

Transport Committee

Oral evidence: Responsibilities of the Secretary of State for Transport, HC 1169

Wednesday 3 February 2021

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

Questions 1 - 83

Witnesses

I: Rt Hon Grant Shapps MP, Secretary of State, Department for Transport; and Gareth Davies, Director General, Aviation, Maritime, International and Security Group, Department for Transport.



Examination of witnesses

Witnesses: Grant Shapps and Gareth Davies.

Q1 Chair: This is the Transport Select Committee's catch-up evidence session with the Secretary of State to talk all things transport. During the session we intend to go through a number of topics: congestion at ports and borders; Eurostar and the channel tunnel; the impact of the pandemic on aviation and the rail sector; Transport for London funding; active travel measures during the pandemic; the impact of the pandemic on the taxi and haulage industry; the impact of the pandemic on driver practical and theory tests; the covid-19 outbreak at the DVLA; smart motorways; the transition to zero emission vehicles; and accessibility.

That is quite a long list. On that note, I ask the witnesses to introduce themselves.

Grant Shapps: I am the Secretary of State for Transport, Grant Shapps. It is a pleasure to be with you today, along with the director general. I'll let Gareth introduce himself.

Gareth Davies: I am Gareth Davies, director general for aviation, maritime, international and security at the Department for Transport.

Q2 Chair: Secretary of State and Gareth Davies, thank you very much for being with us. As that list shows, there is an awful lot going on in the Department. We are grateful for your time.

Perhaps I can start with a general departmental overview. Secretary of State, I have previously opened up these sessions during the pandemic by asking you about the challenges in the Department. I want to broaden the opening at this time and talk about the challenges for the Department interacting with other parts of Whitehall. So many of the decisions that you are making require the other Departments to link in that I wondered how those challenges were working out.

Grant Shapps: Thank you very much, Chair. The formal Whitehall process, specifically with regard to covid and the outbreak, takes place through a Cabinet Sub-Committee called Covid-O, which meets very regularly. Covid-O has been the primary organ through which many of the decisions that have emanated from, or impacted on, DFT have been made. Covid-Os are ordinarily chaired either by the CDL or by the Prime Minister. That has been the decision-making process. It has been pretty satisfactory from our point of view. There are always necessary tensions within different Government departmental responsibilities, which properly need to be resolved somewhere to find a position of common agreement and collective responsibility. Covid-O has been that place.

Q3 Chair: In terms of those necessary tensions, which no doubt make for good decision making, there are Departments that are more on the preventive side—the Home Office and the Department of Health—and those that are more on the business, delivery and revenue side, the



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Treasury, BEIS and of course the Department for Transport. Is that where we tend to see the tensions? If we take border control as a good example, how have they worked their way through it?

Grant Shapps: I often see it oversimplified and characterised like that in the media. In fact, sometimes I wake up and I am surprised to find out what I apparently now think and how my view has shifted, none of which is usually true at all. It is never quite as clear cut as you might think. I have frequently found that the view that you might most expect to come from one Department or another has not been its prevailing view, and it actually has a wider perspective on an issue.

To give you an example, all Departments are primarily concerned with getting on top of, and dealing with, coronavirus. That applies to DFT as much as it will apply to Treasury or anyone else, because we recognise that we cannot get either transport or the economy going until we have dealt with covid. On the other hand, you might imagine that, randomly, Health would be there saying, "No, no, no," to everything, but that is usually not their position, largely because a Department like Health is driven by the facts and the science. The scientists will often say, "Although this is the common belief about X coronavirus subject, actually the science does not lead you immediately to doing Y in order to resolve X." I have found that process, again, to be very satisfactory.

Q4 **Chair:** Talking about the media, it came to my attention this morning that the Secretary of State for Health has been doing the media round and has been talking about strengthening further the controls we have at the border, which will require quarantine for travellers from 33 countries, and seems to be an evidence-based approach. This morning he was talking about going even further. Can you tell us a little more about the policy and how it is likely to develop?

Grant Shapps: The most important thing is to try to do whatever we can to prevent mutations of coronavirus here. I think I am right in saying that there have been more than 12,000 mutations so far in coronavirus; they take place all the time. We get mutations on the mutations, so the Kent variant now has a mutation. I think what the Health Secretary was saying this morning is common sense. We need to keep a very close eye on it, and develop and evolve policy as we see mutations develop.

To sum up, whereas previously we were looking at the number and spread of cases, and that guided things like travel corridors, now we are very interested in the variants in cases. Rather than prevalence, it is variance that is driving this now. We will follow the science wherever it takes us. At the moment, as you rightly point out, there are 33 countries. It may go to more in the future. We simply do not know until the virus decides what it is going to do.

Q5 **Chair:** Aren't those who seem to want to turn the UK into New Zealand being a little simplistic, and not thinking through what would occur, given that we are 27 miles away from mainland Europe where a lot of our trade



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comes through? We could end up closing our borders to countries that are safer than us in terms of covid rates, and that deliver what we need to keep us going, as well as us exporting to them. Do you think there is a tendency to think simplistically and that it has not been well thought through by those who argue for more restrictions?

Grant Shapps: What tends to happen is that people say, “Why don’t we just close down and then we will be safe?” Of course, we would not be safe because we are an island nation, unlike Australia, which is an entire continent. That means that we need to get medicines and food in. We need to get our raw materials in. Sometimes, we have to move people around, such as scientists and others. If we were not doing those things, we simply would not be combating this crisis. In fact, specifically, we would not have had things like the medicines we needed, or indeed the vaccinations, some of which are manufactured in Europe, only 20 miles away at its closest point from Dover to Cap Gris-Nez.

The idea that the UK could completely batten down its hatches and remain battened down for a year is mistaken. The evidence that that is the only thing you need to do, or even the primary thing you need to do, is also pretty shaky. We have seen other countries that have gone for lockdowns in various ways. The United States, in particular, did not have a social lockdown, but they have not allowed anybody in from Europe or from the UK or from many other countries for a year from 12 March, but they have still suffered the worst corona outbreak in the world. It just ain’t that simple. That is the point I would make.

Chair: Thank you for the opening. From international to Transport for London funding.

Q6 **Ruth Cadbury:** Thank you for attending today, Secretary of State. I want to ask a question that looks beyond the pandemic to the longer-term funding settlement to enable financial sustainability for TfL. Time is short, because you have told us that you expect this to be agreed with the Mayor of London in March.

At the last Transport oral questions, you seemed to be dismissive of two options that could raise around £500 million per year for TfL. One was that London retains its share of vehicle excise duty and the other was a possible Greater London boundary charge levied on non-London residents. Both are possible, but you did not seem keen on them. Do you have an alternative?

Grant Shapps: First of all, thanks very much for the question. I know you want to look forward, but it is worth pointing out that we have already provided up to £3.3 billion of funding for TfL. The first was £1.6 billion and the second was a similar number. It was £1.7 billion and then up to £1.6 billion. It runs out on 31 March, as you rightly say.

Of course, what I have to do as Secretary of State for Transport for the whole of the country is come up with measures that are fair to everybody. At the moment, Londoners get various concessions that are



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not available to voters in, for example, my constituency in Hertfordshire or the constituencies of many others on the Select Committee and in the House. As a matter of fairness, we have to make sure that we are not funding things for London that we do not enjoy for our own constituents and other taxpayers. That is the balance.

You ask about a couple of specific measures. As I said in the House last week, it is very nice if you are the London Mayor. Why not say, "Just give me vehicle excise duty, the receipts from income tax or another national tax, which I will spend locally, thank you very much, and that will sort it all out"? The answer is that we have a national Government, and the Chancellor has to decide where resources are collected and spent. I do not think there can simply be a new part of the national tax base where the Mayor simply says, "It will sort my problems out if you give it to me."

I think, instead, the Mayor needs to do more of what he has been doing. He has offered and made a commitment to save £160 million in this funding settlement on the costs of making TfL more sustainable. The Mayor made decisions that are perfectly legitimate; he is elected as Mayor. But, as I pointed out in the House, he decided to freeze the increase in fares for four years. I had to stand up last year and talk about the increases in train fares. It is not a popular or nice thing to have to do as a leader, but you know that that money has to be invested. When you do not raise it, you lose out on that money. He has lost out on over £640 million by not increasing them. It is very important that there is responsibility on both sides. The Mayor will need to make savings. I do not think he can simply raid the national budget and say, "Well, if I had a bit of that I would be okay." I am sure he would, but it is not the way forward.

On boundary charges, again it is very easy to charge people who are not your electorate. It is the basis of no taxation without representation, and putting on a boundary charge seems to fit into that category to me.

Q7 Ruth Cadbury: You clearly see the capital city's transport funded only by the residents of the capital city and farepayers, and from no other national source. That is a political choice. We are talking about £500 million a year. You mentioned removing free travel for under-18s. How much net do you believe that will raise, given that around 40% of 18s and under are eligible for concessionary fares under the national scheme? You would have to create a bureaucracy to manage that, because it does not exist in London. What do you think is the net benefit of ending free travel for under-18s?

Grant Shapps: By the way, I love the idea of having free travel. I would love to have free travel for my kids, two of whom are under 18. We would all love that, but somebody has to pay for it, and these figures run into tens and eventually hundreds of millions of pounds.

Ruth, I do not have the exact figure on me, but I will write back to you with the number. When the Mayor committed to making those savings of



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£160 million, it was connected to the costs of concessionary fares. We see that it runs into hundreds of millions. I would love everyone to have free travel, but we all manage elsewhere, outside London, to make those decisions. The bureaucracy that you talk about exists everywhere else. That is the point I am making.

I want Londoners to have concessionary travel. I want my constituents to have concessionary travel, but we have to accept that somewhere along the line all this stuff has to be paid for. I have no problem with that being provided in London. There is just a limit to the extent to which the taxpayer nationally can pay for benefits that only exist in London itself.

Ruth Cadbury: Thank you, Chair.

Q8 **Greg Smith:** Good morning, Secretary of State. I want to pick up the point I very much agree with you on, which is that all of this has to be paid for, and ask you where the best point of balance really sits. The point you make is a very valid one about concessions that Londoners have historically had compared with other parts of the country that have not. I accept that it is a devolved matter, but if, for example, the boundary charge comes in—on top of the high congestion charge and on top of the ULEZ—it will be £32.50 for one of my constituents or one of your constituents to drive into London on a daily basis.

Now that TfL has had to have such seismic bail-outs on multiple occasions, is there a role for national Government to step in and say, “This just can’t happen in the interests of non-Londoners and in the interests of keeping London open for business as soon as we are out of the pandemic”?

Grant Shapps: It is something I would have to have a very close look at. I have not had a formal request on boundary charges or entry charges. It is something I would have to look at very carefully. As I said in the response before, we cannot have a situation where a devolved Administration in one place essentially just pins the cost on people who live elsewhere. It is very much a taxation without representation issue if you get into that. It is simply a fundraising mechanism to provide benefits to your own electorate that you represent at the cost of people who are outside your boundary.

To answer your question, yes, we would have serious concerns about that. I have not seen any formal proposal but, when I do, I will look at it very carefully indeed.

Q9 **Greg Smith:** Thank you, Secretary of State. You referenced in some of your earlier answers the effect of certain decisions that the Mayor of London took. You are quite right to say that he took them legitimately as the elected Mayor of London—for example, the fares freeze. I have a briefing that suggests that some of the decisions taken by the Mayor stack up to nearly £10 billion of spending that has led TfL to this position. There has seemingly been a 30% increase in TfL debt during his mayoralty, for example. That leads to an additional £1.5 billion in interest



spending.

Given that the national taxpayer, the Treasury, is having to bail out TfL during the pandemic, do you think there is a need to be stricter with some of the conditionality on those bail-outs to try to get the core TfL finances back under control?

