

Transport Committee

Oral evidence: Policy priorities for the Department for Transport, HC 430

Monday 16 October 2017

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Members present: Lilian Greenwood (Chair); Ronnie Cowan; Steve Double; Luke Pollard; Laura Smith; Daniel Zeichner.

Questions 1 - 146

Witness

I: Rt Hon Chris Grayling MP, Secretary of State, Department for Transport.

Examination of witness

Witness: Chris Grayling MP.

Q1 **Chair:** Good afternoon and welcome, Secretary of State. For the record, will you say your name? I understand you want to make a brief statement.

Chris Grayling: I am Chris Grayling, Secretary of State for Transport. I am very happy to go straight into questions.

Q2 **Chair:** Marvellous. We are looking forward to hearing from you. Thank you for agreeing to appear in front of us.

You might not be surprised that we would like to begin with a discussion of the collapse of Monarch Airlines. I know that Members listened very intently to your statement last week so there is no need to repeat things, but I am sure there are additional matters we want to cover. In particular, you feel there are reasons why further inquiry into this matter is necessary, and we would like to understand your thinking on that. Could I begin by asking about the efforts the Government made to find a rescue package for Monarch? It has been reported that a bridging loan was sought, and I would like to understand your thinking behind that.

Chris Grayling: To walk you through the chronology, we became aware, probably in early September, that issues had arisen again. As everyone knows, the airline came very close to collapse 12 months ago and we put in place contingency plans then. At the last moment, they managed to secure an injection of capital into the business. For a long time this year, it looked as if the business would do okay, but what happened across the



HOUSE OF COMMONS

summer, and had become clear to us by September, was that the price war that had taken place, particularly in the airline's key markets in the traditional resorts in Spain and Portugal, was such that they had been losing revenue very sharply and the business position had deteriorated. At that point, the company appointed advisers with a view to trying to secure a sale or additional investment. We were aware that was happening, but clearly because of what had happened 12 months previously we also started to think that we might need to make contingency plans again.

Through September, the Civil Aviation Authority remained close to the company to identify what was happening. At the same time, we collectively started to put in place contingency plans in case things did not work out. The company approached us on the Tuesday before it went into administration, and there was an exploratory discussion about whether the Government might consider providing a bridging loan. The management of the company had assembled a plan to create a long-haul, low-cost airline using the new fleet of planes due to be delivered next year. We had initial discussions about that and looked to review it, but a couple of days later the company made it clear to us that it was not intending to pursue that request. In the end, there was no formal request for me either to accept or turn down; the company itself decided not to pursue that avenue. I assumed that they decided not to pursue that avenue by the end of that week because they had decided it was not viable and they would not be able to secure the funds. You would have to ask them about the detail, but they certainly did not follow through their request for Government support.

Q3 **Chair:** It was not a question of your rejecting a request; when it came to the discussion there was no request on the table.

Chris Grayling: Indeed; that's right.

Q4 **Steve Double:** Secretary of State, in your statement last week, you touched on the fact that events happened very quickly and it was almost inevitable that we ended up where we did. We all hope this is a very rare occurrence, but what more can your Department do to ensure that, should an airline find itself in a similar position in the future, there is a more orderly process, without the need for the Government and the taxpayer to fund repatriation?

Chris Grayling: That is a very interesting question. It is not a situation we would wish to find ourselves in again. It has happened once or twice before over the years. The last was XL Airways about nine years ago. The challenge is whether our insolvency laws could be amended to enable an airline to carry on flying while in administration. That can happen in other countries. As we know, it happens in the United States, and it has happened elsewhere in Europe.

We could not have done that this time because, had we taken over or managed to reach an agreement with the administrators for the planes to



HOUSE OF COMMONS

carry on flying to bring passengers home, the advice we had and the view of the administrators was that, effectively, we would need to take on all the liabilities for the airline. That includes what you do if the plane turns up in A.N. other resort and the local airport impounds it because it is owed money. We cannot take responsibility for that. When we took a long, hard look, it was cheaper to hire an alternative fleet of planes than risk taking on what was potentially a much larger liability. That is the conundrum. Of course, you cannot prevent a situation where, if an airline has gone into administration, an international airport decides to take that kind of action, so it is not straightforward.

The Chair asked about future inquiries. One of the things this Committee could usefully do is to look at the whole question of aviation administration and compensation. The other big question is what you do about the insurance. We were faced with a position whereby we had 110,000 people overseas, only a minority of whom had ATOL protection because of the nature of the holidays they had booked. An awful lot of people had booked flights only. Should there be an ATOL levy or a similar levy on air tickets? The consequence of that is that you have to put it on every air ticket. It is not just Monarch-type planes; for an Emirates flight to Dubai, you would have to charge extra. Effectively, you would be putting up air passenger duty. These are not straightforward things, and we need to look very carefully now at how we handle these issues in future, and the view of the Committee on that would be very welcome.

Q5 Chair: Why do you feel that the Committee in particular would be better placed to do that than the Government doing their own inquiry?

Chris Grayling: We will be doing that, too, but I happen to think Select Committees do a good job and could usefully make an input.

Q6 Laura Smith: It has been reported that Monarch had £48 million of cash in the bank and significant other assets as well. The investment company Greybull Capital will obviously have a strong claim as a primary secured investor. Should there not be some sort of mechanism in place to ensure that Greybull contributes to the estimated £60 million costs of the CAA and DFT repatriation?

Chris Grayling: There is no formal legal mechanism we can use, but in terms of the principle I completely agree with you. I am sure those comments and the fact that I agree with you will be listened to. The truth is that the nature of insolvency throws up issues like this on occasion. The company went into administration purely and simply because its accountants said it could no longer trade solvently when the business was losing money hand over fist, and clearly would run out of money and go under. I believe the directors would have been advised that they would be in breach of their fiduciary duty to continue trading in that situation. If any of the creditors end up with money in pocket, I hope that they might indeed consider doing that, and I would not hesitate to say that to them.

Q7 Chair: Have you had discussions with Greybull directly about these



HOUSE OF COMMONS

issues?

Chris Grayling: Yes.

Q8 **Chair:** Is that part of what made you feel that there are matters to be inquired into further as a result of the collapse?

Chris Grayling: No, it is not so much that; it is the principle of administration and the insurance part, but I have no doubt that the Committee will want to range widely over what it does.

Q9 **Graham Stringer:** I asked you a similar question on the Floor of the House, Secretary of State. When you take a step back and look at the deal done between Boeing and Greybull, those two companies look financially okay at the end of this. The staff had their pensions reduced; they agreed voluntarily to that. People were sold tickets when there could be no reasonable expectation that they would ever get on those aeroplanes. Looking at all of that together, does it not look like a conspiracy against the staff and the passengers?

Chris Grayling: It is a very unhappy state of affairs for staff and passengers. I have made no bones about that. I feel desperately sorry for all those involved. At least in the case of staff, we have identified more than 6,000 vacancies. I know other airlines have been moving very quickly to recruit them, so I am very confident that most, if not all, of Monarch's staff will find another berth within the aviation industry shortly. The honest truth is that, if an airline fails, there will always be somebody who bought a ticket the day before. There is nothing you can do to avoid that; it will always be the case.

Q10 **Graham Stringer:** I accept that. I know there has to be a last minute, but they were selling when there was no expectation that people would ever be able to get on those planes. I accept that a line has to be drawn somewhere. Do you think the line was drawn at the right place?

Chris Grayling: What I do know—these are really matters for the company and the directors themselves—is that they took a decision overnight on the Saturday/Sunday night that the company would have to go into administration, and that they increased the price of tickets very sharply the following day to try to deter people from buying at the last minute. These are questions that fall beyond the ability of Government to influence. Although in the last few hours it was clear what was happening, our remit fell only to making sure that we could rescue people who were otherwise stranded.

Q11 **Graham Stringer:** I think you did that well, but I am asking a slightly different question. I understand the directors' responsibility and the regulator's responsibility. I understand that the Government had to intervene in a positive way in a difficult situation to get people back. When you look at it overall, doesn't it stink? The owners have come out with greater value than they had when they went in; Boeing has done quite well out of it. You mentioned how the insolvency laws apply in this



HOUSE OF COMMONS

country. Does it not make you think that maybe we should have another look at the insolvency laws as they apply in this case, because what has happened is not satisfactory?

Chris Grayling: I would agree that this is a very unhappy state of affairs; I make no secret of that at all. It is unfortunate that you have a situation where if a business collapses you have secured and unsecured creditors, but I suspect that the business arrangements in place were put in place to prevent this happening three years ago. This is the third time that Monarch has faced collapse, and this time it has collapsed. I do not pretend for a moment that it is an ideal situation. Whether it is possible to craft an alternative approach to insolvency around airlines is a very interesting question and one that we are looking at very seriously, as I hope the Committee will, and will make recommendations to us.

Q12 **Chair:** You said in response to Laura that, if Greybull had money at the end of this, you would expect them to contribute towards the £60 million-worth of costs of repatriation. How much would you expect them to contribute?

Chris Grayling: I have no idea what will come out of the administration, but if I were in their position I would want to make a contribution, if only to demonstrate good will in these matters, and that I was not doing anything except trying to be an unhappy steward of a business that did not work.

Q13 **Chair:** How much of that £60 million do you think is directly their responsibility to fund?

Chris Grayling: I would not put a number on it because I have no idea what will come out of the administration process.

Q14 **Chair:** How much does your Department expect to recover from the credit card companies, insurers and others, and how long do you think it might take to recover those moneys?

Chris Grayling: The simple answer is: as much as possible. We have had good discussions with many of them. We are in a position where we are now working with the administrators to try to quantify the total number of people who fit in each category, so it will not be a short piece of work. The staff who managed data for the company are no longer there, so it will take a bit of time to extract the data, but we are looking to extract a sum of money from the credit card companies and travel companies that have a liability in proportion to the number of people they were responsible for and whose liabilities they held.

