HOUSE OF COMMONS

Environmental Audit Committee

Oral evidence: Sustainability and the Department for Transport, HC 988

Tuesday 26 April 2016

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Watch the meeting

Members present: Mary Creagh (Chair), Caroline Ansell, Geraint Davies, Luke Hall, Peter Heaton-Jones, John McNally, Rebecca Pow.

Questions 1 - 93

Witnesses: **Lucy Chadwick**, Director-General, International, Security and Environment, Department for Transport, **Emma Campbell**, Head of Environment and International Transport Analysis, Department for Transport, and **Rosalind Wall**, Head of Environmental Strategy, Department for Transport, gave evidence.

Q1 Chair: We are hearing evidence on the Department for Transport's approach to environmental sustainability. We have three witnesses with us here this morning. We have Lucy Chadwick, Director-General, International, Security and Environment Group, Rosalind Wall, Head of Environmental Strategy, and Emma Campbell, Head of Environment and International Transport Analysis. We have just had a briefing from the National Audit Office. A curate's egg, I think it is fair to say. They say that your Department has an opportunity to act as a leader in the transport sector on sustainability but some partners said the absence of an overarching sustainability strategy leads to confusion about your aims and role. How do you respond to that?

Lucy Chadwick: We were interested to understand a little bit more about what the NAO had picked up. We certainly feel that in the single departmental plan we have set out the importance of the sustainability agenda. We believe through the work that we do on a number of sustainability agendas across Whitehall, whether that is carbon air quality, that there are national strategies and approaches set out there. I can reassure the Committee that it is absolutely at the heart of what we do when Government are considering these issues. We want to reflect and think through what it is that we have been failing to communicate through to stakeholders and we will want to pick that up if that is the message the NAO has heard, but we think there is a framework that sets out the ambition that the Department has.

Q2 Chair: Public bodies within the transport sector say the lack of a clear sustainability policy makes it difficult for them to justify spending on sustainability themselves. What steps are you taking to improve that situation?

Lucy Chadwick: We set out a whole range of guidance and support for local bodies, which absolutely puts at the heart what we see is the trade-off and balance that they need to take on sustainability. We think all of the economic guidance that we put out on investment decisions allows them to take those kind of trade-offs and choices. As I said in response to my first question, we will want to make sure that if there are organisations and bodies out there seeking more from us, we understand that better and we can think about whether there is more we can do in providing that clarity. We certainly think all the tools are there. We do want to make sure that that is entirely translatable and comprehensible to them.

Q3 Chair: I think there is a leadership issue as well. The House of Commons Scrutiny Unit notes that many commitments lack specifics regarding resources, very few have any target or timeframe, and that compares poorly with previous DfT business plans that had great detail on projects and delivery timetables. The 2012 business plan included specific target and progress dates for each aim. If we are looking towards decarbonising the economy by 2050, it is not all going to happen in 2043. We have to have smart, measurable targets and transparency indicators for measuring performance. Do you think that is missing in the departmental plan these days and, if so, why?

Lucy Chadwick: I think you have to remember that the single departmental plan is one of a number of tools and plans that are out there. Let's take the approach the Government will be taking in response to the CCC's advice about the fifth carbon budget. The Government will be putting out a carbon reduction plan. We expect that to set out very clearly the approach we will take on transport. Those kinds of tools are available and we need to make sure they are communicated through to all the stakeholders who want to have a firm and clear steer on what the expectation is. Many of those policies are national policies rather than necessarily local. Some of those are very much actions for the centre of the Department. But as I said, we think much of this material is there. We do think the single departmental plan sets out very clearly that this is strategically important. It is one of four objectives that we have set ourselves as a Government Department. We have set ourselves very clearly what are some of the measures that we will use to track that even if those are not articulated at this point into targets. Some of that has not yet happened.

Q4 Chair: At present the figures in the "how the DfT is doing" bit of your departmental plan are standalone. They have no context of changes or trends, of course, so we can't measure it over time. Do you intend to publish in your mid-year or annual report more context to those figures? For example, a change that is not apparent from standalone figures is that in 2013 the National Travel Survey suggested that the number of trips made by bicycle has fallen by 25% since 1997. Why do you think this is?

Lucy Chadwick: That kind of trend analysis and information we put out in all sorts of publications. I think there is only so much we would expect to put into the annual report. It covers quite a broad aspect of subjects. We have alternative publications. I will let Emma describe some of the other analysis and stats publications that we put out on these kinds of issues.

Emma Campbell: We do have periodic statistical publications that come out for each of the different travel modes. As Lucy was saying, we have the emissions reduction plans that come out and they sometimes look at the historic performance, looking at previous data.

Chair: Only sometimes or consistently?

Emma Campbell: Sorry, I can't recall the previous ones that we have put out, apologies. But there are statistics that we gather and they are put out there. We are very much committed to being open, to having it on the website so that people can access that sort of data.

Q5 Chair: Highways England has just published a new cycling strategy and it says new metrics will be developed for measuring success. Will the Department be reporting against these metrics?

Lucy Chadwick: We expect Highways England to be reporting against those metrics, yes, through the monitoring of its delivery plan.

Q6 Chair: If you are developing new metrics, how can you have comparison with previous metrics?

Lucy Chadwick: I imagine Highways England is trying to think in this context about specifically what measures it can take. I would imagine they will be consistent; I am not aware of all the detail about the metrics that it is proposing. I know, Ros, you will have been involved in some of those discussions. Shall I allow Ros to just—

Rosalind Wall: The roads investment strategy was published at some time and that set out the expectations for Highways England and included in it some designated funds, not only for cycling but also £300 million for the environment and £100 million for air quality. Highways England has been thinking about how to deliver that programme to develop the detail and granularity and we have been working directly with them. Included in that is thinking about the metrics that it would use to measure performance once it has established those plans. They are still in the design stage at this point, which is why it is still working on them but we work with them. We also have our own national plans for cycling and walking and only a few weeks ago we published the new cycling and walking investment strategy that talks about doubling the number of cycling trips by 2025. Again, we will be tracking that.

Q7 Chair: Doubling them from when, today or from 1997?

Rosalind Wall: I would have to check. I think it is from 2010, but I will check that.

Q8 Chair: If they have fallen by a quarter since 1997, then doubling them since 2010 may not be that challenging.

Rosalind Wall: We recognise that increasing cycling is a challenge. It is a manifesto commitment of this Government to double the number of cycling trips, so that is what we are delivering through this plan. That takes into account the past trends and it includes a significant investment of £300 million to manage that with a range of measures to try to see that transition. It is something that the Government are very passionate about.

Q9 Chair: I remember as a visitor not being able to park my bike anywhere at the Department. Are there cycling parking facilities and what about staff who wish to cycle?

Lucy Chadwick: We have very extensive cycle facilities. I am a cyclist and I use them. We are constantly making sure that those meet with demand for our own staff, including all the facilities that are available. In terms of visitors, we are in an open London space. There are London TfL bikes very close by, almost directly outside the office, and some places in which to lock. I hope you might have a better experience, Mary, next time you come and visit us. We may have to take up with TfL about where they choose to put all of their bike parking, but it is much improved. I can't remember the last time you have been.

Chair: 2013.

Lucy Chadwick: Some of those may have come more recently. I think what would be safe to say about the Highways England metrics and what it is doing, overall the Department monitors all the cycling statistics, so what it does and how it improves the number and take-up of journeys will continue to be reflected through in our top-level statistics. But I would expect any metrics that it is particularly looking at to be reported within its response. We have devolved some of this to it and we want to make sure that it is reporting very clearly in terms of the ambitions that we have set out for it and that it is accountable for those.

