



Transport Committee

Oral evidence: Investing in the railway, HC 257 Monday 15 December 2014

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Members present: Mrs Louise Ellman (Chair), Sarah Champion, Jim Fitzpatrick, Mr Tom Harris, Karen Lumley, Jason McCartney, Karl McCartney, Mr Adrian Sanders, Chloe Smith, Graham Stringer, Martin Vickers

Questions 430-530

Witnesses: **Rt Hon Mr Patrick McLoughlin MP**, Secretary of State, and **Philip Rutnam**, Permanent Secretary, Department for Transport, gave evidence.

Q430 Chair: Secretary of State, as you know, we have been conducting an inquiry into rail investment. This is the final session in that inquiry, and we have a number of questions to raise with you. You indicated at the beginning of the session that you had some comments that you wanted to make on rail investment.

Mr McLoughlin: Yes. I would like to pay tribute to the rail staff and engineers who will be working round the clock to maintain and renew the network, and also to the staff of the Highways Agency and the local authority road crews who operate a 24/7 service. On the railways, Network Rail and its contractors will work on over 300 projects involving 11,000 people over Christmas and the new year, representing an investment in total of some £200 million, a 25% increase over last year's record investment. On the roads, around 600 Highways Agency operational staff will work during and over the festive period to keep the roads moving. The agency will remove more than 400 miles of roadworks; some 97.5% of the agency networks will be completely free of roadworks in time for Christmas and the new year. It is also worth reminding ourselves that over the Christmas period local authority maintenance crews will be working 24/7 as well to ensure that roads are gritted and cleared, if necessary.

Q431 Chair: Thank you very much for that information. What do you think the rail network will look like in 30 years' time? What are the Government plans for that? Is there a plan?

Mr McLoughlin: There are plans. That is certainly looking a lot further ahead for the overall ambitions of any Secretary of State for Transport, bearing in mind there have been more Secretaries of State in Transport than any other Department in Government. It is an interesting question. If I think back 25 years ago, when I was a junior Minister in the Department for Transport, I do not think anybody would have predicted that 25 years from 1989 we would see the railway carrying

more people than in its history in this country. We thought that the railway had had its day and we were questioning its services. There has been a transformation in rail services, but across the whole transport network we are seeing more people wanting the convenience of travel. London underground at the moment is moving at certain times more passengers in a day than it has moved in any days beforehand, so we are seeing demand on the transport system growing, and demand for travel growing as well.

Q432 Chair: Do the Government have a policy for modal shifts, moving both passengers and freight from road to rail?

Mr McLoughlin: The whole development and the whole issue around HS2 will lead to the biggest increase in rail capacity that this country has seen for many a generation. The increase in capacity that we will see with HS2 will give us tremendous opportunities to use the existing rail network for more services. This morning I travelled on the first direct train service from Shrewsbury to London. This morning also saw the first direct service from Blackpool to London. I think the demand from cities and towns for more services will continue to grow. As we know, there has always been a case around Shrewsbury. Virgin Trains wanted to run that route some 12 months ago and were prevented from doing so at that stage because of capacity. That problem has been overcome, but there is a capacity problem on the west coast main line.

Q433 Chair: Is it Government policy to move more people on to rail and road, or is it just something that you watch happening?

Mr McLoughlin: We want to give the opportunity for growth on the railways to take place. I personally believe in people making their own choice. At the same time as we are improving the rail network, we are improving the road network as well. A number of pinch point schemes are taking place at the moment which will lead to better traffic flow. I was in East Anglia on Friday opening the A11. Chloe was there to see that. That was an over- £100 million scheme linking the first dual carriageway up to Norwich, which I think will make a tremendous difference to East Anglia. That comes on top of what we are doing as far as the rail network is concerned. HS2 is not the only answer; there are lots of other things going on as far as the rail network is concerned. We are seeing improvements at the moment on the Great Western line and on the east coast line, with more services coming on to that particular line. These are all positives for the future, but with the kind of growth we are seeing it is quite difficult to make sure we get the enthusiasm for those improvements and, perhaps not meeting expectations as fast as we would like, to get those improvements through.

Q434 Chair: The freight operating companies told this inquiry that they would like investment in road and in rail looked at together so that more freight could go by rail. Is that something the Government are planning for?

Mr McLoughlin: It is something we are doing. I am not sure there is a grand central plan as such, but it is something we are doing with road improvements—schemes like the A453 coming out of Nottingham, which will be a major improvement for the east midlands. At the same time, the improvements at junction 24 of the M1, which at the moment are causing some delays and annoyance, will be very positive indeed over a longer period.

Q435 Martin Vickers: It would be remiss of me not to thank you for retaining the Cleethorpes to Manchester service, since this Committee had an investigation into that. You mentioned a few minutes ago new services, additional towns wanting connections and so on. Alliance Rail submitted an application to run services between Cleethorpes and other northern Lincolnshire towns to King's Cross to the rail regulator in February of this year. It is now almost the end of the year

without a decision. Bearing in mind the impact on economic development and so on, which you mentioned a few minutes ago, do you not think that is rather a long time?

Mr McLoughlin: There is only one way I can answer that question. Yes, it is a long time. If those submissions have been put to the ORR, no doubt you are chasing up the ORR to give a response.

Martin Vickers: Indeed I am, but I thought I would mention it to you. It might get the message through a little quicker, so thank you for that.

Q436 Sarah Champion: Perhaps I could ask you some questions about franchising. Stagecoach and Virgin are due to pay £3.3 billion to the DfT in premiums, which is £2 billion more than the failed GNER and National Express east coast franchises. Why are you so confident that this franchise will succeed when its predecessors failed?

Mr McLoughlin: First, because of the history of the two companies involved in operating on that particular line. There is a track service as far as both Virgin and Stagecoach are concerned. I think they are doing that by relying on new capacity which comes on as a result of the IEP trains. They came forward with a very exciting set of proposals. By 2020, we will have 23 more daily departures from London King's Cross and 75 more calls at east coast stations, with more services to Edinburgh, Leeds, Newcastle, York, Lincoln, Stirling, Shipley, Harrogate and Bradford. We will be reinstating services to places, including Huddersfield, which is getting its first direct service for over 25 years. That brass statue of Harold Wilson will be smiling again. I think he was Prime Minister when we—

Q437 Jason McCartney: It was in 1960, Secretary of State.

Mr McLoughlin: Don't spoil a good story for me, please. He will be smiling again. The brass statue is a very fine one. I do not know whether you have been to Huddersfield station. It is a grade I listed building. It is a remarkable building, and I am very glad it will have direct trains to London.