Q15 **Chair:** How long do you expect that process to take?

Chris Grayling: I genuinely do not know; I suspect some weeks.

Q16 **Huw Merriman:** In terms of the inability to continue flying, was it the insolvency rules that precluded it, or was it that the administrators made it clear that it just would not continue?



HOUSE OF COMMONS

Chris Grayling: The problem is that the planes are leased, so, the moment administration happens, technically those planes revert immediately to the ownership of the lease company. You would have to rearrange with the lease company to carry on flying them. There is the issue of all the creditors. If you were facing loss of money, why would you allow that same airline's aircraft to land at your airport? You can do that only with the Government behind you, so Government would, I think, have to take on liabilities. We need to look quite carefully at how Alitalia and Air Berlin have done it. Alitalia is a flag carrier airline and I suspect the Italian Government are willing to stand very firmly behind it, as they have in the past. For us, it is a question about what liabilities we are willing to take on. We are now looking at that carefully. It may be sensible to make changes to the insolvency regime, but I think they come with pitfalls.

Q17 **Huw Merriman:** I asked that because I spent seven years working for the administrators of Lehman Brothers. I know how risk-averse administrators are, but we continued to trade where we had online positions. I see an analogy between this and what I experienced. I am wondering whether the administrators have been a bit too conservative on this front. I take the point about planes being impounded, but that could happen around the world where airlines are in administration, such as Alitalia and Air Berlin.

Chris Grayling: That is true, but there the Government are picking up the bill, or will pick up the bill, and the question is whether we should really do that.

Q18 **Luke Pollard:** Can I ask a question about repatriation policy? I know the industry has been very vocal for many years in calling for all-flights protection. It seems to me that, with only a small number of repatriated passengers having ATOL protection, the Government adopted a de facto all-flights repatriation policy in the event of failure. Would you say that is a fair characterisation of what happened?

Chris Grayling: No. I think it depends entirely on the circumstance. This was on a scale we have not seen before. There was no way that the industry could possibly have absorbed the number of people. If it had been a small number of people, and if there had been plenty of capacity and those people had been insured, we would have let the industry handle the situation, but with 110,000 people there was absolutely no possible way there was enough capacity available in what was still a relatively busy time of year for holidays and airlines. There simply was not space available even to start to dent that, so the view we took was that, if we did not do it, there would be large numbers of people stranded around the Mediterranean who would not be able to get home for a considerable period of time, and we had no choice. That was the judgment.

If you put a levy on every flight, you would have to do it for all planes, and for airlines where we do not have liability. If an international airline



HOUSE OF COMMONS

collapses, we do not have liability for recovering the passengers. Realistically, you could not have a system whereby if somebody booked a flight on one airline and another booked a flight on another airline one would get protection and one would not.

As to ownership of airlines, Virgin Atlantic is a UK-based carrier but it is 49% owned by Delta, and Air France and KLM have a stake, so how do you segregate which airlines we, the UK, would be responsible for and which we would not? That is the dilemma. It is not straightforward. It was looked at by the coalition Government about six years ago, and they decided against it because of the complexity. Clearly, it is something we have to ask ourselves again now, but it is not straightforward.

- Q19 **Luke Pollard:** I understand why it is so complicated, and you have given good reasons why we should not have a policy. None the less, that is what the Department did by bringing everyone back. I am just trying to square it in my head. You have what looked like a very established DFT position that you do not want to do it, but you did it, and therefore you have set a precedent. Do you think that is a sufficient precedent so that, in the event of an airline failure in the future, people can use it to say that you brought back everyone on Monarch, even though very few of them were covered under ATOL, and therefore you need to do it again? Haven't you created a de facto policy by your actions?

Chris Grayling: In a sense, that rather exists already. When XL collapsed in 2008, the then Labour Government brought people back, so it is perfectly possible we might do the same in future. I certainly hope it is something that happens very rarely. I do not rule out alternative policies to try to make sure that it does not happen again, which is what I was talking about earlier, but ultimately the duty of the UK Government, if we have a very large number of UK citizens facing a big difficulty like that, is to step in. It has been done before and it might be done again, but I do not think it is desirable that it should happen again. I think we should see if there is an alternative way in the meantime.

- Q20 **Luke Pollard:** A small number of the passengers you repatriated will have ATOL protection and therefore the Air Travel Trust fund will pay for that. Some of it will be via credit cards and the trade. What happens to the remainder of the cost? Will that be absorbed by your budget?

Chris Grayling: It is something the taxpayer pays; it comes from Government funds. That was a conscious decision we took because we felt it was the right thing to do.

- Q21 **Luke Pollard:** You don't yet have an idea how much it will be.

Chris Grayling: No. We will recover as much from all the different sources as we can, but we should not believe there will not be a significant cost to the taxpayer. Mind you, even the money from the ATOL fund counts as public spending.

- Q22 **Luke Pollard:** Is there a reserve budget this comes out of, or do you



HOUSE OF COMMONS

have to find these costs from another bit of your budget?

Chris Grayling: Or seek it from the Government reserve as a one-off.

Q23 **Chair:** Can I press you on the recovery of those moneys? Given what you have said, and the coverage in the press that suggests that Greybull could end up with a profit from this rather than not, do you think it would be acceptable for them to walk away with profit when the British taxpayer is forced to pick up the costs of repatriation?

Chris Grayling: I would hope, in a world where social responsibility is important to corporate reputation, that those involved, if indeed they recover moneys in the way that has been suggested, might feel a moral obligation to contribute.

Q24 **Chair:** Do you think there is more that the Government need do to put pressure on them rather than them having high morals?

Chris Grayling: I am sure we will always try to encourage social responsibility.

Q25 **Chair:** Speaking of social responsibility and the behaviour of corporate organisations, we want to look at Ryanair, which is another recent issue. Their behaviour certainly attracted the attention of the CAA, in that they provided incomplete and misleading information to their passengers on compensation and other rights. That seemed to imply that consumer protection for air passengers was insufficient. What reform, if any, do you plan in this area?

Chris Grayling: I do not think it is a question of reform; it is just a question of airlines behaving according to the law. The Civil Aviation Authority was very quick to point out their responsibilities and require them to change, and indeed will continue to do so. I do not think there is a problem with the law; it is just a question of corporate behaviour. I do not think it was a triumphant period in the history of Ryanair. I am sure customers will have noted the experience at the time, and I think Ryanair has some reputation rebuilding to do, but it is unacceptable for any airline not to fulfil the responsibilities of consumer laws. We expect them to do that, and the Civil Aviation Authority, which acts as agents in these matters, will be tough if it happens again.

Q26 **Chair:** There is no doubt that the CAA used its media voice to make Ryanair embarrassed about this, but the fact is that it does not have teeth to enforce those laws. Do you not think there is a case for changing that position and giving the CAA greater powers to ensure that Ryanair complies?

Chris Grayling: If I had a sense that the CAA was not able to do what it was aiming to do, I would look very carefully at what else we needed to do to address that, but in this case the threat of prosecution worked very well and the behaviour changed almost immediately. I am not a great believer in changing the law if you do not have to. At the moment, it seems to me that an airline has stepped out of line, has been dealt with



HOUSE OF COMMONS

by the regulator and stepped back into line. If it transpires that in future an airline that steps out of line does not step back into line and cannot be pushed there, we might have to do it again, but at the moment it seems to me that the teeth were sharp enough to do the job.

Q27 **Chair:** Is that something you have discussed with the CAA—that they feel they have sufficient power to deal with the matter?

Chris Grayling: You will not be surprised to learn that I have spent quite a lot of time with the leadership of the CAA over the last few weeks. They have not been unhappy about what they have been able to do.

Q28 **Huw Merriman:** On compensation from airlines, is this not a classic case where, if it was automated, we would not have issues with whether the correct information had been put out by Ryanair? The fact is that airlines have account numbers; they know which flights passengers are on and whether or not those flights have been delayed, so why do passengers have to fill in all those forms to assert their rights in today's automated world?

Chris Grayling: The truth is that they do not, and an airline ahead of the game might choose to automate, but I do not think it is an area where we can legislate. Requiring automation is a big step in terms of interfering in the way a business runs and in its relationship with its customers. Airlines can certainly do that; there is nothing to stop them doing it today. Indeed, in my view, the best airlines have the smartest systems. Those that do well in the future will be the ones that continue to look for ways to improve their customer service, but it is a big step for Government to jump into the middle of that.

Q29 **Huw Merriman:** But if airlines will not do it themselves, and many do not, because it will cost them money, is that not an area where Government should intervene and enforce consumer rights?

Chris Grayling: This is a global international business. How do you apply the law? If you apply a law to a big low-cost airline in the UK, how can you not apply the same law to an African flag carrier, which may not necessarily have the systems to do that, when it arrives in the UK? That is the challenge. This is not a one-size-fits-all industry. It is a big step for Government to intervene to try to tell businesses how to operate. If there is an absolutely compelling reason to do so, Government act sometimes, but it would be quite difficult to apply one size fits all to what you described.

Q30 **Huw Merriman:** As far as consumer compensation is concerned, how do you see rights being diminished or boosted once the UK leaves the European Union?

Chris Grayling: I would not wish to see us change the current rules. I think there is a fair balance. As you know, the European Union (Withdrawal) Bill migrates current EU regulations into UK regulations, and



HOUSE OF COMMONS

I would be very happy to see the current regulations on passenger rights to compensation remain as they are.

- Q31 **Huw Merriman:** My understanding from the House of Commons Library team is that one of the barriers to automated compensation may, bizarrely, be EU law, so it may well be that that barrier is lifted. It might be one of the few things that people agree could be a benefit in terms of amending the law after we leave.

Chris Grayling: We will take a look at that.

- Q32 **Chair:** To follow up that question, are you confirming that you could legislate in order to enforce compensation rights?

