



Transport Committee

Oral evidence: [Work of the Department for Transport](#), HC 1109

Monday 9 March 2015

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Members present: Mrs Louise Ellman (Chair); Jim Fitzpatrick; Karen Lumley; Jason McCartney; Mr Adrian Sanders; Chloe Smith and Martin Vickers.

Questions 1-63

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

Q1 Chair: Good afternoon, and welcome to the Transport Committee's last scheduled meeting before the end of this Parliament, although you never know. Secretary of State, would you tell us again for our records who both of you are?

Mr McLoughlin: For the record, I am Patrick McLoughlin, Secretary of State for Transport and Member of Parliament for Derbyshire Dales. With me is the permanent secretary at the Department, Philip Rutnam.

Q2 Chair: Thank you. Secretary of State, you might say that you are a survivor. You are the longest serving Secretary of State since Alistair Darling. What would you say are your personal achievements, apart from surviving?

Mr McLoughlin: I suppose that, in a way, I go back and look at the Department with some reflection on what it was when I was originally there in 1989 and what it is today. There is no doubt that transport as an issue has substantially risen up the political agenda and the country's agenda. I am very proud of what has happened during the time that I have been at the Department for Transport, not least some of the big projects, which obviously get most of the attention, such as Second Reading of the paving Bill for HS2.

We have also brought about fundamental changes, and expectations have risen. Just a week ago, we issued the invitations to tender for the Northern and the TransPennine franchises. When I did the launch in Manchester, I announced that the Pacers have had their day, which I am sure the Committee welcomes, bearing in mind some of its earlier reports on those trains. Other issues have been very important. We set up the community bus fund for community transport, and the Total Transport funds as a way to start linking up all the transport availability in an area and make good use of it. So a huge amount has

been going on. As I said, the importance of the Department has really moved up the agenda.

Q3 Chair: But do you think that all those things would have happened without you? Would they have happened with someone else in charge? What have you brought to this job?

Mr McLoughlin: I don't think anyone was talking about a paving Bill for HS2. That was my idea. The paving Bill gave the House of Commons its first chance to vote on the concept of HS2. The local pinch point fund and the challenge fund that I introduced when I first arrived at the Department are things that I brought in. The community bus fund is something that I have done. Those are areas that I have driven forward.

Obviously, part of a Secretary of State's job is to respond to a situation. The whole review of franchises that had to be done was done on my watch—I am very pleased with the outcome and where we are now as opposed to where we were. Those are things that I have directly intervened in and made sure have happened. Rather than judge it myself, I think that what has happened at the Department is more of a matter for other people to judge rather than for me to try to blow my own trumpet.

Q4 Chair: You have served as a Transport Minister before, last time in a Conservative Government, this time in coalition. What is the difference between the two?

Mr McLoughlin: I think that it is very difficult to say what the difference is between a Conservative—

Chair: You can speak honestly and openly to us.

Jim Fitzpatrick: We're in private, Secretary of State; nobody is listening.

Mr McLoughlin: Mr Fitzpatrick might say that he is in private, but I know I'm not. I think that it is very difficult to try to compare 1989 and the way that the operation of Government was in those days—when British Rail was seen as something that was sort of separate from the Department, and something that wasn't too important, to be honest—with today's transport world. I have managed, I hope—though it is for the other Ministers, both Susan Kramer and Bob Russell to say—but I think that we had good relationships and worked very positively together across the coalition, as far as the Department for Transport is concerned. Indeed, I think that the coalition has worked very well across the whole Government.

Q5 Chair: So you would like another coalition?

Mr McLoughlin: I have always decided never to comment on election results until I know them—then I will comment on them. That goes back to when the BBC told me that I had lost my by-election and the returning officer told me that I'd won it.

Q6 Jim Fitzpatrick: Just a small point, Secretary of State, you mentioned the community bus fund; one of the submissions that I have received is from Guide Dogs for the Blind. Audiovisual announcements on buses is an area that they have campaigned on very strongly. Do you think that the Department has been able to do enough on that? Obviously in London it is very good and, as a London MP, I can say that, but it doesn't just benefit people with

visual or audio impairments. It helps everybody to know where they are going. Is that an issue that you think the Department could have done more on?

Mr McLoughlin: I think as you get the roll-out of good practice, for any services to people who are either visually impaired or have a disability—I hope that we can see improvements generally across the whole public transport availability. I think that Access for All is a good example of that. Crossrail is another good example, where we have now ensured that all the stations will have access for all. It is better, but of course there is more progress to make.

Q7 Chair: Secretary of State, you referred to Pacer trains—or to getting rid of Pacer trains—as something positive that you have done. Mr Rutnam, you objected to this decision. Could you tell us why?

Philip Rutnam: Perhaps, just to be clear about what my role is—

Q8 Chair: Or could you explain if they really are going or if it is a statement of intent?

Philip Rutnam: There are two separate questions there; I will deal with the second one first. Ministers have decided—the Secretary of State has decided—that there should be a requirement in the invitation to tender for the Northern and TransPennine franchises—Northern is the one that is relevant—that Pacers should be withdrawn by 2020 and that there should also be new rolling stock procured by the franchisee, the bidders for the franchise. Those are requirements in the invitation to tender and, as I observed in the exchange of letters that the Secretary of State and I had, which was published, once the Government have said that that is what will happen in one of these tendering processes, that is then followed through to the conclusion.

