

Transport Committee

Oral evidence: [Railways: Update with the Rail Minister](#), HC 2162

Wednesday 8 May 2019

Ordered by the House of Commons to be published on 8 May 2019.

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Members present: Lilian Greenwood (Chair); Jack Brereton; Ruth Cadbury; Robert Courts; Ronnie Cowan; Steve Double; Huw Merriman; Grahame Morris; Daniel Zeichner.

Questions 1 - 155

Witnesses

[I.](#) Andrew Jones MP, Parliamentary Under-Secretary of State, Department for Transport; and Polly Payne, Director General, Rail Group, Department for Transport.

Examination of witnesses

Witnesses: Andrew Jones MP and Polly Payne.

Q1 **Chair:** Welcome and thank you for coming along today. For our record, perhaps you would like to introduce yourselves.

Andrew Jones: Andrew Jones, MP for Harrogate and Knaresborough and Rail Minister.

Polly Payne: I am Polly Payne, director general for rail in the Department for Transport.

Q2 **Chair:** As you might anticipate, Andrew, we want to begin with issues around rail franchising. This Committee and many others have had long-standing concerns about the operation of the franchise system. I think there is general consensus across the industry that the current system is not operating effectively and needs to change, and obviously recent events in the last few weeks have only exacerbated those concerns. Where do you think the franchise system is failing, and why do you think those problems have arisen?

Andrew Jones: The big picture is that franchising has been a key ingredient in the rail industry's success over the past 25 years, as it has brought a focus on customers, which I do not think was there sufficiently before. It has brought new players into the market, added competitive tension in the franchising process and brought in sources of capital.

The last 10 years have seen over £6 billion-worth of capital privately invested, so I think that has been an ingredient in success. There is no point rehearsing the numbers, as I think we all broadly know what has happened in terms of passenger numbers, numbers of services, and so on. The key challenge for the industry now, or the rail sector, is how we deal with growth.

Q3 **Chair:** I am keen to understand about the system itself rather than the rail industry or the sector—specifically the franchising system.

Andrew Jones: It is about how we deal with growth and how we get ever more capacity out of our tight network. It is appropriate to have a look at how we can build on the success that franchising has been and then take it to the next levels. That is what the Williams review is about.

Where we have seen some problems, I think they have come from overbidding, effectively, over the years. People have thought that passenger or revenue growth would deliver an income of X, it has not been forthcoming and consequently we have seen some franchises fail. I do not accept the idea that franchising has been a total failure. It is appropriate that we think about how we can take it on from here, rather than thinking that it has failed in total.

Q4 **Chair:** One of the issues that is a cause for concern is precisely whether



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it is delivering the competition that you clearly believe has been important in driving up standards and the improvement in services for passengers. Have you been satisfied in recent franchises with the number of competitive bids that have been in place?

Andrew Jones: That is an interesting question. We have had some franchises where we have only had two bids that we were able to take forward, but they have nevertheless proved worthy of award and delivered passenger benefits. The more the merrier, quite frankly.

I know that a significant concern has been about how many companies are involved, but we have seen, I think, an increase in the number of companies that have had a passport to participate in the franchising process.

Polly Payne: The number of passport holders has now reached 15, which is the highest it has been, and we still have continued expressions of interest from other parties who are interested in entering the market.

Q5 **Chair:** Yes, I think many of us would think that the lure of being able to operate the new High Speed 2 is clearly driving interest in the UK rail industry, but there has been a drop-off, hasn't there? As has already been acknowledged by the Minister, in a number of cases the number of final bidders in a competition has been small and some players have left the market altogether. Why do you think the number of bidders has become quite small on some recent competitions? I am thinking about South West Trains, or indeed East Midlands itself, as we have recently seen.

Andrew Jones: East Midlands had three bidders, which is pretty standard. As to the reason, you will have to ask the train operating companies themselves whether or not they want to bid for it. To bid for a franchise is a significant undertaking; it is a complicated thing to bid for. If the system can be simplified, which I hope will be one of the outcomes of the Williams review, I will be supportive of that, but I think that competitive tension in the franchising process has helped to deliver growth, particularly growth in the number of services. We now see more than 4,000 more services a day than before the franchising system started. Franchising has played a helpful role. We just need to make sure that it can grow.

Polly Payne: It might be partly that the franchises have in general been getting slightly larger on average. For instance, GTR was a very large franchise. You would have to ask the TOCs themselves, but I think that probably pushes companies towards going for fewer big bids rather than spreading across a number of smaller bids. That might be why historically it has slightly reduced, but we think the competitive tension is absolutely still there.

