire integrated rail plan. Following the comments made by the Prime Minister during the hustings last summer, we have been looking at getting better options for Bradford assessed and enabling Bradford to put forward a new station to help them with their city centre regeneration. That is something that we are very keen to do, which will obviously mean alterations to the integrated rail plan, were we to do that. I believe that would be a positive. We have been working very positively with the Treasury and the Department for levelling up with regard to Bradford. That is an area where I very much hope that our response will be welcomed by the Committee.

Q103 **Chair:** Hopefully by our meeting next week, we can actually see the response.

Huw Merriman: You meet on a Tuesday, don't you? I would say by the end of the month, so it could be later into next week, but we are now in the formal process of getting what we have discussed with our partners across Government finalised. I very much expect that to land on your desk before the end of this month.

Q104 **Chair:** We await it with bated breath. There is also the publication of the terms of reference for the Leeds study.

Huw Merriman: Yes, again that is all wrapped in because one of the recommendations was with regards to Leeds. It is our intention to get that one published, certainly before Parliament rises for recess.

Q105 **Chair:** To turn to more general questions about rail patronage, what is the Department's working assumption in the short, medium and long term about how passenger numbers are likely to move?

Huw Merriman: I will invite Conrad to come in on this as well. For explanation, we have three directors general in rail. One covers HS2; one covers all of the enhancements; and Conrad largely covers everything else, which also includes train operations.

The latest statistics from the Office of Rail and Road show that we are back to 88% patronage compared to pre-covid times. However, that should come with a caveat. The Elizabeth line is regarded as a railway line and so informs those statistics. If you take out the Elizabeth line, the figure is more like 73%.

While patronage is at the level I have just mentioned, the revenue that it would generate is at 70% and season tickets at around 30%. There is an interesting parallel. If you take the Southeastern timetable, it appeared to be the case that people were not returning to the workplace, even for three days a week, so some changes were made in December, but then we found that a lot of big employers in London, post the new year, seemed to come back with, "You must work three days from the office, and we are going to enforce it." As a result, we flexed our timetable to take into account increases in patronage. That is what we are having to do on a more regular basis in terms of timetable changes to try to be nimble. Conrad, do you want to talk more about where we potentially see the picture going? It has been difficult for us to predict for the reasons I have just given.

Conrad Bailey: The Minister has set out where we are and, in particular, the way that the Elizabeth line impact can skew the underlying data when we look at our future forecasts. I think the last time I appeared before you I talked about how difficult it was to get to the underlying position. That remains the case, largely because of the impact of industrial action. It is very hard to strip out the impact of particular strike days but, critically, the effect that has on future passenger numbers.

What we see at the moment, though, is broadly that passenger numbers appear to be levelling off at around where they are now, so we will need to make interventions to try to increase that level of revenue. What we continue to see is that the vision of passenger numbers varies quite a lot across the country and, critically, between different types of journey. For example, business travel remains very much reduced compared with previously. Commuter travel is similarly challenging. Leisure travel is actually exceeding what it was pre-covid. One of the things we are trying to do at the moment is to look at how we could support those areas of growth—leisure travel—when we look at the timetables. Secondly, we are trying to look at areas like commuting with products such as the flexible season ticket, to try to encourage those people back.

I will give you some figures from the last quarter. We got about £2.2 billion in revenue. Business travel was about £177 million and there was £851 million on commuter and £1.175 billion on leisure. That really has changed. It is very important for us, because business travel has traditionally been the higher yield area so it really goes into the revenue numbers.

Q106 **Chair:** Anticipating, for business and commuter travel, what the long-term future is likely to be, what engagement do you have as a Department with major employers and other groups who might be able to give a steer as to what the new normal might look like? For example, the other week Google said that it wants most of its employees in the office five days a week.

Conrad Bailey: The Minister may want to add to this, but at both ministerial and official level we work regularly with the big business groups, and obviously regionally. Critically as well, the rail operators do that. They are the best people to understand their markets and feed that in to us. They obviously have community links and links with local employers. It happens at both departmental level and, critically, operator level. That is where you are best going to get real insight.

Q107 **Chair:** The objective is to move to GBR and place cost and revenue responsibilities in one place. With the current split, no other business would operate that way. Given where we are and the uncertainty of whether there is going to be legislation in the next Session, what can be done now both to incentivise growth in passenger numbers and to give the operators flexibility to adapt their fare offers and other measures to get more passengers on to the trains?

Huw Merriman: We work with the Treasury to come up with the P&L model that you have talked to. As I have said previously, it is something that is needed. A good example of that was recently, when we agreed with the Treasury that, if we were to increase the Stansted Express service to four trains per hour, the revenues would end up giving a greater return. We were able to do just that. That is a good example of where, working with the Treasury, we are able to do one P&L approach. We are working with them on some other ideas as well.

You are right that the aim is ultimately to see the services all put within Great British Railways. We can talk to you about what we are doing, and can do, with or without legislation to make that occur. The important thing is that it will take time because it is a huge project management exercise. In the meantime, we work very closely with the Treasury to be able to step up.

Where we can actually work with the train operators, we are very keen to see contracts that allow them to put more of their own risk in and get more reward out. It is a bit as things used to be with regard to franchising, where there is an incentive for them to use their own balance sheet to put on more services. On the one hand, we are moving towards new forms of contract, but to put those out to tender will take quite a long time, as well as the formation. Where Conrad and I are working very closely with train operators is to amend the existing terms that they are on to allow more risk and reward to be factored into the contract, so that they can do a lot more themselves.

Q108 **Chair:** Can you give me some examples of what measures would not be allowed under the current contracts that you would want to see? How quickly can those amendments be made?

Huw Merriman: We are working with the train operators right now. We have to make sure that, effectively, the rewards do not all end up with the train operators and that there is not enough risk in there, which could ultimately all fall back to us. It is quite a difficult balancing act, particularly post covid and while we are in the seas of industrial action. There are quite a lot of choppy waters for train operators.

Conrad may want to give some more detail, but the ultimate aim is a situation whereby the train operators can put more of their own costs into increasing the service and then get more reward back for doing it. At the moment the system does not allow for it, so effectively what happens is that the train operators just collect revenues and pass them through to the Treasury and to Government. We obviously then pay for their costs. That means that they cannot do extra unless we are actually putting it on to our bill. We want to see that transfer, so that they can pay for the extra services themselves and get the reward for doing that, if there is reward, or take the risk if it does not work out in the way that they foresee.

Conrad Bailey: I will give a couple of examples. The national rail contracts, as the Minister said, are very much coming out of covid at the moment. They were designed around managing to the cost budget while trying to allow us to increase revenue.

In the discussions that we are currently having with the sector around revenue incentivisation, if we can reach agreement on the commercial terms, there will not be complicated amendments to the contracts. The national rail contract is inherently very flexible, so there is something that we can add to those contracts where we can negotiate individual deals reasonably quickly. That would be my sense. It is not a technically complicated issue.

It is perhaps worth mentioning the work we do with the Great British Railways transition team around revenues and passenger numbers. They have a cross-sector team that looks at and analyses the data on the revenues and identifies opportunities for all of us in the sector. That is another real benefit that we get from it.

Huw Merriman: I should add, Chair, the way this came about. I met with the train operators, as did the Secretary of State. They were talking about the need to get on with the new contracts. That is when we made the suggestion that you can amend the existing contracts: "Why don't you show us what you can do rather than just expecting us to do the work? You show us what is possible under the existing terms. Go away with your lawyers and come up with suggestions." That is exactly where we are right now. I hope that is an interim measure, albeit that ultimately we want to bring more competition back into the entire system. Obviously, that is not a question of amending contracts. It is a new tender process and that is the part that takes time.

Q109 **Chair:** I have one last question in this section. How soon can we expect to see some of these amended contracts? Is it a few weeks or a few months? When, realistically, can we see them?

Huw Merriman: We are in the negotiation stage at the moment. I would not want to put a time on it. What is essential for us is that we make sure that it is the right thing by the taxpayer as well as for increasing services. I would not want to put a time to it. Given that it is going to take a number of years for us to be able to put the new contracts out and get a tendering process, I want to work more on what we can do for this year rather than moving into next year. That is where I would say my timing is. Is that a fair comment, Conrad?

Conrad Bailey: Yes.

Q110 **Greg Smith:** I want to pick up on the question of how operators are performing at the moment. I appreciate that some of the answers to this will very much mirror the answers you have just given to the Chair.

I give the example of Chiltern Railways on one of the major routes that runs from London to Birmingham, stopping at multiple parts of Buckinghamshire. My constituents, me included, do not see 70% capacity on Chiltern main line services. We see way over 100%. Anecdotally, I have had emails in my inbox from people, and I did a drop-in at Princes Risborough station with Chiltern Railways staff, where people were saying they deliberately moved to some of the new development in Princes Risborough or Haddenham because Chiltern used to be so good. Now, they are getting on trains that certainly do not feel like 70%; they feel like 150%.

Where is the disconnect happening? It is not just Chiltern. It is railways across the whole country. Passenger numbers are still down but the experience on the train, for fifty quid return from Haddenham & Thame Parkway, for example, is miserable for many people. They are often without a seat and it is more akin to the London underground at rush hour.

Huw Merriman: Chiltern has had considerable difficulties quite recently. The Nuneham viaduct had to be closed and repairs put in place on an emergency basis. That was delivered by 9 June. That meant that Chiltern had to take a huge load between Oxford and London because it was the only operator able to do that. As a result, there had to be cancellations to the other part of the timetable to accommodate it. Chiltern really stepped up and did a great job, but of course that meant that existing passengers and certain services were impacted.

As you will be aware, between Princes Risborough and Aylesbury there has been a culvert issue which has led to flooding. Whenever we have heavy rains, it impacts and causes disruption. There will be more disruption for a 10-day period when the line has to be closed to deliver a fix for that. To be fair to the operator, they have been impacted by asset issues with the viaduct and that culvert, as opposed to the train operator themselves not being able to deliver as well.

In addition, I remember that when we went to your constituency, Mr Smith, for the Select Committee hearing for HS2, it was notable that, of the two lines, one was running a bus replacement service because the unions were not allowing for rest-day working to occur. As a result, there was a shortage of staff. That has also impacted Chiltern customers. I am really sorry for the impact that they have had to bear. At Chiltern, they have all done a superb job trying to deliver to that part, but, as you say, people move to areas because of the railway, and we want to get it more reliable. Conrad, is there anything you want to add to that?

Conrad Bailey: No, that is fine.

Q111 **Greg Smith:** I agree with everything you have just said. The Nuneham viaduct works clearly impacted Chiltern. Likewise, the problems we have seen on Avanti have impacted Chiltern, with many Birmingham to London passengers abandoning Avanti because they could not rely on it, and coming on to Chiltern services as well.

To go back to some of the points that the Chair was trying to get at, I will use this as a specific operator example. When you pay fifty quid return to get on a train to Marylebone at Haddenham & Thame Parkway, and you physically cannot get on the train at times, or you are certainly going to stand the whole way in conditions that you would expect on the Jubilee line at rush hour, how can it possibly be that Chiltern, despite all those other issues—we had those issues before Nuneham was a thing and we still have them now that the works there are completed—cannot meet that demand and cannot flex? How can they get to a position where they know that they are operating at 120%, 130% or 150% capacity at rush hours and not just get longer trains?

