

Transport Committee

Oral evidence: [Rail services and infrastructure](#), HC 361

Wednesday 28 February 2024

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Members present: Iain Stewart (Chair); Jack Brereton; Sara Britcliffe; Fabian Hamilton; Karl McCartney; Grahame Morris; Gavin Newlands; Greg Smith; Mick Whitley.

Questions 59–165

Witnesses

[I](#): Huw Merriman MP, Minister for Rail, Department for Transport; Conrad Bailey CBE, Director General for Rail Strategy and Services, Department for Transport; and Nick Bisson, Director for Rail Infrastructure North, Midlands and Integrated Rail Plan, Department for Transport.

Examination of witnesses

Witnesses: Huw Merriman, Conrad Bailey and Nick Bisson.

Q59 **Chair:** Welcome to today's session of the Transport Select Committee, where we welcome back the Minister. Minister, would you like to introduce yourself and your team, please?

Huw Merriman: Thank you, Chair. My name is Huw Merriman. I am the Rail Minister. I will leave Nick and Conrad to introduce themselves.

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

Nick Bisson: I am Nick Bisson, director for Northern Powerhouse Rail and the integrated rail plan.

Q60 **Chair:** Thank you. We are very grateful to the three of you for your time this morning in answering our questions. My colleagues and I want to cover quite a wide range of issues affecting our railways today, but I would like to open by looking ahead. Last week, the Government published their draft Rail Reform Bill. This Committee will be conducting its pre-legislative scrutiny, and today we have issued our call for evidence from stakeholders in the industry. In the week that has passed since its publication, what has been the reaction of the industry and its stakeholders? Has it surprised you in any way?

Huw Merriman: First, I thank you and the Committee for taking on the role of the pre-legislative scrutiny body. I was particularly keen that it was this Committee. It is cross-party, it has expertise in the field and it has always been a champion for rail reform. As you say, we published the draft Bill and had a private session with you and the Committee to go through the content of the Bill and what was within scope. We also published our consultation response for the 25 areas that were covered in terms of matters posed.

I think the response has been positive. Of course, people want to know when the legislation will be put down. That depends on how well the scrutiny is dealt with and whether there is conclusion in terms of the content of the Bill, which I very much hope there will be. The point I have tried to raise is that it is one of those classic Bills where there are not many clauses because it largely just transfers the power to award contracts from the Secretary of State to the new body, GBR.

There is always a temptation for it to become a shopping list of everyone's requests and the message I have to industry is that we want to make sure we can get the reform delivered. If we end up overloading it with ideas, that will make the reform harder to deliver. While there may be differing views on what reform should look like, I have always found consensus that if we don't have reform, the railway will get even more challenging to deliver. My message to all would be to see the legislation as the ability to deliver rail reform, and then the actual changes, which



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we discussed as a whole last week, will derive from that legislation and from that reform. Those are changes that the transition team are working on right now, but there will be greater changes once the reform is through.

- Q61 **Chair:** You rightly indicated that there are a number of reforms that can be made without legislation, although of course legislation is important. If you were back in front of us in six or eight months' time, what type of reform could the industry and passengers see that does not require the legislation?

Huw Merriman: The reform around fares, ticketing and simplification is a good example where actually the changes have started but there is a lot more that can be done. It doesn't require the legislation to be able to do that.

Open access is another area that we champion as a Department. We have six applications currently in the pipeline, which the Office of Rail and Road will make determinations on. In order to free more routes and make it more attractive for bidders does not require legislation. What we need, though, is an integrated railway where track and train are integrated, and the decision making on the operational part of the railway is not by Ministers but by the railway itself. That can only happen once the Committee has done its work and once that legislation has been passed.

- Q62 **Chair:** For the record, this Committee will do a thorough job but we want to do it at pace so that the reforms can start to happen as soon as possible.

Huw Merriman: We welcome the pace, Chair. You have demonstrated that because, only a week after the publication, the terms of reference are out there for the industry and other bodies to give their views. Thank you for the pace that you are already working to.

Chair: Thank you. You mentioned open access. That very neatly brings me to my colleague, Jack, who wants to ask some questions on that.

- Q63 **Jack Brereton:** As the Chair said, you mentioned open access, Minister, and you have been very supportive of increasing open access. Obviously, as you mentioned, you have commissioned Network Rail and ORR to look into this further. Could you outline what are going to be the next steps to see some of those open access operators coming on to the railway?

Huw Merriman: Yes. Back in November, myself, Conrad and the industry—including Network Rail, all those that currently operate open access provision, plus new entrants to the market that we are trying to encourage—got together in a roundtable to discuss what we could all do to make the process more attractive. Part of that was the timelines that Network Rail and the Office of Rail and Road operate to, in order for bids to be processed. There was a request to set some timelines so that the bidders know how long the process is going to take, and those entities are then held to those timescales. A draft has now been put together



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between the bodies. We are reviewing it internally so that it can be released. Again, we know the longer the process, the less likely we are to see entrants take part in it.

The other part is looking at the spare routes that are available and that are not being used. We are going through an exercise. We have asked the private train operators, the TOCs, to do this exercise. The exercise has already been completed for the four operators within the Department's control—the DOL operators—so that effectively those routes can be put back and opened up to the market. That will be a process where we want to make sure that that is known, so that bidders can find what is attractive for them.

- Q64 **Jack Brereton:** Open access has been more successful in getting passengers back on to our railway. Obviously, as you said, we have to try to use some of the spare capacity. In many parts of the network—west coast, for example—we don't have that spare capacity. Have you thought about transferring CrossCountry over to being open access instead?

Huw Merriman: What we are looking to do more is to try to create new routes that open access bidders can then look at. Let me give you an example. There has been a decision to withdraw a route that goes to Shrewsbury and up to north Wales, first, because there are better options available and it is quite a costly route which loses money, but, secondly, because there is also a bid in play from an open access provider that would look to do something new.

Effectively, we can look at our existing services and work out what is not working well at the moment and whether it can be replaced by an open access bid. We are not looking to transfer train operations over, not least because there are contracts in place, and we would not be able to do that. Of course, there could always be the option, once a contract expires—none of our contracts is due to expire this year—to open up new routes and get more passengers on to the network rather than transferring over existing contracts. Conrad, do you want to add anything?

Conrad Bailey: The review of paths that can be opened up to open access operators also potentially benefits the freight market. Both the Minister and I are finding that there is a lot of interest out there from people interested in the opportunities to run more open access.

- Q65 **Jack Brereton:** The reason I mention CrossCountry is that those services have been starved of investment. The rolling stock is not really fit for purpose. Would it not be an opportunity, if that were transferred to open access, to get more investment into that part of the network?

Huw Merriman: We have seen one interest from an open access provider, but their bid was for taking over someone else's rolling stock that was prevailing for that entity. We expect open access operators to provide their own stock. The CrossCountry rolling stock is an issue. It is



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due for a full refurb. I cannot remember the date, but we are looking to put out to market the tender for new rolling stock for CrossCountry.

Q66 Karl McCartney: It is refreshing, Minister, that, having sat where we are, you want to work together. I am not trying to be negative at all, but are there things that are not included that you would like to have included? I am asking that so that we do not go down any sidings and get shunted off, starting to chase places where we can't go. Is there anything that is not included that you would have liked to see included, and that might happen in the future?

Huw Merriman: No, genuinely there is not. My drive, as it is for you as a Committee, is to get through this at pace, and then use the earliest opportunity, once it has been through its cross-party scrutiny, to demonstrate that it is ready for legislation. The more that is put in, the harder it will be. For example, if you were to put in workforce reform—there are arguments that the only way you will deliver workforce reform, if you cannot agree it with the unions, is to legislate—it would make it a much harder job to get the legislation through at pace. That would mean that we cannot get rail reform and all of the things that I know you, Mr McCartney, want to see delivered for the benefit of the passenger. It is a question of choices. I would rather go for the slimmed approach, get the reform delivered and then deliver that reform at pace than to try to be too greedy with the legislative slot.

Karl McCartney: A pragmatic view, Minister. Thank you.

Chair: We turn now to the reliability of rail services.

Q67 Greg Smith: Good morning, Minister and gentlemen. The ORR has reported a 23% rise in passenger rail service complaints in the year ending March 2023. Why do you think that is, and what is the Department doing with the TOCs to improve customer experience and reliability across the rail network?

Huw Merriman: We have been clear that the passenger performance is not acceptable. The delays and the cancellations have been very challenging. With that, we look at Network Rail's performance. We also look at the train operators' performance. We look to industrial action, which of course has had a massive impact for the period you mentioned, and is continuing.

What we have seen, looking at the ORR's latest review, for January into February, is cancellations reducing to 3.6%. They had been on a steady increase, I am sorry to say, from the summer, going all the way up to a high of 5.5% December to January; 3.6% is one of the lowest for a year, so that is a better rate. We also have to address the challenging weather that we have experienced over winter. I mention that because we have had 10 named storms. It has been absolutely horrendous for the railway. I try to be positive and look at how well the railway and the staff have done in those circumstances. It has been absolutely horrendous with the



wind and the rain, but it is a challenge for passengers. I totally recognise that.

Over the year, your service for example, Chiltern, has got a lot busier because it is successful, but we now have issues in terms of rolling stock age. Our challenge is trying to find investment at the same time as we justify putting almost £45 billion taxpayer subsidy into rail services because we are at only 80% of our finances. That is £1,500 for every household. Trying to balance the investment with the taxpayers' need to keep their own household bills down is a constant challenge. That also has an impact on the performance of the railway.

Q68 Greg Smith: It's funny you should mention Chiltern. You have pre-empted where I was going. I preface this by saying that my focus will be on Chiltern and other colleagues may come in later on Avanti and so on.

Chiltern used to be the gold standard. Now, a mere glance at Chiltern Railways' Twitter account paints a horrid picture of daily stories of people not even being able to get on trains. There is massive overcrowding. It looks like the tube at rush hour rather than a main line rail service. Part of that is because they have the oldest rolling stock of any operator on the network. It is constantly in and out of the repair shops. That is why they end up having to run shorter trains. There are other trains in the sidings, literally going musty, that Chiltern could operate. How can we speed up the process of getting those trains, which other operators are not using, on to Chiltern in the short term before Chiltern has full fleet renewal as their 2030 plan sets out?

Huw Merriman: I thought this might come up, Mr Smith, because you are a champion of the railways, particularly Chiltern for your constituents. I will ask Conrad to talk a bit about the rolling stock options. I have, myself, been pushing for the five units that have come off TransPennine Express. I have been working with Conrad and his team to try to get those put on. I will leave Conrad to talk about what the longer-term future is in terms of new rolling stock.

We hear from passengers who are impacted, and rightly so, but Chiltern's performance level is just short of 90% in terms of their delivery, versus their benchmark of 87%, so they are performing well, but there are challenges with regard to the rolling stock. Conrad, do you want to touch on the rolling stock?

Conrad Bailey: I will add a couple of points. We saw a procurement notice, or a contract notice, released to the ROSCO market—the rolling stock market—in December 2023, with a view to seeking replacement of those trains. We are taking that through our governance at the moment within the Department. Our expectation is that we should see a contract award to introduce new trains into service next year. We are very much trying to move that quickly.



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We are conscious that the timelines are quite pressing because some of the Chiltern trains go off lease next March. We are working with them on that. In the meantime, we are looking at what we can do around service levels to relieve overcrowding and those sorts of things, working with Chiltern, particularly at peak times midweek.