Grant Shapps: First of all, I want to be completely fair to the Mayor and say this. No one expected coronavirus to come along. In doing so, it has of course decimated TfL's finances. It would have been unworkable and unfair not to have bailed out TfL up to the £3.3 billion that I mentioned.

To your point, it is also the case—to be objective—to say that there have been costs that have not been best managed. I am thinking about Crossrail. Its failure to deliver on time has pushed it £5.2 billion over budget. That money has to come from somewhere. I am thinking about the TfL pensions, which have not been reformed: £828 million. I am thinking about the fare freeze that I mentioned before: £640 million. That is a decision that you make to be popular at the time, and it is very popular not to raise fares, but unfortunately it has a cost. Fares not collected and fare dodging: £400 million. That is money which adds up.

You cannot then, through your own administrative decisions, come to the taxpayers in the rest of the country and say, "Oi, could you just stump up for that? We'll have a bit of vehicle excise duty to make up for these things." No, that would not be fair. It goes well beyond the impact of coronavirus. That is something that we cannot have on behalf of the whole country.

Q10 Greg Smith: I certainly was not making the case that TfL should not have been bailed out because of coronavirus. Clearly, that has affected everybody deeply.

For my last question, I would like to tease out a little bit more how the national bail-out can be conditioned for TfL going forward. The Mayor of London, for example, looks to have raised his share of council tax in London by considerable numbers during his period in office, in part, it has been explained, to fund some of the concessions we were talking about earlier.

Are we satisfied that there is not some double counting going on, in that on the one hand the Mayor is raising council tax to pay for something and then coming to national Government to say, "Please sir, can I have some more?" Are we certain that there is not some double counting going on, and that TfL actually does have some resource from the local decisions made to increase council tax?

Grant Shapps: You have to separate TfL management from the political decisions that are made, or the administrative political decisions that are made, quite properly. I am not saying it is wrong; it is what a Mayor does, of course. I have just listed the costs of some of those decisions.



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The Mayor has come up with a TfL financial sustainability plan, which we are studying at the moment. It includes a number of different measures, some of which you have mentioned. There is an increase in council tax. I think at band D it is between £31 and £32 or something like that, half of which would go towards funding TfL.

I am not sure if this is what you are getting at, but I don't think the Mayor is exaggerating the problems of TfL. Let's be completely blunt: we are asking people to stay at home. Very few people are using the network. TfL gets a large amount of its income from people using the network. Although I have criticisms of various different aspects, including at the beginning the Mayor, who, when Government policy was to say that people should go to work for construction purposes, told the construction workers on Crossrail not to in the first lockdown, overall it would be unfair to say that there is not a genuine issue.

I do not see evidence of double counting. I see evidence of decisions made earlier that have made this much harder to deal with now. They run into the hundreds of millions and indeed billions of pounds, but that certainly is not the whole picture.

Chair: We are going to move on to congestion at the ports and borders.

Q11 **Grahame Morris:** Good morning, Mr Davies and Secretary of State. As the Chairman indicated, I have some questions about congestion at ports and borders. Perhaps I might begin with a general question for the Secretary of State. Before the end of the transition period on 31 December, a lot of background work went on behind the scenes to try to ensure that goods would continue to flow across the border smoothly. What assessment have you made of the flow of exports, and indeed imports, to and from the UK since 1 January?

Grant Shapps: First of all, I have sat in 180 different XO meetings—the Brexit operation meetings that planned for the end of the transition period. You will have seen the Government's own reasonable worst-case projections. Certainly, there was talk in the newspapers many times of queues of lorries for 10, 20, 30 or 40 miles, none of which we saw as a result of the end of the transition period. We saw all of that, and more, when the French border was closed, but that was unrelated to Brexit and was to do with covid, in the lead-up to Christmas.

In terms of border flow, I can tell the Committee that the latest information is that there are nearly 6,000 trucks a day, which is probably about 1,000 under where you might expect it to be at this time of year, from what it was last year. It is somewhat difficult to be definitive about what we would expect, simply because there was a lot of stockpiling going on. There was a lot of concern about disruption that has not materialised, but of course that could be because there was stockpiling going on, so we did not see problems in January.



There is good flow. On Friday, for example, it looks like there were about 5,800 or 5,900 departures of HGVs across the short straits. That is both Eurotunnel and the port of Dover.

The other thing that is worth reporting to the Committee is that in the same week—that last week of preparation for Brexit terms or the end of the transition period—there were turn-backs for non-compliance of paperwork, but they now also include lorries that turn up and the haulier has not had a covid test. They were running in the last week at under 3%, so there are very low levels of turn-back, and the flow has come up throughout the whole of January to nearly normal levels.

Q12 Grahame Morris: Thank you. I want to come back in relation to congestion because certainly I and other members of the Committee are receiving conflicting reports from road hauliers in our own constituencies about the problems and issues.

I have a specific question about the relaxation of HGV rules, the drivers' hours rules and statutory rest periods. Historically, when those regulations have been relaxed, it has been for a very specific reason and for very particular sections of the industry. The latest relaxation covers practically every professional heavy goods vehicle driver in the country, including those delivering to the UK from other countries.

We are all aware that the fundamental purpose of the regulations is road safety for drivers and other road users. I am very interested in hearing your view. Clearly, the Government have adopted a very broad definition in the regulations of exceptional circumstances, which means both the circumstances arising from covid that you alluded to earlier in the pandemic or, indeed, from the withdrawal of the UK from the European Union.

The relaxation of the rules is bringing about issues of congestion. I will come back to that in a second. I would be interested in your thoughts about statutory rest periods. Unite the union, my union, is not averse to this, but it feels that it is in everyone's interests that drivers and hauliers should be involved in discussions on the terms of that relaxation.

Grant Shapps: First of all, on the congestion thing, I really want to nail it. I am looking on a separate screen at the traffic at the Eurotunnel port. It looks like a very standard day. It is how it would have looked last year. At the gate where traffic enters, there are no great queues. As I say, I see no evidence at all that traffic is not flowing. I want to hear about any reports of congestion. I monitor this. Twice a day, I have sitreps. I have been studying them intensely since the beginning of the year. We have a unit that has not yet stood down looking at this. We have had no reports, so if you have any please let me have them.

On drivers' hours, I can reassure your colleagues. This is not something that I intend to leave as a permanent situation. We have not one but two potential large disrupters. One was of course Brexit and the additional paperwork. As I say, we did not get to the reasonable worst-case



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scenarios of paperwork. It has very much settled down, with the exception of two issues that we will no doubt discuss later—fish and Northern Ireland, or GB to Northern Ireland or GB to Eire. The flow through the short straits is very smooth. That was one issue.

The other issue is covid testing. That was all taking place at Manston, where there was a flow issue. Subsequently, I have brought it back to the information and advice sites for hauliers that were set up for Brexit. We are now using 39 of them to pre-test hauliers before they get into Kent, in order to manage traffic flow better and, ultimately, to stop traffic having to re-route perhaps 40 or even 60 miles to Manston to get to the port. It is only temporary. It is only in place until March. I do not anticipate it being renewed unless there is some other measure. We could not run the risk with France, the Netherlands, and perhaps other countries requiring lateral flow tests, of drivers ending up getting stuck because they were waiting for their test results somewhere.

Q13 **Grahame Morris:** I know you want to move on, Chair, and I still have a couple of questions, but can I respond to that?

Secretary of State, you mentioned congestion in Kent and the efforts that were being made to carry out tests elsewhere, presumably in Thurrock, which I think is in Essex. I and other members of the Committee have received reports that there are not just congestion issues in Kent, which were reported on the TV news, but that impacts are being felt further afield. I have received reports from drivers who could not find places to park to take their statutory rest break, as I mentioned earlier, due to service areas being full of drivers trying to get covid tests and to have customs documents checked. In one instance, over 200 drivers were queueing outside Thurrock services. There are road safety issues there. I wanted to flag that up with you, and I have made that point.

Another point that has been in the news over the last couple of days concerns the challenges at the Irish sea border. How are you addressing them to ensure that we have a clear flow of trade?

Grant Shapps: To come back on the congestion point, it has always happened. Before covid, you sometimes got lorries in locations. It is very important that we have as many locations as possible for testing to take place. As I say, I have 39 outside Kent now, in addition to the Kent sites. We are trying to spread it as far as possible. Whenever there are any reports, we are into them very quickly indeed. I am even looking at whether we temporarily need to open additional sites for testing and those types of things.

I should tell the Committee that we have now tested 150,000 hauliers with lateral flow tests and sent those results across. By any measure, it has been a pretty successful process, having cleared something like 10,000 lorries in Kent. You are very welcome to pass any details of congestion to me and the Department. I will absolutely jump all over it,



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including looking at whether we need to provide advice for hauliers to go elsewhere and the rest of it.

The second part of your question was with regard to what is happening on the Holyhead route. Is that the point you were making?

Q14 Grahame Morris: I know that some of these issues are HMRC things, but the challenges at the Irish sea border have been very much in the news. I was wondering what you could do, Secretary of State, in your capacity. How have you identified the problems and what actions are you taking to alleviate them?

Grant Shapps: With regard to the Northern Ireland crossing, it is, as you say, slightly outside the Transport-specific remit, in that it is an HMRC issue to do with the Northern Ireland protocol. Committee members will have noted that some of the checks have been temporarily suspended, particularly on animal origin, at Larne and Belfast. I know that the CDL is meeting his counterpart today, the EU Commission Vice-President, to have a look at that.

Some of these issues are things that have just been smoothed out in the initial opening days after the transition period. We were seeing some stories about supermarkets and things, which we are not seeing so much now. Of course, others play into what we unfortunately saw happen last Friday with the EU Commission saying that it was going to make changes, which it then reversed. I think the meeting today will focus on trying to get sensible measures in place. I do not think we should be using article 16 on our side or, indeed, on the EU side. We just need to make sure that the border is capable of flowing smoothly.

It is not a traffic management issue per se on the border, so I am not ideally placed to give you answers about the veterinary side. That is DEFRA. There is the HMRC side and, of course, the aspects of the Northern Ireland protocol that the Chancellor of the Duchy of Lancaster is dealing with.

In finishing off, I just want to mention that it was Waterbrook, which is an HMRC transit site, that attracted the only queues that I have seen at all in Kent. There was a traffic management issue to do with people, at the time, not being able to get into Sevington. It was on a single day, and it was dealt with a couple of weeks ago.

Q15 Grahame Morris: Related to your previous answer about Northern Ireland, and some of these issues being not exactly traffic management issues, but broader issues, you may recall that before Christmas, on 21 December, you told a joint meeting of the Transport Committee and the International Trade Committee that in your opinion there was “no immediate role for the military” to help alleviate congestion at UK ports.

You also mentioned that there was a peak in demand before Christmas for global container shipping. What is the current status? Is that still your opinion? Are there any circumstances when the military would be called



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on to assist? Do you acknowledge the increase in costs of shipping containers and the impact that is going to have on prices of commodities in the shops?

Grant Shapps: Yes, but it is a global cost. It is not to do specifically with Brexit, for example. It happened, if you remember, at container ports before the end of the transition period. Globally, from San Francisco to the UK to the far east, ports have been extremely busy and the numbers of containers available have been restricted. Therefore, prices had gone up in order to deal with that. We had some issues at Felixstowe and elsewhere, which I am sure you are referring to.

I said at the time that, if the situation did not improve, I would stop at nothing, including signing what is called a MACA agreement to call in the military. It was not necessary; the situation has subsided somewhat, and there are no plans to do that at all. Having said that, when I needed the military, which was when the French closed the borders before Christmas, I had no hesitation in calling them in. In fact, I place on record at the Committee my sincere gratitude and thanks to the military, working with NHS Test and Trace. They got 10,000 lorries cleared in Kent in two or three days. It was quite a phenomenal operation. They are the ultimate back-up.