Chris Grayling: We will legislate to make sure those compensation rights are there. I am very happy to take a look at the advice Mr Merriman has had. My caveat is that the unintended consequence is that you end up imposing a system on an airline that cannot deliver it. An obvious example would be an African flag carrier flying into and out of Heathrow. If the law applies to an airline, it applies to all airlines. That would be my caveat.

- Q33 **Huw Merriman:** Those flights cannot come into the country unless they have the approval of the CAA. They are already regulated by us, so why can we not go one stage further and say, "This is how you should treat your customers. We are applying a gold standard because you are not doing it"?

Chris Grayling: All I am saying is that you are applying a technological solution to an airline that may not yet have it.

- Q34 **Huw Merriman:** But, surely, an airline will know who is on a flight. It certainly has their bank details because that is how the flight will have been paid for, and whether or not it has been late. I would have thought it would have all of that.

Chris Grayling: That is why I say I am happy to look at it, but I add the caveat that it may not be quite as straightforward as you think, because you cannot apply it to some airlines and not all.

- Q35 **Chair:** Given that increasingly there is technology, and people are making airline bookings online, what percentage of airlines do not have capabilities in the context that my honourable friend set out?

Chris Grayling: The answer is that I genuinely do not know, but I suspect that we would find very different levels of technology among different airlines coming from different parts of the world, if you think about the range of airlines that fly to the UK. This would have to apply even to a small airline from the developing world that has one flight a week into the UK. That is the caveat I would give.

- Q36 **Chair:** But I would expect the vast majority, if not all, to have those capabilities.



HOUSE OF COMMONS

Chris Grayling: My point is that you cannot make a law for the vast majority and not all.

Q37 **Chair:** You could make the law and they would have to work out how to comply with it. Isn't that the case?

Chris Grayling: We will take a look at it.

Q38 **Chair:** What else is the Department doing to ensure that UK customers do not have diminished rights when we leave the European Union?

Chris Grayling: It is straightforward. Our intention is to migrate the existing regulations into UK law. I would expect us to have a regime of compensation and rights comparable with what we have now. I certainly do not expect to preside over any diminution of rights; that would be the wrong thing to do. We can have discussions in the future, as a Parliament, about whether we want to strengthen those rights in any particular areas, but I have absolutely no intention of diminishing any current passenger rights.

Chair: We will leave aviation, for a while at least, and move on to talk about rail and electrification.

Q39 **Graham Stringer:** You have let it be known, Secretary of State, that you think the electrification of the trans-Pennine route may be too difficult. Why is that?

Chris Grayling: No, I have not.

Q40 **Graham Stringer:** Have you not?

Chris Grayling: No.

Q41 **Graham Stringer:** Have your officials?

Chris Grayling: No. I have made no comments at all about the plans for electrification of the trans-Pennine line, simply because I have not had the proposals yet. Network Rail is currently working on the modernisation plan. What I have said is that, across the network, the arrival of a new generation of diesel-electric, battery-electric and ultimately hydrogen-electric hybrid trains offers flexibilities that we did not have before. Therefore, it may be possible, for example, to run a train across a complex route without having to dismantle and rebuild a Victorian tunnel at vast expense and leaving the railway line closed for weeks on end when the train could run through anyway. That is the only point I made.

What we are seeing on the railways, in a variety of different ways, is new technology that offers the potential to do things in a much more flexible way for the future.

Q42 **Graham Stringer:** What is the schedule for decision making on the Leeds-Manchester line?



HOUSE OF COMMONS

Chris Grayling: I am expecting Network Rail's proposals and detailed work at the end of this year, but we have a substantial block of money in the CP6 budget for trans-Pennine modernisation.

Q43 **Graham Stringer:** I would like to go back to that. Before I do so, you have cancelled electrification schemes for the midland main line, Great Western and Windermere. I know they are separate, and I want to come back to the first one, if I may. Can you explain the decision-making process on those cancellations?

Chris Grayling: Let's take the midland main line first of all. We are in the early stages of the biggest modernisation of the midland main line since the 1870s. We are partially electrifying it; we are expanding it with additional track capacity; we are straightening the tracks; and we are re-signalling. When that work is completed, around the turn of this decade, it will take 20 minutes off the journey time to Sheffield. We are also ordering a new generation of trains that will arrive in about four years' time. If after completing that work we were to move to a second stage and complete the missing gaps for electrification to Sheffield, it would cost nearly £1 billion and save one minute on the journey time to Sheffield, and the new trains would arrive three to four years later. That is why I took the decision I did.

Q44 **Graham Stringer:** Have you made public the benefit-cost ratios? You have given us some headline figures. What are the cost-benefit, or benefit-cost, ratios?

Chris Grayling: For doing that northern bit, not very great. I can easily make them public.

Q45 **Graham Stringer:** You are making them public.

Chris Grayling: I am very happy to share them, but the issue is about practicality. Do we really think it is worth spending nearly £1 billion to save a minute on the journey time and deliver new trains three to four years later?

Q46 **Graham Stringer:** That is why the benefit-cost ratios are important, because there are other issues, aren't there? There is wear and tear on the lines, and the fact that you are transferring costs to the franchises on more expensive trains. The benefit-cost ratios will be quite interesting to look at. They will not be completely captured by the time saving, will they?

Chris Grayling: None the less, the approach of completing electrification would be more expensive than to take the approach I have taken.

Q47 **Graham Stringer:** You will send us the benefit costs.

Chris Grayling: I am very happy to share those with you.

Q48 **Graham Stringer:** Can I go back to the first point?

Chris Grayling: Do you want me to walk through the other two as well?



HOUSE OF COMMONS

Graham Stringer: Yes.

Chris Grayling: For Cardiff-Swansea, the cost is about £500 million. The new trains started running today. The first new train reached Swansea this morning. Electrification to Cardiff is due to be finished in about 18 months' time. After that, if we were to continue electrification to Swansea, it would cost at least £500 million and make no difference whatever to journey times, because line speeds in south Wales are relatively limited. You would have the same trains running to the same timetable as they will tomorrow, and over the coming months as the new trains are put out, if you spent £500 million on putting wires over the trains, so you do not even save a minute.

For Windermere, I cannot rationalise why in today's world, when we have hybrid trains, and new technology trains coming on, we would be electrifying through the Lake district. Officials are now working with Northern rail with a view to putting battery-electric hybrids on to that route instead, and potentially on to the line that goes up through Barrow, using cleaner technology through the Lake district and not having to erect overhead cables through a beautiful part of the country.

Q49 **Graham Stringer:** Again, you will send us the cost-benefit ratios because there are different pollution factors as well as wear-and-tear factors.

Chris Grayling: Yes. If we use battery-electric hybrids there, we gain something. This is the point about new technology. What is interesting now is that we are beginning to see the development of the first hydrogen trains. I have been talking to manufacturers about bringing hydrogen trains to the UK. There is huge potential because, unlike hydrogen cars where there is a shortage of filling stations, you only fill up the train in one spot at the start or end of the day. I want to see both battery trains and hydrogen trains starting to be trialled on UK railways. They present a really different alternative for us.

The technology is moving really fast. Hybrid trains today are able to do what you could not do four or five years ago. They are arriving across the UK. We are going to see hybrid trains operating on Great Western today, on the east coast main line next year, on trans-Pennine in 2019 and in East Anglia either next year or the year after. We will even have hybrid trams operating in Birmingham, so the technology is beginning to spread around the transport system.

Q50 **Chair:** I find it quite hard to understand how you can describe a bi-mode train as new technology, because it is essentially just a diesel train with an electric power unit on it as well, so it can switch between the two modes, isn't it?

Chris Grayling: It is a seamless transition between different modes of traction in a way that has not been done before, except in the last few years. Trains now are highly computerised and switch from one mode to another at the flick of a button or automatically.



HOUSE OF COMMONS

Q51 Chair: They are heavier because they are carrying diesel fuel around as well as having an electric motor. Generally, people seem to think they are less reliable because there are two different sets of technology on the same train. They are undoubtedly heavier, and therefore cause more wear and tear on the track, and have significantly higher operating costs. How did you build all that into making your decision to cancel electrification on the three lines?

Chris Grayling: The point is that hybrid trains are already coming. The trans-Pennine hybrid trains were ordered by FirstGroup two years ago and they arrive in 2019. The Great Western ones have started. The whole scheme is predicated on them going to Penzance and up the Cotswold line. These things are happening anyway; those trains are going to be there.

Q52 Chair: Those trains should not have been operating on Great Western; there should have been some wholly electric trains and some bi-mode. The Department had to change its order because its electrification scheme was curtailed. Isn't that the case?

Chris Grayling: But there were always going to be hybrid trains. On the line down to Penzance and the line up through the Cotswolds, all of that was always envisaged as operated by hybrid trains.

Q53 Chair: But only where they were necessary.

Chris Grayling: In East Anglia, all the cross-country routes will be operated by hybrid trains shortly. They offer a huge amount of flexibility. To take one example, on the trans-Pennine route hybrid trains are essential to continuing the service from Scarborough to Manchester airport. As you start to electrify the route, you have the flexibility to run electric trains over the parts that are electrified and, in this particular case, diesel on the parts that are not. Nobody was ever planning to electrify to Scarborough. It gives you flexibility that you do not otherwise have. Today, we are in the world of diesel-electric; it will soon be battery-electric, and it will be hydrogen-electric. It gives much greater flexibility to use trains in different ways around the network.

Q54 Chair: But, effectively, by purchasing bi-mode trains now, we are stuck with them for 30 years. You do not buy them to use for a short period of time; we cannot get rid of them in 10 years and switch to hydrogen fuel cell or wholly electric, can we?

Chris Grayling: In theory, you could swap the engines in due course; engines get changed during the lifetime of a train. These trains are there; the first ones are now operating on our railway and they offer flexibility that we did not otherwise have. It is technology that will benefit our railways.

Q55 Chair: Do you not think it rather strange that the UK is the only country, as far as I am aware, that is considering using bi-mode trains for intercity journeys? Other parts of Europe seem to manage perfectly effectively to



HOUSE OF COMMONS

electrify areas, irrespective of the lovely scenery.