I would certainly expect that to be a conclusion of the competition, that that would be an obligation in the franchise that we award, because it is one of the requirements in the specification that we are issuing. Then of course, once it is in the contract that we let to the franchisee, they will be contractually bound by it. It is clearly the Government's decision that Pacers should be withdrawn. I expect that will be followed through in the franchise award process and subsequent actions by the franchisee.

Q9 Jason McCartney: Secretary of State, I went with fellow Huddersfield Town fans to see Huddersfield lose at Brentford last Tuesday night. I went on South West Trains from Waterloo. I had a seat, which was very nice, and I did not realise when we arrived that the train had been travelling, the journey was so smooth. As someone who has Pacers going through my home village in Yorkshire, I did not believe that such trains existed. When can my constituents expect to have a smooth ride by getting rid of the Pacer trains? I know that it is by 2020. They have been contacting me and would welcome your announcement, as they are enthusiastic about it. When will they start to get the first new-build trains to replace the Pacers?

Mr McLoughlin: That will depend on the invitation to tender we get. All I can promise is that they will get them; by 2020 that will be in operation. I hope that it would be by 2017 or 2018, but the commitment is that they have to go by 2020. Obviously, trains are not like cars. You cannot go into a showroom and just buy half a dozen and get them operating

straight away; they have to be built. That is the requirement for the replacement of the Pacer trains. I would hope that by 2017 or 2018 that that would be happening.

Q10 Jason McCartney: We have the phrase “new build”. How do we interpret that? What is a new-build train?

Mr McLoughlin: As far as I am concerned, a new-build train is a new train.

Q11 Jason McCartney: From scratch?

Mr McLoughlin: Yes.

Q12 Chair: Mr Rutnam, could a new Minister change that and stop Pacers being withdrawn?

Philip Rutnam: What the Government have done is issue invitations to tender, against which specification the bidders are now busy preparing their response. It will clearly always be a matter for Ministers to decide whether to proceed with a competition that has been launched, though it would be a draconian step to decide not to proceed with the competition. I cannot foresee what view Ministers might take in future. This Government, these Ministers and my Secretary of State have been clear about the specification that the Government wish to issue for these very important franchises. That includes requiring the withdrawal of Pacers and requiring new build.

Q13 Chair: But a future Minister could do it, though you are not anticipating that anybody would. It could happen.

Philip Rutnam: As you know, there are many things that Ministers can choose to do. It is quite difficult to define the set of things that Ministers cannot do. The scope of discretion open to Ministers is very wide.

Q14 Chair: In other words, they could if they wanted.

Philip Rutnam: That is theoretical.

Mr McLoughlin: I don't see any difference on the need to get rid of the Pacers. It has certainly been welcomed by all the northern authorities, which are not necessarily Conservative-controlled. I would be very surprised if anyone got rid of this direction, bearing in mind the decision that has now been taken.

Q15 Mr Sanders: Given that the stock that the Pacer trains replaced ended up in the far south-west, how are we to ensure that we are not going to get these apparently dreadful Pacer trains once they are no longer running on northern rail?

Mr McLoughlin: Well, you already have got some of them, I think, in operation. The truth is that as electrification rolls out, the Pacer train is not a suitable vehicle. I see those being moved out of operation over the course of the next few years.

Q16 Mr Sanders: So they would not be moved down to other areas; they would simply be out of operation all together?

Mr McLoughlin: That is as I would see it. I don't see them being moved to other areas.

Q17 Chair: Will the Great Western electrification be delivered on time?

Mr McLoughlin: I hope it will be delivered on time, yes.

Q18 Chair: “I hope”—will it? Doubts were raised on this in previous sessions. That is why I am asking you now.

Mr McLoughlin: I very much hope that it will be delivered on time. It is a huge programme. This size of the programme is more than 200 miles. The number of bridges that have to be changed and the amount of tunnelling that has got to be worked on and so on need it to be a massive build project. I very much hope it will be completed.

Q19 Chair: What is the latest information on how it is going?

Mr McLoughlin: Overall, there has been a cost increase, which has been reported on. That is an increase from what was originally thought of in the 2009 situation, but when you are doing big projects of the size of the Great Western modernisation, which is, as I say, 200 miles of track to be electrified, 170 bridges to be raised, 15,000 foundations, 14,000 masts for overhead line equipment, 1,500 items of new signalling equipment and improvements at 50 stations, including Paddington, Oxford and Bristol Temple Meads, there is a huge amount of work to go on.

Once the roll-out starts, I hope that further acceleration will take place and that the project will be completed within the timelines. But it does go through some world heritage areas and some very difficult tunnels originally built by Isambard Kingdom Brunel, so I will keep the pressure on both the ORR and Network Rail over the next few years.

