

Welsh Affairs Committee

Oral evidence: [One-off session on the Union Connectivity Review](#), HC 917

Wednesday 15 December 2021

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Members present: Stephen Crabb (Chair); Geraint Davies; Ben Lake; Robin Millar; Dr Jamie Wallis; Beth Winter.

Questions 1 - 59

Witnesses

I: Sir Peter Hendy, Chair of the Union Connectivity Review and of Network Rail.

II: Chris Heaton-Harris MP, Minister of State, Department for Transport; and David T C Davies MP, Parliamentary Under-Secretary of State for Wales.



Examination of witness

Witness: Sir Peter Hendy.

[This evidence was taken by video conference]

Q1 Chair: Welcome to the Welsh Affairs Committee. This is a one-off session looking at the Union Connectivity Review. I am delighted that we have been joined by the Chair of that review, Sir Peter Hendy, who is also Chair of Network Rail. Sir Peter, good afternoon. Thank you for giving us your time today. We have quite a wide range of questions to get through in the course of the next hour so I will go straight to my colleague Robin Millar to open the questions.

Robin Millar: Good afternoon, Sir Peter. It is good to see you again and thank you for the work that went into the report and thank you for the care and attention that I know you gave to even the small details. I am looking forward to hearing your answers this afternoon. Simply, to start, how would you describe the level of connectivity between the constituent parts of the UK?

Sir Peter Hendy: Thank you. It is good to see you all and good to see you again, Robin.

The question that the Prime Minister asked me in the summer of last year is a very good question to answer. In respect of the devolved Administrations, my view as a transport professional is that the impact of devolution has been good on the whole but that a gap in UK-wide strategic transport planning has resulted in at least some cross-border schemes, and those where the costs and benefits are in different nations, seeming to be of lower priority than other schemes. I was asked a good question and I think that my work has proved that there are some gaps that should be filled.

Q2 Robin Millar: As you have looked across the whole of the UK, what is your assessment of how transport connectivity and investment within Wales in particular might compare with or vary from the other nations of the UK and indeed English regions?

Sir Peter Hendy: There is no doubt, and nobody has seriously questioned it and it is commonly accepted, that better connectivity leads to economic growth, job creation, house building and social cohesion. I have found some gaps. I consulted extensively. I spoke to something like 150 people. I spoke to you and many other elected representatives in the UK Parliament and in the devolved Administrations and my attention was drawn to a series of issues.

The two most populous parts of Wales are the series of south Wales towns and cities and their connection over the Severn to Bristol and the corridor to Swindon, and on the north Wales coast the series of towns and cities connected to north-west England, Merseyside and Manchester. As you will have read, my conclusion in both of those cases is that there



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are things that could be done that would improve connectivity and hence produce the economic, jobs and housing benefits that I talked about earlier.

Q3 Geraint Davies: It is good to see you again, Sir Peter. On fairness between different regions, there are 3 million people living in the Bristol/Cardiff/Swansea city region, which is the same as the number of people living in Leeds/Manchester, yet Leeds/Manchester has about eight rail services an hour and I think we get one. In your assessment, don't you think there is a very compelling case to build up that city region with connectivity between south Wales and the south-west?

Sir Peter Hendy: There is certainly a good justification for better connectivity. As for quite how it is provided and what needs to be done, if you look at what I have set out, road congestion on the M4 in south-east Wales leading to the Severn Bridge is clearly an issue and various suggestions have been promoted for relieving it. I was fortunate to be assisted by the work that Terry Burns did on behalf of the Welsh Government, together with a number of very competent experts, which set out how you might deal with that congestion without building a new relief road, which has been the subject of controversy in Wales. I was satisfied, having looked at Burns's work in detail, that what he was proposing had a quite reasonable chance of relieving congestion and hence improving connectivity.

The South Wales Main Line has been electrified to Cardiff, as you know. I know that there has been pressure to electrify it beyond Cardiff and that that was withdrawn from the Great Western electrification scheme because the money to do it was not there. I also know about the new trains. I did not take a view about whether or not there should be more services. You will appreciate that I am wearing two hats here.

I am the chair of Network Rail and we have to bear in mind at the moment that volumes on the railways are at best two-thirds of what they were before Covid and a proposition to increase the levels of train services has to be addressed in a rather different manner so I did not opine on that. Clearly, more frequent train services become more attractive but, especially in the light of Covid, our experience since March 2020 and currently, different factors have to be taken into account in considering the frequency of services west of Cardiff.

Q4 Geraint Davies: I respect what you are saying but from a strategic point of view, we are hoping that we will move out of the pandemic and we have to confront climate change. With that in mind, and thinking about the comparison between Leeds/Manchester and Bristol/Cardiff/Swansea again, and given the pressure on road traffic and also the climate impacts from that traffic around Newport, is there not a compelling case to look at investing, if the money were there, in more frequent and faster connectivity between Bristol, Cardiff and Swansea to make that economic cluster work for the future?



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Sir Peter Hendy: I think the truth is that there are probably enough trains. I would need one of my railway colleagues from the Great Western Railway to tell me but there are probably enough trains to run a more frequent intercity service to Neath, Port Talbot and Swansea, west of Cardiff. I think the question is whether or not that can be justified in the whole railway economy. Naturally, I am fully in support of your proposition that more frequent railway services are more attractive and lead to more patronage and create greater connectivity. I think you have Chris Heaton-Harris, the rail Minister to follow me. Chris will no doubt say that the Government have to bear in mind the total cost of the railway to the national economy and I cannot blame him for doing so. We would like to think that after the pandemic the circumstances will arise to justify greater frequencies. I hope that they do but it would be a pretty tall order to prescribe that just now.

Q5 **Geraint Davies:** May I say, though, that obviously we have HS2 moving forward, albeit gradually, and that will mean that the time it takes from Paddington to Manchester will go from two hours and 10 minutes to 1 hour and 10 minutes. You can already get to Edinburgh in three hours from Paddington. At the moment, it takes three hours to get to Swansea so we will be competing with three hours to Swansea from Paddington and one hour and a bit to Manchester, which is obviously shifting investment. Given that this Committee has recommended that Wales gets its Barnett consequential of HS2 in the way Scotland does, do you not think there is a very strong argument to do that and with that money provide the resource for this economic cluster around Bristol/Cardiff/Swansea? It is all very well saying that we do not have enough demand. Gross value added in Wales is only 70% of the UK average. Surely, as you have said in essence, if we put the investment in we can build the economy and get our fair shares. Is that something that you would be sympathetic to?

Sir Peter Hendy: The matter of whether HS2 leads to a Barnett consequential for Wales is beyond what I was asked to do.

The South Wales Main Line west of Cardiff is relatively quite low speed and it would require the most enormous amount of investment to decrease journey times significantly. I suspect that the practical solution to what you are talking about is simply a more frequent train service because I think that we have already concluded—that is with my railway hat on—that electrification, for example, made no significant speed increase west of Cardiff because of the topography of the line.

I am not rejecting the proposition that a more frequent train service west of Cardiff would do economic good for Swansea, Port Talbot and Neath, but I think you have to make that case in the context of UK-wide rail spending and particularly the subsidy that goes in from the UK Government.

Q6 **Geraint Davies:** The original Brunel line was a straight line rather than curving up into the valleys.



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Finally, would you support some sort of integrated network? We have looked at Swansea metro, a south Wales metro across south Wales, which would integrate electric buses and trams and other sorts of connectivity, so that people can get on to the public transport and are not so reliant on private cars, to ease the congestion across the border and also to build the economy.

Sir Peter Hendy: Naturally, as a transport professional, as I hope you describe me, I am extremely sympathetic to integrated transport propositions. My observation, with both hats on, union connectivity and Network Rail, is that Transport for Wales is beginning to do a very good job but in the end it is all a question of money, both investment and revenue support. I think that in those instances you have to look first to the element that is devolved to the Welsh Government and then to the element that is not, which is the railway infrastructure and the support we receive as Network Rail from the UK Government, to see what priority that might be given and how that money might be spent.

Q7 **Beth Winter:** The previous questioner asked about devolution and I want to focus on that in a bit more detail. What impact do you feel that devolution has had on transport connections and connectivity since it was established in 1999?

Sir Peter Hendy: My general conclusion is that devolution has been good for the delivery of transport connectivity within Wales, Scotland and Northern Ireland. I have quite a lot of dealings with Transport for Wales and I spoke to the Welsh Government as part of this review and I think Transport for Wales is doing a good job. James Price is a very competent chief executive. I look at their programme within Wales with both union connectivity and Network Rail hats on and think they are doing a good job. The piece that has been missing is connecting up across the boundaries for the south Wales conurbation and its connections over the Severn to Bristol and onwards to the Swindon corridor and in north Wales. I think there is more that could be done and the national boundary has rather got in the way of doing it, which is why I have recommended what I have.