Chris Grayling: Bi-mode trains are not being used exclusively in this country; they are used in other countries as well.

Q56 **Chair:** Not for major intercity services, unless you can provide an example.

Chris Grayling: The whole point about bi-mode trains is that they enable you to follow the electric spine and then go off to another track; otherwise, there would be no point in having them.

Q57 **Chair:** Clearly, they are useful for those settings.

Chris Grayling: Other countries with the same objectives would use them in that way.

Q58 **Chair:** You obviously think that the Government's decision back in 2012 to undertake this electrification was flawed.

Chris Grayling: I do not think it was flawed. The point about electrification is that it works well in places, and in other places it works less well—for example, electrifying a high-intensity suburban line where trains are stopping and starting in very short order, or electrifying a 125-mph main line railway. When a train can go at only 75 mph, as it can in south Wales, it is much less clear that it is beneficial. The benefit-cost ratio in that example, for the Cardiff-Swansea route, is very low.

We have to get away from concern about the form of traction. What passengers care about is whether they have a nice, comfortable modern train that gets them to where they want to go at a faster time and in a comfortable environment of the kind they expect on their trains. That is happening. If you look at the Cardiff to Swansea route, those trains are starting now.

Q59 **Chair:** Do you think the Government were wrong to agree to that electrification just five years ago?

Chris Grayling: From what we have seen of the way hybrid bi-mode technology has developed, I think it is no longer necessary to do it.

Q60 **Ronnie Cowan:** Can I pick up the earlier point that passengers are looking for a train that runs on time and takes them from A to B? You have taken the decision to change the long-term funding formula for Scottish Rail, which will now be linked to population and the Barnett formula.

Chris Grayling: Yes.

Q61 **Ronnie Cowan:** Until now it was linked to the extent of the rail network and the geography. I am sure that as Transport Secretary you have first-hand knowledge of Scotland's rail structure and the geography on which it runs. Why are you making the decision now to cut £600 million from essential funding for Scotland?



HOUSE OF COMMONS

Chris Grayling: The Barnett formula is a tried and trusted mechanism for allocating funding to Scotland.

Q62 **Ronnie Cowan:** That's it? Why now?

Chris Grayling: Because we are at the start of a new control period. The Treasury has considered the issue carefully and has come to the view that, since the Barnett formula applies across a whole range of the ways Scotland is funded, there is no obvious reason for that not to continue.

Q63 **Ronnie Cowan:** Did you consult the Scottish Government over this?

Chris Grayling: The Barnett formula is something the Scottish Government have supported for a long time.

Q64 **Ronnie Cowan:** My question was, did you consult the Scottish Government over this change in their funding?

Chris Grayling: It is a Treasury decision, so I am the wrong Minister to ask.

Q65 **Ronnie Cowan:** Did you consult Transport Scotland? Can it run the railway £600 million down?

Chris Grayling: This is a decision for the Treasury to take, which it did. It is for the Treasury to allocate funding based on the funding formula, so I am afraid I am the wrong Minister to ask about that.

Q66 **Ronnie Cowan:** Would you consider sitting down with the Scottish Transport Minister, Humza Yousaf, and discussing this?

Chris Grayling: I am always very happy to meet him.

Q67 **Laura Smith:** After the cancellation of the electrification schemes in the north, the midlands and Wales, I believe the Secretary of State confirmed his support in principle for Crossrail 2 in London. This has reignited the argument about regional bias, which we certainly feel in the north, and raises the question in my head of whether taxpayers' money outside London is paying to make Crossrail 2 viable while other regions are once again put on the back burner.

Chris Grayling: I have also declared my support for northern powerhouse rail. The fact is that these are not either/or; they are projects that will both be needed in the future, and both of which we are working to develop.

I do not buy the argument about lack of transport investment in the north. We are carrying out more investment in transport across the north of England than has happened for decades, on the roads and on the railways. We are replacing every single train in the north with either a brand new train or a train that has been refurbished as new. We have electrified the Liverpool to Manchester line; we are currently electrifying from Manchester to Preston and Blackpool. We currently have Liverpool Lime Street closed so that we can build a new platform there. We are



HOUSE OF COMMONS

about to complete the last motorway link between London and Newcastle. Heaven knows why that did not happen a long time ago, but it did not. We have new trains coming on the east coast main line. All across the north, we have investment happening in a way that has not happened for decades.

Q68 Laura Smith: A lot of people still write to complain, rightly, about the fact that to travel from, say, Chester to Crewe can take over an hour, yet from Crewe to London it takes an hour and 40 minutes. It seems that places are just cut off.

Chris Grayling: I used to live in Cheshire. I travelled from Chester to Crewe quite regularly. It is a reasonably frequent service. It can be a fast or a slow service, depending on whether it is a fast or a slow train, but there is not some kind of nirvana in the south that delivers trains twice as fast as in the north. One of the most absurd things I saw during the summer was a report—I do not know who produced the research—saying that trains in the north are slower than trains in the south. What they had done was compare a non-stop train from Paddington to Reading with a stopping service from Liverpool to Chester. That is like comparing a train with a horse and cart. It was a nonsensical comparison. There are fast trains as well as slow trains in the north. It just depends on how many stations they stop at.

Q69 Laura Smith: It seems to go a lot faster if you are going to London.

Chris Grayling: It is a 125 mph Pendolino.

Q70 Laura Smith: But if we are looking at things such as HS2, which will be great—as somebody from Crewe, I fully support it—and the time it takes, it will take somebody living in Chester longer to get to Crewe than it will to go from Crewe to London. It does not make any sense. In my opinion, we need to be linking up these places so that they have access as well.

Chris Grayling: There is a regular service from Chester to Crewe; there are the north Wales line trains, and the Arriva Trains Wales trains. I speak as somebody who lived in Cheshire and knows it very well. It is a frequent service.

Q71 Laura Smith: It is just one example of many I could have probably picked.

Chris Grayling: If you look round the country, there are lines that are faster and lines that are slower. It depends on how many stations they stop at and how winding they are. A lot of the speed on our railways is dictated by the routes that our Victorian forebears followed in building them. It is one of the challenges with the trans-Pennine line, as Mr Stringer knows, because it is a pretty winding route and you have to do a lot of track straightening to speed it up.

It is really important for people to understand that improving a journey and reducing journey times is much more about whether you can



HOUSE OF COMMONS

straighten the track and get rid of the windiness. For example, at the moment on the midland main line we are straightening a curve at Market Harborough that slows trains quite significantly. That is an important part of getting improved journey times. The north Wales line is slow; it is a winding line. There are things you can do to try to improve it, but ultimately to some degree we are always going to be constrained by the fact that we are dealing with a railway line built in Victorian times by gangs of workers. That is why things like northern powerhouse rail are important. Northern powerhouse rail and Crossrail 2 are being developed in parallel. They are both important. It is not about one or the other; it is about both.

- Q72 **Chair:** We all understand that a combination of upgrades and electrification delivers significant passenger benefits. It would be helpful if you published the impact assessment and the latest benefit-cost ratios for the three schemes mentioned: midland main line, south Wales electrification and Oxenholme to Windermere.

Chris Grayling: I can happily let the Committee see that.

- Q73 **Chair:** When can we expect to receive that information?

Chris Grayling: In a few days. That is no problem.

- Q74 **Chair:** That will certainly be helpful. One of the concerns around the shift from electric to bi-mode rolling stock is the impact of the environmental benefits of electrification. What assessment have you made of the effect on the carbon budgets of the switch to bi-mode rather than full electrification?

Chris Grayling: One of the reasons we are focusing on electrification of commuter routes is that we think that is where the environmental benefits are greatest, with trains stopping and starting. That is why we are doing so much electrification around the north-west; and we will benefit from electrification in the west midlands, for example. The key thing is that we have not abandoned electrification.

Being slightly party political, we have already completed four times more miles of electrification in the north-west alone than was done in 13 years under the last Labour Government. Around the country, we are doing a huge amount of electrification, far more than anybody has done for decades and decades. I have nothing to be embarrassed about in our record on electrification. We are doing it very extensively. We have simply identified a small number of projects where, frankly, it does not make financial sense for us. Is it really a priority for us to shave one minute off the journey time to Sheffield rather than doing some of the other things that need to be done?

- Q75 **Chair:** You describe it as a small number of projects. I have to say that is not how it is viewed by people in south Wales or across the midlands and in Sheffield.



HOUSE OF COMMONS

Chris Grayling: If we take south Wales, the trains those people will be using for the foreseeable future are running today. Those trains will take time off the journey to Paddington; they will run quicker. They will run through to Pembroke dock when we have done the upgrade works for that. If we then erected the wires, it would make no difference whatsoever to passengers—literally no difference at all. I do not think people are bothered in the slightest about how the train is powered. What they are worried about is whether they are sitting in a comfortable train that gets them there faster. Why would we spend more than half a billion pounds on absolutely no benefit to passengers whatsoever?

Q76 **Chair:** Whether there is a benefit will be demonstrated by the BCR, won't it? That's why that would be helpful.

Chris Grayling: It is a straightforward fact. You get the same journey time on the same trains. It is not about BCRs or formulae; it is about half a billion pounds to save no time for the same journey in the same train.

Q77 **Chair:** Then it will not have a positive BCR to have done the electrification.

Chris Grayling: It does not; it has a very poor BCR. But forget BCRs for a moment and just apply common sense. How does £500 million of taxpayers' money to achieve no benefits for passengers make sense?

Q78 **Chair:** If that was the case, it is hard to understand why your predecessor agreed to spend the money in the first place.

Chris Grayling: Because we now have developing technology to give us confidence that we can deliver that service.

Q79 **Chair:** Your predecessor was quite fond of reminding us that it was planned to electrify 850 miles of railway. Can you tell us how many miles will be electrified by the end of your new plan in CP6?