Rosalind Wall: That will be overseen by an independent regulator in the ORR who will verify and be an independent voice to ensure that those are produced appropriately.

Q10 Chair: Thank you. Finally, on a completely unrelated topic but related to security and sustainability, I just wanted you to say what steps the Department has taken as a result of the drone strike recently on the plane at Heathrow. Have there been any changes made in terms of Civil Aviation? I know it is illegal but has any action been taken?

Lucy Chadwick: With the Civil Aviation Authority, as the regulator on this, we have been undertaking a programme of work for some time. The incident that happened the week before last was not a one-off that we had been not been envisaging for some time. The Secretary of State went recently to the CAA just asking for confirmation that there was nothing further that they felt we should be doing in that programme of work and I know there were discussions yesterday afternoon. We are very alive to it but we have been alive to this question for some time in terms of enforcement and some of the disincentives as much as the technical and technological opportunities that we are seizing.

Q11 Luke Hall: Just coming back to the single departmental plan, the National Audit Office has said that the actions in the plan focus on the action the Department will take rather than the outcomes it wants to achieve. How is the Department going to scrutinise the effectiveness of the spending, ensuring that you have a clear sense of what you are meant to be achieving?

Lucy Chadwick: There are some larger outcomes that we are trying to achieve. As I think I have alluded to in some of the earlier questions, some of those are across Government as a whole. If you look at the outcomes that we are trying to achieve for carbon reduction in the UK, we are looking really hard and we will set out again in the next carbon reduction plan precisely what we think are the actions that Transport needs to take to achieve those. But inevitably it is that outcome that Government are trying to achieve. We have quite deliberately not set a range of sub-targets because in delivery we want to be nimble and make sure sector trade-offs can be made through the delivery. There are some places where we quite explicitly talk about ensuring we are making our contribution and there are some areas where we quite explicitly look at some of the input activity that we are trying to achieve. You will see us setting out there uptake on what we want to achieve for ultra low-emission vehicle projections. We see those as critical inputs to the achievement of that and that is quite a deliberate decision on the way that we have chosen to set that out. We understand the outcomes that overall we are trying to achieve but we understand also the critical actions for us as a department. The single departmental plan is the outcomes, inputs and actions that the Department is taking.

Q12 Luke Hall: On the areas where you are making internal commitments, the NAO says that the departmental board is going to monitor progress against some of the commitments but the results are not expected to be made public. How can we hold the Department to account for progress if that is the case?

Lucy Chadwick: I have to say that I am not au fait with precisely what is going to be—I have just realised, as you asked that question, and Ros may know. But given that the single departmental plans are public documents—each department will have these—I am expecting that we will be held to account. That is my expectation but as you asked the question, Mr Hall, I just paused and that is my expectation as opposed to a fact that I know. I am very happy to share back with the Committee precisely what at the moment is the emerging proposition from the Cabinet Office on how public progress will be made about those. The single departmental plans largely contain very clear public commitments that we will be expecting in a range of forums to be held to account for, so I would be fully expecting those to be things that we will want to make sure you and other stakeholders understand precisely where they are. I am very happy to provide a supplementary description of exactly how that reporting and monitoring is going to be undertaken. Sorry, I am not an expert in that.

Luke Hall: That would be useful. Thanks.

Q13 Peter Heaton-Jones: I just picked up on something you said in your first answer to Luke. Talking about emissions targets, you said, "We don't set sub-targets" and then you described how you want to be nimble and, therefore, you want to use sector trade-offs. I have to say my euphemism alarm slightly started ringing there. I don't mean to be rude but is that a way of saying that if you are failing to reach your target in one sector it doesn't matter because you are going to cover that up by saying, "We're doing better than expected in another sector. As long as the headline figure looks okay, it doesn't matter what we do with the individual bits"?

Lucy Chadwick: As we have seen over the carbon plan and how it has been delivered, there have been some expectations that have been met and others that have not, some have over performed, and I think I am alluding to precisely that. I don't think any of that will be any different going forward. I don't think that reduces ambition. That is just the challenges that we face in achieving these.

Q14 Peter Heaton-Jones: If you have a subsector that is under-performing, should the Department be looking at trying to ensure that that does not under-perform any more?

Lucy Chadwick: Of course.

Peter Heaton-Jones: And that is what you will be doing?

Lucy Chadwick: Of course it will be, but there may be a point at which that becomes uneconomic or unachievable. What we would also want to be able to do is look and see whether there are opportunities and options in other parts, both in the transport sector and overall, given there is a broader set of sectors that contribute to the achievement of our carbon reduction targets. We know we want to be ambitious and press on what happens within the transport sector. I am not trying to suggest a lack of ambition here. I suppose I am trying to reflect a reality of what we may well find and indeed we have found to date.

Q15 Peter Heaton-Jones: Do you think there will be some sectors in which the target is unachievable?

Lucy Chadwick: I am not saying that at this point. I don't want to ever set out a plan and a strategy that we can't achieve.

Q16 Peter Heaton-Jones: Sorry, I thought that is what you said in your last answer. You said there might be some areas where it is unachievable or uneconomic.

Lucy Chadwick: There is a thing that says we set out a strategy and approach that we want to believe is credible, challenging and ambitious. There may well be problems that arise and that ambition may not be able to be achieved and delivered. I think that is what I am alluding to, as opposed to the point at which we set it. Of course we will want to believe that that is rigorously analysed and is challenging. Particularly on an agenda like carbon that we have set for the UK, we are conscious that these are challenging ambitions but we need to make sure our policies are aligned with that.

Emma Campbell: On the carbon budgets, what we have set out for our carbon reduction policy is the intention that we achieve those emission reductions most cost effectively across the UK economy.

Q17 Chair: Can I just stop you there? We are going to come on to those targets. We have a lot to ask so we want to drill into that separately.

Emma Campbell: There is one point to make, just to echo what Lucy is saying though. Even where you might be looking at year-to-year variations in what you are expecting to achieve from a certain policy, we are still looking at what needs to be achieved for the longer-term 2050 targets, recognising what needs to be achieved to do that and, therefore, not saying that because you might not be quite meeting what you are expecting in the interim we will just compensate in another sector. For example, the decarbonisation of the road fleet is still something that we are looking to achieve longer term, so we are not saying that we would give up on that if we are missing an interim target.

Lucy Chadwick: Does that answer your question?

Peter Heaton-Jones: Yes, it does. Thank you.

Q18 Rebecca Pow: This Government are very much heading the drive to increase productivity and in many cases that means many more infrastructure projects and sometimes it means you are getting lots of projects in one place. The NAO says that it is unclear how the Department manages the risk of the cumulative impact of many structures or projects going in in one place and that the same rules don't apply as would apply to one single project. Sometimes you may be above the risk rate. What would your answer be to that in terms of air pollution, environmental impact and those sorts of things? Is anyone looking at that?

Lucy Chadwick: I think the framework in which any of the planning processes apply takes a very clear geographic focus. Whether it be one large proposition or multiple different propositions that come forward, all of those environmental impacts will be assessed. Clearly there is a slight difference in bringing them forward in sequence and the last that come forward may expose some of those rather than necessarily one overall, but the same thresholds apply. I am trying to make sure I—

Q19 Rebecca Pow: Well, that is what your answer is. That is fine. You are saying you do look at those things. In my area we have a super highway going in, the old road being upgraded, the M5 junction 25 being enlarged and work to Taunton railway station. It is all great for productivity, but is your Department taking responsibility for the overall impact of all the factors aside from just the economic benefit?