In south Wales it has been much easier because the Burns commission is a good piece of work. My only reservation is that if it does not manage to cure the current levels of congestions on the M4, the alternative might have to be thought about again but I think there is quite a good prospect that it will. It is a very rigorous piece of work. That same sort of work has not been done on the north Wales corridor to Merseyside and Manchester, hence my recommendation that it should be done to work out what to do with the A55 and the North Wales Coast Line.

Q8 **Beth Winter:** Picking up on some of the earlier conversation about underinvestment in rail infrastructure, which has been significant in Wales—I think we have 11% of the rail network in Wales but only about 1% of rail enhancement projects—your review recommended that the UK Government work with Wales to improve the North Wales Main Line between Cardiff and Birmingham and beyond and enhancing the



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infrastructure and electrification. There seems to be some evidence, however, that the Treasury is blocking electrification projects. How do you think that will affect the delivery and aspirations in the review you undertook?

Sir Peter Hendy: If I unpack that a bit, I am afraid that I am not very sympathetic to the comparison of the railway mileage versus railway enhancement expenditure if only because quite a lot of railway mileage in Wales has a relatively low train service. That is not to say that the Central Wales line, nor the Cambrian coast line, should not have the appropriate level of investment but if you merely compare it on a mileage basis, you are not looking at the sort of business case analysis that any government would have to do to justify investment.

The reason why I have concentrated on the South Wales Main Line and the south Wales corridor and the North Wales Main Line and the A55 is because they are in by far the most populous areas in Wales and they are areas in which I think that better connectivity could be justified. You will see that for the North Wales Main Line I included possible electrification in the list of things that I think ought to be examined, and I think it should be. I think the connection with HS2 ought to be examined as HS2 gets to Crewe. The South Wales Main Line, as we have just discussed, is electrified to Cardiff and probably electrifying it westward would make almost no difference in journey times because of the topography of the railway.

It is a question of assembling investment cases that pass the tests that any reasonable government would put on them. I see that the Burns commission work is being taken forward by the Welsh Government, which is good, and if the work is done in the north Wales corridor, my feeling is that the right package of work will produce a good investment case and that would enable the UK Government to take it forward through Network Rail.

Q9 **Geraint Davies:** To the point you made about 11% of the rail network, it is the case, of course, that Wales has 5% of the population compared to about 1.5% of the railway enhancement so we are not getting our fair share. I understand that the basis on which you say electrification to Swansea is not justified is train speed and journey time, but presumably you would accept that there is an issue about electrification for climate change and air quality. Pollution goes up to 50 micrograms per cubic metre in the carriages. I have measured it. As you get out of Cardiff, the air quality gets worse. Presumably we want an integrated transport system that is electrified over time irrespective of speed.

Sir Peter Hendy: I entirely agree that electrification is a very important part of a decarbonisation programme, in the UK as a whole and in Wales. I think I am right in saying that the UK Government have said that they will come back in the next two or three years to say what they want to do about a longer-term rail electrification programme. Speaking with my Network Rail hat on, we are clearly very keen on advocating as much railway electrification as we can because of the environmental and



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sustainability benefits, but it does, after all, have to be paid for, it is capital-spending intensive and it will, in the end, be for the Government to decide where they want to go first. One of the benefits, although it does not affect Wales, of the recent announcement about the East West Rail plans for the north and the midlands was the confirmation of electrifying the Midland Main Line north of Kettering to Sheffield and of course that is a fairly significant amount of electrification mileage.

Network Rail look forward to seeing a long-term railway electrification programme and I have no doubt that parts of that will include Wales. I entirely agree with your reasoning. I think you have to press someone other than me for the disposition of the money that will enable more electrification in Wales.

Q10 Robin Millar: In the report that you produced, there was talk of the UKNET. We will come to that later in the questions, but could we drill a little bit into HS2, which obviously is a very current matter for discussion? When you and I spoke, we talked—and indeed it came up in the last Welsh Affairs session with you—about the impact of investments in England that benefit north Wales and some station improvements in Crewe and Chester and so on that would have an impact on the North Wales Main Line. What is your assessment of the UK Government’s argument that HS2 will provide significant benefits to north Wales?

Sir Peter Hendy: The recent announcement about the integrated rail plan confirmed that the Government intend to bring forward a Bill to get HS2 to Crewe, to Manchester, from the Midlands. I think that is very significant for north Wales because, inter alia, it will include a new station at Crewe, or a station that to all reasonable effect is new. That will enable much faster journey times to north Wales, which I think is a huge benefit.

One of the things that is central to the proposition about looking at the connectivity of the four nations of the United Kingdom is that expenditure in one of the nations can greatly benefit others. HS2 does not itself touch Wales, but the result of HS2 and of the investment to Crewe will produce a great benefit for north Wales. It may produce a reasonable benefit even for central Wales as a consequence of the connection between Crewe and Shrewsbury and the Cambrian line. Although you did not ask it, HS2 to Crewe and north of Crewe will also produce a huge potential benefit for Scotland and you will read some recommendations about that in my report.

The central part of your premise is right. The UK transport system is a network. It is a network of roads, railways, ferries and airways, and investment in one place can produce benefits in another, which I think is the purpose of me doing this work.

Q11 Robin Millar: It is the underpinning concept of union, I suppose, in many respects. If I turn the telescope around and we look at it from the other end, are there any specific transport improvements that should be made in north Wales and beyond to ensure that the benefit from HS2 is realised?



Sir Peter Hendy: You see that I recommend in effect a multimodal study of the north Wales corridor. That is because when I talked to you and many other people various things were suggested about the barriers to growth and reliable journeys, on both the A55 and the railway network. I think we need to do further work. I am not fundamentalist. Sometimes in Network Rail we feel that we are the victims of grandiose schemes cooked up on the backs of old envelopes by people who say, "What you need is a new North Wales Main Line". I think the right thing to do is to look closely at what improvements you can make for what money and to assemble a package of them that makes sense to the Exchequer and will produce an appreciable difference in journey times, reliability and capacity and then prosecute that, because it should have a good business case.

I have not done sufficient work to know what that package might be but I know that there are people who can do that for the railways and Network Rail, Transport for Wales, the Welsh Government and the road network. I think the end result of it ought to be a package that has a good financial case, can clearly demonstrate the economic and wider social benefits and better connectivity, and hopefully will be near enough to the top of the investment pile for it to be invested in in a reasonable space of time.

Robin Millar: Hopefully that is what we will be doing through a bid to the Union Connectivity Development Fund. Many thanks.

Q12 **Chair:** You mentioned the Treasury several times and you have talked about putting together a package of investment proposals with a good, strong financial case around it. From your previous experience at Network Rail and Transport for London, how well do you think Treasury does the job of assessing the value for money around different rail projects? Is it something Treasury has got better at? Do you think that work still needs to be done there so that Treasury can make good, long-term decisions rather than short-term judgments?

Sir Peter Hendy: If you asked Treasury, it would say that some of this, maybe most of it, is a question about the cases it is presented with. If you look at the report, you will see that I have made some fuss about looking at wider economic benefits. You will all know, I am sure, that I was the Commissioner of Transport, Transport for London, for nearly 10 years. We made a very good case for Crossrail, not only on the narrow transport benefits of journey time savings and that sort of thing but on the wider economic benefits to London. I think transport businesses cases are much better if they embrace the wider economic benefits. Whenever I talk about connectivity, I am not only talking about growth, jobs and housing; I also talk about social cohesion because I think it is quite clear that that is important.

Treasury will quite often say that the business cases it is given are quite conventional. I think that Treasury is increasingly open to wider business cases and the last revision of the Green Book that was published a few months ago says that it is looking for that. Certainly for the work that I have recommended should be done, I would be bitterly disappointed if



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what resulted was a narrow transport business case. Looking to your colleagues along the north Wales coast, the wider economic benefits for the towns along the north Wales coast and the conurbations in Merseyside and Manchester ought to be looked at on a wider economic basis and their business case would be much better for it. Not only would I be disappointed if Treasury did not pay attention to it, I think Treasury would be disappointed if such a wider business case is not put in.

Chair: Thank you. That is very helpful.

Q13 **Dr Wallis:** Sir Peter, I appreciate that you have already touched on the recommendations in the Burns commission about relieving congestion in the south Wales corridor, but could you give a little more detail about your level of confidence that they will resolve these longstanding issues?

Sir Peter Hendy: I did not do that work. I looked at the work that was done and I think it is a very competent piece of work. I am persuaded by the large number of relatively short journeys, on the M4 principally, to and from people's places of work, particularly around Newport, and the absence of adequate rail connections and stations locally for any alternative use. I think the case that Burns and his colleagues made is quite compelling, particularly since the expenditure on that is a significant amount less than a relief road. If I had recommended continuing with the proposition for the relief road, I think the first question I would have been asked and proponents of it would be asked by Treasury, is, "Why are you producing something for apparently twice the cost of something else that produces the same result?"