Q6 **Chair:** I am presuming that you have done an assessment as a Department about what is causing there to be a reduction in competitive



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tension, and I am interested in your analysis. You said that maybe the franchises are bigger. Obviously, everyone knows that the franchises are hugely complex and there is a significant cost to bidders, and you can sink a lot of cost into a bid and then not win it. Are those the key things that you think are problematic with the current system?

Andrew Jones: Yes, primarily. It is not a question that we should take lightly. The conversations between officials in the Department and train operating companies are pretty critical, because we want to encourage more people to bid, and making it simpler and more cost-efficient for them to bid so that we get that competitive tension has to be a very good thing.

Q7 **Chair:** Clearly, you think competitive tension is very important, and indeed that is the basis on which the franchising system operates. Why has the Department made so many direct awards since 2014? Isn't that evidence that the competitive underpinnings of the system are failing?

Andrew Jones: The Department has made nine contracts for franchise competitions and 16 direct awards since 2012. Why do we make direct awards? It is simply to ensure that there is continuity of passenger services through periods of change. They are often for a shorter period, but that does not, for me, change the underlying reason why competitive tension works. In this industry, as in other industries, it encourages innovation, it drives more price competition—all the various things that we like and see around a competitive market-based economy. We want more of that in rail.

Q8 **Chair:** From a passenger perspective, passengers see the award of a franchise as an opportunity for new investment and often new rolling stock. It is rare that those things happen without there being the award of a new franchise, so does that concern you? In fact, do you know the proportion of rail journeys at the moment that are on services covered by one or more direct awards?

Andrew Jones: I would have to check the numbers.

Polly Payne: In terms of whether or not to do a direct award, we look at it on a case-by-case basis. Some of them are quite short. We are doing one at the moment on Southeastern because the franchise competition has taken slightly longer, and we are doing one on Great Western, because we have a lot of infrastructure coming in. We also have the new Elizabeth Line trains. They are quite an important bit of our tools and it is important to use them.

There has been a lot of change because we are investing so much. When we are investing so much and there is a lot of change, a direct award can be a very good way of getting through a period of uncertainty while we are having a lot of investment in the infrastructure, and then we can build on services on top of that with a franchise at the end of the period. They are used for a number of different reasons, but we look at them on



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a case-by-case basis and do whatever is in the best interests of passengers and taxpayers for that particular—

Q9 Chair: That sounds like a much more mixed approach, or a mixed model, with franchises when everything is smoothly running and there is no major change and direct awards when there are major infrastructure upgrades. We saw the impact of a combination of franchise and infrastructure upgrades going horribly wrong on the intercity east coast. Is that a fair characterisation?

Polly Payne: It is a fair assessment to say that we do whatever is the right thing for the particular franchise at the particular time, and, as you say, where there is a significant amount of infrastructure and change it is more likely that a direct award will be the right solution. That is part of it, but there are other reasons for doing direct awards; it is not black and white.

Q10 Chair: If we look across the network, when was the last time there was a competitive competition for the west coast? I think it would probably be—when—1997?

Polly Payne: There has been a series of direct awards, yes.

Q11 Chair: CrossCountry, I think, was due to be let in 2014 perhaps.

Polly Payne: With CrossCountry, we have a direct award because of the Williams review. As you know, when we announced the Williams review, we had four competitions at different stages in the process. We continued with three because we thought that was the best way to get the benefits for passengers. With CrossCountry, we did not, partly because it was at an early stage and partly because, obviously by its name, it is across the country and we thought it was quite an important one for the beginning of the implementation of Williams, and we wanted to pause and have that at a kind of open place for the Williams review.

Q12 Chair: Why did you decide with East Midlands particularly—obviously there is a huge upgrade of the midland main line taking place—to award that franchise before awaiting the outcome of the Williams review, given what you have described, Polly, as the circumstances in which direct awards might be more appropriate? There you have a big upgrade, with lots of planned changes, and it is already subject to a direct award.

Andrew Jones: It was simply so that we could get the passenger benefits out quicker. It was as simple as that. I said that in the House at the time. The passenger benefits have frequently been new rolling stock, so these are significant moments for the travelling public across the country. We are seeing a huge renewal of our national fleet. I do not think that would have happened if we had not seen competitive tension within franchising.

Q13 Chair: We know there has been a huge roll-out of new fleet, for example, on Great Western Railway, and a huge upgrade, and you seemed to



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believe there that passenger benefits could be delivered better under a direct award rather than a competition. I am struggling to understand why you made that decision in one case but not in another.