Lucy Chadwick: In each of those schemes the evaluation of the consequences for the environment will absolutely be taken into account. I can let Emma describe, if you want, how on an individual, scheme-by-scheme basis we do that. The cumulative effects of all of that certainly should be reflected in the balance and trade-offs. There are some broader planning controls that control some of these. There is an "is there value for money" judgment, but is it actually going to exceed or affect air quality issues? That was the one that you mentioned, Rebecca. The way in which the planning system operates will be mindful of those as they come forward. We think that the cumulative as much as the individual effects are taken into account.

Q20 Rebecca Pow: There is not always a monetary value on some of these things. I will mention ancient trees here, for example. How much is that taken into account? While you might give a nod to it, as it does not have a value on it how do you decide whether the road is more important than the trees?

Lucy Chadwick: I will let Emma describe some of what goes into the monetised as much as what we take account of in the broader business case when we look at any of these or any authority we expect to look at the case for any of these.

Emma Campbell: Any scheme proposal has to be assessed for value for money and, as you have said, there are a number of things that can be monetised. We include those in our initial benefit-cost ratio where those are clear and there is accepted methodology for estimating those impacts, both the benefits and the costs. Then we have an adjusted benefit-cost ratio that takes into account other factors that are important but where the monetary valuation is less robust so it is a lot harder to assign values to it. That includes landscape, for example, and then other non-environmental issues such as reliability and option and non-use values. Then in the value-for-money statement you also have to take into account the non-monetised impact, which does include things like biodiversity, townscape and historical environment and heritage issues. Those are included in the appraisal summary table, which is a summary of the economic case for the transport scheme and is reflected in the value-for-money statement. A value-for-money rating does not just look at the monetised impacts. It also takes into account these other non-monetised impacts.

Q21 Rebecca Pow: Have you ever, for example, abandoned a scheme for those other reasons?

Emma Campbell: The issue that we have, which is a good one, is that because we have this very well established methodology out there for people to use, we tend to not get schemes proposed to us that are so terrible for environmental reasons that we would then reject them. They know that we take these impacts really seriously and it would just be rejected. We tend to get schemes that have been worked up through the stage one process looking at the options and they have an initial assessment of the different things that they know are going to have to be monetised and looked at.

Q22 Rebecca Pow: The NAO says that some stakeholders have a perception that the Department's transport analysis guidance system is focused mainly on mitigation of impact. You say, "Okay, there is ancient woodland. Never mind, we will ride over that but we will just plant a forest". What would you say to that?

Emma Campbell: I don't think that is fair. In the summary table you do have to say the costs. In that instance it might be the loss of some ancient woodland, then you might note that there could be some mitigating impact. But that is not necessarily saying that that is completely mitigating the original impact and if you wanted to place greater weight on the loss of the original ancient woodland site then the scheme could be rejected on that basis. I think that is perhaps a misunderstanding of how we portray each of the effects.

Q23 Rebecca Pow: That was the view of a number of stakeholders. Lucy, I wonder what your views might be on the new Infrastructure Commission that has been set up, chaired by Lord Adonis, to bring forward these big projects, which I understand are absolutely necessary. Do you think it would be important to have someone with an environmental hat on that commission so that these wider issues are also dealt with at the same time as you first decide that you need some big infrastructure project?

Lucy Chadwick: I am going to have to be reminded who is sitting on the commission. My apologies. I can think of some of the names on it.

Q24 Rebecca Pow: As far as I understand it, there is not anybody with an environmental background and one wonders, if we are starting to put more emphasis in this area and give more weighting because of the consequent air pollution knock-on effects, landscape effects and biodiversity effects, it wouldn't be really important to have someone with that experience in at the beginning. Otherwise we get these endless situations where then everyone campaigns against what has been proposed. If they could work together from the beginning with the Treasury would that not be a good idea?

Lucy Chadwick: Thank you for giving me a in real-time check on what is the constitution of the NIC. I am sorry I don't carry it around in my head.

Rebecca Pow: I have the list of members here, so you can let me know. You have Sir John Armitt, Michael Heseltine, Tim Besley, Demis Hassabis, Sadie Morgan, Bridget Rosewell, Sir Paul Ruddock and Mr Philip Graham. As far as we understand it, none of them is environmental.

Lucy Chadwick: I think what a number of them do understand is the economic analysis and the kinds of trade-offs, decision-making and evaluation that Emma has just taken you through. There is expertise among that cohort. I would have a degree of confidence that they will want to do this in line with the very clear precedent and process that the Department currently follows where we take account of the kinds of issues that you are describing. Am I sitting here thinking that there is no one who understands that and the issues and some of the options that need to be considered? From those names, I am not sitting here concerned.

Rebecca Pow: Thank you.

Q25 Geraint Davies: You will be aware of your own report on the vehicle emissions testing programme. In it there is an executive summary but it does not mention the key finding, which is that the average NOx emission is six times higher than EU levels and it goes up to 14 times higher. How long has the Department known that there was this sort of multiple between on-road testing and lab conditions?

Lucy Chadwick: I think we have known that there is a differential.

Geraint Davies: For how long?

Lucy Chadwick: This report sets out very clearly what it actually is. Of the precision that is set out in this report, this is the first time we have understood it in the way and to the degree that is set out. We have, for some time, had concerns, which is why in Europe and other discussions about the testing of vehicles and the approach to it, we have been pressing for a number of years for real-world testing. We are pleased that we had agreement last year for that to come into force from 2017. It starkly shows how important that achievement is. We need to make sure there is a new approach to testing and as quickly as possible, and we believe we have got to that place.

Q26 Geraint Davies: My understanding is that the Department has known this for something like four years and it had not been pressing it at an EU level until Client Earth decided to take its court case. Has the Department known this for four years, first of all?

Lucy Chadwick: I could not precisely tell you the point at which we had evidence, my apologies, but for a number of years we have been pressing for this. I know we have, in previous Committees, set out quite a clear timeline around that and my apologies, I didn't bring that with me today. I don't recognise the caricature that Client Earth put on it.

Q27 Geraint Davies: Rosalind Wall, do you know—because you seemed to be shaking your head—how long the Department has known?

Rosalind Wall: The evidence has been emerging over some time, for example the ICCT report of 2014 that this Committee has identified previously. It has been building. As Lucy says, it is only once we had done our own testing that we have held information that we have collected, managed and tested ourselves. We have been pushing and I would not accept the principle that it was only because of Client Earth. This was in discussion for several years and the Client Earth Supreme Court judgment was only last May. I can assure the Committee that we have been looking into this for some time and the negotiations on RD have been going for a long time.

Q28 Geraint Davies: That is fine. Germany decided over the weekend to take 630,000 cars off the road to get them fixed. This isn't for the defeat device, of course. This is the other technology that is in all these cars that makes them emit much more poisonous fumes during cold weather. Do you think there is a case for Britain to do the same to save people's lives?

Lucy Chadwick: The German manufacturers volunteered to do this. We think that is a very helpful precedent and certainly what we want to do is pursue in discussions with other manufacturers whether they are willing to do the same. The Secretary of State is keen to make sure that the commitments that were made by the German manufacturers apply to UK citizens as well.