What I said was that I think the Burns work is pretty good. The case Burns makes to remove local, short-distance traffic from the M4 by better local public transport, by opening some new stations, echoing the Government's and the Welsh Government's policy of walking and cycling for very short distances, is a good one. You will see that at the end of it I put a sentence that basically says if that does not work, you might have to consider the relief road again, but I think it is likely to work. Frankly, it would be perverse not to have regard to such a well done piece of work, particularly since the Treasury—any treasury, whether it is the Welsh Government or the Treasury in Whitehall—would immediately ask why your proposed solution would be more expensive than one that has already been proposed.

Q14 **Dr Wallis:** If I can characterise your confidence levels, I believe you used the word "likely to work"; is that correct?

Sir Peter Hendy: I do, yes, likely. I'll buy likely.

Q15 **Dr Wallis:** Thank you, Sir Peter. What are the main investments and enhancements needed to strengthen connectivity along the Welsh Marches corridor?

Sir Peter Hendy: The reason I concentrated on the north Wales coast and the south Wales conurbations is because that is where the principal



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population of Wales is. In both cases, there are significant connections to and from Wales and England.

I did look at the Marches a bit. I had various representations about the A49. It does not have large volumes of traffic. You will see that I noted that I thought that connections from Cardiff to and from Birmingham were not as good as they could be, principally by rail. I would be supportive of—I think I wrote it somewhere—much smaller schemes such as the A483 and improvements to the A49 but they will not have the same effect as what I have been talking about in north Wales and south Wales, principally because the volumes are so much smaller.

Dr Wallis: Thank you very much.

Q16 Geraint Davies: You made an assessment about long-term investment and you mentioned social cohesion. It is the case in Wales relative to, say, Ireland that we have fallen quite quickly and only have something like 70% of gross value added in Wales. Therefore, while the short-term economic case for major investment in infrastructure might not be there on the conventional value for money basis, would you agree that there is a case that can be put together to the Treasury for not just a share of HS2 but a heavy-duty share to give us a step change in south Wales, in particular now we are losing money from the European Union since we have Brexited?

Sir Peter Hendy: I think that it is not for me to say where the moneys come from. The most I can help you with is that if you look at the wider economic case for better connectivity for places like the western part of south Wales—Swansea, Neath and Port Talbot—and if there is a reasonable case to be made on a wider economic basis, it ought to stack up. Frankly, that is what the Government's levelling-up agenda is seeking to address. I am sure that there is a case to be made. I cannot say how strong it is for other parts of the United Kingdom. What I can say, as far as the railway goes, is that you have to cost out the enhancements that you want to make with journey times, reliability and capacity.

One of the difficulties west of Cardiff is straightening out the railway. Brunel did a pretty good job between London and Bristol. His successors did a pretty good job in the Severn Tunnel. I think it was Brunel who designed the railway west of Cardiff and he abandoned his straight-line principles in favour of hugging the contours to save money and it shows. It showed then and it shows today in overall journey times and straightening it out would be very expensive.

Q17 Robin Millar: I mentioned the UKNET earlier. Very quickly, to give us an overview, how important do you think UKNET is to the package of recommendations you have made?

Sir Peter Hendy: I think it is important because my observation, having listened to what people said, is that individuals, businesses and elected representatives in the devolved Administrations are concerned about better connections to and from England and hence connections across the United Kingdom. Our leaving the EU presents us with an opportunity in



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that respect, which is for the UK Government to look at the network of routes that it believes are of primary importance to the whole of the UK economy. You will see that I very carefully said not only that they should establish UKNET but that they should fund it as a net addition. If you establish a UKNET but expect each of the constituent parts of the United Kingdom to concentrate their money on that as opposed to their domestic priorities, frankly they are not going to get very far.

I think that it is important for the UK economy. It is an opportunity that we have been given as a consequence of leaving the European Union. I have suggested a UKNET. It may be that the Government would prefer to tweak it in some way. I think I have included the major links that should be there and the Government would be entitled to take their own view but so long as they believe it is important—and the Prime Minister told me on the publication of the report, as did the Secretary of State, that they agreed with my recommendation—if it is good for the economy and it is good for the nation, there ought to be some money attached to it to improve those parts that would make a real difference.

If you look at the map in my report, which is on page 33, it is quite clear that those links are not of equal quality, capacity, speed or reliability. I think that is an opportunity for the Government to put a bit of money where their mouth is to improve connectivity for the benefit of the UK economy.

Q18 Robin Millar: That takes me to my second point, which is what are the implications of UKNET for the relationships between the UK and the devolved Administrations? Clearly money and finance is one but are there any headline implications that you would like to draw to our attention?

Sir Peter Hendy: I like to think that it will improve cohesion between the devolved Administrations and England and in the UK as a whole. We had some market research done that showed that people wanted to travel between the nations, which is good. I imagine that even the most ferocious supporters of devolution would not find it amiss for the UK Government to declare some of what they are responsible for as being sufficiently important to need some money spent on it.

I think that it is particularly important that the business cases for cross-border links do not suffer from the effect of having two pieces of government each looking at them separately. In fact, there is some quite good collaboration particularly between Transport for Wales and the neighbouring UK conurbations and counties. You can see some signs of collaborative working in the Growth Track 360 proposition in north-east Wales, for example, and I think there should be more of it, frankly. You will know just from inspecting the map that the Welsh-English border does not pay much respect to transport links. Some of the roads criss-cross it and the railway criss-crosses it. Shrewsbury, which is an important node for the Welsh railway network, is very obviously in England, so disregarding the border for the purposes of transport investment is probably a pretty good thing.



Q19 Robin Millar: I certainly agree. I sometimes characterise the border more as a zipper than a straight line for the number of times that things criss-cross backwards and forwards.

A final question, and if I can do that thing where you turn the telescope around: what about the benefits to rail passengers in north Wales, or just in Wales rather than to us as decision-makers with a strategic viewpoint? How will the average rail passenger see a benefit?

Sir Peter Hendy: I think you can conclude from what I have said about the north Wales corridor that the North Wales Main Line could do with improvement. It could do with faster journey speeds, more capacity and more reliability. Those three things are the principal determinants driving rail use and rail passenger satisfaction. I don't think it will be that difficult to do. You will probably know better than I do because you are more local but the North Wales Main Line used to be, and in fact was built as, a fast, long-distance link for the Irish traffic for Holyhead. Over the years it has been rather downrated but it could be quite economically upgraded again, which would benefit all those rail passengers and, incidentally, connectivity with the Republic of Ireland. I can see nothing but benefit out of the right package of investment.

Robin Millar: There is a story circulating that the railway line was first introduced to ease the transport of MPs from Northern Ireland to Westminster. Perhaps it falls on us in north Wales to continue that tradition but it benefits everybody else, that is the key thing. Many thanks.

Sir Peter Hendy: Thank you. I think, in fact, one of the primary reasons for it was better mail to the Republic of Ireland. The Irish Mail, which I don't think is a named train anymore, was the first named train in Britain.

Robin Millar: Your knowledge of these things is better than mine.

Q20 Beth Winter: Robin just mentioned passenger satisfaction. Passenger satisfaction is key to achieving connectivity and there is evidence that passenger satisfaction is dependent to a large extent on staffing, having good staffing and sufficient staffing levels. What are your views on how government-funded redundancy schemes among train operating companies, and Network Rail's own cuts to maintenance staff, support rebuilding confidence in the rail network?

Sir Peter Hendy: It is a bit beyond the UCR, but as the chair of Network Rail the first thing I would say is that the railway network, at least before the current variant of Covid, had not got beyond 68% of its previous revenue. We have been the incredibly fortunate recipients of a huge government subsidy to keep the railway network going through Covid and I think, frankly, it would be closing your eyes to reality not to look at how you might run the railway better in circumstances where the government subsidy has exceeded—I think it is now standing at at least £13 billion or £14 billion since the start of Covid—and we still have not got the passenger numbers back. Indeed, the latest variant is likely to drive them the other way.



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I don't think that it is inconsistent to have a redundancy programme. It might not surprise you that in the programme in Network Rail we looked first at the management, who are not directly affecting the capacity of the railway, and we are now looking at a very detailed discussion with the trade unions about the effectiveness of maintenance regimes, the modernisation of them and so forth. I think that is perfectly reasonable, frankly, and if Andrew Haines, my chief executive, was here we would both be astonished if we were not pressed by the Government to do something about the large revenue cost of running the railways and I think that is it. It is true, of course, that passenger satisfaction is dependent on having competent staff and safety, and so on. You might not care for me to say so but I went through a programme of reducing and closing ticket offices on the London Underground simply because the retail methodology used by the passengers had completely changed and the people in the ticket offices had very little to do.

I do not think we can stand still but I agree with you that it is still absolutely essential to have competent, trained staff to look after passengers, and I do not think that anybody associated with the current programmes would be not trying to do that. We have to consider the question of how many there are and what they do in the light of the enormous subsidy going to the railway and the currently reduced passenger levels.