Q69 Greg Smith: I am grateful for that. We need to get the customer experience back up to where Chiltern customers expect it to be, particularly on the main line, but the Aylesbury branch is equally affected, with a rush-hour train leaving Haddenham & Thame Parkway or Princes Risborough, to pick two random stations that may be in my constituency, where people are being left on the platform. They are physically unable to get on the train.

That is not good performance, given the sort of lead times of driver training on new fleet coming in. You talked about a governance process. What is that? Is it entirely within the DFT? Does it involve Treasury sign-off? How long will that governance process take, so that my constituents and other Chiltern users who are at times paying 50 quid return to stand with their face pressed into somebody else's armpit—if they can get on the train at all—can actually have a service that gets them up to Birmingham or down to London in a pleasant and comfortable way for their money?

Conrad Bailey: The real issue is not our governance process, which will need to go to DFT Ministers but also the Treasury; it is actually the pace of the procurement process, making sure that we work with Chiltern and the ROSCOs, and that they move that as quickly as possible at that point. Governance will not be the thing that drives the timelines. It will be going through a proper procurement process as quickly as we can. As I said, there is very much a recognition that time is against us.

In the meantime, the question is what can be done in some cases to mitigate that crowding. Clearly, it is not good for anyone. As I say, that is where we are working with Chiltern to look at whether there are any additional services that they can introduce in some areas to help relieve that crowding. It will be a mitigation and not a solution, but we hope that will help.

Q70 Greg Smith: Chiltern have multiple requests in. There is one about bringing their bigger diesel loco sets back into service, two sets of which currently aren't. I want to come back to this point. Yes, they have long-term fleet renewal plans. They have a big 2030 plan. That is fantastic and great, but it doesn't solve the February 2024 crisis. I do not use the word "crisis" lightly; it really is that bad on certain Chiltern routes.

As I mentioned earlier, there are the TPE surplus sets. I believe there are others that are not ex-TPE. Yes, I understand the need for governance. I understand the need for proper procurement, but this is not long term. This is for the short term. There are trains sitting in England unused right now that could just be transferred to Chiltern or other operators that are



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struggling. Surely, there is a way to cut down the process for the short term and to get some more trains on the tracks and operating as soon as humanly possible, and as soon as the drivers and the crews can be trained to use them.

Conrad Bailey: We are very much trying to move this procurement forward as quickly as we can. It has to be in compliance with the utilities contracts regulations, which fix some of the timescales. As I say, we are very much aiming to do this, with a view not to 2030 but to 2025. I still accept, as you have made clear, that that does not solve the problem this week or next month. The solutions in that space, to the extent that they are available, will be in looking at the timetable and the services that are being run and whether there is anything that we can do in June 2024.

Huw Merriman: I am committed to finding a solution to this. We want to encourage more people to use the railways. Where passenger numbers are growing, we want to encourage that. I am actively looking at what the options are across the railway to be able to provide more resilience to Chiltern. I can give you that assurance. I will keep you posted on that front. If I find difficulties, I will of course let you know.

Q71 **Greg Smith:** I appreciate that. On my point about who the players are within Government on this, is the Treasury a blocker? If the DFT signs something off, are we then in a doom loop with the Treasury, or is it a straightforward process?

Huw Merriman: I wouldn't call it a doom loop. There is a process. If we are looking at anything that alters cost, the Treasury needs to be involved in that conversation as well. We work very positively with the Treasury in getting sign-off, not just at the end of the process but as we go along as well. I will ensure that you are aware of any bumps in the road in terms of internal sign-off. I can assure you of that.

Q72 **Sara Britcliffe:** Minister, what assessment has been made of the recent performance of Avanti West Coast?

Huw Merriman: I have had conversations with the team at Avanti about performance. It deteriorated over Christmas. I wanted to know what was going on and what the plan was. I met with the managing director of Avanti in Parliament and they took me through the plan for the year.

I am concerned about the comparison between LNER and Avanti, which is a curious one, Ms Britcliffe. We effectively have the same staff ratio on LNER as we have for Avanti—about 2.5 drivers per shift on both. Neither has the opportunity to take advantage of rest-day working; it is not operational on either railway. The sickness rate of about 6% to 8% of drivers is about the same as well, yet the performance is not. If I can indulge you, I can explain why that is, because it demonstrates why there are challenges with Avanti that I have long wanted to put out there so that people can understand what the challenges are. If it is okay, I will give you three examples of why it does not work.



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I have given you the relative positions of both, so let me give you three examples. On LNER there is the concept of a driver manager. LNER has 30 drivers who are managers. They have competency to drive, and they are able to drive on LNER trains wherever driver resources have been fully utilised. That basically means they can deliver 100 to 150 shifts every month, which saves between 250 and 300 cancellations every month. It is a great requirement and a great bandwidth.

Avanti has an agreement with ASLEF that they will not use driver managers. While the driver managers are there, they can only be used if there are strikes or in an emergency. They cannot use them in the same way as LNER does. If Avanti could use driver managers in the same way, their cancellation rate—which we take as being at about 4.6% or 4.7%—would go down to below 1%, just with the use of driver managers. I should note that one of the parts of the dispute that ASLEF has with LNER is that they do not want LNER to use driver managers. That will not be happening because, as I have just demonstrated, you get a better service when you can flex your workforce. That is one example.

The second example is something that we call double tripping. A side agreement between the unions and Avanti, which predates Avanti, is that a driver cannot do more than a return journey. Basically, once he has driven out of Euston, he cannot drive out of Euston again on the same day. If we could do that, due to the way that the Avanti timetable operates, you would get about a 10% to 15% productivity gain from drivers being able to drive in the way that management feel they are best placed in terms of efficiencies. LNER does not have a ban against double tripping, so they can do that. Again, it makes them more efficient.

The third thing to bring up is that you see problems on a Saturday and over holiday time—we had this over half-term—where effectively vacation is being taken. You might say, “Why aren’t the management saying, ‘No, we need you to spread your vacations out over the year so that the passenger gets a service?’” There are leave conditions on Avanti that do not apply on LNER. To take Edinburgh, for example, six drivers can be on leave on any given day. On top of that you have sickness and time off for bereavements and so on. There are only 23 drivers in Edinburgh, so effectively a quarter of the drivers can take leave on any day and there is nothing that can be done to say, “Please spread it out.” It is good will. What that effectively means is that you then have fewer services that can operate once all that leave is put in. For Avanti, there has to be a leave request 48 to 72 hours in advance. Consider the impact of that leave being granted, and then a train service being cancelled. A junior doctor would have to give weeks of notice before having leave. Again, that is a separate agreement.

I wanted to bring that to the Committee’s attention because it is work that I have commissioned. It demonstrates that all of these side agreements—these restrictive terms and conditions—mean that management cannot put their workforce where the passenger needs



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them. If Avanti could do that—there are a lot of retirements going on—it could cope with 55 retirements and have enough drivers, but because of these restrictive terms and conditions, we need even more drivers. We will still then be subject to those terms and conditions, and never be able to deliver a proper service unless they are reformed.

Q73 Sara Britcliffe: What conversations are being had with ASLEF to look at the double tripping and the driver managers? Are any negotiations going on to change those conditions?

Huw Merriman: That is at the heart of the industrial action that has been going on for some time with ASLEF. What the Government would consider a fair and reasonable pay offer has been tabled. As I have mentioned before, it would take an average driver's salary from just shy of £60,000 to £65,000 for a 35-hour, four-day working week. It would be an increase in pay with no change in the hours. What we are looking for in return is a change to those restrictive practices—the side agreements—so that management can roster their staff where the service actually requires it. All of the things that I have just described would then be taken out. The LNER way of working would become the Avanti way of working. That is what we want across the piece, but the unions won't agree to that.

What I have just described means that you would not need as many drivers because you are making sure that the drivers are working in a more efficient manner, so I guess you don't need as many union subs. It means that we cannot get agreement from the unions. They do not consider that £5,000 pay rise compensates them for the changes that I would like to see the industry being able to put forward.

Q74 Sara Britcliffe: When you met with Avanti in January and discussed their recovery plan, while this strike action was going ahead, what is their recovery plan, regardless of the strike action that is taking place?

Huw Merriman: Their recovery plan includes recruiting an extra 70 drivers per year. Of course, we have drivers retiring so you will always need to make sure that there are more coming into the workplace. They will end up recruiting more drivers than are actually needed if you could efficiently operate the workforce, allow the double tripping that I have just described and allow driver managers to step in and assist as and when, if you have that natural leave spike. They cannot do anything about that because those are side agreements entered into. Effectively, from a legal perspective, it almost becomes part of the terms and conditions. If you were to try to change it unilaterally, it would be very difficult from a core perspective that might view it to be what we tend to term as fire and rehire. Those side agreements have become a contingent part of the employment contract.

Avanti have done about as much reform as they actually can without breaching the terms and conditions that have been put in place—the side agreements—over the years, not least by Virgin when they were in play.



Effectively, in times gone by, when west coast was making a lot of money, if there was an issue you could pay your way through it or enter into a side agreement. Now, those side agreements have come back to bite because times are much tougher.

That is a great frustration that I have. I would love to see reform in the workplace so that we can pay people better. They would keep the same hours that they work. All we would ask them to do is work in the efficient manner that every other industry tends to work in, apart from when it comes to driving trains.

- Q75 **Sara Britcliffe:** How are you managing to measure that Avanti are doing everything that they possibly can? Back in December, the Mayor of Manchester requested a review of Avanti from the Secretary of State. That didn't seem to take place. How are you judging that they are doing everything possible to improve the service?

Huw Merriman: Every week, I look at the performance of Avanti and TransPennine in particular. I look at all the operators, including the ones that are within control like TPE. Officials regularly engage with them as well. We hold them to account with regard to their performance. What we noticed was that their performance had got a lot better at the beginning of last year. They had been at about 13% cancellations and it had got to just over 1%. It was on the back of that increased performance that the contract for Avanti was extended.

Since then, we have seen challenges, particularly in the summer and at Christmas. Again, it comes down to leave—when drivers are taking leave at a particular time. I believe that Avanti have tried to sweat the rostering and the timetabling as much as they can, but they are now down to the fact that these agreements put them in a position where they cannot roster the staff where they are needed.

I get frustrated when I hear Mayors saying that Avanti's service is not good enough. No one seems to understand what the challenges are and why this occurs. That is why I was pleased to be able to set it out to the Committee. It is important that people look at the factors for why these delays and cancellations are occurring. It is only when we actually get under the bonnet and highlight it that we will ever be able to do something about it. That is what I would dearly love to see.

- Q76 **Sara Britcliffe:** There is another concern about staff welfare. There was a report in *The Guardian*, back in December. It was an internal Avanti employee survey with over 2,000 respondents. Only 3% of the staff said that they felt valued at Avanti, while 56% said they felt unappreciated. They were asked if they believed Avanti West Coast was committed to delivering a good service for its customers, and only one in five staff members agreed. Not only do we have concerns about the performance of Avanti itself, but about the way the staff are feeling and being treated by Avanti. I know from travelling every week on Avanti West Coast that the staff members are fantastic, but the internal processes there look



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severely flawed in how they are treating their staff in general.

Huw Merriman: You are absolutely right. It is almost a self-fulfilling prophecy. I travel on Avanti a lot. The staff are absolutely fantastic. I don't have an issue with any of the staff. I have an issue with the terms and conditions and outmoded work practices that mean we cannot have the staff working in the most efficient manner. If we did, the services would improve and there wouldn't be the delays and cancellations.