Q29 Geraint Davies: Of course the 630,000 are the non-VW ones but turning to VW, which is much more serious, my understanding is that no VW cars have been fixed in Britain. You will be aware, of course, that 40,000 people a year are dying from diesel emissions. I have seen calculations that suggest that some 9% of these are due to defeat devices and some sort of calculation that says in the last six months since we have known about the VW scandal, these defeat devices have contributed to over 2,000 deaths. Do you think the Department and the Government should take action to ensure that at least VW gets its act together, as it has elsewhere?

Lucy Chadwick: I can assure the Committee that the Secretary of State and Ministers are pursuing and are as disappointed as you are sounding, Mr Davies, that VW has not yet recalled any vehicles. We have written again for them to set out a very clear programme. This is not something on which we are complacent or wanting to drag our feet.

Q30 Geraint Davies: On the issue then of complacency, as you have mentioned it, Client Earth are taking the Government—

Lucy Chadwick: I shouldn't have mentioned it, should I, because we are not.

Geraint Davies: I am not blaming you, of course, because ultimately politicians will decide whether to speed things up or slow things down. You know that Client Earth has taken the Government to court because of whether various EU air quality standards are reached by 2020 or 2025. What role does the Department have, because obviously you have to work with Treasury and Defra, in pressing forward initiatives like diesel scrappage schemes for the worst polluting cars, grants to convert taxis to LPG, match funding for tram links, for instance, an ability for local government to provide zones where there is heavy population and also schools to ban too exhaustive cars and this sort of thing, so there will be levers to speed things up alongside fiscal measures on differential fuel duties or vehicle tax or whatever? To what extent do you feel you have a responsibility to put forward these suggestions or are you sitting back and hoping someone from Defra or Friends of the Earth or elsewhere might campaign for it instead?

Lucy Chadwick: We are working very closely with Defra. We have worked very closely through the development of the national air quality plan and we thought our involvement was so important that we agreed at the turn of the year to effectively create a joint unit with Defra so that the Departments' responsibilities are seriously closely integrated in. We know that we may have the opportunity—

Q31 Geraint Davies: Can I ask about the specific suggestions I made, such as scrappage and grants for taxis, for instance, just using those two? Are those things that you feel comfortable proposing or you just have a general conversation about air?

Lucy Chadwick: No. The national air quality plan sets out what we think is a range of measures. That range of measures was worked up between ourselves, and Ros was personally very closely involved in that. What we have put to local authorities is the opportunity for them to tell us what they think is the right blend and mix of options, because there is a range. We think there are credible options that deliver the national air quality plan.

Q32 Geraint Davies: Do you support a scrappage plan?

Lucy Chadwick: I think what we have seen is that there are a number of locations, particularly outside London, where that is not necessary to achieve delivery of the national air quality plan. What I am going to present here is that Government policy, which is set out in the national air quality plan, does not suggest that those kinds of scrappage schemes need to form part of the blend and mix to achieve the plan.

Q33 Geraint Davies: If the scrappage scheme helped London but didn't help, Swansea or Aberystwyth or whatever it was because there are not enough cars to kill so regularly, then the Government would not consider it and you would back that. Is that right?

Lucy Chadwick: I suppose what I have to stand by is the plan that has been set out at this point. It does not suggest, from the analysis that has been undertaken, that those kinds of scrappage schemes, as you are describing them, Mr Davies, are necessary. We think there are other options that can be used to achieve the meeting of the national air quality plan that has been set out. That is consistent with what the European directive requests. I am not ruling things out. I am just describing the national plan as it is.

Q34 Chair: Can I take you back to Volkswagen? Seven months ago we questioned Michael Hurwitz, Energy, Technology and International at DfT, on Volkswagen and he said that lawyers in the Department have checked up about the legal powers, because obviously it is anti-competitive behaviour. They had sought information that they would be happy to provide but they would take that decision independently. There are the powers the Secretary of State for Transport can take if a manufacturer has knowingly provided vehicles into the market with falsified information, which is the case, and they are powers under the Vehicle

Regulations Act. An organisation can be prosecuted for presenting information that is false about vehicles that go into the market. Where is that legal and prosecutorial decision process seven months on? It was October, so it was six months ago. What is happening?

Lucy Chadwick: We have had a number of discussions with the CMA and, as Robert Goodwill said yesterday at the Transport Select Committee, with the SFO as well. We have been sharing with them the information that we have so that we can understand and we continue to look very hard at what legal recourse options are available.

Q35 Chair: Seven months after this has been discovered, there is no action. I asked parliamentary questions of the SFO and the CMA and got, "We are looking at it". How long does it take? The Americans seem to be moving pretty fast on this. Volkswagen have not had a single car recalled, by your own admission, and maybe they need some encouragement to act.

Lucy Chadwick: I think it is worth understanding that the American legal framework is slightly different and some of the approval is slightly different, so there are some different contraventions there. We are looking at it and I can reassure you we are looking very hard at what are the legal routes and options. As of last week, we now have very clearly, and we have set out in the public domain, the evidence that we have. We have had evidence about the Skoda vehicle and we have been sharing that in making sure they understand what it is that we understand within—

Q36 Chair: Right. You understand what you understand. The issue is you have had seven months to understand that there has been a breach of regulations. We have been told there was going to be a software fix. That still has not happened. Surely there is a prima facie case. The evidence was being gathered seven months ago when your colleague gave evidence to this Committee. The VCA was looking at it; there was a range of technical information, technical details, experts, Secretary of State. On one level it is quite simple. I don't understand what is taking the time.

Lucy Chadwick: We do have evidence that we are sharing. It is for the CMA and the SFO, in the light of that legal evidence, to make a judgment. We continue to look at whether there are other legal routes that we can pursue.

Q37 Chair: Is the Serious Fraud Office investigating?

Lucy Chadwick: They are looking at the evidence that we have provided to them. I cannot say to you, sitting here, that they have started an investigation, no. But they are looking at the evidence and they are considering whether there is evidence that can support whether there is any kind of illegality. That is the question that they are looking at.

Q38 Chair: As is the Competition and Markets Authority?

Lucy Chadwick: Indeed.

Q39 Chair: And the Environment Agency is not, or is it?

Lucy Chadwick: I am not aware that the Environment Agency is looking at it.

Q40 Chair: Is the Secretary of State?

Lucy Chadwick: Yes, he is very actively. As I said, he continues to press on VW, action on the commitments that they made, and he personally continues to look actively at this question in terms of what are the legal powers and routes that we have available to us.

Q41 Chair: When are you expecting a recall from Volkswagen?

Lucy Chadwick: We had hoped that we would be at a point at which some vehicles would have been through that, but that is not a commitment that they have formally made to us. That is why we continue to press on what their time schedule is and the Secretary of State wrote again very recently to request that. We share your frustration about action and activity from VW. We continue to pursue very actively what legal recourse routes are available to us, given the evidence that is in front of us. As I said, it is slightly different to the evidence that the US can and does use under its legal framework in looking at it.

Q42 Geraint Davies: On the same sort of area, this report you have done on the differential between on-road and in-lab conditions, my understanding is the manufacturers are saying that in order to abide by the on-road condition testing that is coming forward, they want to double the NOx limit that they are allowed to get. Can I ask what the Department thinks about that? Will the Department be pressing them to keep within the currently agreed NOx emissions air quality level set by the EU with the new on-road testing or will you allow them to lift the pollution threshold to fulfil the new test?

Lucy Chadwick: We have agreed last October what the technical requirements are for the RD test and the laboratory test. Both of those allow some differential in what is expected. We believe that is challenging for—

Q43 Geraint Davies: Has the room for manoeuvre grown now that they have been caught out?