Q21 Beth Winter: I wonder whether there is a strong argument for renationalisation and bringing it back into public ownership. I will pass back to the Chair now. Thanks.

Sir Peter Hendy: I do not think it makes a lot of difference, because when I was in Transport for London, we had the London Underground in-house and we did that programme not because we were publicly owned nor because we were privately owned. We did it because it was the right thing to do for the costs of the system and for the service to passengers. I think that what is going on in the national railway is the same and, incidentally, I do not think that Transport for Wales is excluded from that either.

Q22 Chair: While we are on the subject of staffing, I was told recently by somebody who works for one of the train operating companies that serve Wales that one of the reasons why we seem to have more than our fair share of train cancellations on a Sunday is because in the contracts for the rail operators there is no compulsion for staff to work on a Sunday. Therefore, despite there being a fixed Sunday timetable, the way that the contracts are drafted staff cannot be made to work on a Sunday if they do not wish to. I was staggered to hear this. Have you come across this with the vast experience that you have on the network and in trade organisations?

Sir Peter Hendy: There are a couple of things going on here. First, as a result of Covid, it has been very difficult—and it was impossible for some months—for the train operators to safely train drivers. Putting two people in the very small cab of a train was not Covid-friendly and could not be



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done. I think virtually every train operating company in Britain is severely short of drivers as a consequence of being unable to train. I understand now that training has restarted, which is very welcome and that is good for employment as well as for the railway but many of them are very short.

You are absolutely right that most train companies have union agreements with their drivers particularly but also other train staff, for which there is a six-day week with Sunday as an optional work/rest day. In my experience, we did not have that at Transport for London on the Underground. The Underground has a seven-day roster with people rostered every day of the week. The consequence of the way in which we now live suggests to me, particularly if you look at the different balance between travel to work and leisure, that that is exacerbating an issue, which is that sometimes there just are not enough staff volunteering to work on Sunday to run a full service. I do not think that is good for the railway at all and I think that we need to do something about it.

The individual train companies employ their own staff and it is for them to negotiate it. You are right that from the outside it looks fairly incredible that you can be offering a seven-day-a-week service and trying to increase service levels on Sundays and not have staff who are rostered to work on Sunday and relying on voluntary work rest days. I do not think it is very good for the staff either.

I am not going to put myself in the place of the trade unions, but in my career I was used to being lectured by the trade unions about employing enough people for nobody to have to work rest days and, by and large, I agree with that. I think it is a real shame that we are seeing a level of cancellations, particularly on Sundays, as a consequence of people being unable or unwilling to get sufficient volunteers to staff the full service. It is the worst thing you can do as a transport operator to advertise something that you cannot operate.

Q23 Chair: That is very helpful. Thank you. I appreciate that was slightly off topic. I am going to come to Ben Lake in a moment to ask the final questions, but just one more from me. Returning to the subject of UKNET, what is your understanding of how that has been left? Is UKNET a concept? Is it a guiding principle for future investment and organising of the railways across the UK, or do you see it more that it should be a project board led by a team with a dedicated ring-fenced funding stream?

Sir Peter Hendy: My understanding is that the Prime Minister and the Secretary of State accept that recommendation. I think it is very clear that it must be for Government to establish what that network is. I suggested one, and I think that the principles I have used to suggest it are good ones, but the Government are in charge so they should decide precisely what the network should be. I see it as something that ought to be an enduring principle that might vary from time to time.

During the course of the work, I was expecting to see announcements about freeports. There were some announcements but I think whether or



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not there is a freeport and where it is in Wales and Scotland is still outstanding. I would expect, for example, for the UKNET to vary over the medium term, depending on how big development is or how much development there is in various areas.

I don't think it ought to be run as some separate precious board. I think it ought to be a principle of the way in which the Government's attention to transport connectivity works. I hope that they do not supplant the supply of investment money to the devolved Administrations but they use UKNET probably quite sparingly to identify the pieces of the network that, if they worked better, would produce an economic benefit, and direct money into those particular links.

Although it is not related to Wales, you will see a particular recommendation of mine about the A75 from the M6 to Cairnryan. It is a road that is the responsibility of Transport Scotland and the Scottish Government. It is a very poor road for the traffic that it carries to and from Northern Ireland. That is precisely the sort of link that is far more important to the UK than it might be for Transport Scotland and, therefore, in my view, a reasonably deserving recipient of UK money to promote the UK economy.

Chair: Thank you very much. From my own constituency perspective, in far west Wales we were very pleased to see that your proposed UKNET map of transport corridors extended all the way west to include Milford Haven at the very end of the Great Western Main Line.

Q24 **Ben Lake:** Thank you, Sir Peter, for joining us this afternoon. In the course of conducting your review, what engagement did you have from the Welsh Government and the other devolved Administrations?

Sir Peter Hendy: I had initial conversations with each of the devolved Administrations. I had a very amicable discussion with Ken Skates when he was Minister for Transport in the Welsh Government. You would not be surprised that each of them has pointed out to me in their own way the nature of the devolved responsibilities that accrue to the devolved Administrations. Of course I am respectful of that because I ran Transport for London for the Mayor of London. That, too, was devolved and we had a responsible relationship with the Government, but obviously you want the UK Government to respect the other responsibilities of the devolved Administrations.

Ken has moved on. His successor I have spoken to—I am an old man and I will think of his name in a minute. I have spoken to his successor.

Ben Lake: Vaughan Gething.

Sir Peter Hendy: As the Minister of Transport he too reminded me of the nature of the devolved settlement and responsibilities of the devolved Government, but he is also very interested in my recommendations. I could be wrong but my memory is that, by and large, the Welsh Assembly Government have welcomed what I have said. I believe it is in broad terms consistent with the Welsh Assembly Government's own



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policy and I think that it would be very easy to take my recommendations forward in respect of their policies in conjunction with the UK Government.

Q25 **Ben Lake:** Thank you very much. Of the recommendations that you made that relate to Wales, are there any that you would like to see in particular being prioritised as part of further work now following the review?

Sir Peter Hendy: In south Wales, the Welsh Assembly Government, and indeed Network Rail, had already started to look at implementing Burns, which I think is a very positive thing to do, and better rail connections with Newport. If I am not much mistaken, this timetable, which just came in on Monday, starts to improve connections with Newport and the valleys, which is extremely welcome. There is more to be done there in assembling the investment cases.

In the case of north Wales, that work has not been done previously and the first step is to actually get it done. I think the Welsh Government have already started talking to the UK Government about accessing some of the money that the Treasury made available from my interim report and some of the further money that I am told will be made available as a result of my final report. I welcome that and I think the result of it, if we do it right—as I was saying to Robin—might be a rather good investment case for the North Wales Main Line and maybe the A55, which ought to land some way up the Government's priorities.

Q26 **Ben Lake:** On the west coast of Wales, you may be aware that there has been some agitating for a reinstatement of the old railway line between Carmarthen and Aberystwyth, with a view to linking into the Cambrian coast line to north Wales. Did that come across your desk and do you have any thoughts on that project?

Sir Peter Hendy: I think I am probably the only person on this call who has—I have been to Newcastle Emlyn by train. I have been to Lampeter by train. I went virtually all the way from Carmarthen on a milk train. In fact, I went to Green Grove, which was halfway down the Aberaeron branch, where there was a creamery, Felin Fach, I think.

Ben Lake: That is it, yes.

Sir Peter Hendy: I have done all that and that was a long time ago. All I can tell you about that railway is that it was a typical agricultural railway. I don't think any train on it ever ran at more than 20 miles an hour. There was one fast train on a Saturday from Carmarthen to Aberystwyth and I think even that took two hours 40 minutes.

As I said to other people, do not think you will reopen that railway line. If you wanted a railway line between Carmarthen and Aberystwyth you would have to build a new one. It hasn't been open for 60 years. I doubt the economic case for it, bearing in mind the level of population and the traffic that might use it. I think there are some other closed links in Wales that would be a much more worthy subject of investment. Of



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course, it is not for me to tell the Welsh Assembly Government how to spend their money, but the cost to do that must be in the hundreds of millions and what are the benefits of it?

For example, I welcome the prospect of having an hourly service on the Cambrian coast line to Aberystwyth and a better service on the Cambrian coast. I was separately pressed to support the reconnection of the north end of the Cambrian coast line with Carmarthen and with Bangor. I suspect those economic cases are all much better than it would be to have trains running through Lampeter again. Although, I have to say it was a lovely journey to Newcastle Emlyn. I went there on a coal train and I went up the Aberaeron branch on a milk train, but that was in 1972.

Ben Lake: As a Lampeter boy now living in the Aeron Valley, I have to agree to disagree with you but I am grateful for the answers, Sir Peter. Thank you.