Ultimately, it is the frontline staff who have to face the unhappiness of the passenger, and then things get worse for them. It has to be within the interests of not just the passenger but the staff for us to change the way that the railway operates, so that the staff feel more valued, get happier customers and can focus their time on the passenger experience, rather than having to try to work out and explain why a train has just been cancelled. It will be for one of the reasons that I have just mentioned.

Q77 Fabian Hamilton: Minister, may I challenge you on some of the things you have said? I use LNER every week. I had occasion recently to use Avanti West Coast. I travelled from Wigan and I had my bicycle with me. The train that I was booked on was cancelled. The next train was half an hour later. That was then cancelled, restored and then delayed. I finally got on the train with my bike. I was told, "This is the slow train via Birmingham New Street. If you want to get to Euston more quickly you've got to change at Crewe." I got off at Crewe. By this time, it was very delayed.

Forgive this anecdote, but it is an example of what is going wrong at Avanti. If I may say so, I think you are letting the management off the hook. It seems to me that, whatever the restrictive practices are, they do not happen on LNER for some reason because LNER works far better. I accept what you say, but management is to blame and I will tell you why.

I got off at Crewe and was told that in order to get on the fast train to London I have to go and rebook my bike. I go upstairs to the ticket office. They say, "We can't rebook your bike," because the train, according to the computer, has already left, even though it has not arrived yet. I had to go down back to the platform and ask the guard to put the bike in the guard's van, which I did. It seemed an absurd nonsense to me, and bad management, not restrictive practices.

I then got on the fast train and get to Euston about an hour and a half late. What happened? There was nobody to unlock the guard's van because all the staff have gone. Whether that is to do with the unions or not, I don't know. Eventually, half an hour later, a driver in the train on the next track said, "Oh my God, they're useless. I wish I wasn't working for this company." He unlocked the guard's van and let me out. That is just one example, but I put to you that it is actually a combination of poor management and planning, as well as practices that are working well at LNER and are restrictive on Avanti. You need a combination of both: better management and obviously better staff practices too.



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Huw Merriman: Mr Hamilton, forgive me. You just said that this does not happen on LNER, but I have just spent five minutes saying exactly the same thing. We are in agreement.

Q78 **Fabian Hamilton:** Yes, but you are blaming the trade union movement or ASLEF.

Huw Merriman: What is really important, and the reason why I took this role, is that when I sat where you are in the Committee I could never quite understand why it was the case that we could not get our trains to operate. What was going on? The beauty of my being in this position, and having been in yours, is that I can now see it from both sides. I can completely see the evidence as to why we can perform on LNER. That was the point I was making. LNER performs better, and it does not have the restrictive side agreements in place that Avanti does. I can point to examples, and did, when Avanti cannot roster their staff where they need to.

Take the double tripping, for example, which may have something to do with your journey. If you could allow a train driver to go from Euston up to Birmingham or Wolverhampton, and then back, and then back, and then back, you would find it a much more efficient way of working. Instead, you end up with a lot of dwell time. You end up having to get other drivers off to another part via taxi so that they are not covering the same route twice. We end up having to diagram, so that you end up going to Euston, Birmingham, up to Crewe and then finding your way back round to Euston. It is not the most efficient way of working.

I am not saying that that was the exact reason why your train was impacted, but what I am trying to give the Committee evidence for is that there are things that LNER can do, such as having driver managers, which mean you do not have the cancellation numbers that I just read out to you. Avanti can't and therefore they have to cancel, and there are agreements in place that restrict the way that Avanti can ask their drivers to drive, where they can go, which you do not have on LNER.

More worryingly though, if you value the LNER service, is that with the dispute on 1 March ASLEF have specified that they want a proper agreement in place as to driver managers on LNER. They will no doubt want to restrict it in the same way that it is restricted on Avanti West Coast. We will not have that because those driver managers allow not just the passengers to get on the train without a high risk of it being cancelled, as can be the case on West Coast; they are also vital for us to introduce the new timetable, which we hope to do for the end of this year, and to be involved in the design stage of the new tri-mode trains. At the moment ASLEF are refusing to involve themselves in the design stage of those trains, which means that we could end up delaying their introduction.

I don't have any personal issue with the unions. I have a personal issue and a real desire to look again at terms that restrict good passenger



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service, and get them changed not just for the benefit of the passenger but for the staff welfare that Ms Britcliffe raised.

- Q79 **Fabian Hamilton:** But would you also accept that there is a difference in management style between Avanti and LNER? Double tripping and all those other restrictive practices do not explain the nonsense with the computer system or the constant changing of when the train was going to arrive at the station in Wigan on its way to Crewe. Surely, if you know the train is delayed, you say that the train is delayed. You do not say that it is delayed, it is cancelled, it is now delayed again, or it is going to arrive at this time or that time. Surely, that is not explained just by the restrictive practices.

Huw Merriman: I am afraid to say that often it is, because sometimes we have to put a driver in a taxi and wait for that driver to then be available to drive because they may have already driven that trip.

- Q80 **Fabian Hamilton:** Between Manchester and Wigan? That doesn't make sense.

Huw Merriman: This is what can often happen. Again, I don't know the specific reason. I am just giving you the evidence. As I said, if we were allowed to have drivers operating in the manner I have just described, it would give you a productivity gain of 10% to 15%, just on that one part alone. Of course, there will be cancellations where that is not the issue, but my job is to try to reduce the cancellations where I can see the issues, and that is one of them.

In terms of management and holding them to account, I take that point. We had very strong words when the presentation that was reported in the media came through. Both Conrad and I did, and not just with the management of Avanti but with the management of the shareholder First Group as well. That was completely unacceptable. Yes, I have questions about culture and making sure that everyone, from management down, is focused on the passenger. Sometimes, it is quite hard to incentivise people to do that when they are working with their hands bound by these restrictive side agreements that I have just described.

- Q81 **Fabian Hamilton:** Will you also mention their computer systems, please?

Huw Merriman: Absolutely, I will. Trust me, Mr Hamilton, I get incredibly cross when I don't get proper passenger information. My journey last night back home to East Sussex suffered with that as well. In fact, it did this morning when I got put on a tube that wasn't actually operating and I could have just stayed on the train. It drives me mad as a passenger when we are not given the correct information so that we can make the right decisions that give us the best possible journey.

- Q82 **Mick Whitley:** Minister, when was the last time that you met with the trade unions?



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Huw Merriman: The last time I met was when I sat down with Mick Lynch.

Q83 **Mick Whitley:** When was that?

Huw Merriman: It was when we were getting to a position of resolving the RMT dispute.

Q84 **Mick Whitley:** What date was that? I'm talking about ASLEF now.

Huw Merriman: With ASLEF? I've not sat down with Mick Whelan.

Q85 **Mick Whitley:** Why not?

Huw Merriman: I haven't had a request from him to actually sit down. The negotiations are dealt with by the representatives of the Rail Delivery Group and Mick Whelan and his team. Our job is to provide a mandate—

Q86 **Mick Whitley:** The reason why I am asking the question is that for the last 10 minutes we have been talking about what ASLEF does or doesn't do, but you have never met them. I find it quite strange that you have not met with the unions. If we want to get this resolved, why aren't we sitting down with the union?

Huw Merriman: The series of agreements that I have just listed to you were entered into between ASLEF and Avanti, having succeeded Virgin. These agreements have been in place for some years. Obviously, it is for those representatives to negotiate a better place. We provide a mandate and an expectation that we want negotiators to do just that, but we don't negotiate because we don't run the train services. I want to be in a position where the passenger gets a better deal, but I am not the negotiator. The Government are not the negotiator. The employer is, and we are not the employer. LNER or Avanti are the employers.

Q87 **Mick Whitley:** The fact of the matter is that you have not met with them.

Huw Merriman: I have not met with Mick Whelan since he came and met with the Secretary of State and me last year.

Q88 **Chair:** There is one other issue on the west coast. It is not Avanti or concerns about overcrowding at Euston. In October last year, the ORR issued Network Rail with an improvement notice. Can you give us an update as to what is happening with that?

Huw Merriman: Yes. The situation at Euston ultimately needs to be resolved by the rebuild. We obviously have the HS2 delivery, but there is also the station rebuild. It is a concern, particularly with regard to platforms 8 and 11. I am going from memory, Conrad. There is a first phase to try to address some issues around accessibility and particular station crowding parts. The longer term is the complete renewal of Euston station so that it looks more like King's Cross and feels more like that as an experience. Do you want to go into a bit more detail, Conrad?



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Conrad Bailey: Platforms 8 and 11 are a particular issue, as you say. Clearly, when you have performance issues and cancellations, those of us who use Euston know that it gets incredibly crowded. As well as Network Rail looking at what they can do about the station prior to more significant changes, the other thing that is going on at the moment is Network Rail working with the operators out of Euston with a view to seeing what they can do to mitigate particular issues. For example, if operators call forward multiple trains to be boarded at the same time, it can cause congestion in particular areas. There are some relatively small practical issues that Network Rail and the operators are working on to try to address some of those things to mitigate the situation.

Q89 **Chair:** When are we likely to see those? I declare an interest. I use Euston regularly and it can get quite scary. When several trains arrive, I would not use the word "stampede", but it is not far off it at times.

Conrad Bailey: Network Rail are working on these issues with the operators all the time. They were working before the ORR came up. They have looked at things like removing seating to make the flows easier. It is those sorts of things. They are ongoing. I don't think there will suddenly be a moment when it is resolved. There are going to be mitigations, as the Minister said, until there is a longer-term solution. There is an opportunity for some mitigation.

Chair: Thank you.

Nick Bisson: That is notwithstanding the work ongoing to look at the private financing of the HS2 station and what was planned alongside that in terms of the redevelopment of the existing station. The development of that continues with Network Rail. The longer-term piece remains in hand.

Q90 **Mick Whitley:** Yesterday, Network Rail announced a recovery plan for the Great Western main line. This comes after the ORR launched an investigation into months of poor performance. Why has performance on the line been so bad?

Huw Merriman: Mr Whitley, it is a combination of events. Undoubtedly, the west and Wales, but particularly the west, is the most challenging region for Network Rail. There are a number of issues with it. It is heavily used. It has always been a long distance and suburban commuter route. Now, of course, it has the Elizabeth line, so the asset is getting hammered with much higher usage. It has also really struggled with some of the weather events as well.

There is a change that has been put in by Network Rail. Rob Cairns, who is a brilliant manager, has been brought in as the regional director recently. I met with Rob just to talk about some of the things that he has seen. There have been a lot of issues with the overhead lines coming down during bad weather, and from bird strikes, and effectively the maintenance and those who would go from Network Rail to fix them are too far away from where the known problems are. He has changed those patterns so that we now have people in place who can get to position a



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lot quicker. Network Rail is also committed to spending more on that particular route because it needs more investment. Conrad, do you want to pick that up?

Conrad Bailey: I can add a few things. The other thing that has obviously impacted that route has been the severe weather. There are some particular flooding points. Network Rail is working with the Environment Agency to see what they can do about some of the areas around Chipping Sodbury and the like. What we often see is that, once an issue has emerged, there is then a knock-on consequence because you have trains in the wrong places. There have been issues because the trains have struck trees on the line and those sorts of things. That has led to fleet availability issues.