The ports are busy globally and with higher prices, but goods are flowing at near normal levels. Given the pandemic and everything else that is going on, it has been miraculous. Those in the freight sector are rarely cheered on as heroes. When people think of key worker heroes, they are not necessarily the first people they think of, but they should be. They have kept the medicines flowing and the food on the shelves. They have done a terrific job under enormous pressure throughout this whole period.

Grahame Morris: Thank you.

Chair: We are going to move to the impact of the pandemic on aviation.

Q16 **Ruth Cadbury:** Secretary of State, it has been reported that some senior figures in Government want hotel-mandated quarantine for all incoming travellers, but a more nuanced policy has been put in place. Why do you think that more nuanced policy is appropriate at this time?

Grant Shapps: As I was saying before, we have to think carefully about what we wish for and what the outcomes of different policies would be. Let's say, notionally, that we decided that we were going to shut down Britain and close our borders. We would have to have exceptions, of course. We have just spent an awful lot of time talking about freight movements in and out of the country. There are 6,000 hauliers a day just via the short straits, and that is only about 20% of all the freight in and out. Unaccompanied is much bigger than that. Do you allow that or don't you allow it? What happens to the medicine flow? How do you get food on the shelves? As I say, we are not an entire continent like the USA or Australia. We rely very heavily on our very close connections with our



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friends and partners, particularly in Europe, but elsewhere around the world as well, so we have to consider the practicalities of what we propose.

In normal times, 70% of air freight would come in the bellyhold of passenger aircraft. Even during the crisis, it has still been 40%. Again, we could put a lot more upward pressure on the cost of those containers that Mr Morris was just talking about if we make very rash decisions.

Look folks, unfortunately we have coronavirus, as we all know. We have had it at fairly high levels, so we must not wrongly jump to the conclusion that someone being elsewhere, particularly in a location with lower levels of coronavirus, is from a scientific point of view automatically problematic. As I said before, it is not so much about prevalence now but about variants, and that is what we are very keen to prevent.

That is a sort of overview of how we have come to this position and this policy, but there is a lot else, including quarantine, which we have had in place for a long time, and now pre-departure testing as well.

Q17 Ruth Cadbury: Thank you. More people are going to be hit by the rules for quarantine—for example, those coming home from red-listed countries where they may have been for essential reasons such as family illness and bereavement. I am not alone in having constituents in that position, who are really worried about how they are going to be able to afford the cost of a hotel for 10 days. Will such travellers be offered financial assistance from the Government?

Grant Shapps: No, but bear in mind that the 33 countries on the so-called red list at the moment, which do not have direct flights to us, are places where people will have known for quite some time that there were issues. The numbers that we expect to see returning will be quite low. They are probably people who either have dual nationality or have been long-term in those locations, and they may decide to stick it out for a period of time. The numbers will be relatively small. It goes to answering your question about why not just do it everywhere. The answer is that you multiply the repatriation issues that it would create very quickly if you do that.

Q18 Ruth Cadbury: My final question in this batch, before handing over to colleagues, is a constituency issue for myself and many of our colleagues. Unemployment levels in constituencies around the UK's five largest airports have increased by an average of 35% since last March, compared with surrounding areas. What steps are you taking to help aviation communities recover from the pandemic?

Grant Shapps: It is hard to think of a sector—hospitality, I guess, but few others—that will have suffered more than aviation in this crisis. They were first in and are still very much struggling. The answer specifically is £7.2 billion. I just had a tot-up before coming to the Committee, and this is how I get to it. We have provided, as the Committee knows, furlough



to 55,000 aviation staff, which will include many of the people in the surrounding areas in nearby constituencies, particularly near the large airports. Many of those 55,000 will come under that. Furlough is thought to be worth between £1 billion and £2 billion for those 55,000 staff during the period.

Secondly, we have provided CCFF—the covid corporate financing facility for various different aviation—

Q19 Ruth Cadbury: Excuse me for interrupting, Secretary of State. We know those statistics because they are generic. I am talking about specifics for aviation communities, on the basis that, unlike hospitality, aviation will be the sector that takes longest to recover, and many jobs will not return. Many of my constituents cannot wait two to three years to get a job. Many of them are not eligible for furlough. We need geographic-specific support such as reskilling, support for start-ups in other sectors and support for other employers in other sectors that are geographic specific, over and on top of the generic help that is already being given in all sectors.

Grant Shapps: I take your point. I hope you will let me complete this point because I do not think the up to £7.2 billion figure has been mentioned anywhere else before as an aviation package as a whole. I will definitely address your point as well.

Very briefly, there is £1 billion to £2 billion on furlough. Then there is money for the CCFF scheme of around £3 billion. There is money from UK Export Finance. Again, to be clear, that goes to the airlines that are in trouble, as you rightly point out, and that money has added up to £3.4 billion from UK Export Finance. The total is up to £7.2 billion.

You are right in saying that the money needs to go specifically to constituents who are not able to work. I am not clear why those individuals would not, if they are furloughed, be receiving furlough. They would be, of course, but your wider point is correct, which is that, sadly, a lot of people in the aviation sector will have lost their jobs because there have been redundancies as airlines have not been able to fly.

There are wider measures in place through my colleagues, particularly the Secretary of State at DWP, for retraining and opportunities to enter new sectors, but I do not want to oversimplify. There is no doubt that unemployment has risen. I think it is at 5% now. It is only through the extraordinary and generous actions of things like the furlough scheme that it has not gone very much higher, given what has happened.

We now have first injections, probably by the end of today, in 10 million arms, and I think we can see a way through this. We want to get aviation back into the air. I will be providing an aviation recovery approach just as soon as we can see the mapping out. We know that the Prime Minister will say more about the roadmap out of the lockdowns and the rest of it, and will be starting to lay that out on 22 February. I will be coming up



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with an aviation recovery plan as well, which I think will be of great interest.

Ruth Cadbury: Thank you very much, Secretary of State.

Q20 **Simon Jupp:** In the last couple of days we have seen the Government's multimillion pound support schemes for regional airports open up. We know that means they can apply for up to £8 million per airport, which is a real lifeline to airports, including Exeter airport in my constituency.

Over the last two weeks, we have heard a lot of talk about the great British summer, in what appears to be a clear steer away from foreign travel. Can you give us your thinking on whether more targeted support for the sector is on the cards if, for example, you are asking people to stay in this country and holiday, for example, in the south-west?

Grant Shapps: Any Government who are wise avoid telling people how they should spend their time and what they should do. Coronavirus is a fact, and we have to make sure that people are aware of what they are allowed and not allowed to do. Right now, you cannot travel. You cannot travel in this country and you cannot travel internationally. It is the same rule everywhere, as far as that is concerned.

Thank you for mentioning the business rate relief, which essentially will provide free business rates for, I think, 22 of the 25 airports. I might have that number wrong by one or two. They will, essentially, pay no business rates during 2020-21, since the coronavirus started.

I think we will probably fight shy of providing distinct and specific guidance to people about how they should spend their summer. To answer the obvious question, I do not know at this stage what the situation will be. None of us does. We have to wait and see. The early signs are encouraging, with both the exceptional roll-out of the coronavirus vaccine and the excellent news overnight from Oxford about the efficacy of the vaccine in not spreading it further.

All those things are positive, and of course we can do them in this country, but they need to be done worldwide, particularly in places where people might go. In a sense, your question invites me not only to work out the roll-out here, which we are quite confident in, but also the roll-out elsewhere, over which we have less control.

Q21 **Simon Jupp:** Going back to the point about targeted support for the sector, the furlough scheme has provided a real lifeline for airports, which in some cases have no flights going in or out of them. Newquay airport in Cornwall, for example, has been closed for a couple of months. That ends in a few months' time. It is a really big pinch point for airport operators. Paying the full salaries of staff could be too much for some of them.

What discussions have you had ahead of the Budget next month to make sure that the jobs that the Government have worked so hard to protect, in sectors that you have admitted are going to take longer to recover, are



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not just lost over a cliff edge in a couple of months' time when furlough ends?

Grant Shapps: I spent quite a bit of time going through the loans and guarantees to aviation. The furlough part of it has absolutely been at the heart of it. It has applied not only to the airlines and airports but to everybody in aviation.

Of course, I have regular conversations with the Chancellor and Treasury about these matters. The Chancellor will be making his range of judgments based on where we are with coronavirus as we get to the Budget, and what the likely route out looks like. It is too early now and, frankly, it is not my decision to make. The Chancellor will need to make it. Is he aware of it? Very much so. We have these conversations continuously. As I said before, aviation has been the hardest hit. That is why I was very keen to tot up the total support of £7.2 billion of loans and guarantees, the business rate things and furlough, to show that there has been a very large multibillion pound package of support. We will keep it under constant review. The Chancellor will take that into account as he sees the roll-out of the vaccine and the trajectory of the virus when he comes to the Budget and other fiscal events.

Q22 **Simon Jupp:** I mentioned the support for airports. My understanding over the last couple of months has been that specific airlines facing dire financial consequences as a result of this have been able to approach Government to negotiate with them about specific support for their business. What has the take-up been like at those conversations, and has it resulted in support going to many airlines based in the United Kingdom?

Grant Shapps: It is true to say that airlines have largely used three different forms of guarantees and loans. The first has been through ordinary banking. We have seen quite a bit of that. The second has been through schemes like the Bank of England's covid corporate financing facility—CCFF—where we have seen quite large take-up, something like £3 billion, I believe. The third has been through guarantees for loans using UK Export Finance. We have seen two large airlines use that particular route. Those have been the primary approaches to the billions that have been available in loans and guarantees to support those companies.

Q23 **Simon Jupp:** Before I briefly move on to the aviation recovery plan that you mentioned when Ruth was asking questions a few moments ago, one of the key things is that the aviation sector is going to take a while to recover. The closure of any regional airport would level down a region rather than level it up.

One of the Government policies that would help many regional airports is the introduction of free ports, for example. The closing date for expressions of interest is in two days. If, for example, a region needs more time to put together a bid, or it has not actually looked at the idea



yet because obviously there is a draw on the amount of time people have at the moment, are you considering further rounds to bid for the opportunity for free ports? It is a really dynamic policy.

Grant Shapps: It is a great policy. It is very exciting. It was in our manifesto. We have now been running it for well over a year as a concept and as an idea. I think that was a bid to reopen it and extend it. I cannot promise that, I am afraid. There will be 10 in the first round. You never know we might do more in the future, but that is not a specific policy right now. I know that areas have been putting a lot of time and energy into it.

Without wishing to disappoint you, I do not think there is likely to be an extension—at least I am not aware of that—but, as you rightly say, it is a very exciting policy that could and will be transformational for a number of different areas through their ports. We do not describe the type of port, so it could be a seaport or an airport, or a combination.

Q24 **Simon Jupp:** The aviation recovery plan is absolutely crucial. To restore confidence in the aviation sector and give people the opportunity to travel again is really important for many jobs up and down the country. Can you confirm that aviation and international travel will be explicitly included in the Government's exit plan when the PM brings it before Parliament on 22 February?

Grant Shapps: The 22 February will be a roadmap. Perhaps the dates are seared in my mind because it was the restart of transport and I was concerned to get it right. Last time round, it was 1 June, 15 June and 4 July. I remember all those dates very clearly, as trains were going to get busier and the rest of it.

The Prime Minister will be laying out an approach that will say, "If we are here by this time, then we would look to be able to do this." I do not think it will be as specific as "and this sector will do X, Y and Z." I do not think we will be at that level of detail at that time, not least because we do not control this virus, as I am fond of saying. The control of the virus is in the hands of all of us—many millions of hands—and the extent to which we follow the message of the day, which at the moment is stay at home, and whatever the messages are in the future. Those are the only things that can control the spread—in addition to the vaccine now, of course. I do not want to over-promise something that the Prime Minister will not then stand up and say.