Lucy Chadwick: No, we do not believe that the room for manoeuvre has grown. In fact, we would judge from what we are seeing through publication of the results that we have just had and what we have agreed as the European targets that these have tightened in terms of the expectations.

Geraint Davies: Right. So you are not going to give any ground to the manufacturers. Okay.

Q44 John McNally: The NAO identified the Department for Transport working with Defra on air quality as a welcome new development. When did the Department for Transport begin working jointly with Defra on this issue?

Lucy Chadwick: We have been working with Defra for many years. Air quality is not a new problem. As I described, what we judged as we came out from the spending review, and given the importance of this agenda, is that we needed to take that to a new level of working arrangement and that is why we have agreed to have that set up. We established in January, February what is now a joint unit that the Department and Defra provide resources into. It provides single sets of ministerial advice to their Minister and our Minister and both accounting officer have accounting officer responsibility over it. We think that is important given the significance of the role that Transport has in delivery of the national air quality plan. We wanted to make sure we were taking an integrated approach to all of that. We felt we had learned some very valuable lessons from establishing that kind of joint unit for the Office for Low Emission Vehicles with BIS and DECC and other colleagues. That worked very effectively in providing clear single advice to Minsters on all the issues and that was, effectively, what we wanted to do again in these circumstances. I don't know, Ros, if you want to describe it a little bit more.

Rosalind Wall: The Supreme Court last May required us to produce a new plan by December last year and that intensity of working brought to light the importance of working together. That was the kind of stimulus. We had been working together anyway but that process probably brought it into starker relief.

Lucy Chadwick: I think that is something the Committee welcomes. As I said, we saw it as being something that was a positive lesson we have learnt from the Office for Low Emission Vehicles and that this was an agenda of importance and close working that warranted that next step.

Q45 John McNally: I think you mentioned earlier on that sometimes people are working in silos and not speaking to one another. From my own experience, it is very important that people, and departments especially, talk to one another.

The NAO heard evidence from Transport for London that it had been hard for them to justify investments in support of EU and Defra environmental targets as their strategy, funding and remit come from the Department for Transport. To what extent does this account for the UK's poor performance against NO2 targets? What assurances can you give that this will no longer be an issue? I think what we are looking for here is a certainty of policy over a long period of time, and not just going to 2050. I would quite like to hear what we have in the here and now and in the immediate future.

Lucy Chadwick: I can't speak for TfL and you as a Committee and the NAO will have heard directly, if that is a direct quote, about their concerns. We would go back to we think we set out a very clear framework where those benefits to the environment can be factored in for evaluation as much as can disbenefits of investments that have been taken. I don't quite recognise that caricature as they are describing it. We started at the very beginning of the hearing about whether there was more information and a greater framework that we could give to stakeholders, and if that is the message coming from TfL we would want to follow that through with them. The evaluation framework does enable that to happen. I think we set some very ambitious targets for walking and cycling. TfL has been extremely ambitious in there. If you think about what it has in the air quality plan that it has had out for consultation, we would see that as consistent with the degree of challenge that there is. I would want to make sure I understood where and at what level a greater reinforcement was useful and helpful to it.

Q46 Geraint Davies: On the issue of cycling that you briefly mentioned, given that there has been this diesel scandal, as it were, and now we are in a situation, as you will be aware, that the proportion of cars that are diesel is now over a third, half new cars are diesel, and diesel is much more polluting to the health effects than petrol, do you think that this will have a substantial impact on the number of people who choose to go on their bikes in the knowledge that it may be killing them, by breathing in the air I mean? I wouldn't cycle in London because of the effect on my lungs.

Lucy Chadwick: As a cyclist who does cycle in London, I have some knowledge of this.

Geraint Davies: Yes. Well, I hope to see you in a few years' time.

Lucy Chadwick: I think the health benefits of my cycling outweigh any of those likely disbenefits. Remember the health benefits that come from cycling: serious good health to my cardiovascular system is where you see some of these consequences around the heart and lungs.

Q47 Geraint Davies: But deep breathing in particular does massively increase the risk of cariogenic impact, doesn't it? Do you wear a mask?

Lucy Chadwick: I think we are all aware of what is the agreed evidence on the health effects. That is what has been driving the approach Government have been taking and have set out in the national air quality plan. We agree that there are substantial and significant effects that we need to look at. I can only hope that people continue to make the kind of personal judgment that I do but I am putting that on a very personal—

Q48 Chair: I am going to leave it there because we have other things to do. I just wanted to press you on what the Minister told us last week about nitrogen dioxide. What Defra Minister Rory Stewart told us is that, "If these cars are pumping more NOx than the current COPERT, the emissions calculation model, takes into account, we will have to rewrite our air quality plans". We then wrote to him to follow up on that, asking when his Department would establish whether the model was correct and the DfT said it could not confirm when the work would be completed. Has that work now been completed?

Lucy Chadwick: I should set a bit of context. We put out our emissions testing results last week and we have shared those with the independent body who sets that particular factor, which is not just used in the UK but by all member states in how they respond to the air quality challenge. We have made that available. I know that our German counterparts, who published on Friday, will be doing the same and those other member states who have programmes will be doing the same. We are expecting, and Defra colleagues are expecting, to meet with the independent body in May to go through what they expect to be the analysis and timescales that they will need to consider whether they have enough evidence. The sample just from the UK would not be enough. They will want to consider whether they have enough from ourselves, the Germans and others to determine that. They will also want to consider what new agreements have been achieved for testing regimes. As I talked about, we achieved an agreement at the European level in October last year, and we would expect them to want to consider all of those factors. As I sit here today, I don't have a clear timescale. I do expect for us to have a better understanding of that in May.

Q49 Chair: After that meeting takes place?

Lucy Chadwick: Absolutely. But even at that point I should say, Chair, it may well be that still they are not able to judge whether they have enough information to make a decision on it. When and if they do, that will be the moment at which we will need to look, as the UK, at what consequences that has for the national air quality plan.

Chair: Thank you very much.

Q50 Peter Heaton-Jones: That leads on rather nicely to talk more about emissions targets. The Committee on Climate Change says that if we are going to meet the 2050 targets, transport emissions need to reduce quite significantly. They talk about a reduction needed in transport emissions of about 31% compared with 2014, so let's say fallen by a third. DECC, as one of the stakeholders, has concerns that we are not on target for that. It talks about if we carry on as we are currently not even achieving half of that; 47% of the reduction is what it talks about in the report. What is the Department doing to make sure that we can get back on track and meet those targets?

Lucy Chadwick: We are working with DECC and other colleagues across Whitehall in looking at what the Committee on Climate Change has set out, particularly for carbon budget 5, and what that implies for where we are and where we need to get to. We know that Transport has a significant role to play and, as I go back to, as we touched on the single departmental plan, we recognise that we have an important contribution to make in that. As we set out also in the single departmental plan, we think one of the legacies of that is about decarbonising road vehicles and in particular the programme of work that we have been doing on low-emission vehicles. We know we have a very significant contribution to make towards that. At this stage we are in the process of working that through across Whitehall in terms of what those options are and we will be setting that out very clearly in the carbon reduction plan. But I want the Committee to understand that we understand the significance to the transport sector and the significance of some of the contributions that we can make. At this stage I can't tell you because that has not yet been finalised.