Chris Grayling: The answer to that question is that I do not know off the top of my head, but a lot. I will try to be clearer for you in due course, but I do not know the answer to that.

Q80 **Chair:** Would you be able to write to me with a number?

Chris Grayling: We will try to add it up for you, but we have only just announced the plans for CP6. In due course, I will happily let the Committee know, but we have not completed the planning for CP6 yet.

Q81 **Chair:** These were not decisions made decades ago; they were made in about 2012. How were they made in the first place? As you have said already, bi-mode trains existed in 2012; they were part of the order given to Hitachi to provide rolling stock for the Great Western. Why was electrification not tested against bi-mode operations before that decision was made if, as you say, it is not necessary?



HOUSE OF COMMONS

Chris Grayling: Having seen them on the network being tested in operation and having seen how seamlessly they can switch, this is now a technology we can use for the purposes we decided to use it.

Q82 **Chair:** You do not think there was a proper understanding of bi-mode technology at the point those decisions were made.

Chris Grayling: I think we have a better understanding now than we did then.

Q83 **Chair:** Are you confident that substantial investment in bi-mode rolling stock will not reduce the long-term efficiency of the railway?

Chris Grayling: I have not seen evidence to suggest that it will.

Q84 **Chair:** Can you guarantee that passengers will not face slower or less reliable journeys as a result of the deployment of this new sort of rolling stock?

Chris Grayling: The timetable planning has been done. Test runs have been operating. A bi-mode train operating on the Great Western network today to South Wales was operating at just under 125 mph, which is what you expect from traditional diesel trains.

Q85 **Chair:** What does it say about your commitment to air quality and sustainability? The decision to cancel electrification came at almost exactly the same time as you decided there would be no more petrol and diesel cars from 2040. What do you think it says to people who live close to a busy rail station?

Chris Grayling: My answer is that our strategy on cars on the roads is to encourage the purchase of hybrid cars, and our strategy on the trains is in some places to use hybrid trains. I think it is completely consistent.

Q86 **Chair:** Your strategy is to eliminate diesel and petrol vehicles from 2040.

Chris Grayling: Not hybrid vehicles.

Q87 **Chair:** Not to eliminate them?

Chris Grayling: It is to try to make sure that we use low emission when it is possible to do so. My guess is that technology will change dramatically by then anyway. I was talking about hydrogen. Having been in the first hydrogen cars to appear in the country, I am very impressed by them. There is real potential for the future. I do not want us to be part of a Government who are biased in favour of one technology over another, but I would be very surprised if hydrogen, on both road and rail, did not become a fixture within a not massive number of years. It is impossible to anticipate what the technologies will be in 2040, but our strategy now is to move away from single-fuel vehicles—petrol and diesel—to the greater use of hybrid and electric in our city areas, and encourage the growth of new technologies that can take us further down the road to emission reduction.



Q88 **Chair:** You describe a bi-mode train as a hybrid train. When it is operating in Sheffield, it is not in hybrid mode; it is in diesel mode, and presumably it is adding to air quality problems in the centre of Sheffield, or in the centre of Nottingham or Derby.

Chris Grayling: In Sheffield, we are in the process of completing the tram/train project that will help reduce city centre emissions and improve options for public transport. It is a matter of using the money in the smartest way. When HS2 arrives, the route into Sheffield will be electrified.

Q89 **Chair:** I want, finally, to touch on freight. There was a proposal for an electric spine from the south coast to the north and north-west. In 2012, that was described as “crucial to creating the conditions for investment in electric rail freight vehicles, which offer more efficient, capable and sustainable freight haulage.” What does the demise of the electric spine mean for the future of rail freight?

Chris Grayling: I am sorry if I sound like a stuck record, but, interestingly, the first bi-mode freight locomotives have just arrived in the country, and I think we will end up with diesel/electric freight trains. That was always likely to be the right approach, because freight services go to parts of the network where there are no plans to electrify, and having bi-mode freight locomotives will give them the flexibility to operate right across the country.

Q90 **Huw Merriman:** I have a general question on rail. Secretary of State, you talked about all the new and exciting innovations. We have the digital railway as well. How concerned are you that the rail industry—particularly employees—seems to be less receptive to change than perhaps other industries may be? As you know, I am a Southern rail MP.

Chris Grayling: It is a matter of great frustration. We have the opportunity to make both large and incremental changes to the efficiency of the railways. Most decent hard-working members of staff on the railways get this, embrace it and try hard to make it work. I fear that some, though not all, of the union leaderships appear to be absolutely blinkered to using technology to achieve its full potential, and that is a great shame. I hope that even now they will take a step back and think, “We want to work with the industry to try to improve things for passengers and not stand in the way of positive change.”

Q91 **Huw Merriman:** One thing we have noticed is that the word “safety” is used, notwithstanding that it is only the regulator who can opine on safety and who has confirmed that the practice on driver-only operation is indeed safe. One can see safety being used to hold up the digital railway. In the rail industry, passenger numbers have doubled, so this is a growing industry to work in. What are your views on how the industry can better lead its workforce to change?

Chris Grayling: The safety issue has to be taken seriously. We are fortunate to date to have the safest railway in Europe. Last year, when



HOUSE OF COMMONS

we were going through the Southern dispute, which has continued in some shape or form since, I made sure that we asked all the appropriate safety authorities to opine upon what Southern was doing. The official view of Ian Prosser, Britain's safety regulator for the railways, was that what it was doing was safe. I think the safety argument has been, and should be, laid to rest. We have had driver-only operation on the railways for decades. It cannot be the case that driver-only operation is unsafe, because it has been operating safely throughout all those years.

There is no intention on our part to preside over a reduction in the number of customer-facing staff on the railways. On the Southern network, there are more staff working on trains today than there were before the dispute happened. Fundamentally, I do not think the dispute is about safety; it is about union muscle and politics. I give you an example. If you travel from Victoria to Horsham, through my constituency, for historical reasons the train goes from Victoria to Dorking without a guard; there is just a driver on board. At Dorking, for reasons stuck in the history of the railways, a guard gets on board for the last three stations. I have asked the question: if that train arrives in Dorking and the guard is taken ill at the last moment, why should the train be cancelled and all the passengers thrown off the train? The answer from the leadership of the RMT has been, "You need to have enough staff to make sure that can't happen." This is not a tenable proposition; it is crazy.

I am very clear. We are not planning to reduce the number of people serving customers on our railways. I have been willing to give the RMT long-term job guarantees for their members, but they have not been willing to accept that.

Q92 Huw Merriman: Is an end in sight to the Southern rail industrial relations dispute?

Chris Grayling: Although it catches the headlines, in reality the impact of industrial action by RMT on Southern rail is relatively limited at the moment. They run 90% of the trains on strike days, and industrial action has relatively little impact on the services. On Northern, it is tragic that union action for no purpose—because the company is likely to increase, rather than reduce, its staffing—is undermining a programme of modernisation that could make the biggest difference to railways in the north for decades. It is difficult to see what the union is seeking to achieve, if it is not political, when there are long-term guarantees of jobs for its members, more staff are being recruited and new things are being brought in all around them.

Q93 Graham Stringer: You mentioned northern powerhouse rail. I am interested in understanding your thinking about how everything fits together on that. The Ordsall curve is now almost complete. Northern powerhouse rail requires platforms underneath Piccadilly station, the HS2 terminal. There is the possibility of increasing the number of platforms, with platforms 15 and 16 at Piccadilly. Can you explain your thinking in



HOUSE OF COMMONS

your scheduling of those absolutely crucial decisions?

Chris Grayling: Let us take platforms 15 and 16 at Piccadilly and the Ordsall chord first. At the moment, the plan for 15 and 16 and the modernisation of the route down to Oxford Road creates capacity for 15 trains an hour. Although the Thameslink route through central London is more straightforward, because it has a single fleet of trains going through it, it has capacity for 24—potentially even more—trains an hour, using digital technology. Personally, I do not see why Manchester has to have an analogue solution in a digital age and has to end up with a cap on capacity that is vastly lower than that on the equivalent railway line through the centre of London.

I have asked—we are in discussions with Transport for Greater Manchester and the Mayor's office about this—that Network Rail look at ways in which we can increase capacity on the line, potentially by using digital technology. They are doing that work at the moment. We have not stopped the existing process, but I have more ambition for the route through central Manchester than simply capping it at what would be historically a quite low level of 15 trains an hour. We are doing that work at the moment.

Q94 **Graham Stringer:** When will the study be finished?

Chris Grayling: Hopefully, pretty quickly. We are working on it right now. How can it be that in central London we can have two tracks and two platforms delivering 24 trains an hour, but in Manchester we are putting in four tracks and a whole vast project to deliver 15 trains an hour?

Q95 **Graham Stringer:** One cannot argue with the logic of that, if it is feasible.

Chris Grayling: That is what I am trying to find out.

Graham Stringer: It makes sense.

Chris Grayling: I do not want to spend a whole load of money on a project only for us to think in five years' time, "Why the hell didn't we do something different?"

Q96 **Graham Stringer:** Obviously, it is recognised as a pinch point, so we have to see whether that is feasible. We have not seen that.

Chris Grayling: Nobody thinks that platforms 13 and 14 at Piccadilly are satisfactory as they are. They are overcrowded and nasty; they need to be rebuilt and redone. Take that as a given. There is no question of that not happening. Will we do the right job for Manchester if we follow the analogue path? I have asked Network Rail to look at that as a matter of urgency. Mark Carne has been talking to the leadership in Greater Manchester about it.

Q97 **Graham Stringer:** How does the possibility of platforms for HS3, in



effect, under Piccadilly fit in with HS2 and the decisions there? When do the decisions have to be made?