Chair: We have reached the end of our session. We have come in on time. Sir Peter, thank you very much again for your time with us this afternoon. It is always incredibly informative and insightful. We appreciate the work that you have done on this review and your ongoing dialogue and engagement with this Committee, so thank you on behalf of my colleagues on the Committee. We wish you a very happy, peaceful Christmas and maybe look forward to catching up with you some time in 2022.

Sir Peter Hendy: Thank you very much and the same to all of you. Have a safe Christmas and don't catch this wretched virus. Thank you.

Examination of witnesses

Witnesses: Chris Heaton-Harris MP and David T C Davies MP.

Q27 **Chair:** We will move seamlessly across to our second panel. We are joined by the Minister of State for Transport, Chris Heaton-Harris, who is the Minister for rail. We are also joined by David T C Davies, Parliamentary Under-Secretary of State at the Wales Office.

Ministers, welcome. It is good to see you again. I am glad you were able to hear the tail end of that first part of the discussion with Sir Peter Hendy, who you have obviously been working with very closely during the course of his Union Connectivity Review. It is good for us to get a bit of an update on that this afternoon.

I will start this section by asking the first question to both of you about the concept of the UKNET transport network. I think you sat in on the last part of the discussion so you would have picked up some of the comments from Sir Peter Hendy there. How much importance do the UK Government attach to this concept of the UKNET transportation network?

Chris Heaton-Harris: Thank you. I had a fantastic first minute of prepared script, which you are not going to get for Christmas now, but thank you very much indeed for the invitation and the interest in this very important subject.



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The Government intend to accept Sir Peter's recommendation to establish a UKNET and intend to work closely over the coming months with the Welsh Government and other devolved Administrations to identify exactly how it could be established.

Q28 **Chair:** Do you envisage that the routes identified by Sir Peter Hendy as forming the UK network will in due course attract greater investment, greater focus on the part of your officials on how to improve connectivity?

Chris Heaton-Harris: Yes, I do. Certainly a greater focus and a greater focus leads to greater investment. My officials engage with the devolved Administrations and delivery bodies to identify potential projects as a matter of course. We now have a good plan to work to, so the focus that Sir Peter has brought to this work will inevitably bring those projects forward quicker.

Q29 **Chair:** Thank you very much. Perhaps I could bring in the Parliamentary Under-Secretary here.

David T C Davies: Thank you, Chair. If I can bring this back to a Wales perspective, I am sure that none of us wants to see, in any of the Governments across the UK, any form of parochialism creeping in. One of the things that I want to see and expect to see from UKNET is taking a pan-Great British look at transport connections.

To bring this into perspective, I recently attended the launch of the Severn Estuary Resilience Programme, which is a £25 million programme that was taking place, not in Wales—although it was launched in Chepstow—but just outside across the border in England. That was a very important project to deal with the fact that there had been lots of landslips in the area, just as you come out of Chepstow on the railway in England, but it is very important for the people of Wales. When I spoke to Network Rail about this project, it said it had four projects going on at that particular time in Wales, which were all going to have a cross-border impact. Two of them were taking place in Wales, two of them outside of Wales, but all of them very important for Welsh commuters.

For me, the benefit of UKNET is that we will have an organisation that is looking not at the perspective of, "Is this going to be taking place in Wales and if England has had this amount, 5% should go to Wales whether it needs it or not". No, that would be the wrong way to look at a rail network. We need to look at that and say that this will be good overall for commuters in Wales, even though—as it was in this particular case—it is a project that is taking place in England. I hope that summarises what the benefit of this will be

Q30 **Chair:** Excellent. Thank you very much. You used the word "organisation" there, so is the idea that UKNET will have a distinctive team dedicated to it? Will it comprise Welsh Government, Scottish Government officials? How will the devolved Administrations be brought into decision-making around this and, indeed, the staffing of it?



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Chris Heaton-Harris: I do not see it as being a specific, individual team as such, because we already have teams of officials doing this work. I am a Minister who does not particularly like rebranding lots of things for no particular good reason, because it just distracts from the general purpose of delivery of projects. I am sure that Sir Peter said in the bit that I wasn't here for that while devolution has been very good for transport, it has led to gaps in a UK-wide strategic transport planning. UKNET would improve connectivity because it would think about these things between England, Scotland, Wales and Northern Ireland and maximise the economic potential and enhance all the projects that we do. That is why the Government accept that recommendation.

Teams are already working and have been already working on the identification of projects and making sure that they get to the appropriate place for investment purposes. Now that the Union Connectivity Review's final report has been published, we have invited the Scottish Government, the Welsh Government and the Northern Ireland Executive to work closely with us in partnership to consider the recommendations, identify the solutions that work best for everybody and one key one is UKNET.

Q31 **Dr Wallis:** I will ask you about the Government's response to the review. How would you summarise the UK Government's response so far?

Chris Heaton-Harris: Positive.

Q32 **Dr Wallis:** Minister Davies, do you want to elaborate on that?

David T C Davies: To elaborate, I believe that the Government have already put £2 million aside for looking at projects in Wales that can take forward the recommendations of the UCR. We are already seeing the benefits of it and yesterday I met with one of the stakeholders, Simon Gibson. He is responsible for helping to develop the multimodal transport connections in south Wales. He was very pleased that that money was there to take forward the business case for looking at how we improve the relief lines. It has already had a benefit but, of course, I imagine that the benefits will come over the next five to 10 years.

Chris Heaton-Harris: To elaborate on that, Transport for Wales has already submitted two bids to the development fund. I believe they are—I am just checking—"Consider options to improve journey times, capacity and capability on the South Wales Main Line and to work to consider infrastructure projects to the Chester/Cheshire area and enhancements to Shotton station". Already workflow has started on the basis of the report that we have received.

Q33 **Dr Wallis:** Thank you for your answer, but what discussions have you had with the Treasury and the devolved Administrations on taking forward the planned recommendations in full?

Chris Heaton-Harris: I would always say, because they are, that discussions have been ongoing and very positive. I have had very good conversations with my Welsh counterpart and today one of the Transport



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Minister's team, Baroness Vere, met with her counterpart. Therefore, we have ongoing discussions that I can only say are positive. You would have to ask them if they are received in a positive way but I believe they are.

The development fund has been received positively because the Welsh Government, as I say, have already started looking at how they can bid into it.

- Q34 **Geraint Davies:** UKNET is successor to the Trans-European Network. Originally, that was supposed to have a line from east to west that would connect through Bristol, Cardiff, Swansea and beyond. Given that Bristol, Cardiff and Swansea have a population of 3 million people, which is a similar population to Leeds/Manchester, and Leeds/Manchester has about eight services an hour and we have one, do you think there is a strong case on the back of UKNET to support better connectivity between Bristol, Swansea and Cardiff and going beyond towards Ireland of course, which is the idea behind the Trans-European Network?

Chris Heaton-Harris: Yes. You are asking that question of a former member of the European Parliament who used to watch the TEN network very carefully. In fact, my constituency is crossed by the A14, which is part of the TEN's route. They were drawn up in an interesting way by people who like looking at maps. This is a much more in-depth piece of work that is trying to improve wealth creation, economic growth and connection between different places.

On the emphasis of the first part of your question, yes, we are keen to work on corridors with the intention of improving pan-UK connectivity. That is why this report has made these recommendations to the Government to improve the reliability of the transport network holistically by especially focusing on cross-border connections, and they are all-important to us.

- Q35 **Geraint Davies:** Hopefully UKNET will build on the Trans-European Network and do more, as you are implying. Given that there is a case, as I have mentioned, would you also accept that there is a case—as has been put forward by this Committee—that to do so, to get the finance, we get our fair share of HS2? I have discussed this with you before. You know that Scotland gets a Barnett consequential that is much larger than Wales, although HS2 runs from south to north and we need connectivity moving between Bristol and westwards. Do you think there is a case for a more proportionate share of money to enable us to move forward on UKNET in that respect, in south Wales in particular but also north Wales?

Chris Heaton-Harris: I would not have tied the two together in many ways. You have raised this with me one to one and I thought I would look up some detail so that I could answer you in full. This answer, Chair, might be slightly longer than a normal answer I would give, if you don't mind.

We know that HS2 is a transformational project forming the backbone of Britain's future rail network. It is expected to drive productivity improvements across the United Kingdom, including job creation, a boost



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to the business environment and, hopefully, a legacy of high quality skills. It will enable quicker and more train services to north Wales. The HS2 route to Crewe—for which the West Midlands to Crewe section gained Royal Assent in February, I think—will provide shorter journey times for passengers benefiting from the HS2 interchange at that place in Crewe, than those currently possible on the West Coast Main Line to Holyhead.

It is a low carbon transport system for the future that takes lorries off the road, benefits the whole of the United Kingdom and plays a key role in our transition to carbon net zero by 2050. Thirty Welsh businesses of all sizes are involved in HS2, including 12 large businesses and that is defined by 250 people or more. It frees up capacity on the existing West Coast Main Line, which could be used for additional services. Current plans would see Welsh passengers benefiting from HS2 to the interchange that I mentioned.