Huw Merriman: I point back to the need for us to reform. It comes back to the knotty provisions in the contracts and why they are so essential. I firmly believe that, if train operators have the right incentives in place, they will increase service provision. At the moment it is down to the taxpayer as to whether that occurs. We want to shift that load back to train operators.

In my view, it is no coincidence that performance is not where it was pre-covid and that competition has come out during the same time. We need to put the incentives back. Train operators, of course, are currently incentivised in the fee that we pay. The bulk of the fee is based on their ability to perform, so if they do not perform they do not get paid. It works to that extent, but in actually coming up with new ideas and growing the market, we have lost incentives and that is what I want to see put back. When we have that, I think we will see performance increase.

The other challenge—it is undoubtedly a challenge—is the performance on Network Rail, which has not been good enough. Conrad and I speak to the team at Network Rail on a regular basis. With Conrad, I spoke to the chief exec and chairman a couple of days ago about ensuring that they are on their game with regard to performance. I believe that will get better, not least through some of the changes that have been put in, agreed with the union, about workplace reform. They are already delivering some efficiencies in maintenance. The ability to fix matters faster has certainly been noted as a result of those changes, but we really have to hold Network Rail to account to ensure that they deliver. A lot of the issues that you see with regards to train operators are actually not the train operators; it is the asset. Of course, it is a very old asset. The Victorians gifted it to us and it has been a huge success, but it is worn in many parts.

Q112 **Greg Smith:** Can I briefly pivot away from capacity to punctuality? According to the ORR and various reports and statistics, punctuality on the railways is getting worse pretty much across the board, again with the exception of the Elizabeth line. People can understand the capacity issue. People can understand that people's working patterns have changed post covid. People can understand the various challenges that that period brought us. What is less visible is how we can go to a position where punctuality is suddenly different post pandemic. That really is not impacted by passenger numbers or some of the other factors. Why has punctuality dropped pretty much across the board?

Huw Merriman: On time is about 71%. That means that the bulk of passengers are getting their trains where they want to get to on time and are having a very good, positive experience. While it is right that we focus on the bit that needs to be done, I also want to recognise that most passengers get a really good service and are very happy with their service, but you are right that on time has actually decreased in that regard.

It is interesting that 10 of the train operators are actually meeting their on times. There are a few examples where we have had challenges with operators and routes, which we need to see improved. We are making great strides. If I take Southeastern as an example, their position on cancellations was around 13% in December. They have now got that down to just over 1%. There have been issues on that line and we have had to make changes to the timetable. That has been really interesting because I meet regularly the route director for Network Rail, Ellie Burrows, and Steve White, the head of train operations. They work so closely together that every time I want to have an issue with one, both of them are there.

Again, coming back to Great British Rail, integrating entire teams and making them work seamlessly is the way to reap rewards, in my view. Effectively, now we want to take the poster child of good things, which is Southeastern in performance improvement, and make sure that others work to the same degree.

Conrad Bailey: I have three quick points to add. In terms of the issue around punctuality, if you look at the pre-covid numbers, punctuality is still up from there. Part of the reason we saw a real increase in punctuality in the covid period was, depressingly, because people were not travelling, and therefore you did not get delays caused by people getting on and off trains, and some of those factors.

The really big drivers over the last year have been some of the weather-related events and some of the issues around industrial action short of strike. Critically, that applies both on the operator side and on the Network Rail side in maintenance backlogs and some of those issues. Those are the challenges that we are trying to work on with the sector. We are working very closely with the ORR on that as well. The Minister met them to discuss the issue because we very much need to work hand in glove with them.

Huw Merriman: I gave Southeastern as an example, but I should demonstrate that other services are available for other parts of the country. At Avanti, their cancellation rate in January was just over 13%, which was obviously not good enough. For May, it was down to 1.5%. Their on time has gone from 75.4% in early December to 93.8% at the start of May. That is another operator that has made great strides in getting things to a place where every passenger should expect them to be.

Q113 **Chair:** Before I turn to Ben, I have one little supplementary. Are there figures available in a readily accessible format to explain why there is poor performance? What is the reason behind the delays? What was weather related? What was an infrastructure failure? What was industrial action and what was really down to management by the operator? Are those figures readily available for anyone to see?

Huw Merriman: They are. Actually, I see them. If I take two train operators, or routes, that have given us a lot of work recently—Avanti and TransPennine—I see their performance on a weekly basis and I also see the reasons for their performance. I can see if it is a question of driver shortage, sickness or asset failure. We go right into the heart of that. That is essential for me because there is no point in me focusing my time and efforts, and Conrad doing likewise, on the train operators if, in fact, the issue is with regards to asset failure. That means it is time spent with Network Rail.

Ultimately, again, I come back to Great British Railways. Ideally, we would have one person that we speak to who is in charge of a region and responsible for track, train and the people who work underneath it. That is where we want to go.

Q114 **Mr Bradshaw:** I want to ask you a couple of questions about Eurostar, Minister. If we are to get more people to shift from flying to rail, Eurostar offers huge potential for short to medium-length journeys in Europe, yet it is still operating significantly below the levels it was before covid. We have ghost and white elephant stations in Kent. What are you going to do about that? What can the Government do about that?

Huw Merriman: First, can I say congratulations, Sir Ben? It is well deserved for all your work on this Committee and other endeavours.

It was a really interesting response that the Committee received from the then chief exec of Eurostar with regard to the challenges, which also made the sensible point of when Ebbsfleet and Ashford can expect to see services again. Ashford was a service I always used to use. A lot of the Kent economy in Ashford is growing because of Eurostar, so it is a huge blow.

In discussions that we have had with the new team at Eurostar, because we went to St Pancras and met them, it seemed to me that we could get the French equivalent of Border Force scaled up. The numbers at St Pancras are limited by the space there, so my argument to them would be that on that basis it makes more sense, if you want to grow the services, to have those teams in other stations. In that way you can increase your capacity if you are maxed out at the moment in St Pancras. It then comes down to the French Government to be able to deliver that. I hope that our new relationship with the French will allow us to make strides in that particular regard.

It is a problem because the Eurostar team have publicly acknowledged that what they have to do at the moment is drop their patronage. I think they are running at 30% less than they were pre-covid. They are having to try to extract as much revenue as they can out of those passengers, which means it is a more expensive deal. There is also an argument for having more services and more competition on that route as well. That is something we would very much like to see, and it will come into conversations about how we see the actual High Speed 1 infrastructure used. There is a lot more space there that we would like to see used.

Q115 **Mr Bradshaw:** There has been talk of competition on that line for years, if not decades. When can we hope to see it?

Huw Merriman: The difficulty is that it is not just down to this country. Obviously, it is a route that goes abroad. We are looking to set out some steps as to what we see is possible with that line. There is a lot more space on it. That will come into conversations about the existing contract for the line. It is something that we are working on.

Q116 **Mr Bradshaw:** Do you think there is a prospect of through services, and even sleeper services, to places that people might actually want to go, like Frankfurt, Berlin or northern Italy?

Huw Merriman: I would love to see that. I think the demand is there. We just need to change the way that we operate in order to be able to deliver it.

Q117 **Mr Bradshaw:** Have those conversations with the French Government actually taken place yet?

Huw Merriman: I am due to meet with some counterparts over the course of the summer, to be able to have conversations about what more can be done. Conrad will do that on a more daily basis.

Conrad Bailey: I and my director for international rail regularly meet the French, and other European partners which could be destinations. It is always one of the main areas for discussion. The other element is obviously the commercial aspect and people being able to come up with the right deals, identify the right rolling stock and those sorts of things.

Q118 **Mr Bradshaw:** Where would you want the French Border Force staff to be based?

Huw Merriman: My point to Eurostar when I was chairing this Committee was that, surely, if you flex and put those people in Ashford and Ebbsfleet, you can maximise the journeys because more people will get off there rather than having everyone loaded into the passport control border process at St Pancras. That is not actually down to them; it is down to the staffing by the French interior ministry.

Q119 **Mr Bradshaw:** Is there anything that you or the French Government can do on pricing? The prices have become absolutely absurd. I went to Frankfurt a couple of weeks ago and it was three times as much to go on the train as it was to fly.

Huw Merriman: Yes. Eurostar have acknowledged themselves that, because they are having to restrict the numbers of passengers, they have to maximise the revenue from each passenger. They have been quite open in that regard. I do not believe we have the powers to be able to stop that.

Conrad Bailey: The two ways to allow them to take different commercial decisions on pricing are, first, getting more passengers on to the network and, secondly, potentially competition.

Huw Merriman: I think competition is the key. If their model is as they have stated, the only way we are going to bring prices down and get more people on is to get more operators on there. That is my ambition for it.

Mr Bradshaw: Thank you. I will come back to the other issue at the end, if there is time.

Q120 **Ruth Cadbury:** It is good to hear that you are talking with the French Government, Minister, but given that French Government policy, in order to cut carbon emissions and pollution, is to end domestic flights and by implication encourage rail travel, surely that is going to impact on their attitude to trains to the UK, which is just over their border. I would have thought that the way would be open in policy terms in France to enhance trans-channel services as much as possible.

Huw Merriman: The challenge is that, if you bring in a policy like that, it means that the cost of the train can end up going up even more because you do not have competition from flights. Sir Ben makes the point about the price compared with aviation, but it is actually aviation providing competition that should ultimately focus the train operator on the passenger cost. People would otherwise move from an expensive train to a cheaper flight. That continues to be our policy. The French obviously took a different approach.

I believe that was largely because they had taken a stake in their airlines, which I think has now been paid back. Obviously, they run the train operators, so they and the French Government end up getting greater receipts with that policy. I am not saying that was the reason why, but it is a by-product of it. It is not our approach to try to constrain aviation pricing based on train operators. We would rather see competition between the two, which ultimately should see prices come down. I know that is something you and I would not necessarily agree on, but that remains our stated aim.

Q121 **Mike Amesbury:** The latest data from the Office of Rail and Road shows that Avanti West Coast main line is planning 18% fewer train services than it did before the pandemic. That is well documented in terms of performance around punctuality. How are you monitoring performance against the improvement plan, Minister?

Huw Merriman: We monitor Avanti's performance based on their stated aims from the December timetable change. That is where they were stepping up to 264 weekday services, which was a 40% increase. I gave the figures to Mr Smith. They are currently working in the 90s when it comes to punctuality. Their cancellation rate for May was 1.5%, whereas it had been over 13%. I continue to monitor Avanti's performance on a weekly basis. I do not regard it as, "Okay, the corner is turned and therefore I'll just focus on TransPennine."

Every week, when I have my meeting, I focus on both train operators. What we have seen for the summer period—a period of seven weeks—is a slight reduction in the timetable in order for Avanti to ensure that they have enough staff over holiday times. That is something we have consulted on with them. I would rather see an orderly change to a timetable than cancellations on the day, when passengers are not expecting it. Ultimately, I want to make sure that the resilience is there so that for the whole year Avanti can work without having to rely on rest days, which is what they have been doing for a good portion of this year. That needs to work over the summer as well. While I understand the issues for this summer, I will not understand if we are talking about next summer.

Q122 **Mike Amesbury:** How does it compare with LNER, who seem to out-perform on almost every measure? Why would that be, Minister?

Huw Merriman: Let me see if I have their figures. I think I handed them back. Avanti performs well, when we talk about the average. In terms of punctuality, I said that 71% across the board is not good enough. I gave you Avanti's figure at 93%, so they are operating at a much higher base than the norm.