Chris Grayling: The truth is that I do not know. The Chancellor has agreed that, as part of the HS2 budget, we will fund the junction provision that we need to enable the northern powerhouse rail network and HS2 to link together. That applies to the route from Liverpool to Manchester, because clearly you want the two routes to follow the same track from the eastern point, through the airport and into Manchester. Likewise, you want provision in south Yorkshire and, indeed, the east midlands, to create the potential to link up Leicester and Nottingham in the future. The Treasury has agreed that the money will be provided. We will put that into the hybrid Bill when it comes. That passive provision is there as part of that project.

I am now waiting for Transport for the North to come forward with their recommendations on how northern powerhouse rail should be rolled out and what shape it should take. I have been expecting those for a while and expect to get them this autumn. The next stage is for them to come and say to us, "We have studied this. These are the priorities for us."

Q98 **Graham Stringer:** You may have already answered this question. Which decisions have to be taken first? Which is the critical pathway that will determine what decisions follow in the other areas?

Chris Grayling: The decision making about the junctions has already happened. On the question of what routes we follow and what the priorities are for the rest of the network, we need to wait and see what Transport for the North recommend. We can then shape an implementation plan off the back of that. I expect that in due course there will be a hybrid Bill, potentially in segments, depending on how it is done and what they recommend. There are questions such as, "Does it go from Leeds to Manchester, or does it go from Leeds to Bradford to Manchester?" It is quite likely that they will come forward with a plan for it to go from Leeds to Bradford to Manchester, but until we have the full specification of the work they are recommending we will not be able to know.

Q99 **Graham Stringer:** I have asked you my final question before, Secretary of State, but it is still a question I am interested in. What is the scheduling of the hybrid Bill for Crossrail 2 against the scheduling of the hybrid Bill for the final section of HS2?

Chris Grayling: I do not have a schedule for the hybrid Bill for Crossrail 2 yet. I look at northern powerhouse rail and Crossrail 2 more as projects that will happen in parallel. We are working on the hybrid Bill for the last stage of HS2. We will get on with that as quickly as possible. Obviously, we have section 2a to do first. I hope that will not take a massive amount of time by comparison with the first one, because it is a fairly short length, but I want to get 2a into the Commons as soon as possible. There



HOUSE OF COMMONS

are limits to how many hybrid Bills you can have at any one time. We have quite a lot in the pipeline.

- Q100 **Luke Pollard:** Can I return briefly to the issue of funding for different regions? London seems to be getting a lot of attention in terms of transport funding, and it is good to hear of the improvements going on in the north, but there are other parts of the country that seem less favoured by your Department—in particular, the south-west and the far south-west. Do you think it is appropriate that your Department funds those regions at a considerably lower rate than it funds, say, the north-west or the capital? Funding per head for the south-west is one seventh of that for London. Is that a situation that you want to change, or are you happy with it?

Chris Grayling: The first thing to say is that the Crossrail project, which is on right now, distorts the figures, as will other projects when they happen. Look at what we are doing in the south-west. On the A303, we are well on the way to delivering. We now have the Stonehenge tunnel sorted and we will move ahead, with construction starting, as soon as we can. We will shortly publish the preferred route for Sparkford to Ilchester and the preferred route for the A358. We have just opened a chunk of the A30.

I have funding in place for development work for the integrity of the sea walls at Dawlish. We are putting money into Bristol East junction and doubling the track from Parkway to Temple Meads. I had meetings today with the metro mayor about work on the MetroWest system. I have been talking to Great Western about reopening passenger services from Okehampton to Exeter. There is a huge amount happening, more than has happened for a very long time.

- Q101 **Luke Pollard:** It is a long list, but it is still one seventh of funding per head. Do the Government have an aspiration to change the amount of investment that is going into the regions, particularly some of the regions that feel that they are being neglected at the moment by your Department's transport spend?

Chris Grayling: You are picking numbers. When you talk about the things we are doing, they are things that are way beyond anything that has been done for a very long time. If you walk around the south-west, you find that there are schemes and roadworks happening, large and small. There are junction improvements to the M5 around Bristol. There is the work that is being done at the moment on the Bristol ring road. We are in the final stages of looking at another new road in Cornwall. I argue that, if you look around the country, you will not find any part of the country where there are not more things happening than have happened for a very long time.

- Q102 **Laura Smith:** People feel frustrated when they hear answers like that, because it is as if we are always looking back at what did not happen. We are still coming to you with a lot that needs to be done, but the answer is



always, "We have done more than was done before, so we are doing all right." Clearly, it is still not enough when places like the south-west are so cut off, and we have so many people who bring it up time and time again. It does not sit right for me that we always just say, "Oh well, we are doing better than we did before." It is still not good enough.

Chris Grayling: Look at the need—the things that have been said to me and to us over the years. I shadowed this role 10 years ago. One of the top priorities for transport in the south-west is the A303: we are doing it. Another is finally sorting out the reliability of the railway line at Dawlish: we are doing it. Brand new trains going down to Penzance: we are doing it. Suburban rail services around Bristol: we are doing it. These are things that are happening. It is not looking to the past. It is saying, "These are things we are doing right now."

There is always more you can do. Around the country, any number of people say to me, "Can we do this road, this station, or whatever?" These are things that are happening now. The comparison is a fair one. We are doing more than any Government, of any persuasion, have done for a very long time on transport. It is not a question of simply plucking out a number, because the numbers can vary, depending on which project is being done at any one time. When Crossrail 1 finishes next year, spending in London will drop sharply, because it is finished. It is a major project. Spending in the west midlands will go up rapidly now, because of the work happening on HS2.

I do not think that you can pluck out numbers. You need to say, "Let's look at our transport needs—the main asks that we have had. Are they happening or not?" Look at the north-west. You talked about Crewe. Finally, we have the smart motorway being done on the M6. We have done a link road between the M6 and the M56. I used to live very close to there. It is something we talked about for years and years, but it is actually happening now.

Q103 **Steve Double:** Has the Department done any analysis of the relative cost of delivering projects in, say, London, compared with the south-west? Is that something you have looked at? It strikes me that the cost of delivery of two very similar projects in different parts of the country can vary hugely because of the location.

Chris Grayling: You can also look at the circumstances. If you are digging a tunnel under London, it is an extraordinarily precise art at the moment, because you are tunnelling literally within inches of existing tube lines. It is a lot cheaper to build a virgin tunnel somewhere through previously untouched ground. It depends on the circumstances, the topography, the nature of the project and what you are doing at any one time. It is not so much about regional disparities; often it is just the complexity of the job. If you look at trans-Pennine—whether it is the trans-Pennine upgrade or northern powerhouse rail—the topography of the Peak district makes it much more challenging than if we were building a flat route through Cheshire.



HOUSE OF COMMONS

Q104 **Chair:** Can I make one last point on that? Earlier, you said to Graham that you had not made decisions on the trans-Pennine route. The CP6 budget does not include money for enhancement projects such as trans-Pennine, or is that wrong?

Chris Grayling: No, it does.

Q105 **Chair:** What is budgeted for trans-Pennine enhancements as part of the CP6 formula?

Chris Grayling: The overall envelope is about £47 billion. It is weighted more towards renewals than towards enhancements, because the condition of the infrastructure in some places is such that we really need to step up the process of renewals. We are also not setting aside now all the enhancement money that we will put in place over the next five years. We have taken the decision that we will start with the initial total of around £9 billion, but we expect to provide money for other projects as time goes by.

Q106 **Chair:** Have you set out what enhancements that £9 billion is meant to pay for? Is it for things carried over from CP5, or for something else?

Chris Grayling: We have not set it out in great detail yet. The two things I have confirmed are that we will do the Ely junction and the trans-Pennine modernisation.

Q107 **Chair:** When can we expect to see more detail on what that money is intended to be used for?

Chris Grayling: In due course. On the trans-Pennine route, we will have to wait and see what the Network Rail proposal is. We are doing the work on Ely junction at the moment. The other area that will get investment is around Bristol. Those are probably the three decisions that we have taken. They are not the only decisions that we have, but they are the three things I have set out very clearly that we will do.

Q108 **Chair:** When can we expect further clarity on the detail?

Chris Grayling: I will set it out in the coming weeks.

Chair: We want to talk a little about aviation, in the context of our leaving the European Union.

Q109 **Daniel Zeichner:** Good afternoon, Secretary of State. There is a range of views around the table on our future relationship with the European Union, but there is widespread agreement that there are some challenges for the aviation sector. I was very struck when the previous chief executive of Stansted briefed MPs in my region almost a year ago on just how serious he thought those issues were. What representations have you been making to the Department for Exiting the European Union to emphasise the urgency of getting an agreement on aviation?

Chris Grayling: I talk to the Secretary of State very regularly. He is well aware of the issue, as is the European Commission.



HOUSE OF COMMONS

There are two levels to this. The first thing to say is that around the world most aviation is carried out on a bilateral basis. EU countries have plenty of bilateral arrangements with third countries. Not all international aviation, by a long chalk, is carried out on a broader open skies arrangement. It is our view that it would be more sensible for us to reach a proper agreement with the European Union. My sense is that it would be surprising if in Brussels they did not share the same view. I know that the Commission is considering how it can best make sure that aviation remains on a sensible footing.

Q110 Daniel Zeichner: I have to say that sounds just a touch complacent, compared with the views that I hear from people in the industry. Why has there not been a position paper on aviation from DExEU, in the way that there have been position papers on other issues?

Chris Grayling: There is a lot of work taking place. As you know, we have set out position papers in the areas that are currently subject to negotiation. We may produce a position paper on aviation in due course. I simply assure you that a lot of work is taking place at international level to make sure that we have the right arrangements in place.

Q111 Daniel Zeichner: You say that we might be able to expect one. Have you been pressing for one?

Chris Grayling: Personally, I do not think that it is about papers. My focus has been on making sure that appropriate arrangements are in place. For example, I have had talks with my US counterpart. We are having discussions with a number of other countries to make sure that there is a seamless transition for international aviation arrangements after we leave.