What Network Rail announced yesterday was a £140 million Thames Valley improvement plan, focusing particularly on the eastern end of the route, which is where the particular challenges have been. That is focused on trying to stabilise performance over the next six months and identifying some targeted improvements over the next 18 months, focusing on five main areas that cause about 64% of the delays. These are issues around network management and, sadly, trespass and suicides. Deaths on the line are a major cause of disruption. There are the overhead wires, as the Minister mentioned, axle counters and wider points and track issues.

They are looking to learn, working with the industry, the lessons from the particular issues we had outside Paddington in December that many of us will remember. There, we are looking with the industry, with Network Rail and the operators, not just at the performance of the infrastructure but, when things go wrong, how we make sure that we provide customer support, how trains are evacuated and how the line gets back up and running after a death. We can do those things perhaps a bit more quickly through better working across the sector. That is something that Network Rail and the Rail Delivery Group are very much leading on.

Q91 **Mick Whitley:** For the record, while the Network Rail plan is being implemented, what reassurance can you offer users of the Great Western main line that service reliability will improve in the shortest possible time?

Huw Merriman: With regard to March, for example, there will be some impact, particularly in Devon and Cornwall, because there are signalling upgrades being delivered. March could see some challenges in that particular area as well. That comes with investing in the lines and making them more resilient.

I was certainly reassured, and it may be that the Committee would want one of your private briefings, by Rob Cairns, who has a very good track record in terms of delivery. He doesn't stand any mucking about. He has a very clear plan of exactly what he believes that line needs in the here



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and now, and then the longer term. I have met with him, because it is a concern for me, to ensure that the problems on that line are better.

One of the things I have challenged him on is how well Great Western and Network Rail are working in partnership. This goes to the point Conrad was making. When I went to Paddington, I was struck by the fact that in the control room is the Network Rail team, with one person from Great Western there to make sure that the drivers are in the right place. The other part of Great Western, their main building, is somewhere else in Paddington. If I look at what happens on Southeastern, the Network Rail route director and the chief exec of Southeastern work completely as a team. It is that integration that the rail reform is all about.

I have challenged the team on Great Western to make sure that they work in lockstep so that there is not the same passenger confusion and that we are spending the money in the right places for the train operator and Network Rail.

Q92 Fabian Hamilton: Minister, earlier this month on 9 February the *Financial Times* reported that the Government had lowered performance standards for Thameslink, Southern and Great Northern TSGN—the UK’s largest rail franchise—after its operator, Govia Thameslink Railway, had failed on most measures of service quality in the first year of its contract. The *FT* reported that the lower targets for the 12 months to the end of March 2024—next month—were published on the GTR website and showed that the company had regularly missed at least two thirds of the nine service quality measures in the first year of its contract, which began on 1 April 2022. I wondered why you have recently altered the terms of Govia Thameslink Railway’s contract to lower its performance standards.

Huw Merriman: I will start, and then ask Conrad to come in. My concern, which I am sure is where you were going, is whether there has been anything that we have done as a Department, perhaps in terms of business planning, which has meant that it is harder for GTR to be able to maintain its target, because of actions we had taken, and as a result the service gets lowered. That was my concern.

I am assured that it is because we have better-quality data now that we didn’t have previously. Effectively, it is a data scrub, which means that the targets should have been at one particular level rather than the level they had been at previously. I start off in that way because, I dare say, you are coming at it from the same angle. I can tell you that that was exactly my concern.

Conrad Bailey: I think you have set it out exactly. The service quality regime, the targets you were talking about, was first introduced in 2022-23. Every year we review those targets with the operators to make sure that they are set at a level that incentivises performance. Inevitably, in the first year of setting those targets we were, to some extent, learning to set them in the right place. Based on the information we had from the performance that year, which includes independent inspection, it was



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quite clear in some cases that we had set targets at levels that we could not expect the operator to achieve. We tried to set them for 2023-24 at a level that was deliverable. We will absolutely hold them to account for that.

Q93 Fabian Hamilton: May I come back to you? Some of the performance standards that were lowered included measures of train cleanliness, ticketing, staffing and customer service. They were set far too high, were they?

Conrad Bailey: Effectively, yes. They were set too high for the way they were—

Q94 Fabian Hamilton: Will passengers have a worse service now?

Conrad Bailey: I would argue that passengers should have a better service because GTR will be effectively incentivised to hit the measures.

Q95 Fabian Hamilton: The next question, obviously, is, what effect will this have on remuneration for GTR management? As I understand it, they are paid a fixed management fee of £8.8 million per year and they have the chance to earn an additional performance fee of up to £22.9 million a year. Does that mean that by lowering those—okay—incorrectly set standards at the beginning of the contract, they are now going to have more chance of earning the bonus?

Conrad Bailey: No, because the standards are set on a year-on-year basis. To be very clear about the percentages, the maximum they can earn from any contract is around 2%, of which about a third is a fixed management fee. The other two thirds are driven by performance measures, including the service quality regime. If they do not hit those performance measures, that money shrinks back. It is a maximum of 2% of the value of the contract.

Q96 Fabian Hamilton: Normally, if you lower the performance standards there is a better chance of actually exceeding them and gaining the bonus. That is as I understand it.

Conrad Bailey: We will go through their results—we do it in arrears, obviously—looking at the SQR, service quality regime, performance, as well as the other performance measures. We will set them. They are designed to be set each year so that they are a fair and reasonable test for the operators that drive them to be a good and efficient operator. They have to be reasonable and deliverable by them on the basis of the revenue they are earning and the budget that they have.

Q97 Fabian Hamilton: And you are satisfied that the passenger will get a better experience, even if the standards are lower.

Conrad Bailey: I am satisfied that if you set a target at a level that is designed to incentivise the operator and its management, that will lead to a better set of outcomes than if there is a target they have no hope of meeting.



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Fabian Hamilton: We will watch carefully with interest. Thank you very much.

Chair: We turn now to the maintenance of assets and enhancements.

Q98 **Grahame Morris:** I would like to ask a couple of questions regarding maintenance and ensuring reliability on the network. The Committee is aware that Network Rail's funding settlement for control period 7 is £1.2 billion less for renewals in England and Wales than the previous control period 6. Network Rail told the Committee last year that they "expect a decrease in asset reliability" and that "some difficult choices and trade-offs" will be required. Minister, do you expect passengers to see reliability on the network improve or deteriorate over control period 7?

Huw Merriman: We are committed to making sure that it improves, Mr Morris. That was a very good question. It is interesting because, no doubt, you get lobbied from local government wanting a multi-year settlement and wanting to know in advance what that settlement will be. There are drawbacks in that.

Network Rail's control period 7—its next five-year block—is £44.1 billion. That was announced in December 2022. The control period starts in April 2024. In that period, £1.5 billion has been eroded by inflation. While I believe it was a 4% increase on the previous control period, it is then subject to inflation because we are talking about a five-year block. Indeed, when you also take out the costs of electrification which have to be met for those five years, the money is reduced even further. That is why, when with the Secretary of State and the Department we set the high level output specification statement, we wanted to make sure that Network Rail was focusing on efficiencies and on technology.

Let me give you two examples of where I have confidence. The first part is where Network Rail and the RMT were able to agree efficiencies on how maintenance was delivered. Instead of having three different sets of maintenance teams going out to do one job, we now see more multitasking. I am really pleased that the RMT and Network Rail were able to agree that. There are better skilled jobs and more efficiency. That will lead to savings.

In addition, there is the technology. We talked about the weather, which is going to be one of the biggest challenges for Network Rail in terms of delivery and its funding envelope. I was down at Three Bridges recently, where we now have technology in place on embankments so that you can see if there is movement. It connects with weather predictions as well. It means that it can be shored up before it turns into a major land spill or embankment collapse. The use of technology and the efficiency of the workforce will allow Network Rail to stretch its budget. Inflation for the last year has been a challenge.

Grahame Morris: Is it opportune to ask my question about rolling stock?

Chair: We will come back to rolling stock in a minute.



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Q99 Grahame Morris: I will just ask about asset maintenance. I am sure you are aware of the huge disruption on the east coast main line because of the replacement of track and signalling. It has gone on for a number of months, and it is ongoing. It causes massive disruption. I am not quite sure if it is compounded by the adverse weather conditions. It seems to me that there is an awful lot of flooding that is evident from just looking out of the carriage window. Is it reasonable to assume that during control period 7 all of these issues—you mentioned the embankment collapse—are going to be addressed to make the railway more reliable and sustainable in the longer term?

Huw Merriman: You are absolutely right with regard to the weather. That will be an increasing challenge. Network Rail are very conscious of it themselves, but in the Department we wanted to ensure that Network Rail were preparing for worsening weather conditions. This winter has been an example of that.

The matter you referred to would be the four-day blockade while the digital signalling was being advanced. That is a £1 billion programme that will not just replace signalling on the network but also, due to efficiency, allow us to operate more trains. Rather than having blocks, where trains enter and another one cannot enter until the train has entered the last block, the trains can effectively talk to each other. That is a good example of where Network Rail is not just replacing and renewing, but is looking at technology that will allow us to deliver a better and more efficient and resilient service.

Q100 Grahame Morris: We had a little discussion yesterday about the Elizabeth line. Everyone is effusive in their praise for Crossrail and the Elizabeth line, but that seems to be a fundamental issue of procurement. My colleague Jack Brereton raised it. In terms of the blocking, where it is not possible to carry out repairs to one section without taking the whole of the line out—I don't know whether I've got that right, Jack—it seems to me that we should be addressing these issues in control period 7 so that we are not faced with four days of disruption on the east coast main line, but with four months of disruption. It must be more than just the signalling. It must be the track as well.

Huw Merriman: With regards to the four days, if Network Rail had decided just to do two days—Saturday and Sunday—and then the following Saturday and Sunday, with no impact on the Monday and Tuesday, it would probably have had to do three weekends. The value is in the time it takes to shut the railway down, reopen it and then have all that time in between. I recognise that it was an issue.

I was concerned and looked into some of the challenges, which were reported by one of our colleagues who formerly sat on the Select Committee, with regard to St Pancras, and whether St Pancras was able to cope with the numbers that were going up on East Midlands. There was a perception that people would use a replacement bus service, but people were looking instead at a train service that would get them further



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up. We looked to learn the lessons from that. I recognise that that did appear.

Grahame Morris: It was awful.

Huw Merriman: I am sorry for the trouble there. In the years to come, once that digital programme has been delivered, you should see better reliability and better resilience. My hope is that you will be able to see more trains on the track because we are going to fit more on.

Conrad Bailey: You will also see ongoing investment in engineering work. That has its own level of disruptive impact while it is being done. The commitments that were made in the integrated rail plan for a £3.5 billion upgrade of the east coast still stand. The development of that will not all be delivered in one year. That programme over the next decade is in development with Network Rail.

Q101 **Jack Brereton:** I want to ask about the rail network enhancements pipeline. As you know, Minister, this Committee has repeatedly asked over many years when that is going to be updated. It was meant to be updated annually. It has never really been updated. Obviously, we have seen some quite dramatic changes, with Network North and improvement plans and other things that have come on to the rail network since it was first published. When are we actually going to see an update of the RNEP?

Huw Merriman: I recognise the questions. I think I asked them myself when I was in your position, so I understand it. The challenge for us is that we now have the Network North document, which has a huge number of enhancements in it. It not only included some of the new railway, but also the restoring your railway and accessibility commitments. It is a vast document. It is not just for the north. It is for the midlands, and indeed the rest of the country as well. That has rather taken over as the enhancement pipeline, but I recognise that we need to get clarity of what that means for the previous pipeline proposals. That is something I am committed to working on across Government, so that I can get this Committee that clarity. Nick, do you want to add anything?