Q438 Sarah Champion: I am sure we all are. My understanding is that you try to retain the franchise units so that at the end you can pass them on. Looking at the specifics, Stagecoach have announced their intention to keep the east coast head office in York. That announcement is similar to one made by National Express, but they quickly changed it, removing some of the financial areas to Colchester. Are Stagecoach keeping all of their head office functions currently carried out in York within the city, or are they planning to remove them to different parts of the country, which would therefore break up the franchise?

Mr McLoughlin: I cannot give you an exact answer on that. What they are doing is setting up a new skills college which will be based in London, Derby and York. That is very welcome, because it gives them a chance to integrate and improve services as far as their staff are concerned. They have a good record in graduate recruitment as well. They are recruiting across the field of opportunities, so I very much hope they would be able to keep a very strong presence in York, but as to the exact numbers I am slightly reluctant to give an answer.

Q439 Sarah Champion: Would the Secretary of State be able to follow that up? More franchises are taken by fewer and fewer companies, and we want to know that the concept of franchise remains intact.

Mr McLoughlin: Yes, although I am not so sure we have fewer and fewer companies. We still have the same companies operating. Virgin lost a franchise. It used to operate the cross-country franchise, for instance, and it lost that. I can give you more clarification on exactly how that has progressed over the lifetime of the franchise.

Q440 Sarah Champion: The DFT recently encouraged Northern Rail to change the peak period charging times, and those changes have had a greater impact on families who are already struggling to afford rail fares. While the Government have announced that their increases are not as high as previous ones, many passengers in the north have already faced three fare increases in the last 12 months. Have Stagecoach any plans to raise off-peak fares above the rate of inflation?

Mr McLoughlin: On the east coast line, Stagecoach have put forward plans that would reduce fares in some cases by up to 10%, so my hope is that that is the case.

Q441 Sarah Champion: To pick up on a detail in that point, Stagecoach have said they will introduce smart ticketing within the lifetime of their franchise. Many of the offers that help to reduce fares for the travelling public are available only by booking online or paying in advance. I know that many of my constituents find it hard to pay for a fare, full stop, let alone paying in advance. Could the Secretary of State please ensure that all discounted fares are also available from all areas where tickets are available, rather than just online?

Mr McLoughlin: This is certainly an area I want to look at a bit more, and I am very keen that throughout the rail industry we get more on top of it. There are a lot of opportunities for cheaper fares, and it is surprising how many people take advantage of them. The growth in advance fares and booking fares has been quite large over the last three to four years, but the point you are making is something I very much want to encourage, and I would encourage other franchise operators to do it as well.

Sarah Champion: I appreciate that.

Q442 Jason McCartney: I will continue the thread of my colleague Sarah Champion on fares. We all welcome all the investment that has been announced. I have just travelled from the swanky new Wakefield Westgate station this morning, which is very nice, but it is important that all these wonderful new services are affordable. Sometimes, it is not just the fare rises but when off-peak tickets can be used. There has been a change on Northern Rail. For a constituent, it now means an increase of something like 50% in what he has to pay, because he now has to have an any-time ticket, as opposed to being able to use an off-peak ticket for his daily commute. How aware are you of that, and how committed are you to making sure that these fares are affordable for our constituents who cannot use the clogged motorways to get to their daily work?

Mr McLoughlin: It is worth pointing out that over the next four years, up to the 2019 control period, the Government will still be subsidising the rail industry overall to the tune of £4 billion a year, although there are a lot more people using the railway, and that has to be borne in mind. I do not think quite the same can be said of the motorist in the level of subsidy; quite the reverse, if you look at the total amount of money the motorist gives the Exchequer either through petrol tax or vehicle excise duty. We have to try to bear that in mind.

I am very pleased that you travel from Wakefield station. I would not call it swanky. I opened it, and it is certainly a very big improvement on what was there previously. It is a measure of the investment we are putting into places not only like Wakefield but Nottingham station as well, and the major refurbishments we are seeing at Reading and Birmingham.

Q443 Jason McCartney: It is swanky compared with Wakefield Kirkgate.

Mr McLoughlin: I'll take your word for it.

Q444 Jason McCartney: Can you confirm that you are aware of the pressure put on our constituents with changes to the time scales when you can use off-peak tickets? It is not just the fare

risers themselves; it is changes to terms and conditions for the times when people can travel, which puts pressure on commuters' budgets as well.

Mr McLoughlin: Yes. I think the cost of travel is a very important part of the things that commuters have to face. Of course I am aware of that.

Q445 Jason McCartney: We are also hearing that fare increases over time will rise to the national average. In my area there has been some concern that the national average will include London rail users as well, with the economic position being slightly different in different parts of the country. When we are talking about fare rises in the north rising to the national average, will that include the London average, or will the regions be calculated separately for future fare rises?

Mr McLoughlin: I want to look at the whole issue of fares. We have to try to make the railways affordable for those people who wish to use them. There is extra pressure on the system at peak hours, which has to be reflected in the way in which we do that.

I have some international comparisons here, although they are not referenced to your constituency. The cheapest ticket that you can get from London to Newcastle at the moment costs £28.50. The cheapest from Paris to Lyon, which is an equivalent distance, costs £50. It is very difficult to do all of these price comparisons, but I can pick out a few and you could pick out a few that would show exactly the opposite. Overall, I would say that we are still investing over £4 billion a year in the rail industry and I think we are seeing growth in our rail services.

Q446 Chair: In the consultation for the refranchised Northern Rail service, it was suggested that some services might improve but a policy of increasing fares was suggested. We heard a lot of opposition to that when we discussed it in this Committee. Is it a Government policy to pursue increased fares on Northern lines?

Mr McLoughlin: It is not a direct policy to increase fares on Northern lines in particular. We have to look at how we pay for the kind of rolling stock investment that we want to see. If we want to see new rolling stock, that costs more money and has to be paid for. It has to be paid for either generally, by the taxpayer, or by the people who are using those services. To try to get that balance right, we need to be conscious of what we are doing.

Q447 Jason McCartney: A big part of that investment in my neck of the woods, Secretary of State, is the electrification of the TransPennine route. There have been some rumours or concerns about the time scale of that slipping. Could you update the Committee on when you anticipate the electrification programme for the TransPennine route to start and to be complete?

Mr McLoughlin: I cannot give you a completion date at the moment. As far as electrification is concerned, we have just embarked on the largest set of electrification across the whole country that this country has ever seen—some 880 miles, in the main. Work is under way at the moment on the midland main line and on the Great Western. We have to learn a bit about how we are doing as far as that is concerned. A huge amount of work is going on. We are committed to doing the 880 miles. I very much hope that we will be able to say a lot more about the whole programme in the not too distant future.