Andrew Jones: It is a judgment call about the best way to get the passenger benefits. This should all be customer driven, not process driven. The process is designed to achieve an outcome. The outcome is investment in our railways, with new services, frequently delivered by either refurbished or new rolling stock, so it is a question of how we can get the benefits quicker, with the passenger focus in mind.

Q14 **Huw Merriman:** I do not wish to be parochial, because it is a point more about the franchise process and complexity, but Southeastern as a franchise award has been delayed now for the third time. Why has it been delayed again?

Andrew Jones: It is a hugely complicated franchise. It has a mixture of high-speed services, local services and new infrastructure. It is extremely complex and we are taking the time to get it right. We want to get the franchise awarded but we need to make sure that we get it right. I know there is impatience for it. It has been mentioned in the House by you and others in the area. I have complete respect for that point of view because we are all impatient for benefits for our constituents, but we have to get it right as it is a significant and complex piece of public procurement.

Q15 **Huw Merriman:** Obviously, I absolutely understand that we have to get it right. The reason I asked that is that the process has taken such a long time that one would have thought we would have got it right earlier than where we are right now.

Andrew Jones: I cannot say that we would not. We want it done as quickly as possible, but we are making sure that we have got it right before making the announcements. The assessment is still taking place by officials in the Department.

Q16 **Huw Merriman:** That leads me away from the parochial point to the main point I want to make. Is it the case that franchising has become so complex that bidders will either not bid, meaning it is not competitive, or it becomes such a complex legal difficulty to actually award, because what used to be one size in terms of documentation contract is actually now a bigger size? It has become too unwieldy either for parties to bid or for the Department to make a decision and award a franchise? Is that the reason why we are seeing more direct awards?

Andrew Jones: We have seen increasing complexity, and you are right that the documentation is significant. I do not think that is the case, though. We have had three bidders for the Southeastern franchise, just as we had three bidders for East Midlands.

Q17 **Huw Merriman:** Are there still three bidders—three parties in the process?



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Andrew Jones: The only thing we can say as a result of East Midlands, to be fair to Stagecoach, is that they submitted a non-compliant bid for East Midlands and they applied for the Southeastern franchise. We have told Stagecoach that they submitted a non-compliant bid so they would not be taken forward on that franchise. They are not in the consideration any longer.

- Q18 **Huw Merriman:** Another question is on management contracts. We have one of those, GTR, and that franchise will be out to tender again, shortly I would have thought. Is it likely that it will again be a management contract because the risks are too high, or do you anticipate the more usual process in terms of franchises, where the risk and reward actually stay with the train operator?

Andrew Jones: I anticipate that being post Williams, so we do not know yet. The expectations of and the interest in the Williams review show the real appetite for the industry, but how the review will suggest we structure the industry going forward, we do not know yet.

Huw Merriman: Thank you.

- Q19 **Jack Brereton:** I want to ask a bit further about CrossCountry, which has already been mentioned. As has been suggested, this is another direct award. Do you think it will facilitate improvements on the line, or do you think it will restrict the improvements that we want to see?

Andrew Jones: We are seeing improvements. It is a very complicated franchise; it is almost like an open access franchise in some respects because they operate outside a standard geography. In parts of that network, they are a commuter service and in parts of it they provide long distance point to point, so it is a function of different uses of our railway. Parts of it are absolutely rammed as well in terms of capacity, particularly in the midlands section in fact.

It is a franchise where we need to get more capacity overall to meet customer demand. I do not think the business model will necessarily preclude growth or investment, so, from the point of view of a customer, they should look at it as an industry or as a franchise that has been a success but which we need now to take to the next level. Again, how we do that will be post Williams.

- Q20 **Jack Brereton:** As you suggested, services are severely overcrowded on many parts of that network. Do you think that will delay improvements to rolling stock on those routes?

Andrew Jones: We have had a shortage of rolling stock in the country. We have a number of routes across the UK where we have capacity challenges, and we have had a long-term lack of rolling stock. That is being corrected pretty fast right now, so we will see new fleets.

- Q21 **Jack Brereton:** Particularly on CrossCountry, because it is a direct award, how is that going to facilitate increasing and improving rolling



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stock on CrossCountry?

Andrew Jones: The point is that new rolling stock might become available to be cascaded into other franchises, so, as the rolling stock becomes available, I would expect to see the price of it fall and some market opportunities arise as a result. There is work under way looking at how we can get more capacity into the CrossCountry franchise to meet the demand that is there.