What I can promise, though, is that the aviation recovery plan will go into specific detail. It will be a strategic framework for the medium and long-term recovery of the sector. It will be looking at what has happened and, frankly, looking to take advantage in some ways of what has happened. Combined with the end of the transition period, we now have flexibilities that did not exist before—for example, on the way that slots are used at the busiest airports. That is one of the powers that has returned domestically. We have more flexibility, and we can perhaps look at more



interesting things, perhaps introducing more competition and so on and so forth. There are lots of specifics that we will get into in the aviation recovery plan when that comes.

Q25 Simon Jupp: I know you hate committing to dates, but when can we see the aviation recovery plan? An awful lot of people will be waiting for it, not least people who work in airports, airlines and travel companies, and many others up and down the country.

Grant Shapps: The best I can give you right now is later this year. That is not to be evasive. It is just that we do not know, and I cannot tell you precisely, what the path of the coronavirus will be. I think in the next few weeks it will become a lot clearer. We are already working on aspects of it and have been for some time. It is not that we are not working on it. I do not want to commit to a published date. As we have seen many times with the coronavirus, it does not quite follow our published dates, for the reasons I just discussed.

Simon Jupp: Thank you, Secretary of State.

Q26 Gavin Newlands: Good morning, Secretary of State. I have a quick point. The coronavirus is an ever-moving beast, but obviously for many tens of thousands of workers and businesses "later in the year" will come too late, and many will be out of a job by that point.

I want to come back on the quarantine situation. You said you were following the science, but that is perhaps a little disingenuous. A great many scientists are hugely concerned about importation of covid-19 variants, and they would prefer to see the approach that the Scottish Government are taking. Is that fair to say?

Grant Shapps: Perhaps I could point out the connection between your first and second points. Support for the aviation sector and the complete closure of the aviation sector are two sides of the same coin. It will be interesting to see what support comes forward for Edinburgh, Glasgow and other airports in Scotland if a decision is made to close all aviation. Those are the same things.

At the moment, the furlough scheme is in place. At the moment, we are working with airports and airlines to provide them with as much support as the taxpayer can manage. I have not mentioned figures yet, but on UK Export Finance, for example, I think there is £1.4 billion for easyJet. I think I am right in saying there is £2 billion for British Airways. Those are large numbers to support the sector. It is quite right too, because unless we do—

Q27 Gavin Newlands: Secretary of State, I am very sorry to interrupt, but I am conscious of the time and we have been on aviation for quite some time.

My question was about mutations of the virus and concerns about importing it. That was my main concern. Could you perhaps address that?



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Grant Shapps: Let me be absolutely clear. If the chief medical officer said, “Secretary of State, you must close our borders, and you must do it now,” we would close the borders, if he said that was the only scientific thing to do. To be clear, that is not the chief medical officer’s advice to date. It has not been the scientific advice to date. I saw reports yesterday, I think in *The Times*, that SAGE had said it was a route. It was a partial report of that report. The report also said that it will have costs, as we have covered in quite some detail, which would include how you keep the supply chain coming into this country if you go down that route.

I am not saying that these things can never happen. What I am saying is let’s think through the situation. We already have quarantine in place from everywhere in the world into this country. You may not legally come here without quarantine from anywhere in the world. You cannot come here without pre-departure testing from anywhere in the world. We have the largest-scale genomic testing of the coronavirus of any country in the world, and we are requiring follow-up testing, and will require it from the red-list countries in particular where we have concerns about mutations. We are taking extraordinary steps to monitor these things.

Q28 **Gavin Newlands:** I appreciate that, but despite that we still have community transmission of the South African variant. Moving on to—

Grant Shapps: We have thousands of mutations going on. It is not just that one. It mutates all the time.

Q29 **Gavin Newlands:** Moving on to the aviation sector, the prolonged slump, which we can all see, is forecast to hit airports and aviation more generally, and outside London and the south-east even harder. Given the Government’s levelling-up agenda, to use their terminology, what do they plan to do about that specific issue?

Grant Shapps: As I say, it is an interesting discussion, and quite rightly so. It is two sides of the same coin: closing airports and supporting them at the same time. The best possible route out will be vaccination across the whole of the United Kingdom so that we can get aviation going again, and in particular, to answer your question about levelling up, including being able to get communities reconnected. As mentioned before, Newquay is closed at the moment, for example, as are other airports. Some of the most distant and otherwise cut-off places—I am thinking about some of the isles of Scotland—will always struggle if they do not have an aviation connection. They are places where you cannot run a railway line, for example.

It is very important that we do the first thing, which is to vaccinate everyone, in order to be able to do the second thing, which is, at least domestically, to reopen some of those aviation routes. That will be the very best support that we can give those airports.

Q30 **Gavin Newlands:** So there are no current plans on that, but could you press the Treasury on support for areas outside London and the south-



east because—

Grant Shapps: That is slightly unfair. I have described how, in England, we have provided 100% rates relief to all airports, up to £8 million. Only the very largest three or four airports do not receive all of their rates paid. We have the furlough scheme covering 100% of the UK, so to say “no support” is a bit unfair.

Q31 **Gavin Newlands:** To be quite clear on that, the Scottish Government announced back in the spring that they would have 100% rates relief and have extended that for a minimum of three months, following the Scottish Government Budget. Is that going to be in the Chancellor’s Budget?

Grant Shapps: Just to be clear, the rates relief in England also goes back to last spring. It covers the entire year 2020-21.

Q32 **Gavin Newlands:** Moving forward, is that going to be in the Chancellor’s Budget?

Grant Shapps: As you would expect me to say, I cannot say what will be in the Budget.

Q33 **Gavin Newlands:** It was worth a try, Secretary of State.

The Airspace Change Organising Group are £8 million short, as you will be aware. In terms of their recent work, the industry has invested about £10 million thus far and probably at least another £20 million needs to be invested in it. As you know, airports have no spare capital to spend at the moment. Might we see Government support, because it is very important work?

Grant Shapps: I know that you and I share a passion for airspace reorganisation. Airspace is a huge asset to the country, and it is very poorly organised on a 1950s basis at the moment. It is being modernised. Just last night, the Second Reading of the Air Traffic Management and Unmanned Aircraft Bill passed through the Commons and goes into Committee. Specific funding issues will be looked at in the round, but you are absolutely right that getting airspace reform is very important. We do not need to be damaging the atmosphere, creating noise or creating delay. There are all sorts of benefits if we reform airspace.

On funding, again we will have to wait for a fiscal event, but your point is well made.

Q34 **Gavin Newlands:** I suspect the Chair will be desperate to move on, so this is my last question. Later today, we have a debate in the Commons in the Chamber about the VAT issue and an extra-statutory concession that removed VAT-free sales from our airports. This could not come at a worse time for airports. We have already said that airports and aviation are in a huge hole at the moment, and this is going to remove millions of pounds of revenue from airports, particularly smaller or regional airports



like Glasgow. They will be harder hit because of their point-to-point sales.

How much did you lobby the Treasury to keep the statutory concession in place and widen it to EU states? Would you support mitigating those areas somewhat by putting in a duty-free arrivals scheme?

Grant Shapps: As you rightly pointed out at the end, it is a Treasury issue, although it is one of those things that sounds like it might be a Transport thing. In fact, it is a taxation issue that had been flagged for a very long time in advance.

There will still be an attraction to airport shopping when we get things running and up in the air again. I am, of course, constantly in touch with Treasury colleagues about these things. I know that the sector itself will have made many representations, but I can confirm that it is planned to come in. It has been flagged for a very long time. As you say, it has been advantageous in some places, but it is not quite as straightforward as it is sometimes presented in terms of its overall benefits.

Gavin Newlands: Thank you, Secretary of State. I am conscious that we must move on.

Chair: We are very keen to support the aviation industry, but I should say to Members and to the Secretary of State as well that I am trying to do 10 minutes per section so that we can get them all in. We just took 30 minutes on aviation alone, so it is with some trepidation that I move to rail, on which four Members want to speak. Rail has had a lot more support, so perhaps Members can bear that in mind.

Q35 **Robert Largan:** Good morning, Secretary of State. Obviously, there has been the recent announcement of a reduction in funding for Transport for the North. This is a great concern for many of us, including people in my constituency. It would be useful to get your response to the comments from the Mayor of Greater Manchester about the change in funding for Transport for the North.

Grant Shapps: First of all, we are absolutely committed to funding transport in the north. Don't take my word for it. Look at the figures. Look at what we have actually done.

I have no idea why it is about the £4 million, which is the money that we have not provided to Transport for the North. It is fair to say that most constituents will not be saying, "I wonder what Transport for the North is doing today." What they are interested in is whether the A66 is being built and whether we are sorting out the train congestion that takes place in the corridor at Manchester. Are we going to get Manchester to Leeds in 30 minutes? Are we going to be able to sort out traffic and rail on Merseyside? I have no idea why this £4 million, compared with the £20 billion that we have spent on the northern powerhouse since 2014, has attracted any interest at all.

Transport for the North had underspent its budget from last year by about that amount. Rather than having money in the bank doing nothing,



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an accounting choice was made not to simply pay arm's length bodies more money in order to have it sit there. My view would be, never mind the £4 million; what about the billions and billions that we are now spending? I think I have 140 different projects across the north that we are looking at and actively working on. They add up to billions upon billions of pounds.

Q36 Robert Largan: That is reassuring to hear. On the point about commitment to investment in infrastructure in the north, particularly in Northern Powerhouse Rail, is there any update on where we are with the Manchester to Sheffield leg of the Northern Powerhouse Rail upgrades?

Grant Shapps: Fairly soon, we will have the outcome of the integrated rail plan, which will answer specific questions like that, so I do not want to pre-empt it. I briefly remind the Committee that we had Oakervee. We decided that we would be going ahead with HS2. Indeed, the 2a Bill has just passed. We are waiting for Royal Assent this week. That is the Birmingham to Crewe part. Then we have questions over things like the eastern leg and the rest of the connection from Manchester to Sheffield, to Leeds, and to Hull. All of the scheduling for that part of it will come out of the integrated rail plan, which we will publish in due course, fairly shortly.

Q37 Robert Largan: You made mention of congestion on the rail network around Manchester. Network Rail and Transport for the North have recently announced a consultation on the timetable to try to address that. It would be useful to get a bit more insight into the thinking behind it, particularly as one of the three options suggests a 50% reduction in services going out to Buxton in my constituency. It would be remiss of me not to flag up my opposition to option A.

Grant Shapps: As you rightly say, Transport for the North and others are actually doing some work on that at the moment. They are much closer to the ground, and you would definitely want to have that conversation directly with them and, I suggest, with the Rail Minister, Chris Heaton-Harris, just to make sure that your points are put across.

It is very important that we sort out the congestion around Manchester. I do not want to do that by cutting services. I want to do it by sorting out the reasons for the congestion, particularly in the corridor. I have seen it myself. It is a real constriction on the network, not just for Manchester but for the whole of the north. A lot of the timetabling runs via there. That is part of the good work that is going on. I am sure you have already done so, but I definitely encourage you to make your points. No one wants to see cuts for your constituents, I am sure.

Q38 Robert Largan: Definitely not. On the final point on trying to address the congestion, obviously some of it is a timetable issue, but in the long run, if we are to resolve those congestion issues, it will need more infrastructure investment in the north. HS2 will play a big part in that, but, potentially, so will an upgrade of Manchester Piccadilly station. Is



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there any further progress on any upgrades to the station, which is quite a bottleneck?

Grant Shapps: First of all, on the bottleneck of the corridor itself, we have already committed £10 million to work out what to do, of which the timetable is a part, but physical changes are a very important part as well.

On things like Piccadilly, there are a number of different studies going on at the moment, which are playing into both the IRP—the infrastructure plan—and the wider plans being developed for rail in the north. I do not have a specific update for you today. I can drop a note back to the Committee if it would be helpful, to give you chapter and verse on it.