Q448 Jason McCartney: So has anything changed?

Chair: Are any delays anticipated on the existing programmes? We were told in the course of this inquiry that some of the costs of electrification had not been concluded and could be above estimates, and that it was possible that that would result in a delay in electrification. Is that the case?

Mr McLoughlin: The prices for some of them were worked out in 2009. Obviously there have been some price increases as far as those are concerned, but I very much hope that we can do them overall within the envelope that Network Rail has, which is—

Q449 Chair: You hope so. Does that mean that you will or you won't?

Mr McLoughlin: I cannot actually say, on work that has not been done and, in some cases, may not be done for another three and a half years, but I very much hope that, while some may come in more expensive, others may come in not so expensive.

The transformation that electrification will bring to the railway system in this country is vast. Some schemes Network Rail is dealing with at the moment are overrunning in cost, but others have come in below budget. For instance, the Nottingham railway station came in at something like £6 million below budget. That is then available to be used in other areas. Philip, do you want to say something on the negotiations that are taking place at the moment as far as costings are concerned?

Q450 Chair: We want to know not the exact figure for the cost at this moment but whether on current figures there will be delays to the published programmes for electrification.

Philip Rutnam: Obviously in the Department we are interested in both costs and schedule—

Q451 Chair: Yes, but we want to know whether the result will be delays in the programme.

Philip Rutnam: Let me take the Great Western programme as an example. It is a major, major electrification programme extending electrification from Maidenhead all the way down to Swansea, via Cardiff and Bristol. So it is a major, major programme. It is for Network Rail to deliver the programme and for the ORR to oversee it. The ORR is the specialist regulator of Network Rail for its performance and infrastructure enhancements. The evidence that we have is that, yes, costs on that project, to take that example, are likely to be higher than they were expected to be in 2009-10. I can explain some of the reasons for that. Costs are—

Q452 Chair: No, we want to know the consequence of that. Will there be delays in the programme?

Philip Rutnam: But—if I can come to schedule—we have absolutely the greatest clarity we could hope for from the very top of Network Rail that it is determined to deliver this project on time, which is 2017 to Bristol, and 2018, if my memory serves me right, to Swansea. On that particular example, we have seen that costs have gone up but the commitment to schedule remains absolute. It is worth adding, if I may, that while costs have gone up on that project, costs on other big programmes on the Great Western main line, like the rebuild of Reading—

Q453 Chair: Would you just tell us whether any of the published programmes for these improvements are going to be delayed?

Philip Rutnam: The process is at different stages for different projects. On the Great Western main line, it has got to the point where I can say that we get very clear reassurance from Network Rail that it will deliver to time. It is at an earlier stage on some of the other projects.

Q454 Chair: I would like a straight answer, please. We have had issues raised in the course of this inquiry that, because of possibly increased costs, the completion of programmes may be delayed from the published dates. Is that going to happen, or do you not know?

Philip Rutnam: I am giving you a straight answer, which is that the best—

Q455 Chair: I do not think that you are, but can you tell me?

Philip Rutnam: The best of my information is that we believe, from the best evidence available, that some of these programmes—those that are further advanced—will be delivered on schedule. For those that are less far advanced, the challenge is very large. I cannot say that they will be delayed as a result, but the challenge is very large.

Q456 Chloe Smith: I am sorry for having a quiet word to one side. First, Secretary of State, thank you very much for the commitment that you have recently shown to East Anglia. People have not stopped zooming around Norfolk and Suffolk since you opened our remaining dual carriageway early on Friday morning.

Mr McLoughlin: I hope that they are doing so within the speed limit.

Q457 Chloe Smith: Of course, at all times. I would like to ask two questions about Network Rail's work programme—its control period schedule. One is about what goes in; the other is about what comes out. First, can you reassure us that when you do your HLOS—the high level output specification—you take that opportunity to deliver commitments that have been made to date, before any given HLOS? Secondly, could you also talk us through the data that you use to be sure that you are making rail investment fairly around the country? What data do you use to analyse what is required and then to check that a programme is a balanced one?

Mr McLoughlin: I have stopped calling it HLOS; I prefer to call it the rail investment strategy, as that means what it actually says. My position is simply this, as far as CP5 is concerned. We are working regularly with both Network Rail and the Office of Rail Regulation to ensure that we are still on target. The job of the rail regulator is to hold Network Rail to account, but Mark Carne and his team are doing a very difficult job and doing it incredibly well, under some very tough conditions. Electrification sounds easy, like something that should not take too long to do at all, but in certain circumstances it requires rebuilding bridges and the like. There is a lot of technical work that goes along with that.

As far as preparing for CP6 is concerned, obviously I hear about pressures from colleagues right across the political spectrum, as well as from local authorities. Rail North will be making representations on what it sees, in anticipation of things like the northern hub being completed and the huge capacity increase that that will involve. I would like to think that we will look at CP6 when those decisions are finally being taken in conjunction with areas that perhaps have not had as much investment as others and are therefore lacking. The case that you have made so very well in your document, along with the LEPs in East Anglia, about Norwich in 90 is a very good case in point. A lot of money has already been put aside for that, but some extra money may need to be found in CP6 and there may be other issues as we go along. It is part of a much wider public debate, as people get to understand what the process is. There is preliminary work already under way, entering into the consultation on what CP6 should be about.

Q458 Chloe Smith: The second half of my question is about how you hold Network Rail to account for what it promises to deliver. You have made a couple of comments about CP5. The ORR had a few things to say about how well it thought Network Rail was doing. It found that it was delivering less work but was already above budget, that performance had worsened, that punctuality was too low and that the data that Network Rail uses did not meet “the required standards in some areas”. Do you share those concerns and what are you doing about them?

Mr McLoughlin: I regularly meet Mark Carne and senior officials at Network Rail to discuss this with them. Mark Carne is determined to get on top of that, to meet the obligations that he is required to meet as far as CP5 is concerned and to get the enhancement of the railway system that we will see as a result of all of that investment. I have absolute confidence in the way in which

Mark and the people he is bringing in are approaching that. There have been some senior changes in Network Rail, and some more are happening. That will help him to achieve what he is setting out to do.

Q459 Chloe Smith: Do you make any more everyday interventions or monitor Network Rail's day-to-day management? I can give the East Anglian example again. In the last couple of weeks, passengers have had an absolutely torrid time, with overrunning engineering works and other problems, including, for example, trees on lines—problems that you might expect during winter. What position do you take on the more day-to-day stuff?