Understandably, people remember the difficult times over the last six months of last year after the unions withdrew rest-day working availability. As a result, the timetable had to be slashed dramatically. We now have a timetable that has more services on it than prior to that disruption in the summer. I recognise that things were incredibly challenging. It is really refreshing, though, that the operator has managed to recruit 100 extra drivers and has moved away from reliance on rest-day working, where you are effectively asking drivers to volunteer for extra hours, which is wholly unreliable. They now have more bandwidth, so they can add back those services. I think it is actually a positive.

As I say, the improvement is really pleasing. I am grateful to all the staff who have made it happen. There is a new managing director there who is really ambitious at putting his arms round all the staff to make sure they all feel valued. I think that is really important after the challenges. I still look at it on a weekly basis because I am determined that things should not slip.

Q123 **Mike Amesbury:** What are the options going forward, Minister? Are we looking at another extension, opening it up to competition or putting it into public ownership?

Huw Merriman: We are currently in the process of looking at what to do. There was a six-month extension, as you are aware, which takes it up to October. We are in the process right now of deciding what to do with the operator. Those decisions will be based on performance and what we would expect in the future with regard to performance. The passengers' interest will be what drives that decision. I can only point to the data right now, which shows that Avanti has turned a corner and is performing well. The staff have done a great job to make that happen. I want that to continue. Of course, that will drive our decisions as to what we do next with the process.

As I mentioned before, it is going to take us some time to be able to get to competition. We have to have a new form of contract and a tendering process, which takes time as well. That is something for the future. Also with competition, what I really want to see is more open access. You touched on East Coast. There are other operators that perform. I believe that, if you have competition in there, you will end up with a better service because it raises the standard and keeps people on their toes. It would be great to see some open access on the west coast as we have on the east coast.

Q124 **Mike Amesbury:** But there is a compare and contrast at the moment, Minister, between LNER in public ownership, where the services and the passenger experience is markedly better, and the entrepreneurial flare of the private sector from FirstGroup operating Avanti West Coast, which still is not good. It is not good enough, Minister. The performance is not good enough.

Huw Merriman: Again, we are talking about the percentage of trains arriving within the booking time we have as a measure, going from 75% in December to almost 94% for May. That is well above the average. The cancellation rate is well above the average. It has not been good enough, but it has got better. Credit where it is due. That operator has managed to turn performance around with the work of all the staff. I should be saying, "Thank you, that's fantastic." I will write to you with the comparable figures, but I believe those figures are leading when it comes to a comparison with East Coast. I do not know if you have those off the top of your head, Conrad.

Conrad Bailey: Not off the top of my head, but the other thing we can see on LNER ridership levels, if you talk to the LNER management team, is that a lot of business was driven their way, as indeed it was for other east coast operators, as a consequence of the service levels on Avanti last summer. That drove passenger flows to the east without a doubt.

Q125 **Mike Amesbury:** Passengers opted for a publicly owned and controlled service.

Conrad Bailey: It was around the nature of the service that was being provided at that time.

Huw Merriman: I should add that LNER also does a great job. I was at King's Cross three times in a week with the team. One of the things we were there for was to launch the new single-leg pricing that LNER are putting in place. They are also going to be the trial for demand-based pricing, to see if we can get more people on rail. They do a super job. I do not actually pick out one over the other in that regard. I look purely in terms of performance. Whether it is public or private, we drive them all to the same level. I believe that both of those operators are doing a good job.

Q126 **Paul Howell:** Moving to a different operator, in a slightly more challenging position, let's talk TransPennine. You mentioned earlier that you are monitoring on a weekly basis. Can you share with us what short or medium-term targets you have, and whether that has changed from the way that you were managing the previous ownership?

Huw Merriman: I continue to look at their performance on a weekly basis. The performance has got worse rather than better since it was transferred to the operator of last resort. That is no reflection on that team. It tends to be a by-product of where the current team have been running so hard to catch up that there is a moment when they catch their breath. We also lost six drivers who were route-knowledged all the way through the entire network. All of the staff were TUPE'ed over, but those who were already on their notice period did not have to work their notice period, so they opted to leave at that point. That had an impact as well. Talking, as I have been—

Q127 **Paul Howell:** You said they lost six drivers. That is six out of a team of how many, roughly? What is the order of magnitude?

Huw Merriman: I cannot remember the exact number of drivers. I will write to you. I know it seems extraordinary but let me explain why. The team that have taken on TransPennine have reported back that only 50% of the drivers have full route knowledge across all of the different trains that can be driven—50%. The challenge has always been to make sure that the new drivers coming in can be trained up. It takes 18 months to train a driver, and because there are not enough of them they are all driving the services rather than training others. In my view, we were only ever going to be able to get to a position of training all the drivers if we returned back to the situation we had prior to December 2021 and had an agreement with the unions that drivers could work overtime. That has obviously not been able to be put in place up to now.

The pleasing part of this is that the new management and ASLEF have agreed to put that rest-day working agreement back into effect. That should then give us the bandwidth for a limited period of time. As I said, I do not want rest-day working, but you need it in order to get the drivers trained up.

Q128 **Paul Howell:** It is back in place, or it is going to be back in place?

Huw Merriman: The agreement has been reached. We thought that we would start to see some movement at the beginning of July, but there is now a national ASLEF week of action, which means there is no overtime across the entire train operator network for a week in July. That sets us back a bit, but that is where I would expect performance to increase. We will be able to increase the number of drivers that have full route knowledge.

What the operator is doing is putting in place a remediation plan, which they intend to give us next month, so that they can look at all of the measures that they are putting in place in order to improve the service. I really welcome the agreement to be able to work overtime because ultimately that will increase the number of drivers who are trained to drive the trains.

Conrad Bailey: To clarify the numbers, TPE can normally rely on about 460 fully trained drivers. As the Minister said, it is a small proportion. The company normally sees about 25 drivers leave on average over a year. That will give you the sense of it.

Q129 **Paul Howell:** It sounded like six was just not enough to make a big difference.

Huw Merriman: I know it seems strange, but I wanted to have a meeting with the new managing director being brought in. He himself said it was quite bizarre to be talking about six drivers having an impact, but that it did actually add to the impact.

They are new to this. They are the team that ran Northern, so I have great faith in their ability to turn this around. We always said that the issues were not necessarily those that rested with the management as such. They actually rested with third parties. If those parties did not change and have their own reset moment, things would not get better. It appears that ASLEF have had a reset moment themselves, and I welcome that. I believe that will make things better as a result.

Q130 **Paul Howell:** There are two dynamics going on. One is measuring the performance of TPE in terms of what they do. Also, there is a separate set of measurements you must have in place on their improvement plan to get the different things there. At what point in time do you think you should be able to see demonstrable improvements to the TPE service?

Huw Merriman: There was a plan that the previous management had put in place, but I took the view that that plan would not be deliverable unless there was some form of rest-day working agreement in place. The new team is now looking at a new plan to put in place. They will bring that to us in the next month, but that itself will now be based on the fact that they have the rest-day working agreement in. That only got put in place a week ago and it has now changed the dial. I expect greater ambition as a result of that. As I say, I really welcome the reset in relations with the union. At the end of the day, if the union decide that they are not going to allow their members to work overtime, they do not work overtime. That is what sets the operator back.

Ultimately, though, we need to make sure that all the drivers are trained. We have more people entering service than are retiring. In that way we can move off the rest-day working agreement and we will not have to rely on that arbitrary nature.

Q131 **Paul Howell:** I guess part of the target must be for increased numbers of drivers and driver capability across the route.

Huw Merriman: What happened last year is that the company lost 56 drivers due to retirement, long-term sickness and people leaving, which is double the number they would normally expect. Part of it comes back to the need for driver recruitment on a more diverse basis as well, where we change the nature, and some of the changes to the contract where we want to see a lot more flexibility.

There are certain agreements in place that are rather peculiar. A driver on TransPennine can call in on a Monday and say that they are taking Wednesday off. You cannot get any cover or another driver unless you have someone working overtime on a rest day, but when the ban was in place it meant that no one covered. It is extraordinary to try to manage that position. A junior doctor has to give six weeks' notice before they take their holiday time, but, as I say, a train driver on that route can give 48 hours' notice. That makes it incredibly challenging. We need to change matters so that we always put the passenger at the heart of what we are doing. As I say, I think the recent agreement with the union is a step in the right direction to allow us to ramp up resources.

Q132 **Paul Howell:** It was said at the time, when the operator of last resort was put in place, that there needed to be a resetting in relations and it sounds as though you have at least seen some progress in that space. We'll leave that one.

Huw Merriman: I am really hopeful that we can turn a corner there and deliver a better service. The service levels have been absolutely appalling for passengers. They have really been unacceptable. As a result, that has spiked some of the performance issues on an average basis as well. I want to see that turned around to give a better reflection of railways not only in the north, but across the whole country.

Q133 **Paul Howell:** Broadening the discussion, and talking about railways in the north, whether Northern, LNER or TPE, they are all in operator of last resort. What is the strategy? Are they going to stay there for ever? What do you envisage happening in terms of moving into a new world?

Huw Merriman: Our preferred model remains for private operators to run the service and to be better incentivised to put on more services. That continues to be our model of preference. TPE was the very first contract that moved to the operator of last resort on the basis of performance issues. All the others had particular financial reporting issues and issues with the ability of the operator to continue. That is why the operator of last resort stepped up there. This is the first time a change has been made down to performance.

One of the opportunities and the attractions for the team that runs Northern to look at TPE is whether the actual structure of the route is the best, the most optimal. One of the matters they will be looking at is whether there is a better route and a better network that can be looked at when you take Northern and TPE as a whole. I really welcome that work. There are some arguments that, if it were to be operated on a different basis, it would not be such a challenge and you would not need so much time taken to train up the drivers because the route would be modelled differently. That is work they will look at.

As regards when we are actually likely to see that return back in, I am very ambitious for it to occur as soon as we can do it. I cannot put a date on it, but I want to be in a position where we can put that out. Again, I come back to the national contracts that we are looking at in terms of competition. They will take some time to put together. I would rather move to a situation where those train operators do not just get returned to one private operator where we make a direct award, but we can actually put them out to tender. It will take some years to be able to do that because of the time it takes to have a proper tender process. The question we have is whether we return it to one private operator or say, "Right, this is a good example where we can put it into the market." Those are the decisions we will have to take.

Q134 **Paul Howell:** Do you have a timeframe as to when you think those sorts of decisions will come to pass?

Huw Merriman: No. At the moment my priority is working with the team, for example at TPE, just to get the performance turned around. At the end of the day, the passenger only cares about making sure their trains turn up and run to time. That is my absolute focus working with the existing management. As I say, I have a longer-term view that, once we have turned that corner, which I am positive we will do because we have that agreement with the unions—only agreed last week—and got the performance turned around, we can look at the route. Let's work out whether it makes sense of the network. Then, let's look at who is the best operator to operate it. I am doing it in that order because I think that is how the passenger would want me to prioritise.

Q135 **Paul Howell:** I am pleased that you are optimistic.

Huw Merriman: I am really optimistic. I would worry about just chucking a date at you because, as I say, my immediate focus is to turn that performance around.

Q136 **Paul Howell:** I am sure that passengers across the north look forward to seeing the benefits.

Huw Merriman: Again, that is why I am positive, optimistic and grateful that the workforce are now able to work in a manner that will allow us to get performance turned around. Passengers in the north have suffered for far too long and I am pleased for them that we should be able to see some improvement.