Q20 Mr Sanders: In the Department’s recent response to our “Investing in the railway” report, which made explicit reference to how the far south-west has been starved of investment, you referred to: electrification between London and Bristol, which is not the far south-west; the double-tracking of Swindon-Kemble, which is great but not the far south-west; extra track capacity at Bristol Temple Meads, which again is not the far south-west; funding provided towards the Newcourt, Exeter new station fund, which is great and is the far south-west; and Dawlish, which we all know about. But the question posed was that we have been starved of investment over decades and decades, and that is why events such as Dawlish occur. Where is the commitment to the far south-west: that is, Cornwall, Devon, Dorset and Somerset?

Mr McLoughlin: The commitment to the far south-west, as specified by you, was outlined last year when the Prime Minister was down there. It is about bringing forward re-signalling into the CP5 period, so that will mean half-hourly local services. I hope that we will be on the track sooner than before. I think the sleeper depot move from Old Oak Common down to Penzance is further investment in the south-west.

I was down in Cornwall just the other week where overall people were thinking that we were investing in Cornwall and the far south-west, which I agree needs to be done. As does continuing work on what is an alternative as far as Dawlish is concerned: whether further work can be done at Oakhampton—development of that is partly being led by the

county council as well—as a possible alternative should we ever have a breach again at Dawlish.

Q21 Mr Sanders: The word “alternative” frightens the life out of people in the far south-west and south Devon. We need an additional route, not an alternative route.

Mr McLoughlin: I stand corrected—you are absolutely right. That was loose language on my part, which I apologise for. You are right. Perhaps I was trying to over-simplify a very quick answer.

Q22 Martin Vickers: Before I move on to another area, Secretary of State, may I go back to the Pacer issue and reflect on a constituency matter? We have a Saturdays-only service from Sheffield to Cleethorpes via Brigg and Gainsborough, but, if there were surplus Pacers on the other six days of the week, people in those towns would welcome the opportunity to get to Cleethorpes. Do you accept that Pacers could be used to extend some services as a starter?

Mr McLoughlin: When I half-alluded to that about two months ago, I was roundly condemned. I am not going to be diverted from the fact that the Pacers are finished. They are going. As far as I am concerned, they are not going to be used on those services in the future. Much as you might try to persuade me that they should be, I am not going to go there.

Q23 Martin Vickers: Could I move on to the issue of devolution? We have had much talk about Rail North in this Committee and elsewhere in recent months. Do you see the equivalent of Rail North being developed throughout the country?

Mr McLoughlin: Whether it will be developed in the same way, I am not sure, but there are ways in which local authorities combining are making stronger cases for rail investment in their own areas. If I look at what Ms Smith did, as far as Norwich in 90 is concerned, that was a coming together of the East Anglia local authorities and the LEP in that area wanting better services and saying how important Norwich in 90 and Ipswich in 60 were. It is fundamental in that area. Last Monday afternoon I met authority leaders from the west midlands in a similar vein about certain improvements, so I do see it as a roll-out.

One of the things that I have also said to the bodies concerned, be it Transport for the North or the west midlands—interestingly, not only the west midlands metropolitan areas were there, but the shire counties of Worcestershire, Shropshire and Staffordshire—is to make sure that they keep all local authorities abreast of their movements, because there can sometimes be a concern that it is just the urban areas pushing their interests and that everybody else will suffer. I do not think that that is the case, but, while looking at the whole issue of rail devolution, we have got to be assured that they are representing the views of the whole area and not just the big cities.

Q24 Karen Lumley: I want to ask about the Davies Commission. Hopefully, you will be the Secretary of State after the election. If you are, how soon do you think that the Davies Commission recommendations will be implemented?

Mr McLoughlin: Well, it will depend on what they say. I would expect the report to be with the Secretary of State for Transport in July or August—around that sort of time. The Commission has done a fantastic job, especially in the way in which it set about gathering

evidence. A number of people were fairly questioning when it was first set up as to whether it would be a deep, detailed Commission and really go into the depths of the issue. I do not think anybody has any doubt about the way in which that has now been taken forward very ably under Howard Davies's chairmanship. Nobody is suggesting that it has not done deep and proper work, which is now being calculated following the close of the consultation period in February.

Q25 Karen Lumley: Realistically, though, how many years will it be before we get anywhere near getting what it recommends?

Mr McLoughlin: That will obviously depend on what it recommends. Both the shadow Chancellor and the Chancellor of the Exchequer have both said in different speeches that they would want a new Government to act upon it very quickly. When I say a new Government, I regard any Government that has been elected after a general election as a new Government—just to put the record straight before Mr Fitzpatrick starts to get a bit excited.

Q26 Karen Lumley: Obviously, Secretary of State, you know about my big interest in Birmingham International airport. What future do you see for all of our regional airports?

Mr McLoughlin: If you remember, at one of the first appearances that I made before the Select Committee—probably in this room—I refused to call airports such as Birmingham, Manchester and Newcastle regional airports. They are very important international airports in their areas. I know the Committee has been doing a report on airports, and I am awaiting that report. No one is a stronger advocate of services outside London, as well as of protecting our place as far as London is concerned. We still have better connections in the world than any other European airport.