Mr McLoughlin: Colleagues will often lobby me if they have had particularly horrendous experiences and I will try to find out exactly what is happening there. There is a five-point plan for track performance that has been put in to increase the asset reliability of train and track. That is the first one. It comes down quite a lot to what you have said about trees falling down on lines. Last year we had a particular problem, but we also get problems when we remove trees, with people complaining that you are moving the vegetation that they quite like from the embankments. There is a balance to be struck.

You may remember that after last winter the Prime Minister asked all Departments to do a resilience review. We commissioned Richard Brown to do one for the Department for Transport. One of his recommendations was for us to be a lot more robust in tree removal from embankments. The five-point plan that Network Rail has is to increase asset reliability, to eliminate temporary speed restrictions, to improve weather resilience, which I have just talked about, to improve the operation of timetables and timetables themselves, and to reduce the impact of reactionary delays. As a regular user of the network myself, there is nothing more infuriating than what happened to me last week, when I turned up at a station to find that a train was cancelled when it was on time until six minutes before it was due to leave. As you can imagine, some inquiries were made as to the resilience factor around what was going on there.

Q460 Jason McCartney: Name and shame.

Mr McLoughlin: On this occasion I would rather not, but the system, Network Rail and the ORR have to be a lot better at informing passengers of whether and why delays take place. That partly helps people to be tolerant of them. One issue that has been a problem—a tragic problem for the people concerned—is the increase in the number of suicides on the railways, which leads to very big disruption and is completely outside the control of Network Rail. Incidents have to be properly investigated, but it is very infuriating if a passenger does not know what is happening. Partly it is about the suddenness of it, which we talked about right at the beginning of this Committee session. If there is bad weather, people make arrangements and are aware that there could be delays. Delays that come from nowhere, with no real reasoned explanation being given, are sometimes the most infuriating, and that infuriates the travelling passenger.

Q461 Karen Lumley: I take you on to HS2, Secretary of State. Do you think that your Department and HS2 Ltd are getting across the message that HS2 is essentially for capacity and not just for speed, which a lot of people seem to be concentrating on?

Mr McLoughlin: If we are not, it is not because of a lack of trying. I do not start any speech or answer without saying that capacity is fundamental to what HS2 does. Indeed, my first answer this morning—I was on the train from Shrewsbury quite early, at 6.30—was to say, “If we get more capacity, we can get even more services into a very important town like Shrewsbury.” We do try to do that. Probably the name hinders us from doing it; I was not responsible for calling it HS2 in the first instance. However, it is more about capacity on the rail network than almost anything else. It comes back to what the Chair said earlier in these exchanges about haulage and passenger growth

on the railways. The only way in which we can answer some of the issues is by increasing the overall capacity.

Q462 Karen Lumley: During the next control period, will schemes on the classic network that will connect to HS2 be given priority?

Mr McLoughlin: I would not want to say that they will be given priority, but that is certainly one of the issues that I would want to see addressed. As Chloe said a few minutes ago, we have to balance that with areas that at the moment are not getting HS2 and—if I look at Mr Sanders—resilience in the south-west as well. It is a matter of trying to be fair across the whole network in terms of what CP6 and the investment in that will be.

Q463 Karen Lumley: We are very grateful that some of the HS2 academy is coming to Birmingham; we would have liked it all, but never mind.

Mr McLoughlin: That does surprise me.

Q464 Karen Lumley: Can you give us an idea of when it will start to be built? How many of our students in the west midlands will be looking forward to going there?

Mr McLoughlin: BIS is in the lead as far as that is concerned, but it is certainly David Higgins's intention that we will be in a position to take full advantage of that relatively quickly. Of course, we have also announced the removal of the HS2 headquarters in two years' time, I think.

Philip Rutnam: It will start even a bit earlier than that.

Mr McLoughlin: In two years' time it will be based in Birmingham.

Q465 Graham Stringer: Can I ask you some questions about freight, Secretary of State? When we had the freight industry in, they were quite critical. Can I read you three quotes? One witness said, "I feel that the DFT is slightly uncoupled in relation to the infrastructure that is required for the services that it is looking to run on the existing network." People also said that "there is a lack of a coherent strategy" and "fairly low-key support". I could give you more quotes, but they are clearly not happy bunnies as regards the response that they are getting from the Department for Transport. What is your response to that?

Mr McLoughlin: I am disappointed and sorry if they feel that. We have committed over £200 million over the coming five years specifically to the rail freight network in both England and Wales. Rail freight has become a highly efficient and competitive sector since privatisation. Volumes have grown by 70% since privatisation and prices have halved in real terms, so I am very sorry that they feel that.

Some of the redevelopment that is taking place is specifically aimed at freight. For instance, the redevelopment of Reading will benefit both freight and passenger services, because the flyover will mean that passenger services are carried over the route taking freight trains, removing the bottleneck. There is a lot going on for freight. The introduction of the north Doncaster chord has removed a major bottleneck for freight services from Immingham and taken freight off the east coast main line at that point.

I am very sorry that they feel that way, but I suppose that applies to all sectors. No doubt you could quote me some passengers who want more services, too. It is about trying to make the most out of the existing freight. I could go on about the channel tunnel, freight on HS1 and what we are doing in Nuneaton and other areas. I am sorry they feel that.

Q466 Graham Stringer: I can give you two specific criticisms that they made, both of which are quite big ones. First, they are concerned that the mode shift revenue grant is being reduced. They thought that the grant was a good thing—not the reduction—because it encouraged a shift from road to rail, which all the parties support. Secondly, they all thought that, although the Government calculate lots of impacts to do with carbon or the environment, they do not calculate the economic benefit of rail freight to this country. What would be your response to those two criticisms?

Mr McLoughlin: As I said, it would be some surprise. This is not criticism that they have made directly to me, but no doubt you will be covering it in your report, when you do report. I will give a reasoned response to it at that particular stage, as a result of your questioning and concerns.

Q467 Graham Stringer: Do you not find it surprising that the rail freight industry comes here and has criticisms, but you seem to be surprised by all of them?

Mr McLoughlin: I would expect a number of organisations that come before you to make their case and to illuminate the areas they would like some attention to be given to. It does not surprise me and I am not offended by it either.

Q468 Graham Stringer: They thought that rail freight could be improved in three very particular ways that should not be costly or damaging. One was for Network Rail to make decisions on access charges for longer periods. Their main competitors are obviously on the road. They thought that, while it is fairly clear what will happen to road taxes, the shorter periods for which access charges are there put them at a disadvantage, particularly as they are in a very complicated regime. I think that they surprised the Committee when they said that the spreadsheet dealing with access charges had 4,000 entries on it. That cannot be a sensible way to run an industry. They also thought that the incentives that press down on the charges for Network Rail—which seem to be quite sensible, because Network Rail charges have historically been high—did not really produce efficiencies, as opposed to cost cuts. Again, I would be interested to hear your response to those three suggestions from the rail freight industry.