Paul Howell: Let's hope the reset works.

Q137 **Gavin Newlands:** My first question is why? You say you want to return LNER or those under the operator of last resort at the moment to the private sector, whichever method you end up choosing. Why ignore the evidence in front of you? If services are being run well by the operator of last resort, publicly controlled with less money leaving the system and going out to shareholders or potentially overseas, why are you fixated on returning them to the private sector?

Huw Merriman: Because I believe that the private sector is best placed to run our train operations. I look to the model before covid where we saw passenger numbers double under private operations, where there was more competition and where people were incentivised to deliver more and be entrepreneurial. I believe that is the best way to get a return for the passenger and a better service for the passenger.

You rightly focus on current performance numbers. They are not good enough compared with where they were pre-pandemic. Pre-pandemic we had all of our train operators, bar one, running in the private sector. That is where I would like to see us go.

Q138 **Gavin Newlands:** LNER in the private sector was a very poor service. It was clearly a failing service. Every measure has improved since it has operated under the operator of last resort. All the evidence that we have in front of us would suggest that it would be better kept under the operator of last resort rather than moving it back to the private sector. Is there evidence in the DFT that shows otherwise? I have not seen it.

Huw Merriman: I will give you some evidence. With Avanti, as I have mentioned already, their cancellation has gone from 13% to 1.5%. Their train punctuality has gone from the early 70 per cents to almost 95%. That evidence demonstrates that a private operator can improve performance when they work in partnership to get that delivered. That is West Coast performing. It is not under public sector. It is under private.

There are examples of train operators that are working well and examples of train operators that need to work better, but I do not think you can just split it between the public and the private. Ultimately, I am not dogmatic about this in the sense of singling out one over the other. If I see a train operator that is not performing, Conrad and I will work with them and with Network Rail to make sure that that performance increases, whether they are an operator of last resort or a private operator.

I gave you the example of Southeastern having turned the corner. That is a really good thing to see. Again, they were in a very difficult place, and they were an operator of last resort. It is a difficult space. That deteriorated under the existing management. As I say, it has got a lot better now and I am very grateful to them.

Q139 **Gavin Newlands:** I suspect it is a fundamental difference in politics that shapes our views on rail ownership.

Huw Merriman: I agree, Mr Newlands. While I believe that the best model is the private sector model, and we are committed to doing more of that, ultimately, I do not single out private or public. We treat them as operators. They have the same targets and I enjoy working with the management of all. I do not go into it with a political lens at all.

Q140 **Gavin Newlands:** Continuing the theme of competition, you spoke of Lumo and East Coast and said that you want more open access operators to come into the system. We have spoken about this before in terms of how open access currently works. There is currently potential open access from Stirling to London. At the moment, open access operators do not get any fixed-cost track access charges for two years, and then it is scaled up until the fifth year and eventually they pay the same as everybody else. To my mind, especially if they are competing with public sector operators, that is too big a carrot, is it not?

Huw Merriman: It is a really interesting area. As Conrad mentioned, we both met the Office of Rail and Road and talked to them about open access, and the model. There is both a fixed and a variable charge for operators. For a period of time one of those does not exist, to allow a new entrant to come in, because otherwise their start-up costs would be so high that they would never be able to get the investment even to start up, so there is that incentive to get participants in. Lumo's situation will see them now have to pay both. They might say, "That's too high for us," whereas we have to balance it in terms of fair competition.

We have talked to the Office of Rail and Road, which ultimately makes the decisions on open access. Previously it has been the case that regimes inside Whitehall have not been as positive about open access as I am, and the Secretary of State is. We are very much of the view that the Office of Rail and Road should welcome applications, but make sure that there is fairness in the system. It is interesting. The open access operators might say that at the moment they end up paying too much, but others might say that they do not pay enough. Arguably, the balance might be just right because both are making the same points.

Q141 **Gavin Newlands:** For the record, I spoke to the ORR yesterday and put the opposing view on open access.

To come back to access charges, let's talk about the level of access charges that ScotRail pays. Clearly, we have had industrial action over a long period of time on the railway and in Scotland the disputes have been resolved. Despite that, because Network Rail is a UK body, the Scottish rail system and Scottish passengers have been impacted. ScotRail, as a publicly owned body, have had the same costs as they have always had—I wanted to say huge costs—but have not been able to access the network. Should they not get a rebate on some of the track access charges because of industrial action that is nothing to do with the Scottish Government?

Huw Merriman: Network Rail as a whole was impacted by industrial action which has now been resolved. As I mentioned, the workplace reforms that come off the back of that settlement will end up increasing, or should end up increasing, performance across the entire network, including Scotland. I am a firm believer that in order to get pay rises agreed you need reform, which makes for a better railway and a more efficient workforce.

That has also been our model on the train operator side of things, where we have been unable to reach agreement with the trade unions to date. I certainly do not take the view that there should be any difference in the approach in Scotland versus the approach in England. I believe that parts of the settlement, when you talk about the train operator in Scotland, have not been in return for the reform that I believe makes a lot of sense and which the Network Rail side in Scotland will see. You and I will differ on that.

Q142 **Gavin Newlands:** Absolutely. There is reform but obviously not to the same degree as you are pushing down here. Lastly, I return to rail in the north more widely. For a long time, MPs from the north, and indeed MPs from Scotland as well, have pointed to the investment in transport more widely, but particularly rail, in the south-east of England. At Bond Street there was £700 million just for one station. Do you think it is a coincidence that the three worst performers in terms of punctuality and cancellations are all operators that serve the north and have cross-border services? Obviously, they have been impacted by infrastructure issues with Network Rail. Is it just a coincidence that they are all in the north?

Huw Merriman: Avanti, obviously, covers London all the way up as well in that regard. Maybe I should address it more generally. The commitment to expenditure in the north means that 80% of the budget for new rail is going into the north. To use Crossrail and the Elizabeth line as an example, we are spending more money than was spent on Crossrail just upgrading the TransPennine route. That will be £9 billion to £11 billion of investment, which is happening now.

A few months ago I went up to Morley. They were doing works to deliver a new station. I have seen the pictures. That new station is done. You will see longer platforms, newer trains coming through and electrification of the route all the way through to York. That is just the start. Once that is in place, as I say, more money will be spent on that route upgrade than was spent on Crossrail. That is the start. What it then allows us to do is to spend even more money delivering the new railway line, parts of which encompass Northern Powerhouse Rail. Our commitment to the north is going on right now. That work is going on right now. It is extraordinary how it will change things. It will make for a more reliable railway and allow more people to switch from car to rail, which is what I am really passionate about.

Q143 **Grahame Morris:** Good morning, Minister, and Mr Bailey. Very briefly, because you have already touched on it, could you give the Committee an update on the position with the industrial disputes? It is very pleasing to note that there has been resolution with Network Rail. Perhaps you could elaborate on the train operating companies and where we stand there.

Huw Merriman: Good morning, Mr Morris. Yes, it was very pleasing that the offer that was tabled for Network Rail was put by the unions to their members, certainly the RMT. That was for what is known as the 5% last year and 4% this year deal. It gave more generous terms to those who were paid the lowest, which is the right thing to do. That deal was overwhelmingly accepted by the RMT's members.

The challenge for us is that we have a very similar offer on the table for the RMT members who work on the trains. It is virtually identical to that which the RMT members on Network Rail accepted, but the union have decided not to put that to their members. We are currently stuck in that place. Just for completion, ASLEF are in a similar place. An offer is there for ASLEF, but they have elected not to put it to their members, and ASLEF members have just voted to continue with the mandate for industrial action. There are no strikes currently scheduled, apart from action short of a strike—the overtime ban—which will take place for the first week in July.

Q144 **Grahame Morris:** Thank you, Minister. Is there anything further that you or the Secretary of State feel you can do to bring about a resolution to the dispute?

Huw Merriman: The challenge when I first took on the role was that we should speak to the unions and give them an offer. Since I came into my post and the Secretary of State came into his post, we have done those two things. We have spoken with the unions. We have said that we will facilitate discussions between them and the employers, where they feel they are both stuck and need someone in the room. We have had those discussions. We have then put down an offer. We have been able to change the offer when requirements were asked of us, and certainly were asked of me, by union leaders. We have been able to do that, but when we felt that we had got to a place where it would work, particularly on the RMT side with train operations, it did not work through the union's executive committee.

I really regret that because I believe that it is a good, fair and reasonable offer. It is there to be made. I just ask for the union leaders to put it to their members. I struggle to see what else I would be able to do, given that there is an offer on the table. We just need that offer to be moved from the table, given to the members and for them to make a determination.

Ruth Cadbury: Good morning, Minister.

Huw Merriman: Good morning.

Q145 **Ruth Cadbury:** Great British Rail is one of the Conservative Government's flagship policies. I want to probe you a bit on what can be achieved without legislation, but surely having legislation to create GBR is essential in order to deliver that commitment. I think that £64 million has been spent so far on the shadow GBR operation and the move to Derby. What is the cause of the delay? Is it really inability to find time in the legislative timetable? Is it parts of the Government having second thoughts? Is it finance? Is it the Treasury? Where is the blockage?

Huw Merriman: I will invite Conrad to talk to this as well because I have been doing a lot of talking. When it comes to legislation, all I can say—it is etiquette, and rightly so—is that I cannot talk about any legislation that may or may not be in the King's Speech. That will have to be determined. We have always said that we will legislate when we get the time to legislate. The legislation delivers chiefly the ability to move the contracting award process from the Department for Transport to Great British Railways, so they have that power. The other matters in the transition towards Great British Rail are largely outside legislation; it is our ability to set up, have the appointments in place and give them the powers. That can be done and we are determined to be able to do that, even if the legislation does not actually come through.

I have talked about my weekly meetings on TPE and Avanti. Conrad and I also have weekly meetings with the entire GBR transition team and the team in the Department to work out what we can actually do to move over, and how we do it. It is a huge change management programme. That will be the case regardless of legislation or not. Legislation delivers certain powers, but the actual work of setting it up and getting the people moved over is outside the legislation. That is work that goes on inside the Department.

Q146 **Ruth Cadbury:** You have said before today that you can achieve quite a lot without legislation. What about some timescales for when we can expect progress? Specifically, we have pay-as-you-go ticketing, simplifying fares and the long-term strategy for rail. What are the timescales for those?

Huw Merriman: We are also looking at a freight growth strategy. We are looking to deliver that this year. All the matters you talked about are for this year.

Q147 **Ruth Cadbury:** This year, or a calendar year.

Huw Merriman: The coming year. The pay-as-you-go roll-out for another 52 stations is for this coming year. The consultation for Great British Railways will be published this summer. Again, that demonstrates our commitment to Great British Railways. We would not go ahead with publishing a consultation if we were not going to actually do what we consulted on. That will take place over the summer as well. The pay-as-you-go ticketing roll-out that you mentioned, which is a manifesto commitment, will also be taking place over the summer.

Q148 **Ruth Cadbury:** Maybe this is for Mr Bailey. How many people now work for GBR? What do they do and which roles and responsibilities are moving from the DFT over to GBR?

Huw Merriman: I think the figure is 238.

Conrad Bailey: That's right.

Huw Merriman: Spot on. In that case I have done my bit and I will hand over to Conrad.

Conrad Bailey: We have about 238 officials and people working in the Great British Railway transition team. They come from a range of backgrounds, which I think is critical in changing the way the industry works. Lots of them are on secondment from operators and from the regulator, with some from DFT and some from NR. Some bring experience from places like the aviation sector. It is very much working with that team to ensure that they have a different culture and, frankly, greater diversity in the backgrounds of the people working there.