Q22 **Jack Brereton:** You mentioned open access, and there is a sort of uneasy fit of CrossCountry within the franchising model. Do you think it would be better that it was not a franchised service and that those services were let as open access?

Andrew Jones: That is a very interesting question. I had not thought of it in that way before. I could see some merit in that approach. Open access has provided competitive tension and picked up areas of opportunity that were outside the franchising process. People have demonstrated that there is a market to be created, so I think open access has been a success. Whether or not we can build on that, I will be interested to see. Entrepreneurs entering, creating routes and developing markets sounds to me like a very positive thing. It happens in all other sectors and we think it is a great thing, so we should be encouraging it in rail too.

Let us see how the Williams review goes on that one. It is a major review of the industry, and I would expect a customer-oriented review. Mr Williams says he will focus everything on a customer-centred service. I think that could present opportunities for open access, most definitely.

Q23 **Jack Brereton:** Post Williams, you would potentially see more open access operators on the network.

Andrew Jones: It could be where he goes with this. We do not know where he will go with it. I will be quite happy to see that, should it be one of the recommendations.

Q24 **Chair:** One of the problems you highlighted earlier with the franchising system is overbidding. In our report into the East Coast franchise collapse, we said that we would continue to monitor any franchises that looked likely to default on their contracts, which perhaps might be as a result of overbidding. Looking across the piece, how many franchises currently have a financial performance that is worse than was predicted at the start of the franchise? Where are the ones that are causing you concern?

Andrew Jones: That would be, in some cases, market-sensitive information, so I cannot share it. There is a system for monitoring franchise performance, including financials, in the Department, but it is not something that is made public.

Q25 **Chair:** You cannot even tell me how many franchises are a cause for



concern.

Andrew Jones: No.

Chair: Okay.

Q26 **Daniel Zeichner:** Can I follow up on that? Could you tell us whether any are a cause for concern?

Andrew Jones: I am not commenting on the financial viability of market-listed companies, even in a broad sense, because it is market-sensitive information. All I can tell you is that we have a process for monitoring. That process is effective. Conversations take place on a monthly basis between officials in the Department and train operating companies. These are matters of confidentiality. Even suggesting that we could be dealing with publicly listed companies that are in some kind of difficulty, which is what you are basically asking me to do, would be setting a bunch of hares running for everybody to think, "Is it that one, that one or that one?" I am not commenting on it at all, but I can tell you that we have a system in place that is working and that we will continue to use.

Polly Payne: It is worth saying that should any other franchises get into difficulty, as East Coast did, in the same way as we did with East Coast, we have a system with PCS—parent company support—to protect taxpayers and passengers. We have OLR—operator of last resort—which can be mobilised as well, so we would put that system in place should it be needed. To reassure the Committee, should there be any franchises that were in difficulty, we would protect passengers and taxpayers as we did with East Coast.

Andrew Jones: That is a very good point.

Q27 **Chair:** Minister, you said that you had effective processes for monitoring performance of franchises, including their financials. How do you know it is effective?

Andrew Jones: As somebody who has come from a commercial background, I am fairly used to dealing with any kind of commercial question, and so too are the officials in the Department. We have a system that looks at the longer-term trends, assesses—projecting into the future—passenger figures, and there are regular reports that come up to Ministers and are reviewed in the Department. It looks to me like a system that is operating effectively.

Polly Payne: If it would help, I can set out a bit more detail about what we do. We get regular financial information as part of our contractual requirements from all our franchises. That comes into the Department and is analysed. We also have our economic analysis, which does a kind of overarching look across the sector as a whole, looking at the demand forecast and so on. They come up with an analysis. We then cross-reference them and if we have any areas of concern we do a more



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detailed deep dive; we get in external technical advisers to do that, including accountants, and they talk to the auditors.

There is quite a triangulated and multi-layered analysis. We do not just look at one set of numbers. We cross-check and look across the industry and at particular franchises.

Q28 Chair: If a franchise appears to be failing to meet its financial expectations and you do all that analysis, what do you do if it does not start to improve? What are you doing to manage the situation or the risk of it collapsing?

Polly Payne: We have discussions with the train operating company about their plans for revenue and for yield, which we do anyway, but we would emphasise those discussions. They would obviously be concerned about the situation. We would talk to them about the parent company support draw-down and actively monitor that. We would also, if we began to get seriously concerned, start to mobilise the operator of last resort and they would do further deep dives into the information and make sure that, were there to be any transfer, as with East Coast, it would be seamless.