Mr McLoughlin: As far as the spreadsheet and the complexity of the system are concerned, I welcome the work that has been done by the RDG's freight group to push the case overall for the wider benefits. It has come forward with suggestions for modifying the track access charges to provide greater consistency across the control periods. I know that both the Department and the ORR are looking at that and I hope that we can make some movements in the right direction. When I last had a meeting with some members of the freight organisation for rail, they complained about what they thought the charges were going to be in the last round that the ORR did. Those fears were not realised; they were quite satisfied with what went up.

Q469 Graham Stringer: They were worried that they were going to increase by 100%, not 20%.

Mr McLoughlin: I do come back to the situation. Of course we have to look across the whole piece. That is something that we do as a Department. However, we also have to look at how much money we are spending on maintaining and improving the rail network in the country.

Q470 Graham Stringer: There are two points. One is the certainty of the charges over a long period of time, because they are competing with roads. Do you think that you could put pressure on Network Rail on that?

Mr McLoughlin: We need to look at that to see whether there is something that we can do on that. The truth of the matter is that electrification will help as far as that is concerned, because it means

that some of the things that we can run on the rails are lighter and they need less maintenance. I would certainly want to look at any particular complaints that they have.

Q471 Graham Stringer: What about the economic impact of freight? Do you think that you should do more work on the benefit of rail freight?

Mr McLoughlin: That is work that is ongoing. We will listen to any representations that they wish to make to us.

Q472 Graham Stringer: To follow up on that, Network Rail is now recognised as a public body. Can you now take decisions about Network Rail more easily than you could previously?

Chair: Give a quick answer.

Mr McLoughlin: I am trying to give a truthful and honest answer as far as that is concerned.

Q473 Jason McCartney: As you have been to all the questions.

Mr McLoughlin: As I have to all the questions. I am not sure that Mr Stringer meant it to be a trick question. I do not think that it should be my job overtly to direct Network Rail. I want it basically to carry on with its relationship with the ORR. Certainly, where there are particular issues and problems, I can ask Network Rail more directly to take those into account, but I do not think that it should be the job of the Secretary of State—or that it would be wise for the Secretary of State—always to be trying to over-guess what the chief executive and Network Rail are doing.

Q474 Karl McCartney: Secretary of State, I hope that I am last but not least, as I have been desperate to speak to you and to ask you a few questions since we sat down. I will take you back, if I may, as the Chair asked the question in part. I was pleased to hear, as a good Conservative, that you mention the word choice. I heard my Conservative colleague ask you about fares and fare rises. You touched on it, but do you think that the right balance has been found in a macro sense on whether the taxpayer or the ticket buyer funds more on our railways? That is my first question to you.

Mr McLoughlin: I am almost prepared to say that that is a matter for my Rt hon Friend the Chancellor of the Exchequer. As you have asked me the question, I think that the balance is fair. We all know that there are growing pressures on what is being given as far as investment is concerned. As Secretary of State for Transport, I have to make the case that we still have a long way to catch up with some of our investments in the rail structure. Some of the proposals that we are doing in both CP5 and CP6 are absolutely intrinsically linked to the economic benefit to the country and the competitiveness of the communities that we serve. One point that I was particularly pleased to see come out in the east coast main line was an increase in services to Lincoln, which will be very important. That is positive.

The overall subsidy level—the amount of money given directly by the Government to the rail industry—has come down over the years. In 2006 it was some £7 billion; it is now £4 billion. That can be financed in different ways. For instance, the new east coast franchise is estimated to return to the Exchequer over £3 billion over its period of time. We are investing in that for a similar period. A number of other franchises are paying back into the Exchequer. It is right that we try to get that balance right.

Q475 Karl McCartney: My colleague Ms Champion, from Rotherham, mentioned the £3.3 billion coming back from the new east coast franchise. I wanted to touch on that, because I am very pleased to hear you talk about the west coast franchise and the new services that have started—not as early as was originally envisaged, but a year later. Obviously the increased number of services to

Lincoln will not happen for a number of years yet. Do you foresee the same happening on the east coast franchise as on the west coast franchise, with extended services happening before what is scheduled in the franchise because capacity is either already there or has been freed up? That applies not just to Lincoln but to other places such as Huddersfield and elsewhere.

Mr McLoughlin: Basically, we are running the west coast main line very near to capacity levels at the moment. That is why there was a delay in providing the new services to both Blackpool and Shrewsbury. They have managed to do it for Shrewsbury by bringing a Voyager train to Wolverhampton and connecting it up to another Voyager train that is already doing a journey from Wolverhampton, so you are using the same track access that you would have used just for the train from Wolverhampton.

As far as the east coast is concerned, by 2020 there will be 23 more daily departures from London. That is partly assisted by the new IEP trains that will come into service on that particular line and the increased capacity that they can give. One thing that we have done overall, if we look at Virgin and First Great Western, is to see carriages that are currently first-class carriages converted to standard-class carriages. I do not think that there has been a reversal on that scale for quite some years. The aim is to try to increase the number of seats that are available on those lines.

Q476 Karl McCartney: That is welcome, but there are some paths that were originally envisaged to run from Lincoln down to King's Cross and back but currently just go to Newark North Gate and stop. There was talk about them going to York, but some people would say that York is well serviced already. It is about whether, with the new franchisee, those paths will be utilised as was envisaged pre-2010, rather than how they are being utilised now, nearly five years later. I have made that point; you do not need to answer it.

Moving on from that, in your discussions with Network Rail on the various periods that are coming up, will you make sure that it realises that there is a north-east, as well as a north-west, north of Watford, when it comes to talking about northern hubs and northern investment? We welcome the fact that there will be an increase on the castle line. Obviously we would like to see the line between Newark and Lincoln electrified. There are no colleagues here from across the midlands, but I am sure that they would like to see the whole line through to Nottingham electrified. You have made the case for electrification in various areas across the country, but there are certain areas that have missed out, shall we say, on that investment over the years. I see the colleague on my right, from Cleethorpes, nodding in agreement.

Mr McLoughlin: Mr McCartney, you are missing the point. The train you have just talked to does not end at Nottingham. My understanding is that it ends in a much more important place.

Q477 Karl McCartney: Your own constituency; I am aware of that. I was just making the point that, although Network Rail has perhaps talked a good game, there are some areas that have missed out on the investment that other areas seem to get a lot of.