Q36 Geraint Davies: I know that there is a load of benefits. You have a long list there. Very simply, to get from London to Manchester takes two hours 10. With HS2 it will take one hour 10. It will still take three hours to get to Swansea, so I guess the problem is that we have people like Virgin who, because of HS2, are moving investment from Swansea to Manchester. Are you able to make the case in Government that we need more investment in Wales, particularly to take advantage of the linkages, for example, with Bristol, Cardiff and Swansea, so that we can build that sub-economy? There are the benefits of HS2, as you said, but there are also problems—as I have pointed out—because it will be so much quicker to get to Manchester. Indeed, you can get to Edinburgh now in three hours and that is what it takes to get to Swansea.

Chris Heaton-Harris: I understand the point you are making. I am obviously rail Minister but here as a transport Minister. I want to see connectivity improved across all the nations of the United Kingdom because that benefits the whole in a very big way. I share your aspiration but I am also very wary that lots of the powers here are devolved and I would not want to second guess what a transport policy for my Welsh counterparts might look like in this area. I do not believe that this will have a negative impact on the economy in south Wales. In fact, when we are looking at speeding up rail journeys, I genuinely think that work to progress options on the Midlands Rail Hub will give passengers from south Wales easier access to the HS2 network at the Birmingham Curzon Street station. As I say, Crewe improves the connections to the north of Wales, potentially bringing many passengers within two hours and 15 minutes of London.

Geraint Davies: I was only making the case for us to have our fair share, not stopping HS2 as such.

Chris Heaton-Harris: Yes, I understand that.

Chair: Let's move the discussion on, please.



Q37 Geraint Davies: All right. On UKNET, do you recognise that there is a compelling case to look at this linkage at least between Bristol, Cardiff and Swansea to help to grow that economy, given that gross value added for Wales is only 70% of the UK average, and for levelling up as well? Do you recognise that?

Chris Heaton-Harris: I want to see all parts of our United Kingdom connected in the best way possible.

Chair: I think that Minister Davies also wanted to come in on this.

David T C Davies: If I may throw something in, obviously it is once an hour at the moment but that is a reduction that came about as a result of Covid. I believe that Network Rail has said that it is looking to reinstate the half-hourly service in December—it has not happened yet—and I suppose that the continued pandemic problems might delay things a little bit. The obvious intention, the normality, is two services an hour.

Once that south Wales relief line is sorted out and the line speeds can increase from 60 to 90 miles an hour, we can start running passenger trains on that regularly. That will certainly either speed things up or greatly increase the capacity between Cardiff and Bristol and, by implication, Swansea. That is why that particular project is so important and why I am delighted that it is already progressing from strategic outline business case into a full business case.

Geraint Davies: I will leave it at that.

Q38 Robin Millar: Welcome, gentlemen, and thanks very much for your time this afternoon.

We have just had, as you said, a fascinating session with Sir Peter, talking with him about some of the aspects of the connectivity review. He made the point in the review that, first, we need a strategic UK-wide—or UKNET as he called it—transport infrastructure network. He also made the point in the report that north Wales is a key part of that, so I have a keen and close interest in that. He also mentioned that money had been applied for by the Welsh Government in response to his interim report and that he expected further applications from Welsh Government in response to his final report. He was referring, I think, to the Union Connectivity Development Fund, which was £43 million put aside to explore the development of promising projects. Having teed up north Wales in that way, can you answer the question: how will these funds be used?

David T C Davies: My understanding is that they will be used to develop business cases, that £2 million has gone forward—I was discussing the south Wales relief line plans yesterday with Simon Gibson and the plans, as far as I am aware, are to finish the strategic outline business case this month and hopefully move to the next business case stage early in 2022. I have not had that same discussion with the north Wales stakeholders, but I would be pleased and delighted to do so. If they happen to be listening to this, I hope that they will be in touch shortly.



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Q39 Robin Millar: They will be; I will be. One of the points that Sir Peter made was that there are bids that have been considered, as I say, and certainly he also made the point that in his view, to quote his words back, "The right packages of work will produce a good business case for the north Wales corridor". I will speak on behalf of my Conservative colleagues in north Wales and I am sure all north Wales MPs have an interest in seeing the North Wales Coast Main Line improved, so that would be forthcoming.

You have suggested that there may be some bids in south Wales. Are there any other bids that have been made for projects relating to Wales as part of this fund?

David T C Davies: I am only aware of two so far.

Q40 Robin Millar: Okay. What are the criteria for determining whether these projects will be successful?

David T C Davies: I suppose that it goes through the five-stage Treasury business case process. I have asked this question many times of officials, particularly for the projects in Wales, but in very simple terms—and I will bow to your much greater expertise in a minute—you come up with a strategic outline business case, which sets out whether or not the thing is a runner in any real sense. It then goes to an outline business case, which works out exactly what is going to be needed, roughly how much it is going to cost and where exactly the line is going to go, and then a full business case where you bring in the people who are actually going to build it and nail down the costs. I think that is probably an oversimplification.

Chris Heaton-Harris: No, it is a very good explanation. If you step back from that, to receive funding applicants have to demonstrate that a proposal has a clear fit with the strategic objectives of the Union Connectivity Review, that it delivers value for money, which you would expect from any proposal that comes forward, that the proposal contributes to economic growth or levelling up, and that it contributes to reducing environmental impacts. There is a funnelling, a filtering of projects, you could say, through those criteria, but then exactly as Minister Davies describes.

Robin Millar: Thank you very much. You will be hearing from us shortly.

Q41 Beth Winter: Thank you both for coming today. I want to dig a bit deeper into funding. Will the UK Government's response to the review include any detailed proposed funding streams to take forward the infrastructure projects outlined in the review, Minister?

Chris Heaton-Harris: Eventually, I think the answer will have to be yes, but currently it is sitting in this development funding pot.

Q42 Beth Winter: On funding and the broader objectives in Wales, Sir Peter mentioned societal change and social cohesion, but there are concerns that the Government's strategy is about asset stripping. There are thousands of jobs potentially at risk at the moment. Only today RMT was



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demonstrating outside about job cuts to South Western Railway. Does the strategy of the UK Government undermine the aims of the Union Connectivity Review, let alone decarbonisation and economic recovery, which you mentioned in your previous answer?

Chris Heaton-Harris: Forgive me for being slightly surprised by the question. This is a Government that have just spent the best part of £14 billion standing beside the railway, you could say the only strategic sectoral deal in bailout terms when it comes to money from the Treasury, to look after it through the pandemic. As we went into the lockdown, services came down because we asked people not to travel on public transport. It came down to about 50% of what we would normally have run as a railway. It has gradually built up over time; we are running about 82% of services right now. We want to maintain that level because we want to make sure that when people choose to come back to the railway, they come back to a resilient, reliable, clean railway that they are comfortable to travel on.

We now have to make sure that when we get over the current hump of the new variant of the virus we bring people back and we can run the railway in a sustainable way for the taxpayer. I would say that the Government have absolutely stood beside the railway, shoulder to shoulder, in finance and in policy.

Q43 **Beth Winter:** Thank you, Minister. I have one more supplementary. In England, the Government have been subsidising the private sector and continue to do so substantially, whereas the Welsh Government have taken the Wales and Borders franchise back into public ownership. The private companies in England have said that they have been withholding taxpayer money; £140 million has been quoted to me. An alternative could be, surely, for the UK Government to take back control of the passenger network and ensure that every £1 of taxpayer money they put in is spent on rail so that we can build a truly integrated rail system for the whole of the UK.

Chris Heaton-Harris: I thank you for the question, but the whole point of the Williams-Shapps Plan for Rail, the White Paper that we have just published, the whole point of establishing Great British Railways hopefully in primary legislation in the not too distant future, is to simplify how our railway works in England and across the country as best as possible.

We will go to passenger service contracts where we pay private companies to deliver outcomes for the passenger. We believe that that will continue to bring massive investment from private sector businesses into our railway and continue to see innovation flow through our railway by using the benefits of both what the simplification brings—and, therefore, the single guiding mind, a lack of confusion—and what the private sector brings, which is innovation and business nous. That has been demonstrated. As much as franchises in their old version might well have seen their day, the privatised network in the United Kingdom over the last two decades has doubled the passenger numbers. It has been



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unbelievably good for our environment, even when maybe that was not as au fait as it is now.

The Welsh Government have chosen to go down a different route of nationalisation. When we had a nationalised railway, the railway did not necessarily respond in a way to help passengers, to improve freight paths, to do a whole host of things that we now expect our railway to do, as the country would have liked it to back then. I wish and I hope that it goes extremely well but we have chosen a different path in England.