Q112 Daniel Zeichner: Can I take you back to what you told the predecessor Committee almost this time last year? You said that "it is something that will have to be part of the negotiating process in the next few months." That was last October. We are now at this October. Given that there is a time limit on all this, how can you give the aviation sector the assurances that it needs? People in the industry do not share your optimism.

Chris Grayling: It depends on who you speak to. I talk to chief executives of airlines all the time. I know of nobody—with one exception—who is suggesting that there is a danger of the planes stopping flying. We are making sure that all the appropriate arrangements are in place, but I hope that those appropriate arrangements will be wrapped up in a sensible agreement between us and the European Union.

Q113 Daniel Zeichner: I think we know who you are referring to. With respect, Secretary of State, the problem is that others are saying that. That is exactly the point that was made by the previous chief executive of Stansted. Even the Chancellor alluded to the problem the other day.



HOUSE OF COMMONS

Chris Grayling: The Chancellor said that it was not going to happen and that, therefore, he was not going to spend money on it.

Q114 **Daniel Zeichner:** What I am suggesting to you is that not everyone shares your optimism. To repeat the point, what can you do to reassure people that this is in hand?

Chris Grayling: What I would say is that we are doing extensive work with other countries to make sure that we have successor arrangements in place, where there are current arrangements between the EU and third countries.

Q115 **Daniel Zeichner:** What stage has that reached?

Chris Grayling: We are having constructive discussions to prepare the ground for what we will need. I will be very happy in due course to share progress with the Committee. All that I will say today is that there really is not a problem in securing successor arrangements with other countries around the world. I am very confident that we will end up with an agreement with the European Union, but aviation does not have to have an open skies agreement in order to function. If you had senior airline bosses like Willie Walsh and Carolyn McCall in front of you, they would say to you that they are not concerned that they will not be able to carry on flying post-2019.

Q116 **Daniel Zeichner:** Will you be able to give the Committee an account of how those negotiations or those agreements are developing?

Chris Grayling: As we make progress towards the agreements, I will be happy in due course to share the outcomes. Forgive me, but we are just sorting things out, so it is a bit early for me to set out in detail where we have got to.

Q117 **Chair:** There seems to be an increasing mood that a no-deal scenario is a possibility. Does that mean that an advance transitional deal for aviation is off the table?

Chris Grayling: We are not saying that a no-deal option is either a desired or a likely outcome. You would expect us to make preparations for a situation where there was not a deal—for example, where there was not an open skies arrangement between ourselves and the European Union. You would expect us to make those arrangements and, of course, we will and are. Personally, I would much rather focus on securing a sensible arrangement with the European Union.

If we look at the nature of the agreements, there are, effectively, three types of aviation we have to deal with. There is conventional point-to-point aviation. Nobody is seriously suggesting that that will stop. It existed before the European Union and will exist after we are in the European Union. There are what are called fifth freedom rights—the right to fly from New York to London to Paris. I see no situation in which those are likely to change. The issue would be much broader than the



HOUSE OF COMMONS

relationship between the UK and the EU, were anybody seriously to try to interfere in that. Air France and KLM would not have spent a very large amount of money buying a stake in Virgin Atlantic if they had thought that there was an issue around that.

The area that is clearly much more problematic in negotiation is cabotage—a British airline flying from Paris to Milan, for example. Equally, in the haulage sector, cabotage is a big part of European business in the UK, so that is obviously an area for discussion. Over the months, I have had detailed discussions with airlines on both sides of the Atlantic, with people across the industry and with my counterparts in other countries. I am very confident. Although it is a process that needs to be organised and managed well, I do not believe that we will be in a position where we have anything other than sensible transition arrangements and successor arrangements for aviation.

Q118 Chair: I am sure that nobody wants to see that. Certainly, it seems to me that the industry is increasingly anxious. When do you think that we will get a transitional deal, given the uncertainty that it creates for passengers who may be booking a year in advance? Airlines are certainly advertising tickets that far ahead.

Chris Grayling: I think there is an understanding in Brussels about the importance of the sector and the fact that it is a global sector, rather than a national one. This is not an EU-UK issue. Is a plane from London to Helsinki a British Airways plane or a Finnair plane when they code-share these days? If I am buying a ticket from London to the far east on Finnair that is carried partly by Finnair and partly by BA, the disruptive factor to both airlines of trying to unpick that arrangement will be enormous. There is absolutely no benefit to anybody in having a situation where the current international aviation structures are weakened as a result of problems between us and the European Union. I am sure that is not what they want. I have a very good relationship with the European Transport Commissioner. I am absolutely certain that over the coming months we will have mutual sensible arrangements put in place, but we are obviously preparing for all eventualities, as you would expect.

Q119 Chair: You said, “over the coming months.” When do you think that a transitional deal will be in place?

Chris Grayling: That is a question to which I do not know the answer. We will get it as soon as possible. I am also talking to the airlines about when they need that in place. We have a considerable period of time before it really becomes a problem for them.

Q120 Chair: What is your assessment of when it would become a problem?

Chris Grayling: Airlines start to take bookings for 2019 next summer. I think they will want comfort that we are making progress by next summer. None of them is being very specific. None of the airlines has said to me, “There is a hard deadline that you have to meet.”



HOUSE OF COMMONS

Q121 **Chair:** If we get to April 2018 and there is no transitional deal in place, do you think that people can feel confident about buying a flight for April 2019?

Chris Grayling: Yes. I would buy a flight myself, without any worry at all.

Q122 **Chair:** What would an ideal transitional deal look like?

Chris Grayling: It is in nobody's interest to change a situation where point-to-point aviation functions and where international alliances and international code sharing can operate in the way they do. It damages everybody's business if that is not the case. UK airlines serving regional airports in continental Europe are a very important part of the local economy. Losing a flight is really bad news for a local economy and a local airport. Although there will be a debate about the right to fly within the European Union or within the United Kingdom—cabotage rights—I think that it is absolutely in the interests of both sides to agree continuation of other aviation arrangements.

Q123 **Chair:** Are you not claiming that you are guaranteeing that the nine freedoms of the air will continue without a transitional deal?

Chris Grayling: I think there is a question mark. I suspect that we will get pushback from the European Union about UK airlines flying within the European Union—from Paris to Milan, or whatever. There are quid pro quos around that, because we allow extensive similar rights for the haulage sector in the UK. There is a negotiation to have there. Do I actually think that you will no longer be able to fly from Luton to Alicante in the summer of 2019? No, I do not. Of course you will be able to carry on doing that.

Q124 **Graham Stringer:** I do not know whether you know the answer to this, Secretary of State, but I find it interesting. Douglas Alexander handed over the negotiating rights for bilaterals to north America when he was Secretary of State for Transport. Has there been any assessment within the Department of the benefits or disbenefits of that? Have you looked at the benefits and disbenefits when we get back those negotiating rights with north America?

Chris Grayling: I expect us to have a very similar arrangement with the United States after we leave. I have a very good relationship with my US counterpart. We have had very constructive discussions. I have no doubt that those arrangements will be put in place in good time. Talks between the two Departments are ongoing on a variety of issues, including this one.

As to the future, whether we choose further liberalisation, on areas such as ownership, is a matter for after we have left. Right now, I am not looking to do significant renegotiation of existing agreements. We simply want to grandfather those arrangements, so that there is a smooth



HOUSE OF COMMONS

transition. After that, we can look at other things that we want to do, on further liberalisation, for example.

- Q125 **Laura Smith:** I am sorry to bring you back to this point, Secretary of State. I am sure that a lot of people will feel comforted that you would buy a plane ticket and go on holiday. Could you give the same level of comfort to somebody who has budgeted and saved for a long period of time? We are seeing more and more people who cannot afford to go on holiday because of the price of going. Can you offer them the same level of comfort that, if they purchase a ticket after saving for a substantial term, they are guaranteed to get the holiday of a lifetime they might be looking for?

Chris Grayling: It is inconceivable that there will not be planes if you are flying to the Mediterranean in the summer of 2019. Do you think that the Spanish Government—

- Q126 **Laura Smith:** The airlines are not feeling quite as confident as you are. Feedback from the airlines is not quite the same.

Chris Grayling: If you look at the holiday sector, one of the reasons why Monarch Airlines has just gone bust is that there is such a fiercely competitive market at the moment—too many planes chasing not enough passengers. In fact, Monarch had been carrying more passengers than previously, but because there is so much competition in the marketplace, the numbers have gone down. More people are flying. All our airports have had a record year this year. That is not going to change. At the end of the day, around the world, business is done. Low-cost airlines fly, passengers travel and people go on holiday, whether or not there are open skies agreements or bilateral agreements. The day after we have left the European Union, the world from our airports will look very similar to the day before.

- Q127 **Laura Smith:** I wonder whether everybody looks at it in that way. For an awful lot of people in this country, the chance to go on holiday abroad is becoming something of a dream. It is becoming more difficult and more expensive. In my opinion, it is not quite as achievable for a lot of people as you make out when you say that anybody can simply go and buy a plane ticket.

Chris Grayling: All that I will say is that the cost of flying today is probably lower than it has ever been. We are getting low-cost long haul now, which costs a very small amount.

- Q128 **Laura Smith:** Maybe it is the cost of living.

Chris Grayling: Of course, it is a difficult choice. When people have the alternative of flying to the Mediterranean or staying in beautiful parts of the country like Cornwall, we want it to be a good choice, don't we?

- Q129 **Chair:** I appreciate that you say that it is inconceivable that we could not have a deal, but it would have significant impacts on people and on



HOUSE OF COMMONS

businesses if we did not. A British company like easyJet would not be able to fly between European destinations, other than from the UK to other European countries, would it?

Chris Grayling: The cabotage issue is the one where there is a debate now. As you know, easyJet has re-engineered its business, so I do not think that it will be affected by that. It is the principal airline that might be affected. My concern is to make sure that British people can continue to fly in the way they do now from the United Kingdom to other destinations. I do not think that is an issue at all.