Mr McLoughlin: I fully buy that. It comes back to what Chloe Smith was talking about earlier; I am sure that Adrian will make the same point. When you come to the next round, how do you follow the investment to make sure that every part of the country feels that it is getting its fair share? That is one of the big challenges. Although there has been huge investment in First Great Western, to a degree, there has perhaps not been the kind of investment that I would like to see down to the south-west. There has been and will be investment. There is also the issue of maintaining the existing structures. Let us not forget that Network Rail's job is not just about improvements—it is also about maintaining the current infrastructure that is already there and making rail replacements whenever they are needed.

Q478 Karl McCartney: Finally, it would be remiss of me not to go back to NATS, as I was trying to get in when we were talking about that. I know that it is some time since we started, but it was very pleasing to see—

Chair: Be very brief. We have left that.

Karl McCartney: I will be very brief. It is about one of my constituents, so it would be remiss of me not to mention it. I was pleased to see that my Labour colleagues are conscious of the independence of hearings and investigations. Paul Barron is the former chief exec, and I think he would be an ideal person for you to consider as part of your independent inquiry.

Chair: Would you note that, Secretary of State?

Mr McLoughlin: Indeed.

Q479 Mr Harris: In 2006, when GNER walked away from the east coast main line franchise, the unfortunate Railway Minister at the time was tasked with persuading the Commons and the public that the replacement franchisee would not suffer the same fate and that the premium was not too large to pay back. Then the same thing happened all over again. If the same thing happens a third time with this new franchise, what impact will that have financially on the control period, given that presumably you have assumed that the £3 billion premium that comes to the Department will be used for reinvestment in the railway?

Mr McLoughlin: I am not anticipating it failing.

Q480 Mr Harris: I did not either, but what if it happens?

Mr McLoughlin: I do not think that it will.

Q481 Mr Harris: That is what I said, and then it happened.

Mr McLoughlin: You are asking me to answer hypothetical questions.

Q482 Mr Harris: I am.

Mr McLoughlin: I am not prepared to answer them.

Q483 Mr Harris: Okay; fair enough. Can I ask you about the intercity express programme? Do you think that it is appropriate that the civil service, rather than industry, takes the lead in such an important and expensive project as designing a brand-new train for the network?

Mr McLoughlin: It is not just the civil service in isolation.

Q484 Mr Harris: It is taking the lead.

Mr McLoughlin: It is done with a huge amount of engagement both with locals and with the train operators, who are the experts as far as this is concerned. I thought that it was right of the last Government to announce IEP as a concept. I am pleased to be able to carry it on and to place the final orders.

Q485 Mr Harris: Are you aware of concerns from Mick Cash of RMT that, when they are deployed on the east coast main line, the buffet car will be removed?

Mr McLoughlin: We need to see what actually happens in negotiations. It is very important that people have the opportunity to be served food, but let us wait and see what is actually wanted. On

some of the trains, it serves no purpose to have empty cars that are no longer in use because the way in which the passenger wants to travel has changed so dramatically.

Q486 Mr Harris: But do you accept in principle that not only first-class but standard-class passengers should have access to hot food?

Mr McLoughlin: If passengers want hot food, in the main. Quite often there have been times when I have travelled on trains and there have been no buffet or catering facilities.

Q487 Mr Harris: What about driver-only operation? Do you think that that has an impact on both the security of passengers and their feeling of security?

Mr McLoughlin: You cannot leave aside the overall passenger experience. The way in which you deploy the staff is very important. That is best in the line for the train operators. We would not have seen the growth in rail passengers that we have seen if train operators had not provided the kind of services that customers want.

Q488 Mr Harris: Don't you think that there is a danger—I am not saying that it will happen—that passengers will lose confidence in the railway network if they do not feel safe enough? For example, I understand that under the new franchises there are plans to de-staff some east coast main line stations. Might that not deter women and people travelling on their own, in particular, from using public transport and push them on to the road?

Mr McLoughlin: I do not want it to.

Q489 Mr Harris: Not literally.

Mr McLoughlin: Of course not. I do not want it to, nor do the train operators. They will not take the kinds of measures that do not have the confidence of passengers. I have spoken to the new operators on the east coast, who are very confident of getting more passengers, not driving passengers away.

Q490 Mr Harris: I have one very brief question on HS2. Can you give us a guarantee that, irrespective of the progress that is made on HS2, the amount of capital that is being invested in that will have no impact at all on capital investment in the rest of the rail network in CP5, CP6 and beyond?

Mr McLoughlin: We have already started on CP5, so that is signed off and agreed. I see a balanced approach to the whole envelope of transport infrastructure, through roads, rail and HS2. HS2 is about providing a new north-south railway line, substantially increasing the overall capacity of the network. The negotiations have not yet started on CP6, but I certainly want to see a rail investment strategy in CP6 that is at least equal to what is being done in CP5, which is very inventive.

Q491 Mr Harris: So you are not going to rob Peter to pay Paul on this.

Mr McLoughlin: No, definitely not.

Q492 Mr Sanders: There has been a very clear indication in the south-west of what the priorities should be for the far south-west. One is to ensure that Dawlish is a workable line into the foreseeable future. The second is to improve our connectivity by investing in signalling, other resilience issues, new track and, hopefully, even electrification. The third, if those two are working and there is an increase in traffic, is to look at additional rail routes into the south-west. In the autumn

statement, the Government said that they would “support...the resilience of the railway at Dawlish”. Is this new money being committed to Dawlish?

Mr McLoughlin: It is the money that we have already committed to Dawlish and to seeing the best way of improving its overall resilience. Network Rail spent around £40 million this year to repair the damage that was caused by last winter’s storm. You know the area very well. It was not just the Dawlish sea wall that caused the problems—there were also problems a bit further down, with the cliffs. Work by Network Rail is still ongoing, as you go past there, to try to stabilise those cliff faces. It is not just the Dawlish wall, which got the high visibility and impact as a result of last winter’s storm. I think that is the case.

Q493 Mr Sanders: It is not new money—it is just a repackaging of the money that was announced before.

Mr McLoughlin: No. The autumn statement Green Book said that, additionally, we “will ask Network Rail to examine wider issues surrounding connectivity to and within the South West peninsula. Specifically, Network Rail will consider alternatives to the current mainline route to the South West via Dawlish, including an alternative route via the north side of Dartmoor through Okehampton. This...will feed into...Control Period 6”. I want to look at the whole question of wider resilience to the south-west.