What are they doing? They are doing a number of things. A number of them are working on the detailed plans for Great British Railway, what its operating model will be, how it will work and what its financial framework will be. There is a strategy team working on the long-term strategic plan. There is a team known as the strategic freight unit, which is doing what it says on the label and working with the freight sector to make sure that they focus on freight priorities and that we are delivering on the freight commitment. We have a team that, in particular, brings people from the aviation sector and elsewhere to look at revenue yields, passenger numbers and all the stuff we were talking about earlier. We also have a team that is looking at the fares and ticketing reforms. Finally, we have a team looking at commercial reforms and how we get greater commerciality back into the sector.

Some of those are done discretely within GBRTT—for example, the work around passenger revenues, the long-term strategic plan and the strategic freight unit. In other areas it is a partnership between us in the Department and them. We work in collaboration. Commercial reform would be an example of that, and the fares and ticketing programme. Why is that? Because in some areas Ministers need to take policy decisions. We are trying to work out who is best to deliver what parts of those programmes. Similarly, if I look at the overall approach to establishing Great British Railways, as well as reforming the wider sector, the Great British Railways team can look at how it is going to develop Great British Railways and how it is going to work with the operators. We need to make sure in the Department that we are helping provide that via the framework, working with the regulator, Transport Focus and the like.

I think your question was: what more can we do in this space? That is some work that we are doing for the Minister at the moment—looking at how we can really maximise the value we are getting out of that team.

Q149 **Ruth Cadbury:** A year ago the DFT said that there can be an expectation of £1.5 billion a year being saved in about five years' time from the creation of GBR. Are those estimated savings still achievable, or does it need the legislative changes I covered earlier? Have any savings already been banked by the Treasury?

Conrad Bailey: On the savings, that £1.5 billion figure has gone to start GBR operating and fully stood up. There are significant savings we can make along the way. A really good example of reforms that are already beginning to deliver benefit would be the maintenance reforms that the Minister referred to in Network Rail. They will deliver significant benefits much nearer the time.

Q150 **Grahame Morris:** I would like to ask some questions about the Network Rail strategic plan. First of all, Minister, what do you understand by the word "perturbation"?

Huw Merriman: I only came across that word for the first time a couple of days ago when someone texted it to me and said it was an unusual word. I think you might know what I am referring to. That was the first time I had come across it. It is not a word that I tend to use. It does not roll off the tongue particularly well.

Q151 **Grahame Morris:** While you are thinking about the answer, can I ask you about control period 7, covering the funding and spending plans for Network Rail from 2024-29? The Committee is aware that they have been considered by the rail regulator, the ORR. In its draft determination last week, he said, "Network Rail proposes to manage the risks posed by the reduction in renewals by increasing its maintenance activities. It also proposes to use more operational controls, for example speed restrictions." It recognises that a decrease in renewals and an increase in maintenance, in comparison to control period 6, is necessary due to constrained funding available.

You told us in your earlier remarks, Minister, that we have inherited this terrific but Victorian rail infrastructure. We are aware that there are financial constraints in relation to renewals, so more emphasis is going to be put on to maintenance, but are there dangers in reducing spending on renewals and relying on maintenance instead? We have just come out of a dispute—thankfully settled—with Network Rail, as you mentioned earlier. To be fair the rail unions warned that Network Rail was proposing to cut scheduled maintenance tasks by as much as 50%. There seems to be a bit of a contradiction. How will Network Rail increase maintenance when it has already said that it is going to cut maintenance staff?

Huw Merriman: The control period, which, as you say, will take place from next year and cover the five-year period to 2029, sees a £44.1 billion spend for Network Rail to continue to maintain and renew the assets. That is separate from the new railways that we build. That is in the enhanced figure, which is about £2 billion per year, taking out HS2 costs.

Where you talk about fewer staff on the maintenance side of things, the reason why we want to reform is that we fully believe that, if we train up staff to do more than just the one task, you do not need as many to do it and you also reduce the time because you are not reliant on different teams going out. One person can do the job. We believe that those reforms will make for a more enhanced and more skilled role, which is good for the workforce. It will deliver some savings, as you say, but I believe it will also end up making the delay time on trains reduce as a result of that work. I think it is a win for all those reasons. That will go.

Where we are at the moment in the process for the control period, which is very usual, is that the Office of Rail and Road in their role to challenge what Network Rail is proposing to do with that £44.1 billion are currently in negotiations. We are largely content for those matters to proceed as follows. Where there is a particular focus is making sure that Network Rail has stretching targets for performance. I think that is probably an area they are currently discussing. That is where we are in the process. As I say, that is very normal. We then await for the agreement to come out so that the control period is then locked down in terms of the matters that we will be focused on.

Q152 **Grahame Morris:** I am not sure if that answers the question. If Network Rail has reduced the number of maintenance staff, and you came to the Committee to explain how that was going to be done, how can it increase the amount of maintenance that it is going to carry out? Are there safety considerations? That is the principal role of the ORR. That was why it was set up in the first place after the terrible accidents before Network Rail, when it was Railtrack. There were those awful accidents in Southall and so on. Their overriding consideration is safety, and they recognise that there is going to be a reduction in speeds. I think the term they use is a decrease in asset reliability. I presume that means that sections of track and signalling need to be upgraded. How are we going to achieve that with fewer maintenance staff?

Huw Merriman: I will ask Conrad if he wants to come in on the maintenance point in terms of speed restrictions, which is specific. Let me just say in general terms, though, that what we want to do is make for a more efficient process that relies on more technology and innovation and gets more people off the rail. Working on the railway is a dangerous hazard, which we minimise. We have a great safety record in this country, but ultimately, if you can get people off the tracks, that is the safest thing to do.

I was up with one of our suppliers recently, Unipart. They, along with other suppliers, are creating products where, for example, you can just put a camera monitor on the bottom of a passenger train. That will detect issues with regards to track, cracks and so on, and do it more reliably. It can do a lot more than the human eye can from just walking the track. Obviously, it is safer because it means people are not on the track. Also, you do not have to close the track to do it because it is on a passenger train. Those are types of innovations that should not strike us as extraordinary. That is the type of thing that other industries have done. We want to see more of that on the railway.

Q153 **Grahame Morris:** I understand that, and certainly you have explained it on more than one occasion to the Committee. It is a bit like diagnosis and treatment. It is amazing with the advent of new technology to use cameras and new methods to identify cracks in the lines and potential faults, but we still need the boots on the ground in order to effect the repairs. If there is a reduction in manning levels and if, as a result of spending decisions on renewals, there is going to be a shift towards more planned maintenance or reactive maintenance, I do not know how that can be achieved. I wonder if you have factored that into your calculations of being able to achieve the targets in CP7.

Huw Merriman: I will hand over to Conrad, but what I would say, Mr Morris, is that, for example, you will have one team looking at maintenance at Euston and another team looking at King's Cross because they are able to do more than the one role that they can currently do. I think that is better for the workforce. It is a more stretching but more enjoyable and better skilled job as a result. That is our principle. It is to make it better for the workforce and to skill them up. Yes, then you do not need as many. Conrad will talk to some of the detail.

Conrad Bailey: I have just a few points. The Minister has made it very clear that this is around the productivity of the workforce and the quality of the jobs. If Network Rail were here before you today, they would be talking quite a lot about how there are many ways you can improve the approach to maintenance and drive efficiencies—for example, the time it takes to get staff on track and off track and the efficiencies of those kinds of processes, which can significantly add hours to the work that is done overnight. It is looking at the best time and best ways of undertaking maintenance activity. Is it best done through a single overnight or a week-long blockade and some of those sorts of things? There is a lot in that space that Network Rail is looking at.

You raised the issue of safety. It is worth saying again that the Minister met with the chief exec of the ORR recently. The role of the ORR, as you say, is absolutely to look at safety. I know that they have been working extremely closely with Network Rail throughout to ensure that any changes are safe.

Q154 **Grahame Morris:** I am not arguing with the remit or the recommendations of the ORR. Both the Minister and in fact Network Rail said we must be more ambitious about improving performance for passengers and freight. You said that yourselves earlier in your remarks, but can I come back to what the ORR say in their draft determination? "Due to the overall reduction in renewals"—instead of renewing the Victorian infrastructure and having a greater reliance on maintenance—"all regions are projecting an increase in service-affecting failures perturbation and have highlighted a likely increased use of operational speed restrictions to manage the infrastructure safely. These"—the safety restrictions—"are likely to increase throughout the control period as asset condition reduces and additional renewal sites are deferred due to cost constraints."

The ORR says that there are going to be more service failures and speed reductions, even though your ambition and Network Rail's is that we have to improve performance and reliability. That is the result of cuts in renewals and spending restrictions. How much of the railway is going to be affected by slow services? Is that going to be across the whole network or in particular regions?

Conrad Bailey: Where we are in the process at the moment is that the ORR has published its draft determination. There is now extensive work going on between Network Rail and the ORR, which is what the Minister was referring to, designed to work through the issues and, in particular, make sure that the right level of renewals, within the budget, is being delivered. I cannot give you an answer now—

Q155 **Grahame Morris:** Mr Bailey, I am sure that you and the Minister have come here with the best of intentions and painted a glossy picture of improvements and looking forward to more reliable and better trains and so on. Is that not at odds with the reality of what is coming down the track—sorry, no pun intended—or what is in the pipeline because of the reduction in the number of renewals, the greater maintenance for safety reasons, which I fully understand, and the impact that is going to have on services for passengers and for freight?

Huw Merriman: Can I just say that this control period spend of £44.1 billion is a 4% real-terms increase on the previous? We are increasing the amount of money that is made available to Network Rail to be able to spend, but the challenge on the railway, and we see it, is that the assets are getting particularly old. Nuneham viaduct is a great example of that. It is almost at 200 years because the railways are almost at their 200 years. It is incredibly expensive for us. A lot of assets are coming up to their condition expiry. There will be an awful lot of renewals.

Signalling is a good example. You can just replace a signalling system with another signalling system, but we are looking to try to digitise. You take the signal box off and it is all done by the train. That technology is obviously expensive as well, but that is the reason why we have to have efficiencies in place. We rely on technology. That does have an impact on the workforce. We have to skill up the workforce, but for that money we would expect an awful lot to be done because it is an increase on where things were previously.

I am really pleased that we have support from the Treasury to maintain and look after our railway. Our job is to stretch Network Rail. You are right that we will not have targets in there that see a deterioration in service. Within that envelope, using technology innovation and changing the way that they work, we expect Network Rail to deliver.

Q156 **Jack Brereton:** The problem is that we have seen a declining trend with

Network Rail. They are worse performing now and contributing to more delays than they were previously. How can we ensure that this trend does not continue and that we will reverse the trend that we have seen with Network Rail's performance?

Huw Merriman: It is really important that we hold them to account, and we absolutely do that. We have seen some examples. One particular route director has come in and made a huge difference through the way that she operates. That is the type of model I want to see.

In Peter Hendy and Andrew Haines we have two superb leaders in place who really are experts in rail and great leaders as well. There will be reform time needed to change the way that Network Rail operates. Not all parts of it operate in a manner that they would want. That will take some time, but I think the culture changes are coming in. That is another reason why, to me, the Great British Railways set-up is vital. What we then see is track and train integration. You have one regional director who looks after both and they work in closer step. That is another reason why I want to see GBR set up.