Q29 Chair: Do you expect to use the operator of last resort? Is it in a state of readiness?

Polly Payne: Yes, it is in a state of readiness.

Andrew Jones: It always has to be.

Polly Payne: It always has to be in a state of readiness, yes.

Q30 Chair: Are you expecting it to be used?

Andrew Jones: That is the same question we have already had, but with cunning rewording.

Q31 Chair: Okay. Let me turn to the East Midlands franchise specifically. In response to earlier questions, you talked about the importance of competition. We know from previous answers in the House that, in the end, because bidders were disqualified—Stagecoach and Arriva—there was only one eligible bidder, and we know there are only two eligible bidders for both Southeastern and west coast. How can taxpayers and passengers on East Midlands be confident that they are going to get the benefits of a competitive process when, effectively, the award went to the only bidder left standing?

Andrew Jones: The franchise was won by the best bid, and that best bid was not the last man standing. They won competitively, having delivered and exceeded against the requirements of the ITT. Basically, I am afraid I disagree with the premise of the question. It was won in a fair and square way.

Q32 Chair: Let's step back slightly. Stagecoach was disqualified from the



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competition. Can you confirm that?

Andrew Jones: Yes.

Q33 **Chair:** Was Arriva disqualified from the East Midlands franchise competition?

Andrew Jones: We have never given any feedback publicly. I was asked this in the House and will give the same answer as I have given at the Dispatch Box: the losing bidders can make any kind of public comment if they wish to. We have never done that; I do not do that. What we can say is that Abellio won the competition; they were the successful bidder.

Q34 **Chair:** Minister, it is a straightforward question: was the Arriva bid compliant or was Arriva disqualified?

Andrew Jones: Yes, I know it was a straightforward question, and I am giving you a straightforward answer.

Q35 **Chair:** You are not answering the question.

Andrew Jones: You are right. I am telling you that we are not—

Q36 **Chair:** You are telling me that, even though the Department has previously said that it was a non-compliant bid, you are refusing to confirm that today.

Andrew Jones: I am saying that we do not give running commentaries on people who have lost their bids and have been unsuccessful in a franchise competition. I understand the question, but we have not given that, and I am not going to do that.

Q37 **Chair:** I am not asking for reasons. I am asking simply, was it a compliant bid, because my understanding from a previous response from the Department for Transport was that it was not compliant in relation to pensions?

Andrew Jones: As I said, we are not going to comment upon it. Arriva have not commented upon it, and I am not commenting upon it.

Chair: Okay.

Andrew Jones: Abellio won by submitting the strongest bid for both passengers and taxpayers in a full and fair competitive procurement process.

Polly Payne: Thinking about competitive tension, because your question said that there was arguably only one bidder, Abellio throughout the process would not have known about any non-compliance or disqualification. From their point of view, until the moment they bid, while they were doing the entire process, they would have been aware of three different bidders in the process. That would have kept the competitive tension.

Q38 **Chair:** I am looking at an article in the rail journal. It said: "Arriva chose



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to propose significant changes to the commercial terms for the East Midlands contract, leading to a bid which proposed a significantly different deal to the one on offer,' the DfT told IRJ in an emailed statement. 'The result is that they are responsible for their own disqualification from the competition in line with the terms of the published ITT.'" Are you suggesting that that DfT emailed statement was incorrect?

Andrew Jones: I am telling you what I have already told you, which is that we are not commenting on the reasons why losing bidders lose.

Q39 **Chair:** Minister, how can passengers in the east midlands, or indeed their representatives, feel confident that the best bid won when we know that two of the three bids were disqualified for being non-compliant?

Andrew Jones: They will know that they are getting an enhanced service, with more services, new rolling stock, and refurbished rolling stock. They will see the benefits that have come from this process. The mechanics of the process are, quite frankly, something for the Department to work through, but the passenger benefits are the critical part of the entire question. This is a process designed to achieve passenger benefits and there will be passenger benefits.

Q40 **Chair:** What about the taxpayer? Is the taxpayer getting the best value for money, given the reasons? Understandably, we have seen Stagecoach's analysis of the situation; everyone knows that Arriva is up for sale and perhaps that explains why they have been less willing to make public pronouncements on the matter. How do taxpayers know that they are getting good value for money when, in effect, there was no competition because there was only one compliant bid?

Andrew Jones: There was competition, because the bidders have no knowledge of the other bids. As far as any bidder is concerned, this is a live, competitive three-way process, so there is competitive tension all the way through.