Q27 Chair: The Committee has done a lot of work on access to transport for disabled people. Back in 2013, we asked you to review the Government's "Inclusive mobility" guidance, which had not been revised since 2005. We were told that would be done, but it has not been. I wonder why. I also wonder whether you are aware about the great concern being expressed by blind and partially sighted people about shared spaces. Blind and partially sighted people feel that they do not have access to those areas any more and are extremely concerned about the dangers posed in those areas. Are you aware of that?

Mr McLoughlin: We are committed to reviewing and updating "Inclusive mobility", which is the guide to best practice on access to pedestrian and transport infrastructure. A huge amount of work has gone on. I am sorry if the Committee does not feel that we have acted on its reports and I will go away and think a bit more about what the Committee has asked.

As far as Access for All is concerned, the Minister of State, Baroness Kramer, has been a passionate pusher for extra resources wherever we can get them. That is something for which she has had my support. As far as the railway industry goes, that has certainly been something we have wanted to look at and facilitate. Generally, as I answered to Mr Fitzpatrick right at the start of the session, we should be looking to develop right across the front on this.

Q28 Chair: Could you tell us when the guidance will be updated? We have been waiting a long time—two years.

Mr McLoughlin: I would rather write back to the Committee to give you a specific answer on that, if I may.

Q29 Chair: Are you aware specifically about the problem of shared spaces and the problems being experienced by blind and partially sighted people? It is a major issue here. A lot of people feel that they can no longer go into certain areas of their town because of the shared spaces design. They feel that they are being excluded from that space, they are very concerned about the dangers posed and they do not think that anyone is listening.

Mr McLoughlin: We need to try to reassure those people and those bodies that are concerned about it that we will bear in mind their access. In some of the areas where we have seen shared spaces we have also seen a general improvement in the environment, but if certain groups feel they are not getting the benefit of that we need to look at it. I will come back to you, if I may, in more detail.

Chair: I will take questions on the disability access issue for now.

Q30 Mr Sanders: It is also about shared spaces. There seems to be a headwind of support in local government for creating them, and you can see all the reasons why, but the overall guidance to look out for people who may be disadvantaged does not appear to be there. It is very difficult for the disability access groups themselves to make their voices heard. Individual council after individual council looks to Government to be able to set up a guidance note or some advice to say, “If you are going to go down this route, there are other people to consider.” I do not know whether that guidance has been forthcoming from the Department.

Mr McLoughlin: We need to review and update the guidance that we are giving. Following the points that have been made by this Committee, I will assure the Committee that I will cause inquiries to be made as to exactly where we are going on this.

Q31 Chair: When we discussed electrification, you said that you hoped or thought that the Great Western electrification would be done on time. The BBC are reporting that it is a year behind. Are they wrong?

Mr McLoughlin: I am not sure I should start commenting on every report, be it in the papers or on the BBC, without seeing the full report. There are areas where progress has not been as fast as I would have liked, but I am hoping that once the schemes get more under way there will be faster development and we will catch up some of the time. But I certainly hope that overall, with the resources we are giving to Network Rail and the work they are carrying out, we will see most of the schemes committed to their time scale.

Q32 Jason McCartney: How is the electrification of the trans-Pennine route progressing, particularly through Yorkshire?

Mr McLoughlin: Can I just have a second to find the specific page?

In terms of what is going on with transport in the north as a whole, we are in the midst of providing £1 billion of investment for electrification from the Northern Hub. The first electric trains ran from Liverpool to Manchester airport last week.

Network Rail have recently concluded, in order to accommodate the expected growth in train services, the delivery of a significant improvement in journey times that is needed to generate economic growth and to provide the best possible performance and capacity on this line. More work will need to be done than previously planned. Although 2019 was set as the date for completion, it is no longer viable and that date will slip, but it will slip into the early 2020s.

With all these electrifications, what we have to ask ourselves is: is it the right mode for the future? I believe it is. I do not think that anyone is arguing against electrification. The very fact that they are big schemes means that some are taking longer than we would have liked. More difficulties are being thrown up in certain areas than was perhaps anticipated.

Q33 Jason McCartney: Obviously you will appreciate the interest in this. I saw you interviewed live on the BBC's "Look North" just last week, and you were being pressed on this. What do you see as being the next time frame event that my constituents and people in Yorkshire should look forward to, so that they can know how far these plans are actually progressing? At the moment, confidence is a little bit down, but everyone was looking forward to having electrified lines and more up-to-date trains. What is the next point that everyone is working towards?

Mr McLoughlin: Well, a very good report was presented to me last Thursday by a cross-party group of colleagues from the Conservative party, the Labour party and the Liberal Democrats who have been working on transport for the north. That was done in liaison with Network Rail, our Department and the local authorities. They gave us a plan of action and prioritised what they thought were the most important areas to be done. I promised that that would be included in the work we are doing on CP6, which is the next process of transport works between 2019 and 2024.

Q34 Jason McCartney: In your mind, is it definitely going to happen? Is it just a question of the time scale, or could a future Secretary of State for Transport find financial savings by scrapping these plans?

Mr McLoughlin: Of course you could say that there will be financial savings. Obviously, if you do not do something, there will be financial savings. But what you have to ask yourself is: would we be doing the right thing? The upgrade of our transport infrastructure is highly desirable and necessary. A lot of areas in the south have had it, and they have not had so much electrification in the north. There has been some. The East Coast Main Line was electrified—a bit on the cheap, and that is why we are facing some problems with that. We are trying to make sure that we do not repeat those problems. As I said in receiving the report last Thursday, I certainly hope it is indicative of how we will plan for the next round for Network Rail, which will be CP6, 2019-24.