You are right to say that performance has been a challenge. One of the things I asked for after the Nuneham viaduct incident was a list of all the assets that are currently seen as at risk of causing closures, so that we can, first, see the state of those assets and, secondly, what the plan is for how you work around emergency recovery, so that we do not have quite as much of an impact as Mr Smith mentioned with the Chiltern line.

Q157 **Jack Brereton:** We have been waiting a considerable amount of time for the rail networks enhancement pipeline to be published. When is it going to be published?

Huw Merriman: We are working with colleagues across Government with regard to publication and how that would look. The important thing to say, though, is that the work goes on in terms of enhancements. We have three new stations that will be open this year. We have railway lines that we have already commissioned; East West Rail is a good example where the decision on the route and the new stations that would be built have been made.

While we do work on the publication, I assure the Committee that we carry on building the railways and the new stations that will be in that publication. The publication, if you like, is later than the actual shovel in the ground. It is normally the other way round. I reassure the Committee that we spend £2 billion a year on new rail enhancements and will continue to do so.

Q158 **Jack Brereton:** You have told us previously that the RNEP is very much overloaded and that there are too many schemes in it. What process are you and the Department going through to cut down the number of schemes, and choose which ones should continue?

Huw Merriman: That is a process that we have been through. Conrad's counterpart, David Hughes, and I do that. We look at the business case for each railway, not just for the brand-new enhancements but for Restoring your Railway as well. It has been so successful in terms of the numbers of stakeholders that have come up with ideas that it does not match the budget that we can deliver to. That is a challenge.

The business case is obviously vital. Where does the railway completely transform and regenerate areas? Where does it deliver the jobs and the homes? We work with our colleagues in the Department for levelling up to work out where they actually see housing growth potential. Are our railways going to that particular place as well? It is having that joined-up approach.

Q159 **Jack Brereton:** What proportion of schemes are you going to drop from the RNEP?

Huw Merriman: I cannot give you an exact figure. Obviously, that will come out when the actual publication—

Q160 **Jack Brereton:** There will be a number which you are not going to be able to continue.

Huw Merriman: It will come as no surprise to you that we cannot deliver every single railway idea that the rail community, stakeholders and MPs have. I would love to, if we could, but we have a financial envelope that we have to work towards. The important thing to mention, and to be absolutely clear on, is that that spend goes on. It went on last year and it goes on this year. We are committed to that spend. While I recognise that the publication has not come out for three and a half years, there was basically one RNEP. There was a promise that there would be an annual update, and one annual update was made. It is not as if we have had years and years of RNEPs. We have basically just had one and then an update. I recognise that that has not come out, but I can write to the Committee and give you a list of all of the enhancements that we are delivering and have signed off right now.

Q161 **Jack Brereton:** I think we would be very keen to know as well about the process. At the moment it seems like a very closed process. There is a lack of consultation. There is not a very transparent process in how these decisions are being made. I think we would be very keen to know a bit more about how the decisions are actually being made.

Huw Merriman: Of course. Decisions are made on a scoring basis. We look at what the BCR is; what it does, for example, to decarbonisation; and what it does in terms of alternative transport modes. It may well be that the delivery of a new railway will impact the existing bus service. We go into minute detail.

I will write and give more detail as to how those matters are scored. Every single rail project that was a potential for RNEP and Restoring your Railway is looked at completely holistically and in great detail. David

Hughes's team do that. We work really closely with the Treasury and other Departments I have mentioned, even the Department for Education, to see where a new railway can unlock things from their perspective as well. I believe that there is a good, open and thorough process. I recognise that I need to demonstrate to you and the Committee a little more about how it is undertaken so that you have that same level of reassurance.

Q162 **Chair:** I have a quick supplementary. It was really interesting to get some more detail on that. To give an example, I spoke at an event here earlier in the week—the campaign to upgrade Ely Junction. It has a good BCR on its own but when you look at the wider impact on decarbonisation and having greater resilience on supply chain deliveries, it is off the scale. It would be interesting to know, maybe using that as a case study, what sort of factors you are building into that appraisal. I know you cannot make a decision now. Are you able to give us some details at that level?

Huw Merriman: You are right. That project has a BCR of 4.6. It was scheduled to cost half a billion pounds, but those are older prices, pre-inflation. The key aspect for it is the freight change. At the moment, freight has to come into London from East Anglia due to capacity constraints and then go north. That bit of work would allow freight to go across directly to the midlands, so it has a really good case.

The challenge, which comes back to Mr Brereton's point, is that, if that were to go in, something would need to come out because we have so many great projects that we would like to deliver, but we have a funding envelope that is absolutely right. One of our five priorities is to ensure that we reduce debt, so there is a limit to how much we can actually spend. The Ely project has a page on its own, as every other project does, showing all the benefits for it, and we have to make a selection as to which ones will go ahead. That is the process that we are in right now.

Chair: I am sorry to interrupt, Jack. We can move to HS2 matters.

Q163 **Jack Brereton:** Moving to HS2, could you first explain why the six-month update is being so delayed and why it is taking so much longer to produce the data than previously?

Huw Merriman: The report could have ended up coming early or later, after the purdah election period. A decision was made that it made more sense to delay it until after the elections. That was a large part of the reason for the delay. I am committed to ensuring that the six-monthly report is six months. My challenge now is to work to the next report and get it back to the original timeline. I am sorry it was later than I would have hoped. As I say, it would have ended up coming in the middle of purdah, so we ended up delaying it until afterwards.

Q164 **Jack Brereton:** We were expecting a lot more detail in that report. There is very little that we did not know already from previous statements that had been made. When exactly are we going to see the updates in terms of cost? Obviously, we are still operating on 2019 figures. We still do not have an update to the BCR. When are we going to see that information updated?

Huw Merriman: The report is very clear that that is work that will feature in our forthcoming report. We always do our best in terms of transparency in that report to explain, if we do not have it now, what is happening and therefore what is likely to occur. As was mentioned, the work is going on with HS2 at the moment and it will carry on over the summer for a cost programme and potential changes to more updated pricing. We are working with the HS2 team right now, but obviously part of that work involves them bringing costs down as well. Our aim is that we will get to the place for a forthcoming report where we can update the figures, but also show what HS2 is doing to bring overall costs down.

We have a new chairman, Sir Jon Thompson, who has a real focus on cost. He has a great background, having run HMRC, so he knows all about that. I think he will bring more cost culture into the organisation. Work is going on over summer to recalibrate the costs and get that agreed with HS2 in terms of reducing costs. We will then be able to report more for the next report.

Q165 **Jack Brereton:** The latest response you have sent us, following the hearing that we had a few weeks ago, says that that will not be ready for the autumn six-monthly update. Is it going to be this year or will it be into next year that we have to wait until we get those BCR updates?

Huw Merriman: If I end up going back to the timeline of the report, which has been slightly delayed because of the election period, I will end up with a report that comes out earlier but, as a result, may not be in time for all of the information that is being worked through with HS2 on cost controls, pricing, and so on. What I will commit to, though, is that the six-monthly report is not the only time that we end up reporting to Parliament. If we can do so, and it falls just outside the six-monthly report publication, we will do it by other means, either tabling with the Library or actually writing to this Committee as a means to demonstrate the work that has been done.

Q166 **Jack Brereton:** I think we are very keen to see those figures as soon as possible, given the impacts of rephasing and the impacts of inflation, which will have been quite considerable on both those cost figures and the BCR.

Moving on to Euston particularly, and what has been going on there in the rephasing and around some of the costings for Euston, obviously the rephasing was particularly because of the cost, which has almost doubled. We have seen previous work that was done; £110 million of taxpayers' money was spent on previous platform 11 designs and was totally binned. That wasted £110 million of public money. In terms of Euston and that £4.8 billion cost, what does that actually include and encompass?

Huw Merriman: That is the work that is going on right now in understanding how we could get from a figure with a budget of £2.6 billion and end up with a design costed at £4.8 billion. What were the reasons for that? How did it happen in the HS2 process to allow that design to come back? Obviously, the design had gone back to the drawing board because it had been too expensive at £3 billion. It was completely the wrong result.

Work is going on right now to understand that, and there is also work with the contractor as to what really is the cost of delivering Euston. Is that the cost that they have brought in or is that what it really costs? We are leaving no stone unturned in working out where matters went wrong. That will also demonstrate to us how much Euston is ultimately going to cost to deliver and what the options are.

The challenge for Euston is that it is not just a new station for HS2. There is also the Network Rail station that is being redeveloped. We work with our property partners because it is London's largest public sector land deal, with housing and businesses there. That also requires us to work in partnership with Camden Borough Council and the GLA on the density and height of the buildings. We need all of our partners to look at Euston and, while being ambitious for Euston, make sure that we can actually deliver it. That is the challenge so far.

Q167 **Jack Brereton:** You mentioned the wider envelope. Does that also include the £1.5 billion that is meant to be on the Network Rail aspect of the station? That is potentially additional cost. Is that included in the £4.8 billion. Also, there are the works that are required to Euston tube station to connect HS2 to the tube station. Are the upgrade works needed to the tube station also included in the £4.8 billion?

Huw Merriman: Can I write to you on that? Conrad and I are just comparing notes. I think I want to write to you specifically on that, if I can. On the underground cost—again we will confirm in writing—I believe that that was estimated to be around £1.6 billion of the entire budget. That was within the £4.8 billion. I want to understand whether that is the London Underground, TfL, ask or what we believe the cost is to deliver the viable product. This exercise will go into detail to work out exactly where the cost inflation came from and, ultimately, how much it really costs to deliver the product and who is best placed to deliver it.

Q168 **Jack Brereton:** We had a lot of discussion at the previous session about the future capacity of the west coast main line. We have had responses from HS2 following Mr Thurston's appearance at the Committee. He has virtually obfuscated all responsibility for future capacity and said that DFT and the shadow operator are responsible when it comes to those future services. How can we ensure that actually what HS2 builds is going to deliver the capacity that is needed to support those future services?

Huw Merriman: You and I have exchanged on this before. The whole idea of HS2 is to make sure that we have more bandwidth to operate

West Coast. I can absolutely give you the assurance that there will be more services as a result of HS2 coming.

We also talked about freight. This is the opportunity for freight to expand and use the existing west coast line as well. The reason why Mr Thurston will make that point, and he is right to do so, is that his job is to deliver HS2. It is then the railway industry's job, with the Department for Transport, to work out what the services will be on the west coast after HS2 is delivered. I can give you the commitment that you will see an expansion in services.

Q169 **Jack Brereton:** There are serious questions, unfortunately, about that, particularly on how Crewe station is going to operate. There have been a number of design changes to Crewe station. The latest designs are taking out platform capacity, potentially. The private lines are no longer going to have a platform, which would have helped to address some of the capacity constraints there. How can we ensure that there will not be a reduction in existing services that are going to call at Crewe station to facilitate the HS2 services?

Huw Merriman: I am glad you brought up Crewe. I was supposed to be in Crewe yesterday to see all of the area for myself and to speak to the High Speed conference, but unfortunately due to business here all of our slips got cancelled, which was a huge shame because I was going up with Kieran Mullan, the MP for Crewe, who does a great job both in our team and for Crewe.