Q51 Peter Heaton-Jones: We understand there is more work to be done. Let me quote one particular item that the NAO has raised for us in its report. You mentioned getting transport from renewable sources. It says, "The EU renewable energy directive requires 10% of transport energy to be met from renewable resources by 2020 but there are concerns that this target will not be met". We are coming up hard on 2020 so there is not much time to try to put that right. What are we doing to get that back on track?

Lucy Chadwick: I would highlight two important pieces of work we have been doing, which will shortly be coming out. One was to make sure that at a European level we understand and have an agreement on the indirect land use charge question. That was important in the context of renewables. We wanted to have a clear and long-term strategy for the sector in the UK. In parallel with that work concluding, what we also kicked off was a taskforce with NGOs, many within the sector, to think about what options we had available to us. That came out with some very interesting agreements and suggestions, and we are now refining that into a strategy that will be coming out for consultation very shortly, with a very clear focus of meeting that sub-target for transport. I would say at the moment, as we sit here, the taskforce set out and agreed that there was a range of plausible ways in which that challenging sub-target could be met by Transport. We want to set that out. While we did that as a taskforce, there are a broader set of consultees that we want to make sure have input into that, and that will be coming out. We think there is time from issuing that to achievement through 2020.

Q52 Peter Heaton-Jones: This is a very specific example, isn't it, of the bigger picture that we on this Committee are very keen on looking at, and that is the co-operation between Government Departments?

Lucy Chadwick: Yes.

Peter Heaton-Jones: Here we have a specific example where one Government Department, DECC, is raising concerns about another Government Department, the DfT, not reaching its targets. Of course it is right for a department to raise concerns but how can we make sure that the departments are talking to each other so that we don't get to the stage where concerns have to be raised. Do you see what I mean?

Lucy Chadwick: We are in very regular contact with our DECC counterparts and we share those concerns and questions very openly with one another. They are fully involved in the strategy work that we are pulling together that will go out for consultation. We will be wanting to make sure that they understand and challenge us about the ambition that we set out in there as much as they understand any of the trade-offs and choices that need to be made, and there will be trade-offs and choices that will be made in there. We are working very closely with them. It is interesting particularly on the fuel agenda that has not yet been an area where we have taken the next step on jointness but continues to be a conversation that we have. I can reassure you that these are not two departments just ploughing their own furrow without sharing information and we have very open and honest dialogue. We need to work alongside them to achieve what is an overall renewables target here and we know the sub-target for transport is important in that.

Q53 Peter Heaton-Jones: It is still a work in progress to make sure that we reach that sub-target?

Lucy Chadwick: Absolutely.

Q54 Rebecca Pow: On that note of cross-departmental working, that is why it is so crucial you set targets, for example for your long-term projections for sustainable transport, and then that you work with the Treasury as well so that they bring forward policies so that, for example, we get more low-emission cars and that industry knows it should be making them ready to reach your targets? Do you think we have tied that up yet?

Lucy Chadwick: In the case of ultra low-emission and zero emission vehicles, we have set a very clear ambition for the UK in our expectation.

Q55 Rebecca Pow: But I believe the grant for we, the public, to buy a low-emission vehicle has been reduced, so those cars are still very expensive for the public to buy. I am just saying you have to have a complete think through from Defra to Climate Change to Transport but it goes to the Treasury really, doesn't it, to incentivise these ideas so that they actually happen?

Lucy Chadwick: It does, and we believe the SR settlement, with a further £600 million of commitment from the Treasury, shows the kind of alignment that you are talking about. We continue to want to think about, after the SR and alongside that, what fiscal measures can also sit, which are largely in the control of Treasury and we have already had and continue to have discussions with them on that. We don't see the kind of disconnect that you are describing. We see that we are very clear about the ambition to the industry. We are very clear about the ambition of the industry in terms of where we ultimately want it to be. We have held the grant level for what are the most highly performing cars and we have reduced it for those that we regard have been somewhat more transitional in their technology, because ultimately the place that we want to get to is zero emission vehicles. We think we should be supporting the consumer by netting off some of the R&D and investment cost through a direct grant and we need to make sure it is targeted ultimately at some of the more challenging areas and so wanted to make sure the grant is focused there. That was a natural evolution that we were expecting to go through in this transition.

Q56 Caroline Ansell: Chair, may I step in? I need to leave at 12 o'clock. I am afraid it is a Cinderella moment but it does relate directly to colleagues' former questions about your targets, expectations and ambitions. The Committee on Climate Change says the cost-effective path to meeting UK climate change goals includes ULEV cars taking a 9% share of the market by 2020 and the Department is predicting between 3% and 7% by then. Is it the Department's intention, in line with the previous ambitions you were talking of, to work towards meeting the 9%?

Lucy Chadwick: We are reflecting very seriously on the Climate Change Committee's 9% and we are in very active discussions with them. They concluded that on the basis of their analysis. We have concluded that we think we can get to the same endpoint with a transitional point that is slightly different. We think we are on trajectory with our range and our central forecast in particular and some of that is driven—

Q57 Caroline Ansell: On trajectory for what and where?

Lucy Chadwick: The way in which the Committee on Climate Change articulates where we should be for that 9% is not the ultimate endpoint of where we want to be. It is a transition point. What they are saying is, "At that point you need to have 9% zero emissions". We think the fleet will combine what are zero emission vehicles and what are considerably improved internal combustion engines, and that is the analysis we are working through.

Q58 Caroline Ansell: What is your endpoint and by what point will you reach it?

Lucy Chadwick: We will set out very clearly, in terms of the carbon reduction plan, what we see as the transition through and if there is a difference with the Committee on Climate Change—and I am not saying that there will be—we will set out why and what our analysis is based on.

Emma Campbell: Ultimately it will be decarbonisation of the fleet by 2050, so we recognise that we have to have a very challenging ambition by that endpoint.

Q59 Rebecca Pow: But just to go back to Caroline's point, it has been expressed that there is a lack of a clear medium-term strategy. It is all very well if you look at 2050 but we are supposed to get up to 9% of the market share that Caroline was referring to in four years' time. It is not very far away, is it? Are you confident we can meet these targets?

Lucy Chadwick: Yes. I suppose I can say yes to the endpoint, based on our analysis and our view, and as I said, we are looking very carefully at the trajectories, if you like interim stepping stones. What you are highlighting is an interim stepping stone difference here in terms of the 9% versus our range. We believe we can confidently get to the endpoint. What we will be setting out in the carbon reduction plan is precisely some of those what you call near and medium-term points.

Q60 Chair: There is quite a big difference between 3% and 7%, isn't there? It is more than a 100% difference. If it is 3% by 2020—your range is 3% and 7%.

Lucy Chadwick: And our central case is 5%.

Chair: That is quite a long way away from the 9%. It is almost double.

Emma Campbell: We do share our analysis with the Committee on Climate Change. We look to see where there are differences in the analysis and why those figures are different. We continue to work with them and we believe that the levels of uptake are quite uncertain. To show that there is a range of uptake, to show that we really need to continue to focus on this, to try to ensure that there is a higher rather than a lower level of uptake—

Q61 Rebecca Pow: That was my point about the Treasury, though. Do you honestly think that there is enough incentive for the buyer of the car or the bus or the taxi to get one of these vehicles by 2020? That is what you are hoping will happen, isn't it?

Lucy Chadwick: Yes, we believe—

Q62 Chair: Sorry, can I just go back? You said that you want to focus on those challenging areas. What do you mean by "challenging areas"? You said, "For ultra-low emission vehicles, we want to go to the challenging areas". At the moment an ultra-low emission vehicle is something that only quite wealthy people can afford, so even with the grant—

Lucy Chadwick: When I say "challenging", those that are meeting the highest milligrams in terms of saving. We have made a differential that I think is 70, and I cannot remember what the lower grant is—I think, 40 or 50—my apologies. We have made a differential so the more challenging savings is where we want to target what is the grant.