Q130 **Chair:** If I worked for easyJet, I am not sure that I would be quite so confident about what that might mean for the future. Do you not think that that is a significant concern?

Chris Grayling: EasyJet have been smart in making sure that they have a UK operation and a European operation, and a plan that will keep them operating in the way they do now. Do I think that easyJet flights from Luton to Madrid are going to stop? No, of course not. That is the important thing to bear in mind.

Aviation regulation happens at a number of different levels: at global level, at regional level and at national level. It would require a practical decision by a third-country Government to say, "We will not permit planes to fly to the UK, even though it is going to bankrupt large numbers of our hoteliers." It is not going to happen. You have to remember that the world carries on. Inside and outside the European Union, planes fly all around the world, on all kinds of unusual routes. That will carry on.

Q131 **Chair:** Turning to transitional arrangements for road haulage, rather than aviation, what transitional arrangements do you expect to be in place for road haulage?

Chris Grayling: The transition paper that we set out offers completely frictionless borders. That is our hope and aim. In an ideal world, we would continue a free trade arrangement, with goods passing the border without hindrance. If that is not possible, we have set out proposals for a border that operates in a similar way to that between Sweden and Norway—largely technology based—so that you can keep goods moving smoothly. Our container ports have goods coming in from around the world, which move through those ports very quickly. Most customs work is done online and electronically. Trusted traders work with the relevant authorities to register consignments in advance.

I expect that to be the model that we adopt for the future. None the less, we are aware of the need to make provision around the channel ports, if there are problems. We have to do that anyway, with Operation Stack. At the moment, our contingency plan for Operation Stack is around Manston airfield. As you know, we are currently looking at alternative options for Operation Stack. We are looking at contingency options for 2019 in the same vein. We have plans well in development for that. The actual mechanics of the border are a matter for HMRC, but I expect a pretty



HOUSE OF COMMONS

seamless process, managed largely electronically, if we end up with customs points at the borders.

Q132 Ronnie Cowan: When you started talking about the ports, I thought that you painted a rather rosy picture of tailbacks at Dover. There was a four-day strike by French lorry drivers and the tailback was 30 miles, with 4,600 lorries. If we do not get it right, there is the potential for us to run up against that sort of roadblock. We are currently spending money on new IT systems, new staff and new maintenance. Where are we on that development?

Chris Grayling: That work is happening at the moment. I do not know exactly what point we have reached in the IT development for that, because it is an HMRC responsibility, rather than mine. We are making good progress on developing contingency plans. Operation Stack is something we have to cater for anyway, because it impacts on Kent if the channel ports are disrupted by strike action, weather or whatever. We have to make sure that the impact of any delays on Kent in the future is as small as possible.

The thing that you have to remember is that 80%-plus of the lorries travelling through the channel tunnel and through Dover are continental hauliers. It is difficult to see that it is in the interests of any continental country to have all their trucks sitting in a long queue in the UK, because that just damages their position.

Q133 Ronnie Cowan: We saw a four-day strike that did exactly that. It is not without precedent. It could be a pinch point for people to negotiate what they want.

Chris Grayling: It is a problem. The issue is not goods coming into the UK but goods coming out.

Q134 Ronnie Cowan: But they are going through the same port. That is the point. If the port gets blocked up, the port gets blocked up.

Chris Grayling: That is true. The port gets blocked up one way, not the other. You do not block up incoming routes if they are struggling to get people out.

Q135 Ronnie Cowan: But hauliers who are bringing stuff here want to bring their trucks back.

Chris Grayling: They do—absolutely. These are French hauliers, Polish hauliers, German hauliers and so forth. We will make sure that there is appropriate provision in place for 2019 for any delays that are caused to trucks on the border. My hope is that we will never get to that point and that we will have a sensible agreement by then—sensible transitional arrangements and a sensible long-term agreement; but just as we have to make provision today for Operation Stack, which we are currently doing at Manston airfield, we will by 2019 have developed succession arrangements. We will also have Manston as a fall-back at that point. We



HOUSE OF COMMONS

are working towards what I hope will be a permanent solution for that issue, because it does not just disappear if the borders are frictionless. As we know from experience, we can get problems through strikes and bad weather.

Q136 Ronnie Cowan: The numbers are going to increase quite dramatically. Customs declarations at UK ports will move to 255 million a year, compared with the current 55 million. There is a lot of additional paperwork involved.

Chris Grayling: There is no paperwork; it is all done electronically.

Q137 Ronnie Cowan: Okay. From 35 years in the IT business, I know that these things do not always work. There is a timescale to put a system in place to make this work seamlessly, and we do not know how far down the road that is already. For the first time ever, 180,000 traders will have to make export declarations. There is an extra cost of £4 billion a year. Lots of people are already suffering from this. The clock is clearly ticking, and this particular bit of transport has to be in place well before 30 March 2019. I just do not see that happening. I do not hear the answers.

Chris Grayling: First, the customs declaration system is not my responsibility anyway. I am not involved in doing that. We are well advanced in making provision for the infrastructure required. We already have systems in place to deal with Operation Stack, if it happens. We already have well-advanced plans for successor arrangements. Once I have completed the feasibility work, I will be very happy to share that with the Committee. We are looking at two or three options and will take a decision very soon. After we have taken that decision, we will be happy to share it.

The point is that we have the freedom to decide as a country what restrictions we put in place. We already have ports that are brimful of goods all the time. We are used to having stuff coming into the ports and moving out very quickly. We also have some really big port expansions that have taken place, at Liverpool and on the east coast. We have seen a big increase in port capacity. We have customs systems already in place and we are dealing with imports from around the world all the time, so it is not about creating a system completely from scratch. I argue that we have the flexibility that we need to deal with the challenge.

We are not approaching the negotiation in the expectation that we will end up in that position. We do not think that it makes sense for our European partners to have hard borders and complex systems in place. We are their biggest export market. After we have left, 16% of EU exports will come to the United Kingdom. We have a very substantial trade deficit with the European Union. The vast majority of hauliers coming into the UK are continental firms. In all senses commercially, it is not in their interests to create borders that do not move smoothly.

Q138 Ronnie Cowan: I get that. Given the current theme that no deal is



HOUSE OF COMMONS

better than a bad deal, is this the one area where that is absolutely not true, because no deal would be absolutely catastrophic?

Chris Grayling: If we have no deal, I suspect that we will end up with borders that operate in the way they do in Norway and Sweden—pretty seamlessly. It will be done electronically, by using ANPR cameras and selective stopping of lorries, which we already do at Dover. We already stop lorries that come through Dover. It will mean stepping up things that we do already. This is not an area where we do nothing now. We have imports, customs systems and checks at the border. We have an Operation Stack system in place. Clearly, we need to do more, but we are not starting with a blank sheet of paper, thinking, “Ooh, we have never done this before. How do we do it?”

Q139 **Chair:** Have you made a comprehensive assessment of what customs and border arrangements would be required in the event of no deal?

Chris Grayling: Yes. The assessments have been done for customs and border arrangements. There are teams for that in Whitehall. I am not responsible for those; you will need to talk to HMRC Ministers to get all the detail. That work has been done.

Q140 **Chair:** What about transport infrastructure?

Chris Grayling: In terms of transport infrastructure, we have looked very carefully at what needs to be done. We do that in the context of Operation Stack as well. We are helped in this by the fact that it is an area where we have had to have experience, and to do work and have plans. We already have contingency planning using Manston airfield, if we have Operation Stack. I intend that by 2019 we will have successor arrangements in place—with Manston as a back-up, if we need it—and that there will be locations that we can use for all eventualities.

Chair: Luke wants to raise something specifically about coastguard issues.

Q141 **Luke Pollard:** Secretary of State, you will be familiar with the fact that, sadly, a couple of weeks ago we lost one of the trawlers out of Plymouth, the Solstice. It seems that that was in very similar circumstances to the sinking of the JMT and, previously, the Louisa, in that there may have been a delay in tasking lifeboats by the coastguard. This seems to be a problem that is not south-west specific but that is a result, potentially, of the modernisation programme. I am very concerned that the loss of experienced staff, the new, complex IT systems and, if true, new protocols that delay the tasking of lifeboats could be contributing to greater risk in search-and-rescue operations. Can you give the fishing industry, in particular, some reassurance that the Government recognise those concerns with the coastguard, and outline a little of what you are going to do to try to reassure the industry that lives are not being put at risk at sea?



HOUSE OF COMMONS

Chris Grayling: I am aware of the concerns. We are not immediately certain that there is an issue of the kind you describe, but I have asked John Hayes, who is the maritime Minister, and officials to look at the issue for me. I have seen the reports. Obviously, this is something that I want to make sure is not a problem. We will look at it very carefully.

Q142 **Luke Pollard:** Do you have a timescale for when you will be able to come back on this?

Chris Grayling: We will try to come back on it quickly.

Q143 **Ronnie Cowan:** It looks like we have brought this issue here independently of each other. The matter has been raised with me from both sides—by the fishermen and by the guys who man the lifeboats, who do an incredibly brave job. A third of the staff have been cut. The number of stations has gone from 19 to nine. Do we have figures now that tell us how long it is taking us to launch lifeboats? Have those figures altered from prior to the modernisation programme?

Chris Grayling: Clearly, we have that information. I do not have it now, but I have asked the team to do some work on this. We want to make sure that we get it right and that the modernisation is working well. I would not want a safety issue to emerge.

Q144 **Ronnie Cowan:** Will we be furnished with those figures?

Chris Grayling: I am happy to dispatch John to talk to the Committee about the issue in a few weeks, if you want.

Q145 **Ronnie Cowan:** I would be happy just to see the figures.

Chris Grayling: Okay.

Q146 **Chair:** It would be helpful if we could see the figures Ronnie asked for.

Secretary of State, thank you very much for attending and answering our questions. I have no doubt that we will see you in the future.

Chris Grayling: You are welcome. I suspect that it is not the last time that we will do this. Take care and have a good evening, everyone.