I am absolutely keen as mustard, especially as the northern powerhouse Minister in the Cabinet, to make sure that we are doing all the things we said with rail in the north. I took over the running of Northern because it was failing. I have pumped in money—over £100 million to date—for Northern Powerhouse Rail development. There will be at least another £75 million this year. There is cash going in. There is energy going into it through my Northern Transport Acceleration Council. There is an enormous amount of work going on in every individual project. I work literally by calling up the northern leaders and working with them and my Ministers on a one-to-one basis, along with my officials. There are huge amounts of energy and work going on, but I will come back to you on the specific as well, if it is helpful.

Robert Largan: Thank you, Secretary of State. It is reassuring to hear that commitment to the north continues.

Chair: Gavin has technical problems, so we will go to Grahame. I will cover Gavin's part afterwards.

Q39 **Grahame Morris:** I will try to be brief. Secretary of State, earlier you rightly praised transport workers, particularly in the maritime sector, for keeping the sea lanes open, and thanked them for maintaining delivery of vital supplies during the pandemic. In relation to rail, the Department has indicated by letter that there are no funds for a pay rise for the vast majority of rail workers, but of course the Committee is aware that there are funds for some things, such as profits, and we have seen that in the ERMA—emergency recovery measures agreements. Indeed, we had evidence presented to the Committee from Abellio that said, whatever model of outsourcing the Government came up with in the Williams review, some sort of incentive in the form of a management fee would be necessary.

The total staffing bill for English train operating companies last year was £2.8 billion. A pay rise equivalent to RPI of 1.2% for the whole workforce would only cost around £33 million. I imagine that train operating companies are going to get a lot more than that in profits through their management fees. These are just rough figures. Could you provide a note for the Committee estimating the cost of funding a two-year pay rise at



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1.2% for each year? What would be the budget to pay management fees for the train operating companies over the same period? I know time is short, so if you do not have those figures, Mr Davies or Secretary of State, I don't mind if you write to the Committee with them.

Grant Shapps: Understood. I will try to be brief. I think I can provide an overview. The first figure to know is that we have put £10.1 billion into rail. We have not walked away from it. During coronavirus, we have funded an additional £10.1 billion.

The second thing is that, given the financial situation and things like that £10.1 billion, which makes up hundreds of billions that the Chancellor has spent in order to support this country during coronavirus, he has said that there will need to be pay freezes, outside things like healthcare. I think most people understand why, given that people are not using our rail system at the moment. Protecting jobs and employment in rail is, frankly, higher on my agenda right now than pay rises for this year. I hope you will understand why.

Thirdly, it is not the case that the train operating companies, under the ERMAs, make profits. They do not; they get management charges in the same way as the Mayor of London pays a management charge to Arriva for running London Overground. It is a model that works with TfL, and I think it is a model that would work with the whole of national rail.

Right now, the rail operating companies are involved in paying back tens of millions of pounds, if not hundreds of millions, in termination fees. Termination sums have been agreed with six operators so far. It is real money.

I can come back to you with some maths on all of that. When you add one year into the system, in the same way as I was saying about the Mayor of London not having raised fares in previous years, it compounds over future years. With any attempt to say, "It is only X," we have to compound that for ever into the system. Talking to railway staff, who have been magnificent and have stepped up to the plate, they know that so have we. We have kept the system afloat with £10.1 billion. They know we have done our part. There has to be a balance. Job security and keeping jobs right now is higher on my list, I have to say, for this year, if I am being completely blunt.

Q40 **Grahame Morris:** I would be grateful if you could furnish that information. We are all terribly disappointed, not just members of the Committee but employees and operators, about the delay in publishing the aviation recovery strategy. Could you shed any light on the position in relation to the Williams review—the White Paper? Do we have a date for publication of that piece of work?

Grant Shapps: I hope the whole Committee is not disappointed about the aviation recovery plan. I don't know if you are speaking for everyone. The fact is that we cannot publish it until we know where we are with the



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ending of coronavirus, otherwise it will not make any sense and will be out of date within a couple of weeks. It is not that I am somehow keeping it in the bottom drawer and not publishing it. It is because we need to see the end of the coronavirus, or a clear route out. If coronavirus has taught us one thing, it is that you cannot predict it very confidently. We have seen that before with the second wave coming back, and so on and so forth. We have the vaccine now, so it is different, but we are looking across the channel and around the world to see how fast other people vaccinate as well. That will help to guide it.

I am very keen to publish the Williams review. I have been working on it for a year and a half. We will have a Williams-Shapps version, which now takes into account coronavirus. Again, it would have been well out of the door if it had not been for coronavirus, but with coronavirus and the railway having to have £10 billion-plus of funding, and us having, essentially, to take over all of the running of the otherwise independent train operating companies, it has obviously changed the platform on which we were based. In some ways, that helped to accelerate the Williams review recommendations because we want a guiding-mind approach to our railways. I hope you will not have to wait too long for a Williams-Shapps White Paper on rail. Again, it is only because of coronavirus and needing to know broadly when we are going to return to normal passenger numbers that we are waiting to publish. I hope it will happen presently.

Grahame Morris: I am grateful for that, Secretary of State. We await the publication with bated breath. I will hand back to the Chair because he is looking daggers at me.

Q41 **Chair:** I think the point Grahame was making about the Committee's disappointment on the aviation restart and recovery is that the answers to a lot of the recommendations or questions in our report over the summer on aviation was, "That will be in the restart and recovery paper that will be published in the autumn," so we held off before going back. Now we have decided that we cannot wait, and we are having another session at the beginning of March, when we heard that the date was the end of the year.

Grant Shapps: If I may say, Chair, I completely understand your frustration. I am frustrated myself. In the summer, we all hoped we would not have a second coronavirus wave. Sadly, that changes things.

Q42 **Chair:** I understand. I wanted to sum up Grahame's point. The other part Gavin was going to ask about—his technology is playing up—is this. I will ask for a brief answer. There were reports over Christmas that rail services could be cut by as much as 50%. What are your views with regard to, first, ensuring that the taxpayer gets proper value for money if people are not using the trains, and, secondly, the need to travel safely and encourage people to use public transport?



Grant Shapps: I can tell the Committee right now that we are running at about 70% of pre-pandemic levels. That is quite high, given that people are staying at home, but because of social distancing requirements and trying to keep people safe while they are travelling, it is artificially higher than it would be if you were just running it strictly for the number of passengers in normal times—if that were the number of passengers. I hope that gives the shape of things.

I do not specifically recognise the 50% figure, but again I will keep this under constant review. Frankly, as we see how the economy recovers, as we come out of coronavirus and passenger numbers therefore recover, we will clearly be in a very different place and we are not going to go straight back to where we were before. I recognise that.

In the long term, rail transport has a very bright future. In fact, there may even be pent-up demand because we are all so frustrated at not having been able to see the people we want to see—our loved ones—or frankly just to get out of the house. You could see it working in both directions, but we will have to wait and see on the speed at which we put the service back to anything like it was before.

Q43 **Greg Smith:** Secretary of State, in answers to some of the previous questions in this section you have rightly said that people are not using rail at the moment and that we do not know when coronavirus restrictions will be fully lifted. You have just said in answer to the Chairman's question that we will have to see where rail numbers recover to. There has also been a lot of media speculation about rail passenger numbers potentially being a fifth down in the long term.

I have to ask this and push you. I accept that the Government are committed to High Speed 2, but it is surely time to step back, given those unknowns, and do a proper review of what rail passenger demand could look like before we spend in excess of another £100 billion on High Speed 2. Surely it is time, given those factors, to step back and think about whether you really want to push ahead with it.

Grant Shapps: I am very impressed that it has taken this long to touch on HS2 with this particular Committee member. It is an innovative and new approach. I get your point. It is, of course, the case that in the short term very few people are using the railway right now, because we are telling people to stay at home, and it will take time to recover.

I have made the broader point, if I am honest. We have already gone through the fundamental review. That was the Oakervee review. It has been done in my time since I was Secretary of State. Douglas Oakervee announced his results. The Prime Minister, the Chancellor and I discussed it, and we came to the conclusion that we were going to build it. The first section is already being built, and the second section is just about to receive its Royal Assent. It has gone through Parliament.



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The west coast main line was built in the 1830s. We are not going to be in this position—talking about the coronavirus—in 190 years, I hope. We are building for the long-term future of this country. We are doing it through jobs, jobs, jobs. HS2 is actively promoting and advertising very high-skilled jobs and apprenticeships. My 16-year-old son was looking at perhaps doing an apprenticeship after his A-levels. A surprising number of the jobs were for HS2, with, after the apprenticeship, £70,000 jobs to step into. HS2 is going to take years to build, as we all know. It is a multi-year project and I hope we will be talking about taking journeys on that particular line a long time after we are talking about coronavirus. It is for the long term of the country.

Q44 **Greg Smith:** I am painfully aware of how long it is going to take to build HS2. Communities in my constituency are, bluntly, being devastated by it. I accept that you and the Prime Minister have a commitment to the project, and are looking to the future on it. Surely, on that very point, just stopping, pausing and really thinking about where passenger demand for rail is going to be over the next 20, 30 or 40 years, let alone 100 years, would be the prudent thing to do, given the amount of money that the Exchequer has had to borrow throughout covid, partly to prop up the railways. Surely, it is time to pause and just have a think about it.

Grant Shapps: I am constantly amazed by science, and I do not mean this facetiously: unless we think that people will be able to move around in some other way, and we are able to teleport ourselves or find some other way of getting around, humans will always want to be in touch with humans. We are experiencing on this Committee, are we not, the limitations of Zoom and video technology? We have lost one of our Committee members who was supposed to be asking a question. It just is not the same as being together.

All of these years after the west coast main line was built—190 years later—we are still using it and, before coronavirus, in record numbers, so I do not think, given that building this line is 10, 15 or 20 years to connect the rest of the network together, that it is too much of a punt to say that we will be back to people wanting to meet people. We will be very grateful in 50, 100 or maybe 200 years that we have done it.

My view is that we should not be stopping, switching and changing now. I recognise and understand the disturbance it has created and that it is devastating for some of your constituents. I think I have met some of your constituents previously. It is very easy for me as a Government Minister to say that we are doing this for the greater good. I understand, and you are quite right to defend your constituents, but I think that on a national level it would be wrong to reverse the project at this stage. To use coronavirus as the reason to do that would definitely be the wrong approach.

Greg Smith: Thank you. In the interests of time, I will hand back to the Chair.



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Chair: Thank you, Greg. I hope those answers do not cause you to start tunnelling under Euston and joining Swampy. We will stick with rail and touch on Eurostar. We are pleased that Chris Loder joins us, fresh from his Bill Committee. Congratulations on that, Chris.

Q45 **Chris Loder:** Thank you, Chairman. Good morning, Secretary of State. I want to ask you about Eurostar, the channel tunnel and HS1. Eurostar has said that there is a very real risk to the sustainability of its operation. We understand that the United Kingdom and French Governments have been in discussion as to its future. Could you tell us what progress has been made in those discussions?

Grant Shapps: First of all, as with a lot of other transport, Eurostar, as you say, is suffering for obvious reasons. It is a majority French state-owned company—SNCF—with some Belgian and French-Canadian ownership. We are obviously very interested and concerned, particularly from a jobs point of view. There are probably around 3,000 UK jobs, not just at Eurostar but including contractors. As with the airlines and access to things like the Bank of England CCFF scheme or UK Export Finance, we will look to be helpful, but we do not actually own the company. We sold the shares in it to others, so it is primarily a French lead to deal with Eurostar. We will be as helpful as possible, but we are clear that it is a French company.

Q46 **Chris Loder:** Forgive me, I do not think you have answered the question. What progress has been made in any discussions?