Q63 Chair: Is this not about fleet purchasing, though? Is it not true that until you get a second-hand car market and ULEVs and electric vehicles we will not ever get to these targets, unless somebody is selling them off, three years old, much cheaper?

Rosalind Wall: We are in the early stages of the market development. I think you are absolutely right, we would expect the second-hand market to develop, but we are trying to ensure that there are enough reasonably priced new vehicles available to buy. That is what we consider when setting the grant levels, to make sure that as battery prices come down and as more cars become available in the market, we ensure that we have the right grant level to incentivise the behaviour that we need. That is something we have to continually judge quite carefully. That is absolutely something we have an ongoing conversation with—

Q64 Chair: It is going very slowly though, isn't it?

***Rosalind Wall**:* I think we have seen a really positive take-up in the last year or so, where we have had—

Lucy Chadwick: The UK is probably the leader.

Q65 Chair: The leader of what?
Lucy Chadwick: Of the take-up of new vehicles that are ultra low.

Q66 Chair: In the EU?
Lucy Chadwick: Yes. I think that is a significant place to be.

Q67 Rebecca Pow: But my Treasury incentive point as well is that this Government are rightly investing in innovation, because we need that. What are your views on that, in order to bring forward the technology? The crucial thing is going to be whether we get batteries we can recharge at home cheaply, quickly and easily. That is one of the absolute keys, isn't it? How do you think that is going and by 2020 could I have one of those at home in my garage?
Rosalind Wall: You are absolutely right. R&D is an absolutely crucial part and—

Rebecca Pow: Is there enough of a link, because that has been a criticism?

Q68 Caroline Ansell: I am going to come back to a point on the Treasury. The £600 million that you are investing over the next five years, in terms of some of these short-term measurements how can we judge the performance of that investment? We will not be here in 2050.
Lucy Chadwick: I am sure you, as a Committee, will be asking us to come and set it out and we will be regularly—

Q69 Chair: Is it 3%, 5%, 7% or 9%?
Lucy Chadwick: We will be setting out precisely that figure in the carbon reduction plan.

Q70 Chair: When is that published?
Lucy Chadwick: That is due at the end of the year.

Rosalind Wall: It is a statutory requirement that we do it by December.

Q71 Chair: Okay, so we will have a number by the end of the year and that could be 3%, 5%, 7% or 9% take-up of ULEVs?
Lucy Chadwick: We will be expecting to set out where we are, where we expect to be—

Emma Campbell: So projections as well.

Lucy Chadwick: Indeed.

Caroline Ansell: Excellent. I will look forward to that. Thank you very much.

Lucy Chadwick: That is probably the moment, if this is a serious area you want to pursue, we can come back and talk.

Chair: Okay. I am sure we will want to come back.

Q72 John McNally: To follow on from the two questions—and I have to declare a family interest in this particular discussion on low-emission vehicles—as you said, we are in a transition period between getting the low-emission vehicles on the road. I believe the stumbling point, as Rebecca has just mentioned, is the lack of or the amount of charging points across the UK, especially on the major road networks. Can you tell me what plans you have for these? Is it your responsibility or is it a conflict that you might have with the Treasury about funding these charging points?

Lucy Chadwick: No, it is not a conflict.

Q73 John McNally: I wanted to finish by saying I think it was last week or the week before there were a couple of chaps who went from John O'Groats to Land's End and back again, I believe, and maybe even through Cornwall, Peter. I believe they managed the whole road network in a Nissan Leaf car. I am not sure, but they managed the whole thing and I think they did it within 48 hours, which is probably better than I could do in my own car. Do you have any comment on that particular point, because I think this is probably the tipping point we need to go through?

Lucy Chadwick: We see infrastructure as important for public acceptability. We continue to review and make sure that we are not putting the Government funding in for the sake of it, but we are only putting Government funding in where there is market failure. We are very clear that there continue to be areas where we think that is important. That is part of the £600 million. There is a commitment in there around an infrastructure programme. We also have tasked and asked Highways England. Through its road investment strategy, it has amounts of money that are available for technology and innovation and they have recently made commitments on charge points across the strategic road network with commitments to, I think it is, one every 20 miles. The experience for someone at the end of this particular road investment strategy period could be quite different for availability and choice.

We know infrastructure is important and we know that we need to get that balance right. Equally, we have to be cognisant that there are private sector players in this market as well, and what we do not want to do is kill that opportunity in terms of bringing forward that kind of investment. There is a fine balance to be played here. So far Government have probably funded more of it than the private sector, and I think we will increasingly see that shift.

Q74 John McNally: Is it true to say that part of the grant for putting in the charging points was removed?

Lucy Chadwick: There are a number of different levels of infrastructure. As a consumer, if you buy a car we will provide you with a grant subsidy for plug accommodation at your house. The unit cost of these has come down, as we have seen. When these were first available they were more expensive, but the unit cost and the production is such that they are coming down, and we want to make sure that we are tracking in line with what is the market rate on all of this. Yes, it has come down, but for a justified reason.

Chair: I am going to move us along now, if I may, to rail infrastructure.

Q75 Rebecca Pow: The NAO reports that environmental outcomes represent only 3% of the tender score for any rail projects. Do you believe that this ought to be upped, or whether there are any plans to give more weighting towards it?

Lucy Chadwick: Ros, I do not know if you want to give a bit of a context around all of that? That may be misleading.

Rosalind Wall: The thing that is important to remember is that when franchise agreements are let there are certain minimum requirements on the environment that operators are required to provide on the amount of waste, the amount of renewables, things like that. The 3% is trying to encourage them in addition to that. There is a baseline that we expect them to deliver, and there is also an extra score to try to incentivise them to go above and beyond that and to innovate. We have seen some really interesting innovations done by different companies. They are the best judge of what they can achieve with the infrastructure and with the vehicles that they will be operating with. Ultimately we want to see that innovation come from industry.

Q76 Rebecca Pow: Given the concerns about air pollution and the benefits that rail, and particularly electric rail, could have, should it not be given more weighting, the environmental impact or the benefits of rail? I was thinking of the benefits it could bring you environmentally.

Lucy Chadwick: We are conscious that we as central government are providing quite a strong steer on some of those decisions on electrification in terms of major infrastructure investment. I think we are trying to make sure it is consistent and proportionate with the actions that a franchisee can make as opposed to the overall opportunity that is available. I entirely agree with your description of the opportunity in rail. What we need to make sure is what the individual franchisee is able to do.

Q77 Rebecca Pow: At the moment I believe there is no central monitoring as to whether the rail companies meet their commitments in this respect anyway.

Lucy Chadwick: All the franchisees are closely monitored. I am sorry, I have not seen the output of that, because it sits alongside all the monitoring that goes on. I cannot tell you, therefore, whether that is centrally pulled together or not. I am very happy for us to give you some reassurance and confidence on this after the Committee, if that would be useful and helpful to you, by describing precisely how that is monitored.

Chair: That would be helpful. Could you also clarify whether these franchises change and improve with time? Ms Wall, you said that it is all written into the contract specification. Was the contract specification different in 2010 to what it is in 2016? What has changed over that time? That would be helpful. We are trying to get a trend analysis, so that would be useful to the Committee.