Nick Bisson: There are two particular things that we are working through in the aftermath of Network North. One is in the reallocation of money that was previously intended for HS2. The detailed profiling of that with Treasury colleagues will clearly make a difference to exactly what gets done in what years. Secondly, within Network North there was a significant increase in the future electrification programme. We want to give Network Rail the opportunity to shape that in a way that will work for the supply chain.

Q102 **Jack Brereton:** Can we expect that we will have an update to the RNEP before the end of the year?

Huw Merriman: I will commit to give more clarity, but my current focus is on making sure that, working with Network Rail and all the delivery



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partners, we can deliver all the enhancements that have been announced off the back of the Prime Minister's—

- Q103 **Jack Brereton:** I am sure that you understand the need for some transparency around this. At the moment a lot of it isn't very clear, certainly to the public. It is very important that we see this document updated and published. Do you not recognise that?

Huw Merriman: I take the point. What I gently say is that we have billions of pounds-worth of enhancement pipeline that is being published and documented through the Network North documentation. That is going to increase Northern Powerhouse Rail by bringing in Hull, Sheffield and the electrification of Bradford as well. There are a lot of enhancements that we didn't have before at all and that may not even have been at the top of the pipeline. There is a pipeline for industry. There is a huge amount of work for industry to help us deliver that pipeline. It is just being called Network North rather than the RNEP. I take your point that you want clarity on what is happening to RNEP. I will aim to give you that clarity.

Chair: We have touched briefly on industrial action issues. Sara and then Gavin still want to ask some questions on that.

- Q104 **Sara Britcliffe:** Can you update us on what the Department is actually doing to resolve these disputes? Obviously, we have talked about the pay offer, but what else is happening?

Huw Merriman: We have seen three of the unions agree pay offers or to take the industrial action down pending further talks. The RMT agreed the Network Rail deal a year ago. We talked about the efficiencies being delivered off the back of that, which is superb. What we also saw, which was very welcome, was an agreement to a year 1 pay offer, which was then paid, with the year 2 pay offer to be subject to local discussions about reform. Those are taking place right now. In the event that that reform is not delivered, the RMT would need a local mandate for that particular area. That takes down the national strikes. I am grateful for the work that the RMT and the train operators are doing, and I am very hopeful that we will get that reform delivered and the second pay rise in place for the RMT members. That will absolutely be the end of that industrial action.

That is three of the four unions. As you rightly say, the fourth union, which we do not have an agreement with, is ASLEF. At the heart of that is the desire to deliver the reforms that I talked about, which make certain train operators, all of them actually, weaker because they are not able to roster their staff in the most efficient manner. That is what we would like to see put in place with ASLEF in return for the pay rise that they have been offered. They have not put that forward to their members, so we remain in an impasse.

- Q105 **Sara Britcliffe:** Were you quite surprised when no work notices were issued by the TOCs during the recent strikes by ASLEF?



Huw Merriman: For minimum service levels?

Sara Britcliffe: Yes.

Huw Merriman: We had a series of strikes where the minimum service levels were not implemented. We have two strikes coming on 1 March for LNER and for Northern, where they will also not be implemented.

Our job as a Government is to prepare the industry, with the Department and Network Rail, so that the employers are in a position to use work notices and bring in minimum service levels should they wish. We did everything to ensure that was the case. The employers determined not to use them. They did that for a number of reasons. At LNER, for example, they looked at safety measures with regards to their staff and whether their staff would be in a position to come into work and actually work those shifts. Effectively, you need 60% of the staff to operate the 40% minimum service. Of course, if the staff are not in, it means that there can be safety issues with regards to passengers who are expecting a minimum service.

LNER also looked at the impact on the passenger, not just on strike days but in the weeks to come. You will be aware that when there was talk of LNER using work notices, ASLEF responded by putting on further strikes. There was a concern that if there were additional strikes the passenger would lose out. Also, if there was what is called action short of a strike, or refusal to train new drivers or to work on the design of a new train, the passenger would again be impacted in the longer term. They took that into account as well.

Q106 **Sara Britcliffe:** Isn't that a problem in itself? It was reported that ASLEF threatened further strike action if LNER put in a work notice. Doesn't that completely contradict what we are trying to achieve? This could happen to every TOC whenever they want to put in a work notice to retain the minimum service that we want to see.

Huw Merriman: Effectively, it well defines why we are in this dispute in the first place and why we, therefore, have the minimum service levels as a tool which employers can use. It is their choice; it is not for Government. It would not be appropriate at all for Government to try to force that. The Government are not allowed to do that, even if the Government are a shareholder. It is for the employer. It is the employer that has the legal duty to determine whether the minimum service level should be used, and to be responsible for health and safety matters.

The very reason why we have this dispute is that we are in a situation where there are too many voluntary requirements on the workforce in order for the train operators to be able to deliver services. If we could reform in the way that I described, first, that would be the end of the strike because we would have the reform. For example, with Southeastern, about 9% of their timetable would go if they did not have an overtime agreement in place. If the unions are saying, "We'll end the



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overtime agreement if you put a minimum service level in place,” that would make it worse for the passenger. I don’t want to be in a situation where we are always reliant on overtime to be able to operate 9% of the service.

Q107 Sara Britcliffe: We are in a Catch-22 situation with the legislation that we have brought forward then. If they are constantly being threatened with further industrial action when they want to put these work notices in place, they are just not going to do it. What is the point of the legislation that we brought forward?

Huw Merriman: The legislation is there for employers, if they determine it, to utilise minimum service levels. We have been very up front on the way that we would like to see minimum service levels operate. I also respect that the legislation, right at its heart, states that it is for the employer to make the determination. The Government are not the employer. Our job is to do everything we can to ensure that they can be utilised. The decision as to whether they are utilised is for the employer. To date they have determined not to. That does not mean that they won’t in the future, but they haven’t up to now.

Q108 Sara Britcliffe: But they are not likely to if they are going to see further industrial action.

Huw Merriman: If they continue to view it in that same way, we will end up with those same decisions. As I say, that is a matter for them. It rather shines a light on where we are right now, which is a situation where too much reliance is placed on a working relationship—a voluntary agreement—to be able to work in a manner that management find very difficult because they cannot utilise the workforce where they want them. That is why we have a dispute, and that is why the dispute is still there. Reform of the railways is, in my view, the prize that the passenger needs to succeed.

Q109 Sara Britcliffe: If train operating companies are not willing to use work notices, and we want to see minimum service levels, what are the Government doing to make sure that those minimum service levels are in place when the train operating companies are not going to use them?

Huw Merriman: It is really important to be clear on how the legislation works. It is the employer that makes the determination, not the Government. The legislation has been brought forward for the employer to make that choice. The Government’s role is to make sure that the industry is prepared and able to utilise them, which includes bringing Network Rail to the fore so that the 40% timetable can be operated.

The decision itself is for the employer. If the Government tried to lean in, in that particular way, particularly where matters such as safety are being raised, that would place the Government or individuals, including myself and the Secretary of State, in a legal position where we would then be responsible for the safe operation of the railway. Legally, that is not a power we have; nor should it be a power that we have. That should be



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down to the employer. There is nothing that the Government can actually do to force employers to utilise minimum service levels. We can only prepare and then put it to them to make that determination, which is exactly what happened.

Q110 Gavin Newlands: Do you not agree that operators have looked at the legislation as it stands, on the one hand, and the bigger picture including current and future relations with unions, the workforce, and indeed many of their passengers who support the workers in their action, on the other hand, and think it is just not worth issuing work notices?

Huw Merriman: Hopefully, I recognised that when I responded to Ms Britcliffe. They look at it not just on the day itself and 40% delivery, but the impact on the passenger if the unions decide to take revenge, in that sense. There were already signs that they were looking to do that by adding a number of strikes and talking about refusing to train new drivers or prepare for the timetable, and so on. All of that would make for a worse service in the future.

Q111 Gavin Newlands: It is about trying to improve relations with the unions rather than making them worse, which is what issuing work notices will ultimately do. The Scottish Government are not alone. Others have said that they will never issue work notices. Do you not think that a much more grown-up and productive relationship between the Government, the operators, Network Rail and the unions is what is called for, rather than the pugilistic confrontational nature we have seen down here, which has led to this legislation? Obviously, we have had no strikes in Scotland.

Huw Merriman: First, I dispute the way—

Gavin Newlands: I thought you might.

Huw Merriman: I do, because I have just described how I was able to have a very good working relationship with Mick Lynch, and we have a settlement there.

Q112 Gavin Newlands: I am sorry to interrupt, Minister. To be clear, I am not necessarily just talking about you personally. Obviously, there have been improvements in many ways since you came into role. In general terms, and as legislation has been brought forward, that is the direction I am talking about.

Huw Merriman: I accept the point that this industrial action, if we look at ASLEF, has been going on for far too long. I also accept the point that it has become clear that the money, while I believe it is incredibly generous at £5,000 on top of £60,000, is not being accepted. Therefore, we have to get to a position where we can get the industrial action to come to an end. Attempts to negotiate through it by the employers or their representatives, the RDG, and ASLEF have not reached fruition. I would like to see more effort being made to get the industrial action taken down. Then we do not need the minimum service levels in the first place.



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Again, I have no political bias as far as this is concerned. I have never been one to bash unions, because unions are there to do the best job for their members. There is tension at the moment between what may be best for the members and what is best for the passengers because we cannot allow employers to roster their limited resources in the most efficient way. It has to be for the benefit of the unions, certainly the passenger and the Government for this all to come to an end and for us to be able to grow passenger numbers rather than reduce them. Yes, I am keen to vest myself in anything we can do that goes towards the culture that I have just mentioned.

Q113 Gavin Newlands: Certainly, from a rail perspective, the legislation is not really worth the vellum it is written on, is it?

Huw Merriman: The legislation is written in a manner that states that the employer makes the determination. As I said, the employer is not the Government, and the Government must not put itself in the position of trying to be the employer. As a Department, we are doing everything we can to allow the employers to use minimum service levels if they believe that is best for the passenger. They have taken the decision, for the reasons we have discussed, that they did not believe it would be. I leave you to your conclusions on it, but that was our role and I believe we have executed it. We put the regulations out as the Department for rail. The specification that it must be for the employer to make the determination was obviously not from our Department. It was the Department that brought forward the legislation as the framework.

Gavin Newlands: I was not expecting agreement on that point, Chair.

Chair: Thank you, Gavin. We have touched on some operator-specific rolling stock issues, but Grahame and Jack want to come in on the subject more generally.

Q114 Grahame Morris: Thank you, Chair. Minister, we have had a number of exchanges on this issue. The Committee and individual members have been quite active in trying to secure orders and bridge the hiatus in the order book for the rolling stock companies. In November last year the Secretary of State came to the Committee and said that the Government would publish a road map for procurement by the end of the year. We are now almost into March. The Committee is aware that you wrote in January to the trade manufacturers. Does that letter from earlier in the year constitute a road map?

Huw Merriman: Mr Morris, I am not doing this for a reason, but yesterday I played football and I have terrible cramp. Do you mind if I hand over to Mr Bailey? I should not be doing it at the age of 50, but my leg feels like it is being amputated by the muscles in it. Can you just excuse me for a second? The rolling stock is not creeping as badly as my leg.

Q115 Grahame Morris: It is a shame because I was just getting to my peroration. I shall ask Mr Bailey.