Q35 Chair: This is the first time we have heard about this delay. We have raised this issue before, but we have never had a straight answer. Now, are there any other delays where information is available but nobody is telling us?

Mr McLoughlin: Work continues on the way in which electrification will be rolled out. I am not aware of any other delays, but, as I said right at the start, if you start looking through the amount of work required on the Great Western—you won't want me to repeat the list—these are very big projects. Great Western is a very important scheme, and I hope it is completed on time. Likewise, the East Midlands Line is a very important scheme. The line I referred to right at the beginning of my remarks—the Liverpool to Manchester line—was electrified and started to operate last Wednesday or Thursday.

Q36 Chair: Mr Rutnam, are you aware of any other delays in any other electrification schemes?

Philip Rutnam: I would go back to what the Secretary of State has said and to our discussion before. These electrification programmes are very large, and the challenge inherent in them is very large.

Q37 Chair: Yes, but are there any other delays? We know about challenges. Are there any other delays that are known about now?

Philip Rutnam: As the Secretary of State said, it would not be wise of me to give you specific dates for specific programmes.

Q38 Chair: Let's move away from specific dates and talk about control periods. Are any other schemes that are planned for control period 5 going to slip?

Philip Rutnam: I'm afraid I can't give you a comprehensive answer across all the schemes in control period 5, of which there are many, many, many—it is an absolutely gigantic programme.

Could I just go back to the electrification of the northern trans-Pennine route? The invitations to tender, which were published in February for Northern and TransPennine, were clear that there was uncertainty about the timeframe for the work on that electrification. That is why the Department has asked the bidders for the franchise to come forward with proposals for new-build rolling stock—a minimum of 120 vehicles, which I would expect to be diesel rolling stock—which allows capacity to be enhanced on that route without being dependent on electrification between now and 2019.

So the Department is responding to the situation of uncertainty—obviously, we would much rather we did not face it, but we do—with some very practical decisions to bring forward improvements. One reason why Network Rail has concluded it needs more time to develop its proposals for northern trans-Pennine electrification is the level of growth on that route, which means they need to make sure that the electrification solution that is delivered will deal with that growth and also improve journey times. So they want to deliver a better solution, but unfortunately that seems likely to take longer.

Q39 Jim Fitzpatrick: Can I move on to road safety? Good afternoon, gentlemen. Forgive me for not bidding you welcome when I asked my question earlier—it was most impolite of me.

Secretary of State, road safety has never been a party political issue. There is joint commitment to driving down KSIs; we just have different emphases and priorities, so this is not party politics. The analysis by the Parliamentary Advisory Council for Transport Safety

of the latest figures suggests there have been greater falls in London, Northern Ireland and Scotland than elsewhere in the percentage of people killed or seriously injured. Is that a trend you recognise? Have your officials had a chance to look at that to see whether there is a reason why the devolved Administrations seem a bit more successful than authorities in England outside London?

Mr McLoughlin: I have not seen the figures you are referring to on the regional difference, although now you have raised them, I will certainly ask those questions. Road deaths in 2013 were at their lowest since records began, following a long-term downward trend. It is true that part of the problem with comparing one year with incomplete figures the second year is that you might find—I think it is right—that the provisional data in the first quarter of 2013 showed a substantial fall, and if you did that on the first quarter of 2014 I am not sure that the two figures would be comparable. That would obviously have a bearing over the year.

I agree with you that road safety is one of those things that all Governments have targeted and we have had reasonable success in having the safest roads almost in the world—possibly Sweden is slightly better than us. We are up there in the top as far as road safety is concerned but you will never see me become complacent about that, particularly as accidents are a tragedy to the families involved.

Q40 Jim Fitzpatrick: One of the most effective ways of enforcing road safety is obviously through roads policing. The BBC's lead story this morning was suggesting big cuts to police constabularies in the next five years. Is this a matter that you take up regularly with the Home Secretary as a matter of general discussion about the protection of road safety policing budgets, to try to make sure that we have enough officers on the road to enforce the regulations that the DfT and Home Office arrive at together?

Mr McLoughlin: I think it is one of those areas which police commissioners have a duty to give proper attention to. I would also say that we are being helped here by technology and the insurance companies and what telematics can do as far as car driving is concerned. This could well have a beneficial impact on the way in which people drive their cars because it will have an impact on the kind of insurance policies they get and the prices they get. I certainly won't be complacent about it. I remember back in 1989 launching the campaign, "Kill your speed, not a child" because we were concerned then about the number of road deaths of young people on the roads.

Q41 Jim Fitzpatrick: Given that the biggest killer of young people in the UK is still road crashes and telematics is clearly, as you mentioned, a very positive new way forward to try to address that, one of the big issues that was very welcome was when the Department announced that it was going to produce a Green Paper on graduated licensing for young drivers and telematics was potentially going to play quite a significant role in that. Obviously, after 18 months, the Green Paper prospect disappeared. Is that a matter of disappointment to you that weren't able to proceed with that?