Q78 Peter Heaton-Jones: On the same subject, as you will be aware there is a move towards improved rail infrastructure in the south-west in particular, and I take a particular interest in that. That leads me to network rail, which is not included in the departmental estate environmental reporting, is it? I think the Cabinet Office said it would be outside the boundaries in 2010. With rail growing as it is, that would seem to be a decision that needs revisiting, would you agree? Will you be pushing for Network Rail to be brought within those boundaries?

Rosalind Wall: Ultimately on things like carbon and on air quality we are held to national standards, and we include rail emissions and the contribution that rail makes to carbon within that national picture. In our view, the role of rail in carbon and air quality is already captured in the work we do on the air quality plan and on carbon. The question then is about Network Rail and its particular estates. I believe we already capture the role of rail and also within the franchising process, and I think Network Rail does have obligations—

Q79 Chair: It is the second biggest landowner in the country. It is a huge landowner.

Rosalind Wall: I appreciate that.

Q80 Peter Heaton-Jones: Absolutely. The Chair makes a perfectly good point, it is a huge landowner, and we are seeing a push now towards greater investment in rail infrastructure, yet the Cabinet Office says it is outside the Greening Government Commitments. To a lot of people that would not seem to add up.

Rosalind Wall: I think the point that Lucy was making was that we set the national direction on rail, including what is delivered in the control period, and that investment is part of the broader strategy to promote rail and encourage rail take-up. So the environmental issues are captured at that level, and, therefore, the estate effectively is considered in terms of we will be looking at electrification, for example, which would be above and beyond their ability to manage just as an estate occupier. I think we absolutely look at the strategic role that rail plays and we work closely with Network Rail to make sure that they are very cognisant of their environmental obligations. We can come back to the Committee more if they are interested in exactly what Network Rail is doing.

Q81 Chair: How do you currently hold them to account for their estate monitoring performance?

Rosalind Wall: It is part of the overall control period and the overall way that they are held to account nationally for all their work.

Q82 Rebecca Pow: If I might go back to my question, they are only required to reach a score of 3%, so environmental sustainability in terms of rail travel seems to be right at the bottom of the pile.

Rosalind Wall: I think, as we said, that is to do with the franchising.

Q83 Rebecca Pow: Yes, so you are leaving the entire onus on the franchisor.

Rosalind Wall: We are trying to look at all the ways in which rail is considered. As I said, for me the key is that we look at rail as part of our overall carbon budget, so we are mindful at that macro level of all the sectors and, therefore, the overall picture for rail, including all the different ways that rail in itself is then subdivided and managed. We are making sure that with the franchising process as well as in the way that we lead the infrastructure development that both of those take account of the overall environmental obligations.

Lucy Chadwick: As an organisation, it will have sustainability targets, as you rightly describe, Chair. It is a big asset owner, like Highways England and many other organisations. Those are clearly set out. What we can do is make sure that we set those out in detail. I am sorry, but I do not have the detail of those particular targets with me today. Indeed, we can set out how consistent those are with the Greening Government Commitments as well, but they are very similar.

Q84 Peter Heaton-Jones: Thank you. Just to summarise, and I do not want to put words into your mouth, but it is not a particular concern of the Department that Network Rail and the way that it manages its estate is currently outside the boundary of the CCC? Do you think that despite that you are still able to monitor?

Lucy Chadwick: In terms of the framework and the relationship that we have with them, we clearly have a framework in which we can both establish and agree how and what they meet and what the investment is associated with that. There is a different framework that is in place to do that. What we can share with the Committee is precisely what that translates to as an organisation, where it is in terms of its waste, its landfill, and all the things that any organisation would be expected to do, and certainly any organisation as an arm's length body of Government would be expected to.

Q85 Rebecca Pow: With all your data information, would you guide the Department for Transport to say that rail travel is more environmentally friendly than road travel? I personally think it probably is much more environmentally friendly to get thousands of people going on the train and out of their cars, unless they are all low-emission, which they are not going to be yet. Do you direct that with your policies?

Lucy Chadwick: Yes, we do, and we set that out in our national policy statement for road and rail, so at the very top level that is precisely what we say. Rail is more environmentally sustainable and indeed we make comments in the same context around walking and cycling.

Q86 Rebecca Pow: But you are leaving it out of your Greening Government Commitments. To me it just does not quite tie up.

Lucy Chadwick: They are slightly different things. The Greening Government Commitments are the commitments for us as an estate owner, if you like. The national policy statement sets out the trade-offs and choices on should you make more investment in rail versus road, and at that national policy statement level we say very clearly that rail is more environmentally favourable. Given the choice between a road scheme and a rail scheme in a particular area, you would expect that to be the choice that is made. That is the kind of context at the national policy statement level.

Chair: I think what this Committee is trying to grapple with is the top level strategy and then the nuts and bolts on the ground. It would be helpful for us if you can set out how the Network Rail estate strategy forms part of the Department's estate strategy. We are going to move to our final question.

Q87 Geraint Davies: What is your position on a sustainable procurement strategy, in particular in relation to the carbon impact of imports? Particularly if you look at something like HS2, the importation of Chinese steel for example, in terms of a sustainable procurement strategy, do you consider the carbon environmental impact of imports, and as I say specifically of Chinese steel?

Rosalind Wall: We have just been reviewing our sustainable procurement strategy and I think we shared a copy with the NAO as part of its consideration that has just been finalised at our board to ensure that we take sustainability across all our procurement and ensure that we meet the high standards that are set by the likes of the Cabinet Office for timber and food, catering, all the different components. We are in the process of finalising that and that will set out how we will achieve all the requirements.

Q88 Geraint Davies: I am not having a go at you. I just wonder whether there is at the moment in Government, and in particular in Transport of course, any accounting for the carbon impact of imports? There may not be, and it may not be your fault. I think there should be, but is there or is there any intention to do that?

Lucy Chadwick: There is an intention, as I understand it, in the next round of the strategy to set that out, as much as it has been practised to date. If you take Network Rail, it can look at those kinds of considerations and has looked at those kinds of considerations to date.

Q89 Geraint Davies: That is part of the decision about local sourcing as well, is it?

Lucy Chadwick: Yes.

Q90 Geraint Davies: What steps are taken to ensure that supplies used by the Department provide evidence of compliance with the sustainable timber policy?

Rosalind Wall: I think the report identified that that was something that they had not properly accounted for. I think we investigated in light of the conversation and identified that it was primarily an issue with collecting data from our contractors appropriately. Our view was that we were, therefore, under-reporting what was happening. As part of this new plan we will be improving our reporting and making sure that we have the correct consistent information from all our contractors so that we can then be sure that we are complying with the timber procurement policy. We recognise that is something that we needed to do better and we do have a plan for doing that.

Q91 Chair: What about food procurement? Only 62% of food procurement met Government buying standards in 2014-15. What action are you taking on that?

Rosalind Wall: Again, we looked into that, and I think that was primarily due to the fact that the contracts changed. The previous contract had been let for quite a considerable period of time, and, therefore, had not been in line with the latest standards. Going forward it will be.

Q92 Chair: Franchise contracts? Which type of contracts are they? Are they estate contracts or is it back to the old—

Rosalind Wall: This is within the things that the DfT procures directly.

Q93 Chair: So it is not rail franchises?
Rosalind Wall: No.

Chair: That is helpful. Any further questions? Thank you very much indeed for your time. We look forward to receiving some of your clarifications in follow-up and no doubt we will all return to the diesel emissions and air quality issue for some time to come. Thank you very much.