Q494 Mr Sanders: But that is not really looking at the problems that the south of the county faces, if the only feasibility study that you are doing is into a northern route. That has been quite well understood not just in my constituency but even down in Plymouth, where Charles Howeson, chairman of the Plymouth area business council and himself a former chairman of First Great Western’s advisory board, states, “The North Devon route is entirely impractical for express trains to the capital and provides zero improvements in time.” He says, “...the truth is that every rail person knows that it will add 40 minutes to the existing Plymouth to Exeter journey and only a fool in a hurry would not get a bus to Tiverton Parkway.” As we know, there are a number of alternative routes that are not now subject to a feasibility study. Why have you chosen to look only at the northern route and not at the southern ones?

Mr McLoughlin: We have not chosen to look only at that. We have given an initial response as to what we will do. I want and have been asked to look at the whole of resilience to the south-west. That is what we will do. We are saying that in the first instance there is the work to be done around Dawlish and the cliff faces I talked about. There is also a lot of pressure from Devon county council to look at the Okehampton route, because of what could happen there as far as development is concerned. If my memory serves me right, although I do not have the exact figures, you have a 12-mile gap where that links back into the overall system. I do not rule out looking more widely in CP6 at resilience completely in the whole south-west. We have done a lot on transport resilience road-wise in the south-west that will feed into that. I want to ensure that the same kind of resilience is given on rail as well.

Q495 Mr Sanders: Can we get it right about Dawlish? A figure of £400 million has been talked about. You were talking about £40 million. Why are different figures being bandied around?

Mr McLoughlin: I am sorry—what is the other figure you were talking about?

Q496 Mr Sanders: Earlier you referred to £40 million. There is a figure of £400 million that somehow is getting bandied about within the south-west.

Mr McLoughlin: The £40 million I am referring to is the £40 million that was spent this year on work to repair the damage to the railway caused by last winter’s storm at and around Dawlish. As I said, work is continuing to raise and strengthen the sea walls and the walkways. That work will be

completed by March 2015. The other figure may be for the wider resilience that is included. The question is whether some of that can be done sooner than CP6 or whether that feeds into CP6, once we have done the full analysis of what needs to be done, but £400 million is not a figure that I recognise.

Q497 Mr Sanders: If you do come across it, can you drop the Committee a line? It is quite a large sum of money.

Chair: Could you perhaps tell us what amount of money has been identified to deal with the future—not just the money that has already been spent?

Mr McLoughlin: After me, Mr Sanders, you will be the first.

Q498 Mr Sanders: Can I also go back to something that happened a year before in terms of resilience, and that was at Cowley Bridge, with which you will be familiar? It would appear that just one tenth of the money that was committed to halt the flooding at Cowley Bridge has been spent—just £2.6 million of the £26 million central Government committed to the scheme. Why is this not being spent?

Mr McLoughlin: I do not have an answer to that, but I will ensure that you get a reply from that very quickly. My understanding was that the work around Cowley Bridge and that sort of area was in the region of £33 million. I will check that out, but I thought certainly more than £2.6 million had been spent.

Q499 Mr Sanders: The real issue for any area of the country is having some certainty about what is happening and when, in order for people to make decisions. Feasibility studies are great, but what we really want is commitment to spend money that is going to improve connectivity. I am sure you understand that, but that is an appeal from the south-west to you.

Mr McLoughlin: I understand it and appreciate it too.

Q500 Martin Vickers: There are open access operators who are eager to invest in the network. Can you tell the Committee what the Department is doing to encourage and support them?

Mr McLoughlin: Open access, where there is a viable proposal put forward, is something that I am always willing to support and encourage. At the end of the day, it is not specifically for me to say that open access will take place at A and B. That is a matter for the Office of Rail Regulation. There are certain areas where we have good competition in operation and that is to be encouraged. If I look specifically at London to Birmingham, say, basically you have three operators on that line; you have Virgin, London Midland and Chiltern Railways operating on that service. Open access is certainly something that we do need to listen to whenever proposals come forward.

Q501 Martin Vickers: Mr McCartney mentioned the services at King's Cross that mysteriously terminate at Newark. It has been suggested to me that that was an attempt by the east coast to squeeze out an open access operator who wanted to use those particular paths of the main line. Are you able to comment on that?

Mr McLoughlin: No.

Martin Vickers: Right.

Jason McCartney: But you have got it on record.

Q502 Martin Vickers: But it is on record; yes. Finally, on a number of occasions we have heard that the shortage of diesel units, which is prevalent, has been blamed, in part, on your Department. Who would you blame for the shortage?

Mr McLoughlin: Look, I am not into the idea of blaming. We have a position where we have just got to find more capacity, and the growth in the rail industry has been absolutely exceptional to a degree. It has basically been 4.4 and compound. So we have just got to answer some of those particular problems.

Q503 Chair: But, Secretary of State, it is not good enough just to say that, is it? There are problems about rolling stock throughout the system; there are electrified lines that cannot operate properly because the right rolling stock is not available. There is the whole issue of transfer of rolling stock from TransPennine Express to Chiltern Railways. Who is it who is actually responsible for the problems in relation to rolling stock?

Mr McLoughlin: As far as rolling stock is concerned, overall, there will be a significant increase in rolling stock thanks to the Government's investment.

Q504 Chair: Who is responsible for the problem?

Mr McLoughlin: More than 3,250 new carriages will be in service by the end of 2019. That is probably more rolling stock than we have seen coming on to the tracks in this country for a good many years. Obviously there are some problems while we are waiting for some of it to arrive and what then happens to it overall, but I am confident that we will be able to provide answers to some of the issues that are immediately flagging up in the next period.

Q505 Chair: But who is responsible? You have described a situation, but who is responsible for the problems? For example, when electrified lines cannot operate properly because rolling stock is not available, who is actually responsible?

Mr McLoughlin: Well, at the end of the day, it is between the Office of Rail Regulation and the Secretary of State, and when the tracks are ready as far as Network Rail is concerned. I am working along with the Department to ensure that some of these particular problems are dealt with as soon as possible. Once the electrification is fully in place in those areas I hope we will be able to service them. I do not think the line to which you are referring at the moment is fully electrified yet but will be by the early part of next year.

Q506 Chair: So you are saying that, ultimately, it is the Secretary of State who is responsible.

Mr McLoughlin: The Secretary of State, ultimately, takes a lead in what is happening in the rail industry.

Q507 Chair: When will the Pacers be taken out of service?

Mr McLoughlin: I very much hope that the Pacers have basically had their day.

Q508 Chair: But when are they going to go?

Mr McLoughlin: We are in the process of organising with the next franchise as far as Northern is concerned, and that will be part of the proposals that they put forward. I cannot give you the exact date, but I will be looking to see the Pacers replaced as quickly as possible once the new franchise is in operation.