Grant Shapps: I speak to my opposite number, Jean-Baptiste Djebbari, regularly—probably most weeks—and we have discussed Eurostar on a number of those calls. I cannot tell you exactly how many without looking back. The content of that discussion is pretty much what I have just told you. It is primarily a French company.

I am very keen for Eurostar to survive. As I say, it has SNCF, the French state railway, behind it. I think they have 55% ownership. We wait to see the plan that they would naturally therefore lead.

Q47 **Chris Loder:** I fully recognise that the French Government, or SNCF, have a 55% majority stake. Indeed, the UK Government sold their considerable stake in the business in 2015. Fundamentally, as it is a service of national and indeed international importance, we want to understand whether, if it comes to it, the UK Government will basically allow Eurostar to go to the wall.

Grant Shapps: Everyone will want a Eurostar service, and I am concerned about jobs obviously. The physical nature of the tunnel and the infrastructure would not disappear. There are well-established routes for those things. I can only repeat what I have said. It is not our company to rescue. If it was a British-owned company and if I was my opposite number, Jean-Baptiste, I would be saying that it is directly our company to rescue. It is not; it is owned by the French state in majority and by some other partners.



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As I said to you before, we will be as helpful as possible. I have spoken to my opposite number and I have made the point that we will make facilities available as per the rules of our rescue schemes. Things like UK Export Finance could be a route for Eurostar, but it is not primarily for us to do that because we do not own the thing.

Q48 Chris Loder: I am sorry to repeat this, but I need to get a clear answer. Should the French Government, or indeed any other shareholder of Eurostar, not be either willing or in a position to financially maintain Eurostar's operation, am I right in saying that the UK Government will allow that operation to stop?

Grant Shapps: We do not want the operation to stop, except to say that we are encouraging people actively not to use it right now because we cannot have people travelling. The French have banned travel as well, so we are all in a stay-at-home position.

I get that you are pushing the point, but I am making the point that we do not own the company, so it is not ours to rescue. I also make the point that the thing that is run by Eurostar International does not disappear. It is still there, regardless of what happens. A solution will be found. I do not think there is any world in which we cease to have that connection up and running in the future, when indeed we are all able to travel again, but, to repeat the point, we do not own the shares. To state the obvious, it is the shareholders' problem to resolve. We will be as helpful as possible, but it is not for us to take over their issue. As I say, there is 55% ownership by the French state, so it is not just any old shareholder. It is a state-backed shareholder.

Q49 Chris Loder: In terms of the binational agreement, when it comes to the channel tunnel—predominantly I am thinking about the treaty of Canterbury and its successor agreements—could you tell us what progress has been made post Brexit on channel tunnel access?

Grant Shapps: Yes. We have a totally sustainable position for the moment on access. We had to rework it because the old set-up would have involved being under the jurisdiction of the European Court of Justice, which is of course a big red line for us and so was not possible. We have well-established regulatory and safety regimes, in our case through the Office of Rail and Road—the ORR—which will look after it, and will do so very proficiently, as it does with our entire rail network. We are working on a binational regulation with the French, with robust co-operation arrangements, and that is progressing well.

Q50 Chris Loder: In the discussions that you or your officials are having with the French Government, could you confirm whether or not provision is being made for further passenger operators to run through the channel tunnel? If not, is that something you are considering in your wider discussions with the French Government about the ongoing operation of Eurostar?



Grant Shapps: It is not a discussion I have been having at this time, no. At the moment, of course, we are at the end of the transition period. What we are anxious to do is to replicate the smooth operation, which has happened entirely, and the safety, which has happened entirely; and ensure that we are not breaching our red lines on the European Court of Justice being involved, which again has happened entirely.

I have a very good working relationship with my opposite number. As I mentioned, we speak regularly. We will always look at good, new and innovative ideas, but that is not a discussion that I have been having at this point, largely because in both countries we are focused on the immediacy of the coronavirus implications on transportation, which have been very significant in both our cases.

Q51 **Chris Loder:** Is it a Government objective to achieve greater competition through the channel tunnel in the future—that is, to allow other passenger operators?

Grant Shapps: I never rule these things out, but I do not want to over-guide the Committee into making it sound as if it is something that I am actively working on, because right at this moment I am not.

Chair: We now want to move to active travel.

Q52 **Lilian Greenwood:** Good morning, Secretary of State. Last year in the foreword to the “Decarbonising Transport: Setting the Challenge” paper, you said you would be aiming for a net zero future in which, “We use our cars less,” but the Department’s road traffic forecasts still predict traffic growth of 17% to 51% by 2050. Obviously, many people at the moment are worried about a car-led recovery. When you publish the transport decarbonisation plan, will it set a target for car traffic reduction?

Grant Shapps: I want to be clear about where I am on this subject. I am not anti-car. What I want are cars that are green and do not damage the environment by pumping out CO₂ and other greenhouse gases or toxic chemicals. I am not against the idea that people can get in their car.

The Committee on Climate Change points out that that might be a difficult balance to achieve, so it is quite right to look at car use versus other forms of transport. I have been very up front. In fact, I think the Committee will agree that I attracted quite a lot of incoming over the desire to see more journeys made on foot, cycling and active forms of transport because so many journeys are very short. The percentages depend on whether you are looking at towns, cities or rural, but so many journeys are so short that there is a double win of improving health while getting around. I am very keen on that.

The exact balance of how we get there is something we will be looking at very carefully during the publication of the transport decarbonisation plan. Personally, I do not start from the view of thinking that we should banish all cars from our roads. They are a very convenient form of transport



Q53 Lilian Greenwood: Secretary of State, I am sure none of us believes that. We very much support the move to ultra low emission vehicles. Clearly that has a place, but there are not only climate emergency and air quality concerns; there are also huge concerns about congestion and the liveability of our towns and cities. Can I press you again and ask, do you expect that there will be a car traffic reduction target in your transport decarbonisation plan?

Grant Shapps: Again, I do not want to disappoint you, but I am trying to outline the competing dilemmas in creating a decarbonisation plan, or any transport plan. I agree with you entirely about congestion, but I do not want to give the impression that somehow cars are bad and everything else is good. I do not think it is that simple, not least when 10% of new cars now being sold are electric. It is a little bit more complicated than that. I am not yet at the point of being able to give you the answer to precisely what the plan will say. That is why we have not published the plan yet, while all the research and work goes on.

Q54 Lilian Greenwood: I will come on to the work that you are doing to increase cycling and walking. There is an aim of doubling cycling and increasing walking by 2025. Has your Department commissioned any research into what level of investment would be needed to achieve that target?

Grant Shapps: Yes. We are working very hard on that. In fact, I expressed a similar target in a slightly different way to the Committee, which is that we want half of all journeys in towns and cities to be cycled or walked by 2030. That is where we are headed. We have a lot of work, a lot of research and a lot of input for the transport decarbonisation plan to deliver that, and frankly a lot of money. As you know, £2 billion over five years is a record investment in cycling and walking. There is a lot of work going on. Again, not to disappoint you, but you will need to wait for the transport decarbonisation plan for full details. I hope that gives you a sense of the scale.

Q55 Lilian Greenwood: Secretary of State, is that a new target that you have just set out by 2030, which replaces the plan to double cycling by 2025, or is it an addition or a longer-term one?

Grant Shapps: I think I am right in saying that the 2030 plan I mentioned was from the Prime Minister's 28 July cycling plan. He mentions it as a target there. It probably supersedes other targets, but it may well be that the two run in tandem. Because we now have more money to put into this than we ever had before, we can be more ambitious about it. The active travel fund is designed to do exactly that. We have seen a lot of money going into making places easier to walk and cycle around, mostly for the better and occasionally not, but we are working to make sure—

Q56 Lilian Greenwood: I would like to come to that in just a second. The £2 billion by 2025 is obviously very welcome because it is an increase in the



investment in cycling and walking. Can I press you? Will that amount need to be increased in order to meet the target that you have set out, even if it is over that longer period to 2030?

Grant Shapps: As you would expect, there is no way that we would stop spending in 2025 on something we consider such a huge priority. Then again, budgets are set for a period of time, and this particular budget has been set for the 2025 period, which is why we know we have the £2 billion. Indeed, it was in our manifesto.

I would not want the Committee to think that's it and it's all over, and we are likely to stop spending. At the same time, I do not have the spending figures for the next spending period after that, because as yet the Chancellor has not set them.

Q57 **Lilian Greenwood:** But you consider that the £2 billion for 2025 is adequate at the moment to meet the target that you have set for 2025.

Grant Shapps: That is right. I think I am right in saying—I am happy to write back with clarification—that it would put us on track both for the 2025 target that you mentioned and for the Prime Minister's new cycling boost of half those journeys being cycled or walked by 2030 in towns and cities. We see the trajectory working for both of those purposes.

Q58 **Lilian Greenwood:** Yesterday, the Prime Minister said of low traffic neighbourhoods: "There is always opposition to these schemes, but as the polls show, and as I found in London, the majority support them and we should crack on." Are you concerned that a number of the schemes introduced using the emergency active travel fund have been removed following objections from what could have been a very noisy minority?

Grant Shapps: Sometimes, the schemes just were not the right schemes, or perhaps there was a failure to think them through enough or consult. That is the reality. However, it was the minority, so most of the schemes were not in that category. Most of the schemes have been welcomed. It is interesting that, overwhelmingly, people agree that the Government should act to increase road safety—88%; improve air quality—86%; reduce traffic congestion—83%; and reduce traffic noise—75%. Broadly, people want us to pursue those policies. Sometimes, local authorities just got it wrong. I was not slow in coming forward and telling them when I thought that was the case.

We did not know so much about coronavirus at the time when we were widening pavements and all the different things we were having to do. There was not so much time, but on the second tranche in particular, when we had more time because we were not at the height of coronavirus, we were very clear and put in very stern requirements of local authorities to properly consult and go back and check afterwards, and all the rest of it.

Of course, we see some schemes highlighted; there is a weekly column in a newspaper where I see them every single week on a Sunday. That



ignores that, for the vast majority of people, in most cases, they are working. Out of interest, I get probably more contact on this than on any subject other than Beeching reversals from Members of Parliament wanting well-designed schemes in their area. Many of them have campaigned for it. I know it is popular when it is done properly.

Q59 Lilian Greenwood: Some local councils criticised the short timeframe they were given to develop and bid for funds. Do you accept that criticism? Might it have been avoided if all councils had local cycling and walking infrastructure plans, so that they had schemes ready to go when the funding was available?

Grant Shapps: Again, no one knew about coronavirus; no one knew it was coming. As we have seen throughout the crisis, some things have been done spectacularly well, like the vaccines, for example—we had the foresight to do that—and other things have been bumpy to get into place. With cycling, most of the schemes were well done, but some were not. They were put in place too quickly and possibly, as you suggest, local authorities might have had more developed plans in advance so that they could just slot them in. They did not, and therefore they did not do them as well.

I do not want to leave the impression that I think most of them were terrible. I do not; I think the vast majority were very good. Where they were bad, quite rightly they have been reversed. That is exactly what should happen.

Q60 Lilian Greenwood: What steps might you take to support councils that are working to improve cycling and walking? In the most serious cases, will you consider using your powers under section 20 of the Traffic Management Act 2004 to remind councils of their duty under the Department's network management guidance that requires them to consider such measures?

Grant Shapps: First of all, we have been carrying out a lot of support. For example, on 13 November we published updated guidance for local authorities on how to go about all of this. I think that is why, in the later tranches, it was much less controversial. They have been better produced.

We have the very ambitious active travel fund. We have schemes in place to make sure that there are better national standards for cycling. I know it is a subject that you, as Select Committee Chair, took a very keen interest in. I recognise that to do properly something that the country has not been on top form with—cycling and its provision—we need to support local authorities in being able to roll it out. They will not necessarily all have in-house expertise at the right level to do it. Perhaps I can set out to the Committee, in a follow-up note, all the different steps that we are going to take to make sure that they get the support they need, and that there is a truly national approach.