David T C Davies: Mr Chairman, I must at this point butt in as perhaps the oldest in the room, with maybe one exception, and say that I well remember British Railways. I remember it in its apparently nationalised heyday and it certainly was not the golden age of the train. They were late. They were unreliable. The idea that somehow there was some glorious age of nationalised train service is just not true and anyone of my age or older will remember that.

Chris Heaton-Harris: I have been talking quite regularly—I feel as though I am probably ending my career as a Minister for rail in the Conservative Party at this very point in time—to the general secretaries of the rail unions and I know that they absolutely love the industry and have a huge passion and want to see it thrive in the future. There have been conversations going on all the way through about how we can reform the industry to protect it currently and then help it to thrive in the future.

I think that the plan that the Government have provided through Great British Railways, the Williams-Shapps Plan for Rail, is exactly the right plan. There is a disagreement around the nationalisation of the whole system, but apart from that, there is agreement on a whole host of elements within our plan, which is cross-party and even with the union general secretaries. Can I put on the record my thanks to them for working with me and the Government? Had they chosen not to do so, I very much doubt that we would be able to have the financial package that has helped the railway to survive over the course of the pandemic and keep it in stasis ready for the future.

Beth Winter: I am glad that you are having positive discussions and I do hope that that results in the retention of the thousands of jobs at risk. I am going to repeat the point that I made. The rail private network has made in excess of £140 million in profit since the pandemic. It begs the question that if it was not privately run that money could be reinvested, not only to improve the late trains that continue at the moment but also to retain the staff.

Q44 **Geraint Davies:** I do, as was pointed out, remember the nationalised railways. All I would say is that things have moved on, but isn't there a case to have single ownership so that you have an integrated service? By way of example, if a train with one operator from Swansea to Cardiff is slightly late for the connecting service on GWR, it will not even allow a minute to enable the joined-up thinking, apart from the issue that we



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have heard about how the profits could be reinvested in a national system. Finally, if we look at, say, the French system, which I use as a member of the Council of Europe, it appears to be much slicker, better invested in and faster than our system and, of course, that is publicly owned.

Chris Heaton-Harris: I bow to the experience of older Members always because I think that you should always take on board what they say. A former Member of this place, who is now the Mayor of London, runs a very excellent overground service around London. That is contracted to Aviva to deliver, a private company that gets paid for results. We are simply saying that we think that is not a bad model and moving the whole of the English rail sector in that general direction. I think that this argument between privatisation and nationalisation is a bit old hat. There are different ways of doing things that involve elements of both models, and I think that is what we are aiming for with Great British Railways.

Geraint Davies: I will leave it at that.

Q45 **Chair:** Thank you very much. I promise that I will go back to Robin Millar, but as you were talking about your relationship with the trade unions it reminded me of part of a discussion we had with Sir Peter Hendy in the first session. We touched on something that really infuriates lots of rail passengers in Wales on a Sunday, when there are large numbers of train cancellations. Problems seem to particularly mount up on Sundays that coincide with major sporting finals and very hot Sundays. We discussed the issue and he confirmed to me that it is the case that in most train driver contracts there is no compulsion to work on a Sunday. Working on a Sunday as a train driver is voluntary, essentially.

Chris Heaton-Harris: It is rest day working or working for overtime, yes.

Chair: Sir Peter confirmed that that was the case and he expressed dissatisfaction that here we are in 2021 and it is still like that, given where customer expectations are at and the need to have a reliable Sunday service. Is there anything that you can do to improve and fix that situation?

Chris Heaton-Harris: Yes, and I would like to think that the negotiations and talks that have been going on over the course of the last year, through the industry talking to the unions constantly in that time, are tackling these subjects. I think that everybody is aware of exactly what Sir Peter said to you. It does not come as a surprise to me because it is well known. I think that most if not all train operating companies require elements of or almost completely drivers to work on rest days or overtime to supply that service.

In a way, you could say that these were contracts that were negotiated at a time when Sunday was the quietest day on our railway, and we have just had a massive change through the pandemic where if anybody was to get on a train pre-Omicron the quietest time almost certainly across most of the network would be to get on a morning peak train. Off-peak is



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when people have been choosing to travel and weekend travel had already rebounded to levels pretty much the same as pre-Covid and in some cases over. Yes, the whole method of working the railway does need to change to reflect that, but that involves changes in contracts. That involves negotiation and those negotiations will be ongoing.

I will also make the point that we are very short of drivers on our railways now. They are a limited resource. If anybody is listening to this, I urge them to get in touch with their train operating company locally because there are jobs available. They are good jobs, well paid and lovely conditions.

Q46 Chair: What is the average salary for a train driver?

Chris Heaton-Harris: I could write to you with the average salary per train operating company, but I think a ballpark figure is somewhere between £50,000 and £70,000.

Chair: Certainly, in a Welsh context that is good remuneration. You do not have to work Sundays.

Chris Heaton-Harris: Yes, but these are well qualified people. They have to do something akin to the knowledge of what a London taxi driver does because they need to know what signals are going to come and when. They are looking after the safety of thousands of people in some cases, so I do not begrudge the payment. I would just like to see more people coming in and doing it.

Chair: Definitely a rewarding career.

Q47 Robin Millar: I confess that I was so excited at the sound of interest in receiving a business case for the North Wales Main Line that I missed my cue to ask earlier questions. If I go back to the question of intergovernmental co-operation, a number of Sir Peter's recommendations make it clear that that co-operation will be essential to the effective delivery of this. There have been concerns that perhaps the devolved Administrations were not involved as early as they might have been or perhaps they did not have sight of the report pre-publication. Do you want to make any comment on that?

Chris Heaton-Harris: No, I don't. To be quite honest, I have not heard that personally, but if it has been reported I am sure it is the case.

Q48 Robin Millar: Perhaps I can follow that up with any comment you want to make about the level of co-operation at the moment since the publication of the report.

David T C Davies: What I can say, Mr Millar, is that the Secretary of State for Wales has been very keen to engage with Welsh Government at every opportunity on a whole range of policy issues, and I have certainly witnessed that myself. I have been in on many of those meetings and have taken part sometimes in meetings instead of him when he has been unavailable. I can absolutely say and put on record that the Wales Office wants to co-operate and work with our partners in Welsh Government,



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and I am afraid to suggest that sometimes we have not always felt the same level of reciprocity in this and in transport matters. We do not want to get into saying anything negative. We remain friends towards the Welsh Government, friendly partners, and we look forward to co-operating with them at every opportunity.

Q49 **Robin Millar:** Clear and unambiguous, thank you, Minister. A simple question: when are the UK Government planning to publish their official response to the review?

Chris Heaton-Harris: Soon. I do not have an official date for that.

Robin Millar: By "soon" could I encourage you? Is that before Easter or before next summer?

Chris Heaton-Harris: I honestly could not tell you, so I would not want to say any more.

Robin Millar: In the spirit of co-operation that your colleague sitting next to you, Mr Davies, said, can I urge you to make that sooner rather than later, please?

Chris Heaton-Harris: Yes, of course.

Robin Millar: Thank you.

Q50 **Ben Lake:** Thank you, Ministers, for coming this afternoon. I have just one question and it relates, as always, to money, as a good Cardiganshire boy. I am interested to understand a little better the governance and the funding arrangements. Specifically, how much will the Welsh Government be expected to contribute towards the cost of any of the Wales-specific recommendations listed in Sir Peter's review?

Chris Heaton-Harris: I know that this is not in my briefing, but there is the development fund that we have talked about previously and that is to try to help get some of these projects into a stage where they are attractive for more funding. I guess, based on how quickly rail projects work, that the Welsh Government would have a conversation in the spending review next time around to see what was available at that time

Q51 **Dr Wallis:** I am interested in the input that the Wales Office is having into the formulation of the Government's response to the review. Could you comment on that, Minister Davies?

David T C Davies: Yes. The Secretary of State met with Sir Peter Hendy at least once during the course of this; I think probably more times but I was certainly there for one of those meetings. The Secretary of State meets regularly with his counterparts in Welsh Government, as do I on occasions. We meet with Network Rail regularly. I was with them about two months ago at the launch of a project. There is a lot of interaction going on, and from my point of view I am perfectly satisfied that it is at the right level.

Q52 **Dr Wallis:** Are you satisfied that the Department for Transport and the



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Treasury are engaging with the Wales Office on the response?

David T C Davies: I am so, yes.

Q53 **Chair:** Thank you very much. I am looking around at fellow Committee members for any final supplementaries.

David T C Davies: May I throw in a—

Chair: Please do. Not a curve ball?

David T C Davies: No, not a curve ball, but I was expecting to be asked about carbon reduction and the importance of that, particularly by Mr Davies, who I think was the only person on the Committee when we had a presentation from Alstom about the benefits of hydrogen trains rather than electric ones. I was going to mention that, but I was also going to throw in there that the Welsh Affairs Select Committee, I think pre-Brexit, had an invitation to go to see the development of a hydrogen train in Germany. I think we were invited twice and it always ended up being cancelled for one reason or another—Brexit, general elections; I remember not exactly why. I understand from Alstom that the train is now up and running and whizzing around somewhere in Germany powered entirely by hydrogen, so if the Committee was ever looking for an interesting project to go to see, I assume that invitation still stands.