We are working with the Department for levelling up specifically to look at what more can be done for Crewe. We want to help them realise all of their ambitions. That may require us to deliver more resource to them on a local authority basis in order to be able to deliver. I am glad you mentioned it because I am really passionate. We sometimes talk about what can be done for London, Birmingham and Manchester, but for an area like Crewe this can be a real game changer, so we are certainly committed. There are certain works, when we talk about putting in a pause for two years, that need to take place for Crewe right now, and they will take place for Crewe right now. Again, I can write to you and set that out in a bit more detail.

Q170 **Jack Brereton:** But you recognise the fact that it will not be possible to run all of the existing Pendolinos alongside HS2 services through Crewe station.

Huw Merriman: When I write to you, I will confirm exactly what our plans for Crewe are and what they will look like, so that that is put forward. There will be a vast improvement for Crewe in railway delivery via HS2 and also the regeneration opportunities that that affords Crewe.

Q171 **Jack Brereton:** I think that is a little bit disputed. I mentioned at the last meeting and the hearing that we had the fact that only two stations north of Birmingham are likely to have a better service post HS2 than they have now. It is potentially worse than that. We see that 15 of the 20 west coast stations north of Birmingham get a far inferior level of intercity train service according to HS2 phase 2 plans than currently from Avanti West Coast. Why is it that we are seeing so many of services being reduced in the north midlands, in the north-west and into Scotland as well? For example, Edinburgh will not get a service. Why is it that we are seeing proposals to reduce services in a number of those locations?

Huw Merriman: Let me look into that. As you said right at the very start, HS2 are not responsible for what the services actually are going to be. They have said themselves that it is for us. If you are relying on HS2's data there, I need to look at it and then write back to you and explain what is currently planned and what is still to be determined.

Q172 **Jack Brereton:** Finally, I want to touch on an issue which I have raised before around road safety audits. We have had some discussion previously around who actually is undertaking those safety audits on roads that HS2 have been designing, where they are moving a road, a bridge or whatever else to facilitate the railway. Who is now actually undertaking the formal role of the overseeing organisation?

Huw Merriman: Where it is public roads?

Jack Brereton: Where HS2 is moving a public road, who is undertaking the role of overseeing organisation?

Huw Merriman: I will write back to you and confirm that as well. Where we are talking public roads, that should not change in terms of the overall control, be that National Highways or local authorities.

Q173 **Jack Brereton:** The answers we had previously from the Department and from the Secretary of State have not been clear on the issue. Traditionally, it would be the local highway authority or Highways England on their roads who would be undertaking the role. The concern is that HS2 is now undertaking the role on roads that they and their contractors are designing themselves. It would obviously be very concerning if they are taking a role that should be for an independent organisation, overseeing the road safety audits of those parts of the network. It would be very good if we could have some clarity around who is actually taking that responsibility.

Huw Merriman: As I say, if they are public roads, I would expect that to be the responsibility of the owner, either the local highways authority or National Highways. If they are private roads that are just used by HS2, I would expect HS2 to be able to do that job itself.

Safety is absolutely paramount for HS2, as it is all across the railway. We have the safest railway in Europe. We are really proud of that. Nothing is done that puts safety at risk on HS2, on any other project or on the existing railway.

Q174 **Jack Brereton:** When we were in Buckinghamshire, we heard examples from some of the councillors there. They suggested that roads have been designed and built that the local authority was then unwilling to take responsibility for because the safety standards of the roads that had been designed was not up to an acceptable level; and that other parts of the network that HS2 and their contractors are designing in order to relocate a road or a bridge are falling well below acceptable safety standards. We need to look very seriously into those issues and the concerns that are being raised.

Huw Merriman: We will very happily write back and make it clearer, and perhaps give you some examples of what falls into which category and who has responsibility for safety and maintenance ownership as a result.

Chair: That Buckinghamshire point brings us neatly to Greg.

Q175 **Greg Smith:** Following Jack's last point, I want to turn to community engagement from HS2 Ltd and their contractors.

This Committee visited my constituency last month. We heard from councillors, parishes, landowners and farmers about the impact that HS2 has on them, their lives and their ability to go about day-to-day life. We all stood as a Committee with those landowners on Elm Tree Farm, just outside Steeple Claydon. A week after we had all stood there, the owners of that farm, by accident, discovered HS2 contractors taking an element of land they had not paid for. They were starting to fence it off and were even doing works at 2 am, under the radar.

There was supposed to be a meeting on Monday about that, involving me and Buckinghamshire Council, with EKFB, the contractor, and the landowners to try to find a way through. That meeting was cancelled at the last minute and changed to today. One has to presume that anyone looking at the Order Paper would understand that I needed to be here because we have a lot of legislation to vote on later. Equally, they say that no one from Buckinghamshire Council may attend that meeting. When are we going to get a grip on HS2 Ltd and their contractors' attitude and behaviour towards the communities that they are disrupting so badly?

Huw Merriman: I am keen to work with you and Buckinghamshire Council to ensure that the matters that impact are mitigated. I have said before that when you build a new railway there will always be some impact. The key is minimising it and making community engagement a better place. I am grateful to you for setting up the joint meeting that you and I had with HS2, Buckinghamshire Council and East West Rail. It was primarily to discuss roads, but we touched on some of the other matters as well. I felt that that was a positive meeting in terms of being open and frank and working together.

There are matters where there are disputes and different perspectives with regard to rights and so on. Elm Tree Farm is part of the Dannals wood area. I think that originally the HS2 environmental statement identified the whole of Dannals wood as being for the taking. In fact, it is not required as much now, but obviously there have been issues. You have raised some. We will look into it and make sure that we can demonstrate that those rights exist and that there has been proper consultation with the owners of Elm Tree Farm.

If there was a specific that people should not be invited to a meeting, after you and I had just had a meeting with all the principals involved, it would strike me as very odd. I will happily look into that and inquire as to why that would be the case.

Q176 **Greg Smith:** I am grateful for that answer. I am grateful from a constituency perspective for the time that you have put into trying to help to resolve these matters, but on the more macro level, we are still in a position, years into the start of construction, land take and build, of raising these issues. It is not just my constituency; it is the whole line of route of phase 1. I know that from talking to colleagues from multiple parties. Labour MPs' constituencies, as well as Conservative MPs' constituencies, are affected in this way.

What has gone wrong? What can we identify, particularly as the Government seem set on building the rest of this thing at some point? Against my advice, the Government are set on building it. How can you ensure that the lessons are genuinely learnt from the nightmare that we have had in Buckinghamshire, and the nightmare that they have had in Hillingdon, in Oxfordshire, in Northamptonshire and in Warwickshire, and that that nightmare is not transferred straight into the building of future phases?

Huw Merriman: It is essential. To put it into perspective, HS2 is the largest land acquisition that this country has made since the second world war. In phase 1, we have 350 active sites. We are at peak build. As you know, because of the impact on your constituency, it is being delivered, and it comes with consequences. I absolutely understand that.

We look at it with interest. I will give you an example. I went up to your neighbour Andrea Leadsom's constituency. She took us to three cases where I felt that more should have been done. In one particular case, there was some legal assurance sought as to future rights of way. Between HS2's lawyer and the individual's lawyer, who HS2 is paying for, they had come up with a document like that. I was a lawyer myself. I was looking through it, because I could see exactly what they needed. It struck me that one page of annexe, which I eventually found, would have done the job. Since then, I have asked those lawyers to work with more speed and simplicity, and they have now turned that around, but it should not be for me to intermediate, effectively.

Obviously, we have the commissioners who are in place. One thing that I want to do with HS2, and they are aware of this, is to look at all their outstanding matters when it comes to disputes on phase 1 and take a view. That may be a commercial view, because it may be that the amount we are arguing about is being dwarfed by the fees. I am all about doing that, because I want to reduce that list so that we have matters closed, HS2 can just get on with building the railway and everyone has that assurance.

I will come back to you on the specific matter with regard to Elm Tree Farm. I will seek to demonstrate that those rights exist and that there was consultation. If that is not the case, I will absolutely open it up and be very happy to meet you and your constituents to discuss it.

Q177 **Greg Smith:** I am grateful. You referenced the two commissioners: the residents' commissioner and the construction commissioner. Both have visited my patch. I have met them. Both Lord Jackson and Sir Mark Worthington have been on the ground. They have listened. They have been sympathetic to everything that I have raised with them.

I have no doubt that they are doing a good job in bringing the matters that I and, no doubt, others have raised with them to the attention of HS2 Ltd and the Department for Transport. But do they have enough teeth? Do those two roles have the genuine ability to change things within HS2 Ltd? I have raised things with them countless times. I am absolutely confident that they have done a good job of ensuring that what I have raised with them has been heard by the Government, by HS2 Ltd and by the contractors, but we keep going around in a circle and the same issues keep happening. Do we need to beef up those two commissioner roles?

Huw Merriman: I have met both of those commissioners. They have certainly not said to me that they lack the teeth to be able to do the job that they need to do. That is when we are duty-bound—you, as a great constituency MP representing your constituents, as you do: and me, to deliver the fixes as well. It is in addition to those two commissioners.

The issues have become quite knotty and difficult and have taken far too long. Sometimes difficulties can arise in relation to the engagement. As I said, I am absolutely committed to ensuring that we deal with them, and deal with them swiftly, because they end up taking quite a lot of my time, understandably so. That is another reason why I want to be able to deal with them.

You asked whether lessons will be learned. Absolutely. We have the land acquisition on phase 2a, which involves quite a lot of farming issues. We will then move into phase 2b. Mr Morris is on the Bill Committee where the petitions that give the powers are being dealt with right now. We fully expect the lessons to be learnt, not just on HS2 but when we look at the rest of the build of East West Rail as well.

Q178 **Greg Smith:** Minister, you know that I could talk about this all day, so, funnily enough and mindful of time, I now move on to East West Rail, but there is a question that crosses both. As you have just said, the lessons learnt apply equally to any new railway being built. The next phase of East West Rail is different from the first phase. The section running from

Oxford to Milton Keynes is bringing an old railway back to life. Beyond, through Bedford to Cambridge, is a brand-new railway. How confident are you that the lessons learnt from HS2 are being applied to East West Rail Company and the East West Rail Alliance as they embark on a project that is far more akin to HS2 than the first phase has been?

Huw Merriman: You are absolutely right. The first phase is a question of restoring railway that takes you from Oxford to Bletchley. The second phase, going from Bletchley to Bedford, is an existing line already, albeit one that will require upgrades. The third phase, which goes from Bedford through to Cambridge, is brand-new railway.

The route announcement was delivered on 26 May. That tells the public where we expect the route to go, albeit that there is now a consultation for that. The route will go into Cambridge from the south. There will be new stations for Tempsford and Cambourne, and a Cambridge South station, which is being built right now. I was there a few weeks ago. It takes workforce into the biomedical campus in Cambridge. That is a real sell for that railway. It is a great connection between Oxford and Cambridge, but what it delivers for those two academic cities, which are really booming, is the workforce that they need in order to continue to grow and compete with Boston and other university cities around the world.

Part of the success of that has to be learning lessons. There will be some impact. At Bedford, in particular, we have decided to put a six-track process in place, because that allows what is one of the most congested parts of the existing rail network to be dealt with as well. It will have some disruption for those who have houses in the Poets area of Bedford, but the prize is fantastic, particularly for Bedford. The idea is to move Bedford St Johns station so that it is nearer the hospital. That not only delivers more infrastructure, but allows people to access better public services. I am really excited about the project. I could talk about it for ages. You probably will not want me to, but I am keen that everyone is enthusiastic about it. I know that that is more likely to occur if the lessons that can be learned from previous railways are applied to this one.