Q61 Lilian Greenwood: I am concerned not just about cyclists but about pedestrians. What further action are you intending to take as a Department in relation to pavements? You will know that there is real concern that our pavements are littered with badly parked vehicles and now, sadly and unfortunately in some cases, by e-scooters. Are you going to take further action to enable local authorities more easily to keep our pavements clear for people who want to walk along them?

Grant Shapps: As you know, I share that concern. We have discussed it before, and I have issued a consultation on the pavement parking side of things. I intend to ensure that we act. It is always a tricky balance with these things, because a lot of our roads and neighbourhoods were not made for the number of cars that are around. You have to get the balance right, but, broadly speaking, pavements should be for walking on.

I was intrigued by your comment about e-scooters. Other than some well-publicised and very early trials problems where the boundary automatic switch-off was not on, I think I am right in saying that all the schemes are using technologies to make sure that people have to put the e-scooter back in a certain location, otherwise they get fined. I have not seen any widespread issues. If anyone has any, I would love to hear about them. The e-scooter Minister, Rachel Maclean, would be very keen to hear about that.

Going back to your question, I want to make sure that pavements are accessible, that they are smooth, and that people can walk along them. That is why I have acted on pavement parking. I will no doubt be saying more about it soon.

Q62 Lilian Greenwood: I am sure we will come back to it with your colleague. I think the main problem is that, because people do not feel safe cycling or riding an e-scooter on the road, they are primarily ridden on pavements. That is my experience. Unfortunately, some of the geofencing technology does not necessarily keep them parked in a very safe location.

Grant Shapps: One of the reasons we set up a trial, which runs until November—I think there are now 30ish locations running e-scooter trials—was exactly to learn the lessons of geofencing, and which technologies work for geofencing and which do not. We are collecting enormous amounts of data, so it is a genuine exercise in learning about it in order to do it in the best possible way. Where they have gone in, they have proven to be enormously popular for the most part. It will be interesting to see how they develop. Again, it gets people out of their cars. It is not quite as active as cycling and walking, but it certainly uses a lot less road space than a car.

Lilian Greenwood: I will hand back to you, Chair. Thank you.

Chair: Lilian, I am going to hand back to you again because we want to touch on the impacts of the pandemic on the taxi and private hire vehicle



industry.

- Q63 **Lilian Greenwood:** Secretary of State, before Christmas the Licensed Taxi Drivers Association told us that 80% of their members were unable to work due to an 85% to 95% fall in passenger demand. They called for sector-specific Government support. Both of the devolved Administrations in Scotland and Wales announced sector-specific financial support for taxi drivers in December. Is it your intention to look at that, as taxi drivers continue to see lockdown restrictions affect their trade?

Grant Shapps: A lot of taxi drivers will have been using the equivalent of the self-employed furlough scheme in order to ensure, in many cases, that they are able to stay afloat without necessarily driving, or not driving all the time. That has been a very important part of the response we made. We have also, of course, made sure that we issued guidance on safety.

I know that you have looked into the subject. There is a lot of science behind small things—for example, opening windows and having ventilation. That makes an enormous difference, as does where a passenger sits and making sure you are not infringing the rules about not mixing with other households beyond the person who is driving. There are practical things like

screens as well. We have issued a lot of guidance.

This is a good moment to thank the taxi and private hire vehicle drivers, who have played a very important part in this pandemic. They have often been getting key workers to their jobs, who otherwise would not be able to get there in a timely way. It is worth putting that on record.

- Q64 **Lilian Greenwood:** Some local councils have offered support to taxi drivers and licensed private hire drivers. Are you worried that we are ending up with a postcode lottery, where there are different levels of support in different parts of the country?

Grant Shapps: The taxi and private hire business has always been a bit of a worry to me. There is capacity for different standards. As you know, I published statutory taxi and private hire standards last year, to try to make sure that there are greater national standards. I do not rule out legislating as well in the future, as time allows, to have greater national standards.

On the other hand, people tell me that they like the fact that they feel there is a connection to the local taxi firm in their local area that is licensed by the equivalent of the hackney carriage committee at their local council. Again, it is a question of getting the balance right. Things like national databases, which we are promoting very strongly through the statutory standards, are very important. Similarly, on the coronavirus point, we want local authorities to follow best guidance, which we have provided, on what will help to keep drivers and passengers safe.



Q65 **Lilian Greenwood:** I understand that at least one local authority has offered support locally to private hire drivers licensed with it, but only if they are resident in that council area. Do you think that is reasonable? It seems to me that it could lead to some private hire drivers missing out on support because the ability to be licensed in a different area from where you live is permitted under the current system.

Grant Shapps: It goes back to a question that I know you have previously looked into about whether we should have a national licensing system or keep it local. Where I have got to on it is the statutory standards that I mentioned. We are driving it towards ensuring that people have to check a database, and so on and so forth.

To answer your question specifically, obviously local authorities are being given certain amounts of money for support over and above things like furlough schemes or, in the case mostly of private hire and taxis, the self-employment income support scheme—SEISS. Where they go over and above, they will of course want to make sure that they are funding people who are actually registered in their area. I understand why local authorities might find it difficult to say, “Well, you can come to us no matter where you are from,” but it highlights the wider issues that I was just referring to.

Lilian Greenwood: Thank you.

Chair: Thank you, Lilian. We will move on to smart motorways, Secretary of State, and I hand over to Karl McCartney.

Q66 **Karl McCartney:** Thank you, Chairman, for affording me some time to raise three issues with the Secretary of State.

Good morning, Secretary of State. Thank you for your time. I was very pleased to hear that you were not anti-car per se, in answer to one of my colleagues earlier on. That is a good start; thank you very much.

In my view, smart motorways are an oxymoron. Both I and many former and current members of this Committee have given you, your predecessors and your ministerial colleagues a hard time about the fact that we do not think they are safe. You now have not only your Transport Select Committee but various motoring organisations saying that. Even Danny Hopkins of *Practical Classics*, as you might have seen, did a very good editorial comment column that hit the nail on the head about the fact that they are not safe. In the parlance of maybe “Top Gear” or “The Grand Tour”, are you and your officials likely to do a U-turn, or even a screeching handbrake turn on the issue?

Grant Shapps: You will know that, when I came, I inherited the issue. I did not invent smart motorways. They were something that was around, and I was very concerned about the reports that I was seeing. The year before last, I commissioned a stocktake on them, as one of the first things I did. I came into post in July and I think I commissioned it in September, if I remember rightly, because I shared the concerns.



The very first thing to do is to get to the evidence and find out actually what is happening, rather than what people say is happening. Frankly, the picture was a bit mixed. I found that fatal casualty rates on smart motorways are actually lower than on conventional ones, so that does not fit with the media narrative we read. That is troubling. I also found that injury rates could be slightly higher, so it was a mixed picture.

I came up with 18 different, separate things that must be done in order to make the motorway network safe. It was last March when I launched the report, exactly as we were into coronavirus. As far as I recall, I never came in front of this Committee and discussed it. As a result of its not being discussed, most people do not realise that a lot of the things people are calling for have actually been agreed, and some have been done.

I want to set it on record for the Committee. Signage and painting of all emergency areas is now bright orange and much more noticeable. Ten new emergency areas have been installed in the last year to prevent the gaps from being so wide. Those are specifically on the M25, but I have committed to doing it elsewhere.

The development of stopped vehicle detection has been greatly improved. When I got to the stocktake, that was not going to come in for many years. I agree with you that it is entirely wrong to build a so-called smart motorway—you questioned the naming of it—without the technology in place to make it safer. That is not the right approach. One of the main technologies is to be able to see immediately if a car or vehicle has stopped. Stopped vehicle detection was not available across the network. One of the reasons was that the supplier is a single company, and Highways England was having problems with buying enough of the kit.

I brought that forward several years at the stocktake. Again, this will not have been covered anywhere. As a result, a year on, I met Highways England and put pressure on, and we are bringing it forward again. We will have stopped vehicle detection developed and installed next year on all of the network.

Q67 Karl McCartney: That is great to hear in some respects, but it is not going to satisfy many of us. With coroners now taking a political stance and saying it is unsafe, are you going to stop further roll-outs of so-called smart motorways? Have you, any of your Ministers, anybody in Highways England or any of your officials in the Department ever been on a hard shoulder at 2 o'clock in the morning trying to change a wheel? Have you spent time with the recovery people who have to work on our motorway systems?

Grant Shapps: Yes. There are a couple of points, again just to be completely factually correct. First, it did not appear to me that the coroner was aware of the smart motorway stocktake and the 18 points, or the measures that had been taken. There are more that I have not listed, but I will write to the Committee to let you know what they are.



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Secondly, he may not have been aware of all the facts with regard to where people die on motorways. Sadly, one in 12 fatalities takes place on the hard shoulder. No fatalities have taken place in emergency areas, because they are set back from the road. They are monitored automatically by CCTV.

To answer your question directly, I do not want to carry on with what we have seen of smart motorways, a system that I inherited. That is why I did the stocktake and that is why I am putting pressure on, not only to deliver what we said would happen with the stocktake, which has largely not been noticed because of coming into coronavirus, but to go further and introduce stopped vehicle detection everywhere.

We want to get rid of confusion, like the dynamic hard shoulder that comes and goes. It is insane to have confusion for drivers. We need to get rid of things like that. What I commit to is making sure that the motorways we have in this country are safer than the motorways that came before them. That is the commitment I make. To be robust and clear from the evidence of, sadly, how many people die on our motorways, they are the safest form of road, but they should be safer. That is what I commit to delivering: safer roads.

I would not have gone about it like this. I do not approve of the fact that the emergency areas were spaced way too far apart. I inherited all of that. I have said that, ideally, they have to be three quarters of a mile and no more than a mile. I have ordered Highways England to get on with it and put in more emergency areas. Some of that has happened already and more will happen; we will put the stop detection in, and so on and so forth.

Q68 Karl McCartney: Thank you for that commitment. I am sure it is a subject we may well return to in the near future.

Grant Shapps: A lot of people say, "Just undo it," and I have looked at that. It would require the equivalent land for 700 Wembley stadium-sized football pitches to somehow undo it all. We would have to buy people's homes and destroy acres of green belt. I do not see that there is a route through to simply undoing it. We have to make what is there safe. That is why I had the stopped vehicle detection and technology. For example, we have legislated to make sure that when a lane is closed the "X" is actually enforceable. It was crazy that a year ago it was not even enforceable. When I came in, that was not even enforceable in law. People just got a letter.

Q69 Karl McCartney: Ultimately, the users of motorways need to feel safe—all drivers—as well as the recovery people who are working on the motorway system. I would say that they, and people who are representatives, whether the AA or other motoring organisations, should have their views taken into account, not just accountants' views.



Grant Shapps: I agree. Again, because no one noticed the report coming out, both the RAC Foundation and the AA welcomed the 18-point stocktake at the time. There are a couple of other things in that. One is a large £5 million campaign to ensure that people know how they are supposed to drive on these things. People do not know because these things have sprung up. What should you do if you break down on these things? There is a £5 million campaign for that.

I am also undertaking a study and review of whether the emergency recovery services—the AAs and RACs of the world—should be allowed to use red lights to draw better attention to themselves. I know they have been calling for that for a long time, so I am also doing that. There are a lot of different measures that I am doing. I don't think—

Q70 **Karl McCartney:** I am sorry to interrupt you, but I am going to ask for some quick answers just to round off on this subject. You are not going to roll back smart motorways. The ones that we have are going to stay. You are not going to stop doing any new ones.