Mr McLoughlin: There were a number of issues once we started going into the greater detail of that which couldn't at that stage be resolved. It is difficult to choose between the freedom of the individual, a young person who lives in a remote country area, who has to rely on a car to be able to go into work, and the opportunities to get to work that we had to

try to balance in what should happen. At that stage there was a backdrop of falling road casualties.

Q42 Jim Fitzpatrick: I have two more questions, but may I tease you on that one, Secretary of State? The welcome to the Green Paper was on the basis that you would produce a discussion document to look at these issues. Certainly there was a very strong current of opinion which said that a curfew on young drivers at any point would be disadvantageous and unfair to those in rural communities who relied on the ability to drive to get to social events, but more importantly to get to education and to work. That is why the absence of the Green Paper was so disappointing: it would have developed those discussions and given a clear indication of which ones you might have wanted to pursue and others. The fact that the Green Paper disappeared entirely didn't allow that debate to take place. Is that a cause for a little regret?

Mr McLoughlin: Well, I don't think the debate has not taken place. I think there have been plenty of opportunities for the debate to take place.

Q43 Jim Fitzpatrick: One other area that your predecessor left for you was the abolition of targets on reductions. Were you to secure another term as Secretary of State for road safety and transport, is that something that you might look at by saying that it is a tool that served a purpose on a cross-party basis for over 20 years and you might want to consider bringing it back?

Mr McLoughlin: I'm not sure, because we saw that road deaths still reduce even without targets. I don't necessarily think that targets are the right way forward. There are other modes that we can look at—safety cameras, for example. Telematics is quite an interesting development which will allow technology to take a more prominent role. I would certainly want to encourage that.

Q44 Jim Fitzpatrick: My last question is on a tangential matter. One of the issues on which I have asked some questions, as has Dr William McCrea in Northern Ireland, is about deaths of Highways Agency workers. The laying of cones was an issue. There was a company in Dr McCrea's constituency that came up with a piece of kit called Conemaster, which automatically lays and collects cones, and therefore protects workers from having to go out into motorways and lay cones. That has been around for some time and it has been with the Department, although whether the Department is still looking at this is a bit of a grey area. It goes back to 2009 and the previous Government. Is this something that the Department is still examining?

Philip Rutnam: I don't know about that specific technology or the proposal to use it but I know that one of the most serious safety related issues for the contracted work force for the Highways Agency is people crossing live lanes. The cone laying work force is particularly exposed to that. Highways Agency, soon to be Highways England, has a clear business objective of trying to eliminate work force crossing live lanes in traffic, but I am afraid I cannot recall quite how quickly it is intended to come into effect. We can write to the Committee about how quickly Highways England expects to bring that into effect. It is a very important aspect of its health and safety plans.

Q45 Jim Fitzpatrick: And could you include in that correspondence the role that Conemaster may or may not play to clarify if it is still part of the consideration?

Philip Rutnam: We will find out where that has got to.

Jim Fitzpatrick: I am very grateful. Thank you, Chair.

Q46 Chair: Fares accounted for 61.5% of the rail industry's income in 2013-14, compared with 20% in 2007-08. Is that compatible with making rail fares more accessible, understandable and affordable, which you once told us you wanted them to be?

Mr McLoughlin: The truth is that if we are going to see the kind of investment levels that we are seeing in the railways then the answer is yes, the taxpayer pays part of it, but it is also fair to expect the travelling public who use the trains to make their contribution.

With a lot of fares, there are a number of ways to pre-book, and the train operating companies brought in a new two-for-one discount—two people travelling get a third off—which is the first new railcard for 20 years. Something like 120,000 people have signed up to that. So there are a number of areas where there is extra availability. Nobody likes to see fare increases—I don't like to see fare increases—but we are investing record amounts at the moment in the rail industry, way beyond what has been invested for many a year.

Q47 Chair: What do you think is the correct balance between the percentage funded by the taxpayer and the percentage funded by the traveller or passenger?

Mr McLoughlin: I don't think I have an overall figure in mind. The better we make train journeys, the more relaxed train journeys will be—going back to what Mr McCartney said at the beginning about his view of services in the south-east as opposed to those in his constituency base. To get better utilisation of the train service is very important. We have to look at the changes made to the rail industry over the past 20 years—not only what has happened so far as the travelling passenger is concerned, but also what is happening with freight. We have seen a doubling of usage by passengers, but we have also seen a 70% increase in the amount of freight that is transported on the railway. I don't think I have a specific figure in mind for that balance, so I can't really give you one.

Q48 Martin Vickers: Secretary of State, when most Members across the House are campaigning for a new bypass or the upgrade of a road of whatever, we are horrified by the cost. What is being done to try to push down the costs and improve the procurement process?

Mr McLoughlin: One of the important things for Highways England is setting a five-year road investment strategy. For the first time we have a RIS which is not only for Highways England, but also tells the companies which are feeding through. There was quite an interesting interview today with Graham Dalton in the *Financial Times*, in which he talks about companies planning not just as far as the available work but also to make sure that they have the right work force. With that we are seeing more apprentices being taken on by construction companies. I hope that the changes we are making to the road investment strategy will bring savings—or indeed rather than making savings, it will allow us to do more with the money which we have, and invest in road infrastructure.