Conrad Bailey: As you rightly said, the Minister wrote to the rolling stock companies and manufacturers on 31 January. We have published that very openly on gov.uk. That sets out our forward plans around rolling stock. I am sure that if the Minister was here, and I suspect the Secretary of State said this when he appeared before you in November, he would say that the very important thing about this forward plan is that it is something that we have agreed very much across Government, going to some of the questions that Mr Smith asked us earlier about Chiltern. It sets out that forward plan.

Alongside that, we have been working extremely closely with the rolling stock manufacturers, exactly to look at the gaps in the order pipeline. The gaps are all different, but we are working very hard with them not only to look at the UK opportunities but to look at opportunities for us to support them in export markets.

Q116 Grahame Morris: We had the chief exec from Alstom giving evidence to the Committee last year. He was at pains to point out the urgency of the situation. He also pointed out, quite legitimately I thought, that in terms of demand for new rolling stock, after Germany the UK has the second highest demand. It is just that there is a gap in the order books, and tens of thousands of highly skilled jobs—engineers and design engineers—are dependent on bridging that gap.

The Committee is very keen to push you and the Minister on this issue. From my recent experience of travelling on TransPennine Express, when LNER has been disrupted because of the signalling and engineering works, East Midlands and CrossCountry, they are all desperately in need of new trains. If you could accelerate those orders, it would be very well received.

Conrad Bailey: We are working very hard, not only with the rolling stock manufacturers but with the operators and the rolling stock companies, the ROSCOs, to identify how we can work with those companies and where there may be opportunities for them to fill gaps in their order books, whether that be through new procurements, refurbishment activity, which can also help, and through exports. Obviously, we can provide UK export finance and the like—

Q117 Grahame Morris: That brings me very nicely to my question about the ROSCOs. According to recent press reports, and indeed according to the ORR which gave evidence to the Committee quite recently, the rolling stock companies paid out a total of £409.7 million to shareholders. Profit margins, which you mentioned for the train operating companies, were capped at 2%. For the ROSCOs, the profit margins last year rose to 41.6%. That is quite eyeewatering, especially in view of your earlier statement—when we were talking about the maintenance of assets and the improvements in routine maintenance—about improving reliability and efficiency and giving the taxpayer better value. Do you think that taking £409 million out of the system represents good value for money for the taxpayer?



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Conrad Bailey: The current structure we have for rolling stock in the UK is a leasing structure.

Q118 **Grahame Morris:** It is crazy though, isn't it?

Conrad Bailey: We don't have a direct relationship with the ROSCOs in that way. That is done through the operators. Clearly, when we are working with the operators to procure new rolling stock, we both look at the best value way to do that for the taxpayer. We also work extremely hard to make sure that they can drive robust commercial decisions. I think the figures you are talking about there, in part, relate to the fact that a number of the ROSCOs did not take dividends out of their businesses for the period of the pandemic. I think that has a particular effect on those figures.

Q119 **Grahame Morris:** I would like to explore this further, but we don't have time today. I have given the Minister advance notice of an Adjournment debate.

For my information, I would like to understand how it works. Clearly, there is downward pressure in relation to staff costs, manpower and terms and conditions. There is a cap, or a limit, on the train operating companies. Although they are guaranteed profits or payments, that does not seem to apply to the ROSCOs. A *Guardian* report of two weeks ago states that the cost of leasing rolling stock is "30% higher than five years ago, in a period when overall rail industry staff costs remained static." Ten years ago, leasing rolling stock accounted for 13% of train operating companies' costs, and now it accounts for almost a quarter. Is someone being less than assiduous in applying pressure to the ROSCOs in terms of their profits and how much money they are taking out of the system?

Conrad Bailey: The figures that you refer to relate, to a large extent, to the degree to which our rolling stock has been modernised in that period. We have seen new rolling stock come on to the system. That data does not compare like with like. We are talking about considerably newer rolling stock, which of course you would expect to pay more for than older or cheaper rolling stock.

Q120 **Grahame Morris:** With all due respect, Mr Bailey, £409 million is an awful lot of money to take out of the system. In percentage terms, 41% seems like a huge level of profit.

Conrad Bailey: Sorry, the figures I was talking about were in terms of the increase in expenditure on rolling stock over the last decade. I think they were the figures you were quoting. As I say, to a large extent that is down to the fact that there have been additional trains bought. The age of trains on our network is much younger than it was a decade ago.

Grahame Morris: I must just travel on the old ones then. Chair, I will explore this elsewhere.

Q121 **Chair:** We look forward to the Adjournment debate. We welcome back our refurbished Minister.



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Huw Merriman: I am so sorry, Chair. Conrad is right that the average age of our rolling stock is just under 17 years now, but the age of my leg is 50 years old, which makes it the Pacer of my body in that sense.

Q122 **Jack Brereton:** Further on rolling stock, I want to ask you about the Voyager Class 221 replacement on Avanti West Coast. There are plans for it to be replaced by the Hitachi AT300s, but there are concerns about whether that has been properly specified. Obviously, this new rolling stock does not actually tilt. Is it going to be able to perform to the levels that are needed to match what Voyager can do at the moment?

Huw Merriman: I will let Conrad carry on, on rolling stock.

Conrad Bailey: That is a question we have looked at, as you can imagine, in great detail. It is certainly true that the new rolling stock does not tilt, which has a number of performance impacts in terms of the speed it can go round bends. What it does have is faster acceleration in and out of stations. Our assessment, when we took it through the assessments and the decisions some years ago, was that overall it was a sensible procurement that delivered good value for the taxpayer and users.

Q123 **Jack Brereton:** Has it been considered whether there are going to be any impacts on the timetable of those trains not being able to go as fast round the bends?

Conrad Bailey: We always need to look, when we introduce any new train, at whether there are specific timetable implications. I am not aware of any significant changes as a consequence of that.

Q124 **Jack Brereton:** I tabled a written question about this, Minister. In your response, you particularly suggested that Network Rail is currently upgrading some of the infrastructure on parts of the west coast main line to allow higher-speed running with non-tilting trains. Could you detail what upgrades are actually taking place?

Nick Bisson: The first assessment is which parts of the network you can run at the enhanced permitted speed without tilt. Although it was put in at the point when Pendolinos were introduced and therefore assumed to be tilting, it is not the case that every metre of it requires the ability to tilt. Broadly, the track geometry is fit. The real question is a risk assessment around things like the stability of hot drinks on tables. That is what you get into, and that is the work that has been done.

Q125 **Jack Brereton:** We don't want them going on to the side of the window, do we?

Nick Bisson: Indeed. That is the limiting factor. It is not the case that every section of what is currently signed as enhanced permitted speed requires tilting rolling stock to be able to exploit it.

Q126 **Jack Brereton:** When it says in this response that Network Rail is currently upgrading infrastructure, there are not actually any upgrades



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taking place.

Nick Bisson: A range of upgrades is taking place on the west coast, including on things like power supply and—

Q127 **Jack Brereton:** I am talking specifically about allowing non-tilting trains, which is what you responded to in a written parliamentary question.

Huw Merriman: Why don't we take another look at that? We don't have it in front of us. We will take a look. If I need to amend it, I will.

Q128 **Jack Brereton:** In terms of the wider safety of the rolling stock that it is proposed to operate on the west coast, are there any safety concerns that have been identified since that testing started taking place?

Nick Bisson: None that I have seen, no.

Huw Merriman: None that we are aware of.

Q129 **Chair:** I want to touch briefly on some ticketing issues. In December it was announced that the Government are no longer pursuing plans to have a centralised online ticketing retailer as part of the rail reforms. Can you just talk us through why that decision was reached?

Huw Merriman: Yes. It was more with the private sector market in mind and a desire to try to open up the market for more new entrants, rather than having one dominant, centralised retailer. That was the reason why that decision was made.

Q130 **Chair:** Under the proposed GBR structure, it will still be the guiding mind that will allow the private sector to come in.

Huw Merriman: I think that is a good example. You have seen the legislation. There is a commitment in it to have an annual review of what rail reform is doing for the private sector. That was a good example where the view was taken that having one centralised GBR ticketing retailer would not be ideal for the private sector. What I would like to see is a lot more entrants to the market to challenge particularly dominant retailers. I would like to encourage more of that. The more data that we can provide there, the more retailers we get and then the better prices that are passed on. That is more the direction of travel that we would like to see rail reform take.

Conrad Bailey: It may be worth saying that one of the things we are doing to support that is working with the Rail Delivery Group, the GBR transition team and others to make sure that the existing back office infrastructure is something that is easier for new entrants to the market to plug into, so that you can get that innovation. The other thing we are doing is using something called the Rail Data Marketplace to set out much more industry data, again to drive innovation in that space.

Chair: There is one ticketing innovation that is causing quite a lot of interest and controversy on LNER. Gavin wants to ask about that.



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Q131 Gavin Newlands: We heard evidence during the discussions about ticket office closures as to how ridiculously complex the sheer number of potential tickets and fares is on the rail system in the UK. In principle, any simplification of that and trials are to be welcomed. ScotRail has a peak fare removal pilot and has seen a 4% increase in passenger numbers as a result. Is there any early indication as to passenger numbers or the take-up of these new fares on LNER?

Huw Merriman: The trial has just started. It is for two years.

Q132 Gavin Newlands: It is a few weeks old.

Huw Merriman: I don't know if we have any latest data. We haven't, but perhaps we can get some and write to you.

Q133 Gavin Newlands: It is early, to be fair. I was not sure that you would.

Huw Merriman: The attempt is to try to do something different. Perhaps you could ask your question and then I will explain a bit more about it.

Q134 Gavin Newlands: In principle, it is an attempt at simplification but it has attracted, as the Chair alluded to, criticism for an apparent reduction in flexibility and a substantial increase in some fares, particularly on the day of travel. The price of some of the cheapest available tickets on day of travel from Edinburgh to King's Cross has increased from £87 to £193, which is well over double the current price. Given those criticisms, which have been levelled by a number of people and passenger groups, have you given any consideration to potentially altering the trial midway through, or are you going to wait until the end of the trial to collate the results?

Huw Merriman: Of course, we will, via LNER, look at it with interest. We are interested in it. This comes to the very nub of ticketing and fare reform. Simplification also means taking certain tickets out of the system. That means taking tickets that may be more expensive and replacing them with cheaper tickets, but it can go the other way as well. We see that on pay-as-you-go. Of course, what we tend to see are just the cases where people need to pay more rather than paying less.

What we have now is a situation where you can still buy your anytime ticket. They tend to be more expensive. You can buy your advanced, where it is fixed for a certain time. This is a new semi-flex ticket. You have availability for 70 minutes before and after. You can swap your ticket over. The aim is that, where we have certain services that are particularly busy because passengers are utilising those, and other services where you do not have enough passengers, we are trying to thin out the service, not least because we can then give a more comfortable ride for everyone.

It is probably worth noting that 55% of the semi-flex tickets are going to be better value in terms of price than the off-peak that they are replacing. There are other caps and ticket availability proportions put into



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the system. It is not like airlines, where effectively an algorithm dictates. We have those safety measures in place. Ultimately, I believe that it will end up being an interesting exercise to work out if we can spread the load across the service day as a whole and use that basis. It also gives people the extra flexibility of being able to book 70 minutes before or after, which they would not have if they fixed their price. The only way they could get that would be if they paid the full walk-on price, which is obviously very expensive.

Q135 Gavin Newlands: We accept that simplification will inevitably lead to winners and losers initially. Obviously, there is a scale of winners and losers. If a fare is going to double, you are going to drive people away from rail. If it is £183 for a single fare, and you can fly for £30 or £40 in some cases, people will be less likely to go on trains as a result.