Grant Shapps: I am not sure how you would do it. You would have to buy the land alongside or accept restricted traffic. I am not sure that it would be desirable, given that death rates are higher on conventional motorways. In doing so, you would be going against the evidence, which would be the wrong thing to do. I think the right thing to do is to put all the additional measures in place. I am not going to carry on building things. I think you hit the nail on the head right at the beginning when you asked why these things were ever called smart motorways when they seem to be anything but. That is a misnomer. I am not going to build things called smart motorways, but I want all our motorways to be a lot better and a lot safer.

Q71 **Karl McCartney:** We can agree on the point of it being a misnomer.

Moving on to cars, obviously we have a Budget coming up, so I want to ask for some stats that you or Mr Davies might want to provide subsequent to this witness session.

The tax revenue that is raised from cars is around £40 billion through fuel. That is likely to go up, obviously, if the Chancellor decides to fleece motorists even more. There are insurance costs, and obviously the Government get some tax from that. Do you know what the total yearly sum is that motorists raise for the Chancellor?

Grant Shapps: For the Treasury. I don't, off the top of my head. As you suggested, I am very happy to write to you with the Chancellor's facts and figures on those numbers.

Q72 **Karl McCartney:** If, as the Prime Minister and you have agreed, we will be looking at some big changes by 2030 to the type of vehicles on the road, what is the reduction in that income to the Treasury likely to be? What are the costs of achieving roughly 70 million charging points across the country, and the infrastructure?



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Grant Shapps: First of all, of course it is true that if you have electric vehicles and you are not paying the vehicle excise duty—the tax—on them, it means there is less money available. That is a matter for the Chancellor.

To answer your previous question—

Q73 **Karl McCartney:** Surely your Department has done some projections about it.

Grant Shapps: Sure. In projection terms, you mentioned a £40 billion figure, which I do not exactly recognise. I know that fuel duty is £28 billion. That is the sort of scale of fuel duty. It is very much a matter—

Q74 **Chair:** I am pretty sure it is £40 billion when you bring in VED and fuel duty.

Grant Shapps: I think it is adding the two together.

Q75 **Karl McCartney:** Then there is tax on new cars that are bought and all the other duties that motorists pay. That is what I am asking. There is a grand total, and that is obviously going to be considerable.

Grant Shapps: Tax on cars does not necessarily disappear. Not all these things disappear, but the £28 billion is specifically the fuel duty revenue. I will set it out if that is helpful.

Q76 **Karl McCartney:** To contrast, you proudly announced that the Government are putting some money towards further charging points on our road systems. I would like to know how you expect individuals to pay for their own charging system at home, or for them to be at their place of work, in motorway service areas or wherever it might be, to get to the magic number so that people can use electric cars for long journeys as well as the short ones, which we know are most of the journeys that are taken.

Grant Shapps: Thank you for highlighting my £20 million on-street residential charge point announcement of yesterday, which is specifically designed to target people who do not have a driveway and cannot therefore charge at home.

It is also probably worth setting out the fact that there are already 140,000 domestic charge points. There are 11,000 in workplaces, and 19,000 publicly available charge points, of which 3,500 are already the rapid charging type. There is already charging at all our motorway service areas, and we are committed to making those rapid charging as well.

Q77 **Karl McCartney:** If a charging point costs £1,500 a time, quite a big investment will be needed. That is not the only part. There is also the infrastructure to deliver the electricity to that charging point. What are those projected costs?

Grant Shapps: That is not a number I have off the top of my head, but I can come back to you on it. I can tell you, though, that we are investing



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£950 million in the strategic road network to make sure that people are always close to a rapid charger. Even now, you are never more than 25 miles away from a rapid charger on a motorway or an A road.

I drive an electric car. I do not know if you do, Mr McCartney. I drive it all around the country and I can tell you that I have never, ever, found that I am in trouble on that subject. Yes, it takes a little bit of thought and planning. That is true. It is a slightly different way of thinking about things. People who have charging at home or outside their home—the type of funding that I announced yesterday—have the ability to leave for the day with a full tank. That is not something you typically do in a conventional petrol car because you do not typically live in a petrol station. There is an advantage, and it is just a different way of thinking about driving when you drive an electric car.

We are among the best in Europe on the number of devices. I speak to National Grid. They tell me that they do not have a problem with it, largely because cars primarily charge at night-time. It is quite a good balance for the load on the network. We already have quite a large network of chargers available, and it is going up very rapidly. Overall, I am satisfied that it is keeping pace with the 2030 pledge.

Q78 Karl McCartney: I have raised with your Ministers, and with some of your predecessors, the case of the Denby double lorry with the trailer. For some reason, officials in your Department, even though the permits could be there for it to be used, still will not let that lorry go out on to our roads to be tested, as it has already been in other European countries. You and I both know that there are issues, not with the weight of cargo on our freight lorries but with the volume. Whether it is moving toilet rolls or breakfast cereals around, if instead of having 40 lorries you have 30, it has an environmental impact, which is a bonus, as well as only needing 30 drivers rather than 40.

Is there going to be any change in letting Mr Dick Denby, who has been pushing for this for well over a decade, get the permits to try out the vehicle on the roads of the UK?

Grant Shapps: I am always keen for innovation, particularly now that we are outside the EU and we have lots of flexibility. I will always look at anything that is worth while. In fact, after a trial that has gone on for many years, I have just signed off on a trial of heavier wheelbases—I will send you the specifics on it—which have been—

Q79 Karl McCartney: Please do. Also, please speak to Baroness Vere and your officials who have held it up and have done a good job of kicking it into the long grass for the past 12 or 15 years.

Grant Shapps: I was pointing out one where we have gone the right way, as far as you are concerned, and signed off a trial to make it permanent.

Q80 Karl McCartney: I am conscious of the time, so I am going to hand back



to the Chair.

Grant Shapps: No problem. I will come back to you on the specifics of that one.

Q81 **Chair:** We have 10 minutes. I am definitely not going to go beyond midday because I know that in the Chamber there is a one-minute silence for Captain Sir Tom Moore. I want to make sure that we honour that.

I want to ask very briefly about learner drivers and driving instructors. They have been waiting for a long time to be able to restart. What hope do we have for them? Will those who have sat their theory test get their money back, as they will have to sit it again?

Grant Shapps: First of all, I feel for people who are waiting to take their test. It has been enormously frustrating. It has been on, off and the like. There are quite a large number of people waiting to take their practical test. I think the number is 406,000, and there were 478,000, in round numbers, waiting on theory tests between April and September.

We have not been able to conduct all those tests, for obvious reasons. It is a close proximity thing. We have had to ensure that the people being tested are key workers who absolutely must have those tests. Some of the theory tests will be getting old. We do not want people driving when they have forgotten about the theory, so I am afraid that some of them will need to be retaken.

The Chancellor has been very generous in the past on all these matters. In relation to the overall cost of driving—tests, learning and getting a car—the cost of the theory test is a relatively small amount. I am not sure if the Chancellor's generosity will continue to stretch, although I will keep it under constant review.

Chair: Another sector often talked about by this Committee, certainly by Grahame Morris and Greg Smith, is coaches.

Q82 **Greg Smith:** We have talked about a lot of different modes of transport this morning, Secretary of State. The coach sector is a sector that is feeling very left behind. MPs from all parties have spoken up about that. One of the key points is that, while the Chancellor's support packages have indeed been very generous, it is a sector that is already very indebted, not least because of things that the Government have asked them to do. I can think of coach companies that are in hundreds of thousands of pounds-worth of debt in meeting PSVAR. We have seen big coach operators go bust already, and many other firms are pretty close to the brink. What more can we do to secure the future of our coach industry?

Grant Shapps: You are absolutely right to point out that they have very much been at the forefront. Obviously, they have had assistance through things like the various schemes—furlough in all its formats, CBILS and other coronavirus loans. There is no doubt that it has been very tough.



I have tried to do things to be quite innovative with coaches. For example, when schools went back previously, coach companies were used to help pupils get to school safely. That was a useful scheme, and the coaches stepped up to the plate for it. We are going to have another return to school. We do not quite know the circumstances of that return in terms of timings right now, but I think the coach companies will once again be right at the forefront.

You mentioned the disability regulations. It is probably right to point out that these have been coming in for decades—literally for 20 years—so they are not new regulations. I have been as flexible as I possibly could be and have provided various extensions. I absolutely recognise that it has been a phenomenally tough time for the coach sector. On 5 January, the Chancellor announced a further £500 million of additional restriction grant funding for businesses that are not legally required to close. Some of that funding should, I hope, be helpful for coach companies. They should access that via their local authorities.

Chair: We are going to move over to the DVLA. Secretary of State, we had a session last week with the chief executive and the head of estates and personnel of DVLA. We are writing to them because we had a number of concerns. We expect to hear back. I will hand over to Grahame.

Q83 Grahame Morris: These are quite important issues in terms of the health and wellbeing of the workforce. I know, Secretary of State, that you responded to some questions in the House on Thursday at Transport questions. How confident are you that DVLA staff have been, and are currently, working in safe conditions?

Let me comment that both you, Secretary of State, and indeed the Prime Minister and, I believe, the Leader of the House as well on Thursday, advised members of the public to apply for DVLA services, driving licences, car tax and other things, online, the implication being that online applications would not necessarily be dealt with on site in Swansea. The information that we have been supplied with is that it does not matter whether there is a paper application or an online application—they are all dealt with by staff on site in the Swansea office.

Would you look into that? A staff member sadly died last week. Would you give us your views on a safe working environment there and what steps are being taken to improve the situation?

Grant Shapps: First of all, my condolences to the staff member who died. I know that it is a great loss to the family, and everyone at DVLA will be very sad about that death as well. I want to put that on record.

Secondly, this has been picked up in a lot of news coverage, not least because of the Select Committee inquiry. I will absolutely look into your point about the extent to which even online applications require people to go in. I suspect that in many cases you are right. It depends on the type of application—for example, if you are renewing something or not. The



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point is that, a lot of the time, people are sending in sensitive and confidential documents like passports, which physically require somebody to handle them at the other end. I think that has been one of the issues. Biometric residence permit cards are another such item. It gets into the complexity of why there have needed to be people on site or on sites. As you know, they took over at least one other building to try to maintain more social distancing.

There are essential things that those individuals are doing in terms of updating the police national computer every night. There are databases that cannot be accessed from home for very good GDPR reasons. There are even welfare applications that would not be handled if people's biometric residence permit cards were not returned, and things like that.

The DVLA is also the place where, for example, printing takes place for letters that go out to people in order for them to get their coronavirus vaccination in Wales. There are a lot of physical activities that cannot be done from home. The question is, how do we make that as safe as possible?

You know about the enhanced cleaning, the social distancing, the perspex screens and the leasing of additional buildings. I will do whatever it takes to instruct DVLA to make sure that they are doing everything. I read carefully the evidence from last week's Committee, to make sure that they are doing whatever the Welsh Government and Public Health Wales say is required. I believe their plans have also been signed off by Swansea Council.

I share your concern. We absolutely need to do everything we possibly can to minimise the people there, but there are still 60,000 items a day that go to DVLA and have to be physically opened, otherwise the many essential public services that I mentioned would not be able to operate.

Chair: Grahame, I will take it back on that note, if I may. Secretary of State, we are pleased that you will be all over this. As I am sure Grahame was about to say, all the Members felt concerned by what we heard. We will continue to follow it.

I am going to wrap up now. We had some more questions, but we have run out of time. As I say, we also want to ensure that all of us can observe a minute's silence in tribute to Captain Sir Tom Moore at midday. Perhaps we can write to you with the remaining sections, and you can provide evidence to us on the other matters you talked about. We can complete our session on that basis.

Thank you, Secretary of State, and Mr Davies for giving so much of your time and for being fulsome in your answers. We send the entire Committee's best wishes to all of your teams for all the hard work they are doing. Thank you.