Q49 Jason McCartney: Moving on to HS2, it has taken us a while to get there, but obviously it is a very important programme. When will the route for phase 2 be announced?

Mr McLoughlin: We are in the process of studying this, and there are two parts. There is the separate David Higgins report, which looks at going to Crewe more quickly and seeing

if that is the right option. Work is being done on that at the moment. For the wider section of Manchester and Leeds, I would imagine that by the end of this year or the beginning of next year the Secretary of State would be able to come forward with the confirmed route of where he has decided to go. There are some big issues as far as route is concerned. Obviously there is the consultation, and then the detailed groundwork is also going on.

Q50 Jason McCartney: We are very much in election campaign mode at the moment. How do you feel when you hear politicians just bandying around the billions of pounds that could so easily be saved if this scheme was scrapped? How does that make you feel?

Mr McLoughlin: People will bandy figures around. There were quite interesting proposals today, as I understand it, from the shadow Chancellor, who was talking about phase 2 of HS2. The money we are spending at the moment is mainly on phase 1. In the immediate future we are not committing any money to phase 2. The first thing will be to build phase 1, then the development work and the expenditure on phase 2 comes later. However, I think it would be a very short-sighted decision to build phase 1 up to Birmingham and not go any further, although of course there will be compatible trains. From day one there will be an advantage on the west side of the country, to Manchester and onwards, but not on the east side.

Q51 Jason McCartney: What would you say the percentage chances are of it actually happening?

Mr McLoughlin: Any big infrastructure project is going to be controversial. We haven't built any main arteries of new infrastructure in this country for the last 40 years, since the last motorways were built. You only have to look at what has happened to transport: people's desire to travel has grown. I rather regret that HS2 is still terminated. Yes, there will be faster services, but it is not about speed. It is also about capacity, and capacity is the most important thing that it does. It gives you an opportunity to look at the rest of the railway system and see how you get more out of that as well—so, how we get more freight travelling by the railways, how we get more local services, and how we get better connectivity between the northern cities, which I believe is absolutely vital so that Liverpool, Manchester, Leeds, Sheffield, Hull and Newcastle are all serviced with a better transport infrastructure.

You know, north-south we do quite well; east-west we do not do so well at all. Sometimes, coming back from Manchester, if I want to go to Derby, I can go either across on the TransPennine to Sheffield and then down to Derby or I have to go to Crewe and get a local train from Crewe down into Derby. That is just my own patch, but I am talking generally about people moving around in between the cities of the north.

Q52 Chair: When will the route for phase 2 be published?

Mr McLoughlin: I was saying later this year and early next year, I think. I want not to be absolutely specific, so if I say later 2015, early 2016.

Q53 Chair: That is getting even vaguer.

Mr McLoughlin: Later this year is later 2015. It is hoped towards the end of this year, but I just wanted to be slightly—not to be accused of misleading the Committee if it slipped to January 2016.

Q54 Chair: And what is the current position at Euston?

Mr McLoughlin: We are looking at a number of options, and I hope to be in a position to say a bit more about Euston immediately after the election. We may be able to say a bit more about Euston and the way we want to develop it overall. If you look at those three stations, Euston used to be seen as the modern, new station, and now I am afraid it is sadly lacking, behind King's Cross and St Pancras. I am just looking at those three, within a mile of each other. I hope to be able to add more information on Euston soon.

Q55 Chair: When is soon?

Chloe Smith: Inspiration is on its way.

Mr McLoughlin: My line to take is the Department is developing a scheme that has no or only minimal impact on Royal Assent, which should be achievable with an autumn 2015 additional provision. So, later this year—but it is also making sure when we build that, it has as little impact as possible on the other services that we want to see running from Euston.

Philip Rutnam: There are a number of important and complicated steps to be taken before we can get to that point of depositing an additional provision.

Q56 Chair: And could these complicated steps become obstacles?

Philip Rutnam: Well, it depends how you see it, really, doesn't it? The Government, as the Secretary of State said, is energetically pursuing with Network Rail and HS2 Ltd a proposal for Euston, and hopes to be able to say more about that in coming months.

Chair: That sounds a bit more positive, but we will see.

Mr McLoughlin: It is worth saying that the Committee is making good progress and is dealing with the various petitions individually; I very much believe that they are still on course for shovels in the ground in 2017.

Q57 Chloe Smith: I would like to address a series of questions first of all to the permanent secretary, because they are quite administrative in nature. There is—surprise, surprise—an election coming up, and most people will be aware of that. Whether there is a change of Government or not, it falls to you to ensure that there is an orderly transition between Dissolution on 30 March and then 8 May at the other side. What is on your worry list for that period, in an administrative sense?

Philip Rutnam: I think it is the same as any pre-election period. There will be particular rules that will come into effect for the conduct of the Department during the period known as purdah. I have seen that before and been in this position. Someone in my position needs to ensure that the Department is preparing properly for a range of possible futures, so that we are ready to go with whatever the electorate throws at the country and the Government, if you like. We will be ready to go and properly prepared. That is the first thing.