Q179 **Greg Smith:** One of those lessons is that the final phase of East West Rail, much like most of phase 1 of HS2, goes through agricultural land. How many people working on the project understand farming?

Huw Merriman: Certainly those on East West Rail I have met do. They have been working in the community. When I went over to Winslow and met them all, they seemed to demonstrate great knowledge of their surrounds. I need to write back to you to explain what consultation there has been with the NFU and the farming community in general, given that it is East West Rail that will be having those conversations.

Q180 **Greg Smith:** I will be grateful for that clarity, because there is a feeling on the ground in existing build areas, and a fear for future build areas, that when it comes to the impact on soil health, for example—when you have to displace a lot of soil for a long time and maintain that for arable farmers—the people moving it around do not understand what farmers actually need. When farmers raise those issues with them, you get a bit of a blank face and are told, "It'll all be all right." Can you ensure that people who understand agriculture and farming are engaged in this project and it is not all being done from desktops in metropolitan areas?

Huw Merriman: As I said, when I met the team in your constituency they were very much in the heart of your constituency, not working from a desk in London or another city. I fully expect that they would be able to embrace that, but I will write back to you to give you that assurance. Recently I met the NFU, as I know you have. I am due to hold a sit-down meeting with them to ensure that the lessons learnt with regard to farming are being put in place for other parts of HS2 and for East West Rail.

Q181 **Greg Smith:** That is important. My final question on East West Rail is more around the commitments to funding for it. The Chancellor made a big commitment to East West Rail in the autumn statement, I think, or maybe the spring Budget—one of the statements in the last six months. Is the Department for Transport confident that you have the funding envelope to deliver East West Rail in full and, eventually, the Aylesbury spur? I know that the Treasury has not signed off on the Aylesbury spur, but does the DFT still see that as part of the definition of "in full"?

Huw Merriman: Obviously, there are different scoping parts to this. There is the consultation process and then the full business case has to be put together as well. For phases 2 and 3, we are looking at the range of £4 billion to £6 billion in terms of cost. With regard to phase 1, which is coming into service next year, the figure is expected to be £1.3 billion. Those are substantial amounts, but when you consider that the economic output that East West Rail can deliver is estimated at £103 billion, I would say that that is a great investment.

The Treasury is very committed to this project because they see the growth opportunities. As you said, the Chancellor has been at the forefront of some of these announcements, so I am very confident that we will deliver East West Rail from Oxford to Cambridge. It is fair to say that the spur part is not within the current design scope, but because of the existing nature of the line that could connect and because HS2 will have been using it as well, which means that there will have been some enhancements to it, I would like to hope that at some point in the future the case for that spur will become apparent and it will become part of the project. It is not currently within the scope, but it is there for the future for that argument to be made and for it to connect up to Aylesbury as well.

Q182 **Greg Smith:** The DFT, in particular, remains committed to making the case for the Aylesbury spur to the Treasury.

Huw Merriman: I remain committed to it. As I said, the Treasury could not have been more supportive about this line. They see the growth. I say "they"; we are all one team, but I know that the Treasury is really focused on delivering this line as well. It is more that they will be holding us to account to make sure that it gets delivered. Once you have a railway that is functioning and working, as we have with existing railways, there is always the argument to extend as well. I am sure that those arguments will be heard.

Chair: I would like to conclude the session by a quarter to 12 at the latest. There are one or two other areas that we would like to cover. Paul will ask about rolling stock renewal.

Q183 **Paul Howell:** The Chair has given you the title—rolling stock renewal.

Huw Merriman: I was just about to look to Conrad. He is best placed to answer that.

Q184 **Paul Howell:** We have already heard about the issues on the Chiltern line. In Buckinghamshire, we discussed helping with the costs of rolling stock renewal. If we give more visibility to the supply chain about what is going to happen, that will give us a better place to have better cost positions anyway. Can you tell us what the latest view is on when and how rail rolling stock renewals should be coming? The operators have the challenge of what types of rolling stock they are being instructed to have in place as well.

Huw Merriman: Yes. I will hand over to Conrad because I have done quite a bit of talking. The important point that I want to emphasise is that we work really closely with the manufacturers. We have some great manufacturing facilities available. You represent one of them particularly well, but others are available.

Q185 **Paul Howell:** I was going to say Hitachi. Obviously, other operators are available.

Huw Merriman: They are, but all those operators sat with me for a roundtable so that we could discuss the challenges in the pipeline. Of course, a huge amount of rolling stock has been brought on, so there is less to bring on, but there are definitely things that we can do within the whole procurement process to give them more reassurance and certainty. Currently, discussions about new options are taking place for Southeastern, Northern, Chiltern and Great Western. I am very keen that we give them more certainty in the pipeline. Conrad, I said that I would hand over to you.

Conrad Bailey: The other area where there will be discussions is around TransPennine. There is definitely a set of orders that we will require, largely to replace the very ageing diesel regional fleets, which are about 40 years old. Obviously, there are environmental benefits in doing that as well. That is the work that the teams in DFT are doing with the operators so that the operators can then engage with the rolling stock market—the manufacturers and the ROSCOs that undertake the leasing. That work is going on. We are very aware of the need to take that forward, not only from a rolling stock perspective but from a customer experience perspective. Some of that fleet is quite old.

Q186 **Paul Howell:** The only point that you have not picked up is that there is a conflict, with the operators being told to go away from diesel and to be more electrified; therefore, we need to get through the rolling stock agendas wherever that is necessary. As we know, there is some great work going on with multimodal opportunities. It is just a case of pushing those forward.

Huw Merriman: Avanti has a pipeline. Another 25 bi-modes and electrics have been put on to that service, so we continue. One of the conversations that I had with the manufacturers was about how we can work together better so that they have more certainty in their bidding process, and how we can help them to export more abroad and take up those opportunities. We manufacture here. We have the expertise.

The interesting thing is that when I was over in the middle east recently people talked very positively about our rail industry: the manufacturing side, our railways and the fact that we were the birthplace of the railways. The Secretary of State has just been to Japan, where again they talked really positively about what we do. I met a team from California, who were also waxing lyrical about our train service, the tube and London in general. Sometimes we spend too much time focusing on the bits that do not work, whereas other people from around the world focus on the parts that work, which is the large part. We should be really proud of the fact that we delivered the railways and the world followed. There is a lot more that we can do with our manufacturing. It has a great reputation. I am keen to export it.

Paul Howell: More power to your elbow, Minister.

Huw Merriman: Thank you.

Q187 **Ruth Cadbury:** Minister, you said earlier that getting people out of cars and on to trains is a key expectation, even a target, of Government. Sorry; it is not a target, because I don't think that there are any figures on that. One thing that makes rail travel more productive or enjoyable for many travellers is the ability to go online. There is concern that the DFT is not going to fund the replacement for the now ageing, out-of-date wi-fi network on the rail system. How much will the saving be from not going ahead? What assessment have you made of the number of passengers who would use alternative modes of transport if they did not have decent connectivity? Those are two sets of slightly different questions.

Huw Merriman: We have asked all the train operators to give us details of the commercial case for retaining wi-fi access. We have also made the point that we would not necessarily look to them to consider removing it. We have given them a set of targets for business planning, but I would like to state that there is not a diktat that has come from the Department for Transport to ask train operators to remove wi-fi. We have just asked them to set out the commercial rationale for wi-fi and how it operates on their network. We have also made the point that we see its importance. I know that it has been picked up in the press as something slightly different.

Q188 **Ruth Cadbury:** You see its importance. Baroness Vere said that wi-fi usage was "quite low" and that it was used by "between 10% and 20%" of train users. That is quite a lot of people, isn't it? Wouldn't it be more if the connectivity was better than it currently is?

Huw Merriman: That is the set of challenges that we have set the train operators, to ask them to give us the commercial rationale for wi-fi and passengers' usage of it—how much usage goes on. When I am on my train journeys, I do not rely on the train's wi-fi; I just use my 4G. There are parts of all of the country where the 4G does not connect, so I find myself having to do something else for a period of time. I understand, but I want to see where passengers are using wi-fi or where they are more like me and tend to use their own 3G or 4G network.

Q189 **Ruth Cadbury:** That is why I asked my question in the context of overall connectivity. You are absolutely right. For security reasons, many of us are asked not to use wi-fi. That is true for many people going online for work reasons. There is the opportunity to enhance the mobile network along the rail network. In fact, the rail companies themselves and Network Rail need better connectivity for operational reasons. Is the rail system working with the mobile phone companies to improve network coverage generally along the rail network? Wouldn't that help many rural parts of the country, where connectivity generally is pretty poor?

Huw Merriman: Conrad, do you want to talk about Project Reach? That would address Ruth's point.

Conrad Bailey: Network Rail is involved in some really exciting opportunities both to renew the operational requirement for connectivity across the railway and to look at working with mobile providers to use the network that we already have across the country from the railway to benefit wider communities and create greater connectivity. That is very much a project that they have in hand. They are driving it very hard. I think that there is a huge opportunity to combine the commercial and the railway needs that should benefit everyone.

Huw Merriman: It is a public private partnership.

Q190 **Ruth Cadbury:** A lot of rural parts of the country, and a lot of rail passengers, would welcome that.

Huw Merriman: We will continue to report back on that.

Chair: The last question is from Ben, who wants to ask about accessibility.

Q191 **Mr Bradshaw:** Is the challenge faced by disabled people travelling on the railways on your radar?

Huw Merriman: Yes. That is why we have just finished a station audit of over 2,500 stations, so that we can see what the challenges are and what the improvements need to be. Under the Access for All programme, which has been incredibly well supported and is popular, we have delivered 200 stations with step-free access and made improvements to 1,500 more. I recognise that there are still challenges, which is one of the reasons why, when we look at ticket office reform, I am quite positive about the changes that will be brought for those who most need help at stations.

If we are selling only 12% of our tickets through a booking office, that means—to use crude statistics—that 88% of people are not seeing a member of staff, potentially. If we can make sure that that member of staff is more visible to all, those with particular challenges in terms of mobility will get the help that they need. When we were talking about this, the very first group of stakeholders I met were those who represent the people who have hidden disabilities as well as those that are obvious, to work out how we can design the new programme to make it a better service for those who need it most.

I am really passionate about it. I know that the Committee is doing work on this. I really welcome that and your advice on where we can take better steps. It is essential. We need to get more people on to the railway who currently cannot access it. It is a real passion.

Q192 **Mr Bradshaw:** I will not pursue it further now. As you intimated, we have just started an inquiry into it. We had our initial session last week and I think that we were all really shocked by some of the testimony of Tanni Grey-Thompson and others as to the daily difficulties and challenges that they face—getting stuck on trains, not being able to get on to trains and being stuck in the middle of nowhere. Please make sure that it is on your radar. Keep it on your radar. We look forward to talking to you about our report when we finally publish it.

Huw Merriman: I would welcome those recommendations. I want to work with you to see how we can put them in place.

Q193 **Chair:** Thank you for that assurance. We have covered a lot of territory over the last two and a quarter hours. Thank you for your time. You have undertaken to write to us on quite a number of points with further detail. May I ask for one more point to be added to that? It would be really helpful if we could have your internal passenger revenue figures and forecasts by sector and purpose. That would help to give us some clarity as to where the market is heading.

Huw Merriman: We will work with you to ensure that we provide what you are asking for that may be additional to what is provided by the Office of Rail and Road.

Chair: That would be great. Thank you again.