I see that LNER have said that they are continuing to monitor and make adjustments so that as many people as possible can access the right ticket at the right price. Presumably, those are live adjustments rather than waiting to the end of a specified trial. Obviously, people who have complained will be keen to know whether there might be changes made mid-trial rather than waiting until the end.

Huw Merriman: As at the end of January, there were over 300,000 new semi-flex fares priced at less than the old super off-peak fare in the booking horizon. Those offers are still available. I believe it is right that we take steps to try new things and to even out the service, so that we do not have services where people are crowded on and other services where there are too few passengers. This is an interesting trial—it is just a trial—to see if that type of thing will work. If it works, we would look to see other operators take it on board. If it works, but with ripples, we will look to see those ripples taken out. If it doesn't work at all, it will not be taken forward.

Q136 Gavin Newlands: I am not challenging the aims of the trial, but at the earliest opportunity it would be quite good if you could let the Committee know the results in terms of passenger numbers and the revenue that it has brought in, if there has been an increase because of the fares or a decrease per passenger.

Huw Merriman: We will certainly do that, but I can tell you that there are no commercial targets in terms of raising more money. This is about trying to get more people on to the trains at times when we can deliver a comfortable service for all, and to use price in that regard. I have given you the data—I can write to the Committee with even more—to demonstrate that we are putting deals on offer that are cheaper than they were under the previous ticketing regime.

Q137 Gavin Newlands: It would be good to contrast and compare the results of peak fare removal with what LNER are doing. I will briefly move on to the great British rail sale, which started in 2022 and we had the last sale in January this year. Do you have any data that you can share with us in



terms of the long-term effects of the sale in 2022? Have you been able to measure the benefits of this year's sale? Do you have any data on that?

Huw Merriman: It is in my head, but I can't get it out. Conrad will, but I know it has not sold as many this time as it did last time. I do not know whether we have reasons for that. Previously, it sold over a million. I think 70,000 of the tickets were to people who had previously not been using rail. We regard that one as a great success. This one has been successful, but I believe it is just over half a million.

Conrad Bailey: The numbers that we have collated at this point for this time round are £4.8 million in savings for passengers and around 650,000 tickets sold. We are still obviously analysing why that number is fewer than the first great British rail sale. My strong suspicion would be that it will be heavily driven by the fact that we had significant industrial action for a week of the rail sale period. I suspect that will have had an effect.

Q138 **Gavin Newlands:** On the long-term aspects of the 2023 sale, I think you said 70,000 folk who do not usually use rail bought tickets in that sale. How many of them have continued to be rail passengers as a result, or were they just a one-off, using the cheap tickets?

Conrad Bailey: I don't think we have that data.

Q139 **Gavin Newlands:** It may be worth pursuing that.

Conrad Bailey: It would be very useful to have it, but I don't think we have it at this moment.

Huw Merriman: We will write to you. Is it 70,000 for the last time?

Conrad Bailey: I do not have that.

Huw Merriman: I am pretty sure it is but let us write just to make sure you have the correct data. I am sure the figure was 70,000 that were new to rail. Your point is an interesting one in terms of following their story. Let us see what we can find, and we will write back to you.

Chair: For the final section of this session, it will not surprise you that a number of colleagues want to ask questions about HS2. Greg, Jack and Gavin have caught my eye. Greg, over to you.

Q140 **Greg Smith:** Indeed. It would not be a session of the Transport Select Committee without me having a pop at HS2. We had Sir Jon Thompson before us earlier in the year. He casually threw in another 10 billion quid for phase 1. Do you agree with the projected costings that he outlined for phase 1 at a previous Select Committee session? How is the Department working with HS2 Ltd to finally get to a point somehow where the nation can understand how much this thing is actually going to cost?

Huw Merriman: The last parliamentary report made it clear that there was a differential between our view on the costs and the HS2 view on the



costs. We were quite transparent in publicising that. The reason for that is twofold. First, the HS2 figure did not take into account the changes at Euston, which are now to be privately financed. Secondly, it did not take into account the expectation that we have, as a Department, with regard to the civils contracts. We are looking for HS2 to enter into a restructuring of those contracts with the industry to provide better pricing and better incentives, as well as better value to the taxpayer. It did not take into account that particular part. Our cost estimate is lower, and we reported it on that basis.

I understand the natural tension. Quite rightly, as a Department, we should always be pushing HS2 and the contractors to deliver at the best price. HS2 will perhaps always want to add other factors so that they don't feel that their pricing is changing. There is bound to be that buffer, but our job is to continue to challenge them in terms of culture and delivery for better value. That is what we are currently doing.

Q141 Greg Smith: What is your current view on the cost—in real money, not 2019 numbers, because we have all seen inflation since then—of phase 1 as it currently sits, not-central London to not-quite-central Birmingham?

Huw Merriman: HS2 has reported the cost of phase 1 as between £49 billion and £57 billion in 2019 prices. Obviously, that exceeds the funding envelope, which was agreed with us at £44.6 billion. We find that, with our bandwidth, the lowest part of that is at £45 billion. We believe that, for that lower part, we are still at the funding envelope.

I recognise that there is a differential between what we view the cost to be and what HS2 believes it to be. Those are the conversations that we are having with HS2 right now. It also takes in some work around Euston and other aspects. That comes into the price. We are more ambitious on the pricing envelope. Our report has made that quite clear. Of course, we are still on 2019 pricing, because that is what you tend to price at from a spending review perspective. I am fortunate to have the professor of Northern Rail, Nick Bisson, with me. He may want to add something.

Nick Bisson: The cost ranges just quoted—£49 billion to £57 billion and £45 billion to £54 billion—are for the historic scope of phase 1, before any of the changes from Network North. There is something to come out of those for the scope changes. There is also pressure for some of the latest prolongation, reflecting fiscal constraints, which meant that the programme is spread longer over time. All of that is currently being worked through and will be included in future reports to Parliament, when ready.

Q142 Greg Smith: I appreciate that. Can I quickly move on? Minister, you mentioned challenging HS2 on behaviour and the way they go about building this railway. It has been clear in Buckinghamshire that the tunnelling machine has left some sinkholes in its wake. The first was last year, followed by a second. Then, a couple of weeks ago, two more appeared; more disturbingly, it was significantly after the boring machine



had passed under those particular bits of land.

There has been very poor communication to Buckinghamshire residents, particularly those in that area, as to what the ongoing safety risks are. There is a big difference between a sinkhole appearing as the boring machine goes underneath and a sinkhole appearing weeks after the boring machine has gone underneath. What action is the Department taking to ensure, first, that all the ground above the tunnels is safe and secure and isn't suddenly going to collapse under people's feet—or, more likely, sheep's feet? Secondly, what is being done to improve communication with people who live in and around that area as to what on earth is going on with these sinkholes?

Huw Merriman: I apologise if the feeling was that communication was not good enough. Nick may have the papers in front of him.

From my perspective, there were another two sinkholes, which were not as large in scale as the previous two that you mentioned. One was linked to some work that took place on the front of the tunnel boring machine. We know that that was the direct cause of it. The other was linked to an unknown geological fault. That was realised once it had taken place. Both of the occurrences where the sinkholes were produced were on DFT-owned land. Align, the contractors, conversed with Buckinghamshire Council. I am told that it was satisfied with the response and what had taken place, but, of course, I will look again. I will certainly look at the communication to reassure people.

One of the tunnel boring machines—I can't remember her name—has just made the breakthrough. That happened yesterday. The other one is due to do so in a couple of weeks' time. That will complete that section of tunnel boring. It is obviously the boring that has caused the four sinkholes to occur. Is there anything that you want to add, Nick? Is that all correct?

Nick Bisson: That's okay.

Q143 **Greg Smith:** This will be my last point on this. You are right to say that the first boring machine came through. It was a bit tone deaf of HS2 to celebrate that with fireworks in the middle of a community that has been blighted for in excess of a decade by this thing.

Leaving that to one side, I want to press either you, Minister, or your officials on this point about sinkholes appearing after the boring machines have long gone. At the moment, it is a couple of weeks afterwards, but who knows what will happen in the future? What is being put in place for the long term? Let's say that another sinkhole appears in the Chilterns in a year, five years or 10 years, after all the contractors have gone and moved on to some other project somewhere, or whatever they are going to do. What protections are being put in place for communities in Buckinghamshire that could well find themselves, through these geological faults that are being discovered, with massive holes in the ground?



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Huw Merriman: It may be best if we write to make the case that these sinkholes have occurred as the machines have gone through and that that is the cause of them, and to explain why the evidence is there that would demonstrate that you should not see sinkholes occur after that pass-through has occurred. It is best if we give you the written evidence to give you that assurance.

I am sorry if you felt that the celebration was misplaced. I was not able to go there myself because I was tied up yesterday morning, so I was not aware that there were fireworks. The team have worked incredibly hard; I have been down there on those machines as they were going through. They are obviously really pleased that they have managed to deliver that breakthrough. It is an enormous engineering feat, but I am sorry if it caused a disturbance as they were celebrating their success.

Q144 **Jack Brereton:** I have a few questions. First, I want to ask about road safety audits. You are aware that we have been asking a number of questions about the road safety audit process. We have still not had satisfactory answers to some of the questions that we have asked. This week the Committee has written again to HS2 Ltd to ask them to release evidence that the road safety audit process has been carried out properly by HS2 Ltd. Minister, will you request that HS2 Ltd release all the documentary evidence that we as a Committee have asked for?

Huw Merriman: I know that you were given an assurance by Sir Jon Thompson that he would meet you to discuss that. He is very willing to do that. Obviously, you can then discuss what documentation needs to be released. My understanding is that those roads still require the same planning consent from a local authority. I know that there is a feeling that HS2 is marking its own homework, but it is the contractors that deliver those projects. HS2 is—

Q145 **Jack Brereton:** This is not about the planning process. It is about whether these roads are being constructed and planned within UK British standards. The concern is that safety standards have not been properly followed. Proper safety standards are that HS2 should not be marking its own homework. What is in line with UK design standards is that either National Highways in the case of the strategic network, or local councils in the case of a local network, should be the overseeing organisation. There are concerns that that has not happened properly.

Huw Merriman: My understanding is that HS2 is accredited to make that determination. They do not believe that they are marking their own homework. They believe that as the accredited body they are auditing the work of the contractors. Therefore, they feel that everything is in order. The reason that I mentioned the planning side was just for completeness, to demonstrate that there is also a local authority planning requirement for those roads in the first place.

Q146 **Jack Brereton:** This would not be a material consideration in a planning process. This is about the safety and design standards of these roads and



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whether those conditions have been properly adhered to.

Huw Merriman: As I said, it is right that HS2 and Sir Jon address this. I believe that the offer to meet him is with you. He will be able to take you through the reasons why they believe, first, that they have the power to make that determination, and secondly, that their determinations are correct. It comes down to the evidence, which is why I think that it is something that you should take up with him. Our understanding is that they have those powers and are properly utilising them.

Q147 **Jack Brereton:** You are saying that HS2 Ltd has the power to go over and above what are widely accepted UK design standards.

Huw Merriman: No, I am not saying that. I am saying that it is an accredited body to make a determination. How it has made that determination and ensuring that it complies is something that needs to be looked at as a case study with Sir Jon. He is very willing to do that with you.