Q509 Chair: “As quickly as possible” sounds a bit vague.

Mr McLoughlin: If I give you a specific date, you will then for ever be holding me to account to say it was not that particular date. I think everybody accepts that the Pacers have had their day.

Q510 Chair: Pacers operate also in the south-west and in Wales. When are they going to go there?

Mr McLoughlin: I think they have had their day. In the main, they have had their day.

Q511 Chair: But when are they going? We are all agreed they have had their day, but when are they going?

Mr McLoughlin: I cannot give you a specific date at this stage. As far as the south-west is concerned, down to Bristol and up to Oxford, we are going to see some brand new trains coming into operation in the period 2017-2019—new IEP trains. As far as Thameslink is concerned, we will see a lot of new trains coming into operation from the year after next. That will allow a lot of new capacity to be available across the whole network, and, along with looking at some brand new rolling stock, that will answer some of the questions. Somebody sitting here in a few years’ time will not have any problems at all with the amount of carriages that are available on our railways.

Q512 Chair: It will be good to get to such a time.

Mr McLoughlin: You tell me.

Q513 Graham Stringer: I have a few questions following that up. The fact is that there will be two years or so where there is insufficient rolling stock on the system. That is the case, is it not, Secretary of State?

Mr McLoughlin: I don’t know about two years.

Q514 Graham Stringer: That is what the leasing companies told us when they were here.

Mr McLoughlin: I am very much hoping that answers will be found to that and we will see where we go.

Q515 Graham Stringer: As I have said before, you are a very nice man, but that is a very optimistic answer. The fact is that, when the leasing companies were here, they said these trains were not being built; they had not been ordered; there is going to be a gap.

Mr McLoughlin: There is a lot of building of new rolling stock going on at the moment.

Q516 Graham Stringer: But not sufficient.

Mr McLoughlin: Well, I was actually at Newton Aycliffe just a few weeks ago looking at what is a brand new factory, which will soon be in operation. It is not completely finished yet but will be completed next year. So that is happening.

Q517 Graham Stringer: Do you have an estimate of how many trains we will be short of over that two to three-year period?

Mr McLoughlin: Off the top of my head, no.

Q518 Graham Stringer: Do you think you could provide the Committee with it in writing?

Mr McLoughlin: I will give the Committee an answer to the whole rolling stock issue in writing, of course.

Q519 Graham Stringer: You took responsibility for the whole of the rail system when you were answering the Chair's question. One of the suggestions made by the leasing companies when they were here was to decouple the leasing arrangements from the franchising system, and they gave an example of where that had happened. Have you considered that, and, if you have not, will you consider it?

Mr McLoughlin: I think it has been considered. When I met the leasing companies, that was not one of the issues that they raised with me, but I am always prepared to consider that. The truth is, as well, that, when we do new franchising, part of the job of the new franchising team leading this is to press the train operating companies as to exactly where they are getting their rolling stock from and likewise.

Q520 Graham Stringer: I think you are about to get inspiration.

Mr McLoughlin: I think I just gave you the answer that I am very satisfied with.

Q521 Graham Stringer: I am not clear. Are you going to consider it? I can read out the evidence we had from the leasing companies, which pointed out how moving to extensions on franchises or shorter franchises had stopped investment. They thought decoupling it would be helpful, and they gave a particular example of where that had happened.

Mr McLoughlin: There has also been lots of investment as a result of the franchises that we have talked about, not least in what east coast has done but also Essex Thameside as well. It is one of the things that we can and should drive in the franchising system, and perhaps that also goes down to the quality of the rolling stock that is on offer, because for the first time we are building the deemed quality from the passenger into the whole question of the franchising award, which is a new departure.

Q522 Graham Stringer: When are we going to see rolling stock on the Todmorden curve?

Philip Rutnam: We are expecting services on the Todmorden curve to commence in May 2015 from Manchester to Blackburn and Burnley.

Q523 Graham Stringer: Thank you. We are all agreed that the northern hub is a good thing. Are there problems with the Castlefield curve at the moment? Are there objections from English Heritage that might stop it?

Philip Rutnam: Are you referring to the Ordsall curve? It is the same thing.

Q524 Graham Stringer: Sorry, the Ordsall curve. It goes through Castlefield.

Philip Rutnam: That is a matter for the planning inspector. As you probably know, a planning inquiry was conducted and I think it concluded in February or March of this year.

Q525 Graham Stringer: We have not had the report yet.

Philip Rutnam: It is a matter for the planning inspector to conclude.

Q526 Graham Stringer: We have not had the report yet.

Philip Rutnam: I do not think we should comment further on it because it is a possible judicial matter.

Q527 Graham Stringer: Right; there is an issue there.

Mr McLoughlin: Well, we don't know that there is.

Q528 Jason McCartney: There has been lots of discussion about HS2, HS3, the TransPennine route, east coast and west coast, but where do secondary routes come in this? I have the Penistone line going through my constituency. We have the Esk Valley line, Wigan to Southport. Where do you see those as part of the Government's plan for investing in rail, and particularly the role that community rail partnerships can play?

Mr McLoughlin: Community rail partnerships have been incredibly successful in the areas in which they have promoted their own line of routes, and we have seen some of the fastest growth on some of those community railway lines. But you are right: none of the rail industry should be seen in isolation. We have to see it in the way it feeds into the wider system. There was the announcement that the Chancellor made about transport in the north. We are working with the northern authorities; there is going to be an interim meeting with the wider northern authorities that are not included in these five or six authorities that are working on transport for the north in relation to HS3. That is something that will take place in January and it is a meeting I am very much hoping to attend—will attend.

Q529 Chair: The Chancellor of the Exchequer repeatedly talks about improving the Manchester to Leeds link. Can you assure me that is not the total of improvements across the north—

Mr McLoughlin: I can indeed. I take your point completely. Manchester and Leeds are used as shorthand for the most important cities in the north, which is Liverpool in your case, or it might be Derby in my case, although you might not count that as being in the north. But, in all seriousness, it is right across the northern area. So we are talking about Liverpool, Sheffield, Manchester and Leeds, and we are also talking about Newcastle as well. It is that greater connectivity between east and west in the northern cities which is absolutely important. I have just been reminded that I must not forget Hull.

Q530 Martin Vickers: And north Lincolnshire.

Mr McLoughlin: I am not quite sure. If I may say, Mr Vickers, you have been very successful in making the case for north Lincolnshire, but okay.

Chair: I think on that note we will conclude. Thank you, Secretary of State.