Chair: That is very interesting and very timely because in some of our previous discussions just among ourselves hydrogen on rail transport has been raised. I think that is a cue for Ben Lake to come in.

Q54 **Ben Lake:** Yes, thank you, Minister Davies, for raising that because you have prompted me and jogged my memory. I understand that there have been very initial discussions about the potential of looking at some of the renewable energy generation capacity, certainly in mid Wales, and seeing whether or not that could be transferred over to hydrogen production. Of course, it might be that for the first time perhaps mid Wales is ideally suited for using that fuel for transport and perhaps trains.

David T C Davies: Indeed. I do not pretend to be an expert on this and I will be interested if the Committee looks into it. One of the debates that has gone on in some of the meetings we have had has been about the respective pros and cons of hydrogen against battery technology for running trains in areas where it is not possible to put down electric cables. I have heard both sides of the argument and both of them put very convincing cases, so I am not clear in my own mind what might be better. Far be it for me to suggest what the Committee might look at at some point, but I think that it would be interesting to get a feel for whether there is an obvious advantage to hydrogen over battery if we are determined to make sure that everything is carbon neutral and that we are not running future trains off diesel.

Chair: We have been looking at renewable energy and, of course, we have an ongoing interest in rail transport and that obviously brings it all together, so your advice, Minister, is well received.



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Q55 Robin Millar: Gentlemen, since I was elected two years ago, one of the joys has been being a member of this Committee. I have learned lots about specific aspects and perspectives on Wales and one of those is railway. Through the constituency we have benefited significantly from double digit millions of pounds investment in the Conwy line, for example. This is perhaps directed more to Minister Heaton-Harris. Do you have any personal reflections on what you may have learned about rail in Wales as a result of this connectivity review process?

Chris Heaton-Harris: In Wales? Sir Peter and I shared a coach trip looking at a huge engineering project on the East Coast Main Line, I think last Thursday, at the Werrington Tunnel, part of a £1.2 billion upgrade on the East Coast Main Line. It is an astonishing piece of engineering. Sir Peter reminded me—and I did mention it and it came up again and again and again in the briefings for this—that there are gaps in transport connectivity across our internal borders and that is really not good for anybody. That is why I think that Sir Peter’s work is of massive value to us. Sir Peter was rattling off some great memories of travelling by train. I have less good ones of heading towards Llandudno. I understand that we can get great bang for our buck if we get our investments correct and solve this connectivity problem across our union.

Robin Millar: Thank you. Chairman, I certainly feel that things have moved forward through it so I am grateful for that.

Q56 Chair: Thank you very much. Obviously your responsibilities extend right across England and elsewhere in the UK for transport and rail. I saw recently that a new Cornish sleeper service has been announced.

Chris Heaton-Harris: I did not see that. I am surprised that I did not see that.

Chair: Okay. I will save that for another day to perhaps raise questions about with you.

Chris Heaton-Harris: There are all sorts of new, exciting services being planned across our network. One of the things that the pandemic has brought is that the patterns of passenger numbers, as I tried to explain earlier, and where people are travelling have almost completely changed. For the first time ever, the railway is having to win its customers, its base, back and, therefore, it has to offer services that passengers want. It is much more passenger focused. I am quite sure that is what will be behind that new service.

Q57 Chair: Yes. What was in my mind is that one thing that has changed quite dramatically—and it started before the pandemic but the pandemic has accelerated it—is the UK tourism market. Places like my constituency in Pembrokeshire have had two successive summers of enormous numbers of visitors coming for their holidays, which is wonderful. One of the complaints that you hear time and time again from these visitors is about the sheer difficulty of driving into Wales, particularly on a Friday, which is often the day that people are travelling, getting through that Newport junction. We are acutely aware that we are in competition with



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Devon, Cornwall, the Cotswolds and Scotland to hold on to high-value tourism. If I could perhaps leave a thought with you—and I know Minister Davies particularly appreciates this because he has done a lot of work on it as a Minister and previously chairing this Committee—we need to be looking at ways of improving connectivity between the population in England and further afield and getting in through south Wales and on to west Wales.

David T C Davies: I couldn't agree more with that, Mr Chairman. I thought that Sir Peter made a very interesting point that may not have been obvious, which was that while the multimodal approach being recommended by Burns might be cheaper and might well result in, I think Sir Peter said, a reasonable likelihood of reducing congestion, he also went on to suggest that we should leave open the possibility of being able to build an M4 relief road at some point in the future if the Burns recommendations do not work. I thought that was very interesting because there has been some suggestion that the Welsh Labour Government might try to develop the area where the putative M4 relief road might be built.

If we are all looking for a consensus, the consensus might be that I was a supporter of the relief road but I can see it is not going to happen at the moment; therefore, let's do everything possible to get those Burns recommendations up and running and get them working because that will be in the best interests of all of us as travelling members of the public. I hope at the same time that if those of us who want that M4 relief road are willing to take a pragmatic view of it, the Welsh Government will reciprocate with a pragmatic view that I hope would be along the lines of let's all work together and get those recommendations up and running. Let's see if we can get those reductions but keep open the possibility that in five to 10 years' time if they do not work we can still go ahead with that alternative.

Chair: That sounds extremely pragmatic and sensible to me.

Q58 **Beth Winter:** Picking up on that point, the climate crisis that we are facing is an existential threat and the Welsh Government have placed a moratorium at the moment on future road building. I would add into the conversation the issue of air passenger flights. In the Budget the UK Government cut air passenger duty just days before the COP 26 summit. Talking about roads and alternatives, surely we should be investing—and I go back to the point about public ownership—in our rail infrastructure because if we do not look at these alternatives we are, without doubt, facing a climate crisis. The last thing is about affordability. We have cut air passenger duty while for many people trains are unaffordable. That in itself is an issue that surely needs to be looked at by the UK Government.

David T C Davies: I think you may make a good point, but on the issue of the climate crisis, the HS2 is partly about, in fact largely about, getting lots and lots of passengers out of their cars and on to railways and lots of freight on to a railway as well. It is called HS2. I think that it should probably be called something like "high passenger volume, low carbon



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and a little bit faster 2" but it just does not have the same catchiness about it. That is clearly what it is about.

I take your point about APD, but I could throw it back at you rather politically if I wanted to by pointing out the obvious fact that the Welsh Government committed themselves to cutting APD at Cardiff airport and the supporting flights between Cardiff and Ynys Môn.

On the point that triggered your question, and it is a fair question, if we were to wait five to 10 years and look again at the M4 relief road, don't forget by then, as we all know, we will be driving electric cars anyway. There will be no more buying of petrol and diesel cars after 2030. If we allow the Burns recommendations to go ahead—we support them and they come through as part of the UCR—if they are not working in 10 years' time, by that time we will not be generating carbon when we drive cars so it is not going to have the same impact on the climate that it might do at the moment.

Q59 **Beth Winter:** Electric cars are not the panacea that they are made out to be, though, and road building is bad for the environment in itself, so there are other implications. Did you want to add something, Minister?

Chris Heaton-Harris: The Prime Minister set me a very ambitious target of trying to decarbonise our rail network by 2050, but transport is where we can really make a big difference. There are leaps in technologies and other things coming forward.

I want to agree with you in many ways by pointing out that in the UK transport is the largest contributor to our emissions, contributing 27% of our domestic emissions in 2019. We can all see how we can improve that. This is where I would like to see us all working together because this is where we can achieve. We know what the process is. There is a destination ahead with a date attached to it. I am absolutely convinced that we can get there if we work together on it.

I agree with you 100% that rail has a huge part to play in that, but other things also contribute. I am a bit of a bus geek. I know they travel on roads but they help to connect people and help communities. I am also the active travel Minister in England. You have cycling, walking and micromobility; you have seen the growth in electric scooters and e-bikes. There are new solutions to transport problems now that have not been there before, so I am absolutely convinced that we can nail our transport emissions by 2050, but it is a journey to that point. If you were to try to cut transport emissions to zero today, you would not run a transport network, nor trains.

Beth Winter: I think that it requires a huge ramping up of initiatives by the UK Government, commitment and resources. I am pleased, coming back to your point, Minister, that the Welsh Government have established a climate Minister, a deputy climate Minister and are ahead of the game in many respects. I hope that you work closely with Welsh Government on their climate agenda as well. Thank you.



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Chair: On that note, we will draw proceedings to a close and say thank you very much to Minister Chris Heaton-Harris and Minister David T C Davies for their contributions this afternoon. It has been, as ever, an interesting and lively discussion. On behalf of all the members here, I would like to say thank you and wish you both a very happy Christmas. Nadolig llawen i chi gyd. We will see you in 2022.