The second thing is to ensure that the Department deals properly with the business that it will have during that period, because the business of government does not stop. There is an important amount of administration that continues. When I was at the Department for Business, Innovation and Skills in 2010 we had the volcanic ash incident that was

principally a matter for the Department for Transport to address, but it certainly had impact on our Department. You need to be prepared not just for the routine but to deal with things that can require the time and attention of Ministers even during an election campaign. Those are a couple of things that would be on my mind.

Q58 Chloe Smith: Could you give us an insight into what happens to contracts and the process of letting contracts during that period? There will be some, and I have some from the rail world in mind, that bridge that time. I am thinking particularly of the TransPennine and the Greater Anglia franchises that are due to open over that period.

Philip Rutnam: The Cabinet Office has yet to publish the purdah guidance for 2015. However, if we go back to the guidance for 2010 as a general guide, the key issue is about whether the Government are making a decision during the period; a decision that could appropriately be deferred until after the formation of a new Government. There may be circumstances—good national interest reasons—why a decision cannot be deferred. The general presumption is that the Government should, where they can, defer making decisions on new contractual awards until after the outcome of the election is known and, if appropriate, a new Government have been formed.

Importantly that does not mean that the business of government stops. For example, if it is a matter of evaluating tenders that we have received or may receive during that period, there is no reason why that cannot continue. The constraint is really about decisions rather than the preparation for making decisions. As I say, normal guidance is that where possible the Government should seek to avoid making new contractual commitments during purdah. There are some routine contractual matters that would need to continue. I am talking about large contracts, in particular things that could potentially be contentious.

Q59 Chloe Smith: Sticking with the rail examples, am I right in thinking that it is the Railways Act 1993 that states that the public sector cannot bid for franchises, and that either a new Act might be needed to oversee nationalisation if that were a policy decision, or there would need to be significant amendments to the 1993 Act? Is that the relevant piece of legislation?

Philip Rutnam: My understanding—because I have not specifically prepared for that question—is that there is one section in the Railways Act 1993 that imposes a constraint on public sector control parties bidding for franchise contracts. If the Government of the day wished to change that it would require new primary legislation. That is my understanding.

Q60 Chloe Smith: Is there also some relevant European legislation? I understand there might be some from this summer that is relevant. Could you tell me a bit more about that?

Philip Rutnam: There almost certainly is relevant European legislation. I am not aware of any European legislation that creates a bar on public sector entities from bidding for contracts. Indeed, that happens in some other countries in the EU. There is other European legislation, for example, that requires a degree of separation between the ownership and operation of infrastructure and the ownership and operation of passenger services. There is also discussion in Europe about what is known as the fourth package of proposed directives around rail services which, it is proposed, would extend the obligations on

member states to create opportunities for parties to bid for rail services, as opposed to these being held by incumbents indefinitely. That is a brief synopsis.

Q61 Chloe Smith: Thank you, that is extremely helpful factually.

Turning to you, Secretary of State, it is well known that you are an experienced business manager, from your previous role before becoming Transport Secretary. Can you give us an estimate of how long such changes to such legislation might take to go through the Commons?

Mr McLoughlin: Well, it takes time for any changes to legislation to get through both Houses.

Chloe Smith: Indeed. They must go through Parliament, not only the Commons.

Mr McLoughlin: Gosh, I will have to go back to my thinking days again. Depending on when the new Session of Parliament started, we would have a Queen's Speech, but we wouldn't really start any detailed legislation until June/July and it would depend on the Government's priorities as to whether a Bill of that sort was seen as an urgent priority. Even then, with the best will in the world we wouldn't pass that legislation until the early part of 2016, and that would be giving it the green light and trying to fast-track it.

Q62 Chloe Smith: So what would be your best estimate, under those conditions, as to what might happen to the three franchises that are under tender at the moment?

Mr McLoughlin: If we look at the East Anglia prospectus, the parties seeking to be shortlisted to bid have until 15 April to submit their pre-qualification questionnaires, then there would be the invitation to tender, which I think would be issued shortly after the general election, under normal circumstances. We have just issued the invitations for Northern and Trans-Pennine and I think they have got to be back by the end of this year.

Philip Rutnam: I am afraid I can't recall.

Mr McLoughlin: I have got a huge list of them somewhere, but it would lead to substantial delays, there is no question. I answered a question from Sir Alan Haselhurst last Thursday on this matter: any delay would be substantial. It would add extra time, particularly if you were setting up a company as well, because you would not be able to do that until the legislation had been passed.

Q63 Chair: Looking over this Parliament, would you say that this Committee's work has influenced what you have been doing?

Mr McLoughlin: Yes, definitely.

Jason McCartney: Right answer.

Mr McLoughlin: Which way it has influenced me, I might need to talk to you privately about. You have thrown up a number of points which have made the department question, quite rightly, what has been going on. Perhaps my slowness in some of my answers to you today was because I have tried to cover everything in my brief—therefore, across a very wide range of issues—not just on the reports you have done over the past five years but also on the issues that have been very close to your heart.

Chair: It seems that there are no further questions. Thank you very much.

Mr McLoughlin: Thank you very much indeed.