Q148 **Jack Brereton:** I am a bit dubious about that. We have asked for some very clear evidence that we want them to supply, and that has not been forthcoming. I am not sure whether a meeting will release that, but obviously I will take it up with them.

Huw Merriman: I will make this commitment. We will ensure that you have documentary evidence that demonstrates that they are meeting those standards. That should not be an issue, Mr Brereton. If it appears that it is, we will make sure that that part is rectified.

Q149 **Jack Brereton:** There have been numerous questions about the rolling stock for HS2, particularly tilting technology and issues with numbers of doors. Most recently, concerns have been raised with me that the new rolling stock may not be able to carry as many passengers as existing Pendolino rolling stock does. Given the changes that have been made—the cancellation of phase 2—why have the Government decided to proceed with the contract for rolling stock without any changes?

Huw Merriman: The rolling stock contract was for phase 1. Obviously, phase 1 continues. Of course, as we look for the rolling stock to go beyond, we will look at the right design for the rolling stock. On length, for example, you are right; the Pendolino length is 264 metres, and the length of the rolling stock for HS2 is 200 metres. Nick can talk about this a bit more because he appeared before the Public Accounts Committee and addressed the same thing, in terms of some of our options. It is right to say to the Committee that we have not knocked anything down, because we are still looking at the service. That requires us to look at the service capabilities of the rolling stock.

Nick Bisson: The only thing I would add is that, within that evaluation of overall capacity and the use of 200-metre and 400-metre units, it remains our intention to look at options that would allow 400-metre units to run further—for example, to Crewe.



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Q150 **Jack Brereton:** In terms of potential future rolling stock, is there an option to change that contract if it is found that it is not what we need for the new services that we are going to run on the HS2 network?

Nick Bisson: At the moment, we are proceeding on the basis that is set out. We feel that there are ways of making that work. We will set it out when we do the business case work.

Q151 **Jack Brereton:** If in two or three years' time it is decided that we need to change it, is there a mechanism to do so?

Huw Merriman: There is the legal and the practical. The entire design of HS2, in terms of how our stations will look—platforms and so on—is on the basis that you are looking at 200-metre trains. Going north of Birmingham, Nick makes a point about 400-metre trains. That is something that would require quite a lot of development at Crewe, but it is possible, if we decide to have 400-metre trains go to Crewe and then to split up to Liverpool and Manchester, for example. We are looking at all of those parts.

We had this discussion recently because a colleague of ours brought a proposal where Silverstone was interested in having a halt terminal. It is important to note that it is not as straightforward as many would think because the design has already been put in place for the service to look and appear in a certain way. To change specification can sometimes mean that you are changing the design of the railway that has already been set out.

Q152 **Jack Brereton:** Is any consideration being given to using existing Pendolino rolling stock on the new network? That was initially one of the proposals.

Nick Bisson: That is not a current proposition, partly because you won't get the journey time savings and because running a significant variation in the speed mix on the London to Birmingham section would affect capacity.

Huw Merriman: Do you mean running the Pendolinos between London and Birmingham?

Q153 **Jack Brereton:** No, beyond Birmingham. There would be no benefits to running them to Birmingham.

Huw Merriman: Obviously, that line will continue.

Q154 **Jack Brereton:** I want to ask a few more questions about the Handsacre link. Jon Thompson made quite an error and had to correct what he had said about the future use of the Handsacre link, but we have still not got to the bottom of the question about why HS2 Ltd changed their original proposals to connect on to the fast lines of the west coast main line. They changed those proposals to connect on to the slow lines. We still do not understand why that happened. Do we have any answers on why that changed?



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Nick Bisson: That happened at the point when the Government of the day had taken a decision to bring forward phase 2a, with an early delivery date. What that meant was that Handsacre junction, which had originally been specified for seven HS2 trains an hour, was only going to be used in that way for a very short period before 2a opened. That is the history of why the Handsacre design got changed in the first place. It was to realise the opportunity of an efficiency saving for something that was not going to be used.

Q155 **Jack Brereton:** How could it be more cost-efficient to build a longer viaduct to connect on to the slow lines?

Nick Bisson: There was a cost saving to be had out of the engineering that was done at the time and a reduction in disruption. To come on to the forward-looking piece, within Network North, an allowance of £500 million was made to look at the connection at Handsacre and, indeed, works down the west coast. The words "fast lines" and "slow lines" are not as helpful as they might be there, because it all comes down to a two-track railway through Shugborough. The question is, are you joining the outside lines or the inside lines of the west coast? At the moment, there is a design that joins the outside. That will be less disruptive for the west coast to construct.

Our emerging view is that that is probably good enough, if you then move the freight on to the central lines before it gets there. Those are the sorts of issues we are working through with Network Rail at the moment. That is why we do not necessarily see the need to go back to the original design, which would have been more disruptive to the current west coast to build.

Q156 **Jack Brereton:** When are you looking to conclude the design of that? Obviously, you are going through the proposals now to look at what might be the alternative.

Nick Bisson: This year.

Q157 **Jack Brereton:** In terms of the issues that we are having with land on phase 2, I want to ask you again about the issues that we still have with compounds. Particularly throughout Staffordshire, we have a number of compounds. Some have been closed down now. Some still have not. We still have security costs being accumulated by the taxpayer on a number of compounds. What is the blocker that is stopping some of those compounds being closed down?

Huw Merriman: I would need to look at the specifics. There are certain utility works that, if they have been started, will need to be completed. There are also certain environmental management deliveries, which may again be concluded because it may be better for the environment for that to occur. I need to look at the absolute specifics. I am very happy to take the compound details and let you know, first, the reason why it is as it is, and, secondly, what the timescales will be for managing to take it out.



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Q158 **Jack Brereton:** It would be very helpful if you could look into that, particularly into how HS2 Ltd is communicating with parishes and communities. The lack of communication is a major concern for many of the communities where these compounds and bits of kit are still in place, as I am sure you can imagine.

Huw Merriman: Yes. I recognise that and I am sorry for it. I will take that away. Since I last came before you, I have met with the NFU and the Farming Minister to talk about how we could expedite agricultural land. If it is currently not being built on and will not need to be built on, because a railway will not be there, we need to get it back to agricultural land before it becomes fallow and makes the situation difficult for the environment. I am particularly committed to seeing what we can do to get that land away earlier.

Q159 **Jack Brereton:** Is there anything that can be done to make sure that HS2 Ltd sticks to that? There are concerns in those communities that after a future general election the decision may end up being reversed.

Huw Merriman: As things stand, both the Prime Minister, in October, and the Leader of the Opposition, this year, went to Manchester and made it clear that HS2 would not be delivered to Manchester. Both political parties seem to have said the same thing as far as that is concerned. I understand the blight issue. We are tasked with making sure that we come up with a plan that releases safeguarding on 2b, and the eastern leg, for the summer. I want to see land that, quite clearly, it is not in our interests to keep because it is not urban land—

Q160 **Jack Brereton:** You are anticipating that some of those sales may happen before the general election.

Huw Merriman: I would like to get those away early. Someone in the farming community gave me an example of 5 acres that could go back to a dairy farmer, be farmed and have food produced from it, rather than just sitting idle. Of course, that means that effectively it rewilds itself, which is no good for anyone.

Q161 **Chair:** There is the work that has been initiated by the two Mayors, Andy Burnham and Andy Street, with David Higgins, looking at alternative upgrades and new routes between the west midlands and Greater Manchester. As a Department, do you have any direct involvement in that work?

Huw Merriman: The Secretary of State and I, and lead officials, met the Mayors and David Higgins, at their request, so that we could assess the proposals they were looking at. Officials have been able to give them the access that they require, but we do not actually know what the proposals are. That is the next turn, for them to come back and explain. The Prime Minister has been clear that HS2a and 2b will not go ahead. They have a potential proposal that they may wish to advance, but we do not know what it is in that particular sense. We are trying to provide the assistance that they may need in order to do their work. At the same time, the



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Prime Minister is very clear that HS2 will not be going beyond the midlands.

Chair: The final questions are from Gavin.

Q162 **Gavin Newlands:** I will be fairly brief. Mr Brereton has covered most of my questions. In recent weeks, I have written you a letter about journey times to and from Glasgow when HS2 is introduced. The Committee has heard evidence, which has been challenged both at the Committee and on social media, but I have had many other people in support of this idea. In fact, it is not new that journey times might be an issue following the introduction of non-tilt trains. As early as 13 years ago, that issue was raised. We have had evidence that if you do not have tilting Pendolinos going up to Glasgow, the journey time lengthens by about 20 to 24 minutes. It will be the equivalent of going to Stirling, rather than Glasgow.

I have not had a response to the letter, so I do not know what the Department's formal response is. What will the journey times be from Glasgow, or, indeed, the central belt of Scotland, through to Edinburgh following the introduction of HS2?

Huw Merriman: They should be faster. I will make sure that the response you get is consistent with what Nick and I say right now. The indicative journey time savings are 30 minutes for Birmingham, 27 minutes for Manchester and 26 minutes for Liverpool. By that very definition, as you then proceed up, there should still be a journey time saving for Glasgow.

Q163 **Gavin Newlands:** In fairness, Minister, the stretch between Glasgow and Liverpool and whatnot is the stretch of track that will be most compromised by the new train sets, compared with a Pendolino.

Huw Merriman: That is why we have the half a billion pounds we are looking at in terms of how to make the capacity and timetable work up towards the north-west. As I said, the indicative levels suggest those journey time savings. As Nick said, there are certain parts of the track where you can reach higher speeds without the requirement to tilt. I mentioned the Silverstone example. It was interesting that that one stop on HS2 would add eight minutes to the journey time. The very fact that you have faster acceleration, plus the fact that you are not stopping up to Birmingham, means that you have that saving, which, in part, will last up to Glasgow.

Nick Bisson: As the Minister said, the journey time saving between London and Handsacre is of the order of 25 minutes. You will lose some of that if you don't have a tilting train to Glasgow, but not all of it.

The other big factor in what the journey time turns out to be is the stopping pattern of the train, picking up the point about Silverstone, which is the extreme example. Clearly, the more stops that it makes, the slower it will be. That is something that is still under consideration as part



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of optimising the outputs for phase 1. I anticipate that we will update on that when we restate the business case later in the year.

Q164 Gavin Newlands: To be fair, Minister, it is unlikely that you will still be in the position of Rail Minister when these services are in operation. Obviously, I am sure that you will be beyond that level. Can you give a cast-iron guarantee that not just one or two services a day that are express and miss out some stations—to the point Nick made—but the majority of services from Glasgow to London will be faster than they are now? Can you give a cast-iron guarantee that that will be the case?

Huw Merriman: In a way, you have answered your own question. I am not the type of person who, if I am not going to be here, will just say anything. That is the worst type of politician.

Q165 Gavin Newlands: If you were confident, you could.

Huw Merriman: What I can say is that we are planning on the basis that the journey time to Glasgow should be quicker because of the way we deliver this. Let me put it another way. We will do everything within the Department to make sure that is the case. While it is not necessarily a Scottish project, it is important that the benefits are there for Scottish travellers and English travellers going to Scotland. We design it on the basis that that time saving will be there because we believe that it is important for Scotland, as well as for the success of the project in England and Wales.

Chair: That brings us to the conclusion of today's session. I thank all three of you very much indeed for your time and for answering our questions. I hope that the Minister's leg or ankle—whatever was causing problems—is fully restored.

Huw Merriman: I will limp on.

Chair: Again, thank you very much for your time. We look forward to receiving information on the issues on which you have undertaken to write to us.