Q41 **Chair:** But the Department had three bids, with different offers in them presumably, and two of those bids were excluded from the process because they were non-compliant. How are you going to demonstrate that the winning bid was the best one in terms of either passengers or taxpayers when we know that the other two bids were not compliant? The fact that they all thought they were putting in the best bid is irrelevant. The Department did not have three bids to look at and compare, did they? They only had one in the end.

Andrew Jones: Abellio won as the best bid, for both passengers and taxpayers, with a full and fair competitive procurement process. Abellio will oversee the introduction of brand-new trains, replacing the intercity fleet, and we will see more services and a modern express fleet between Corby and London, so I do not accept that this is a competition that has failed. It is a competition that will see investment from Abellio delivering passenger benefits. Abellio at no point would have had any knowledge, in



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constructing their bid, about the bids from other companies. It was not a notional exercise; it was a live bid.

- Q42 **Chair:** But as a passenger on East Midlands I do not know whether the level of investment proposed by Stagecoach or Arriva was higher. I do not know as a taxpayer whether the premium payments promised by Abellio are higher or lower than those promised by Stagecoach or Arriva, and you do not seem willing to tell us.

Andrew Jones: I can tell you that Abellio won with the strongest bid across all the categories irrespective of the disqualification of Stagecoach. I have said that in the House already.

- Q43 **Chair:** How can you demonstrate that?

Andrew Jones: The bids themselves are not public documents; the feedback goes to the train operating companies rather than to the public. The public will see it through the brand-new trains, through the increased services and through the improved Delay Repay compensation, through all the initiatives that will come in and benefit the travelling public.

- Q44 **Chair:** But they will not be able to see what the alternative suggestions were from the other train operators, to make a decision about whether they think that those would have been better. I understand you saying that you do not normally release the information given to the unsuccessful bidders, but, if those unsuccessful bidders gave their permission, would you be prepared to publish a comparison between the three bids?

Andrew Jones: That would be a different question. No, I do not think we would. We would need to work that one through. We have not given running commentaries on bids. I do not think it is particularly fair to do that.

On the question of whether we would publish any comparison data, no, I doubt we would do that. The bidders can say what they like; they are private businesses and can make all sorts of comments.

- Q45 **Chair:** We know that the standstill period was extended because of concerns raised by Stagecoach, both in relation to their disqualification on the basis of the pensions issue and in relation to the leak of their bid to another bidder. That standstill period is due to end at midnight tonight, as I understand it. Will the franchise be confirmed today, tomorrow morning, whichever way?

Andrew Jones: It is our intention that the standstill period will come to an end and then we can fully get on with the mobilisation from Abellio for their taking the franchise in August, yes.

- Q46 **Chair:** Is it still your expectation that the standstill period will end at midnight tonight?

Andrew Jones: Yes, it is.



Chair: We want to touch on accessibility issues.

Q47 **Ruth Cadbury:** In terms of the franchising process, there is a commitment that every train will be accessible by 2020. How is the franchising system helping that, or is it?

Andrew Jones: There is indeed the expectation, and it is a very important point. We want the franchises to deliver for every member of the travelling public, and each franchise has to deliver a disabled people's protection policy. It is mandatory; it is enforced by the regulator. The regulator is reviewing its guidance on that.

We know that there is what is called the PRM—persons of reduced mobility—deadline coming at the end of this year. We know that the industry continues to work to meet that deadline. Around 12,000 vehicles in service already meet that deadline, 88% of the fleet, which leaves around 1,500 vehicles. Refurbishment programmes are under way, or they will be coming out of service and replaced with new vehicles. There is significant fleet churn. We are in the middle of that and it has been coming through, and perhaps we will see it most spectacularly next week when we see the Azuma train launch on the east coast main line. We are seeing fleet renewal and fleet refurbishment of scale across our network, so it is about 12,000 done, 1,500 to go, and refurbishment plans under way.

Q48 **Ruth Cadbury:** Accessibility is a core part of the franchising expectation, but we have already heard that there are several areas where we have roll-over or they are not subject to tender. How is accessibility being driven by Government in those areas?

Andrew Jones: We expect train operators to ensure that their trains meet modern accessibility standards. That is part of the law, so we expect them to fulfil it. Those are their obligations to us.

Q49 **Ruth Cadbury:** There is a particular issue around wheelchair users getting on and off trains. In my area—it cannot be unique—our platforms are accessible, with level access, and some have lifts and bridges, so getting on and off the platform is not a problem. Currently, we have a second staff member on trains so that the ramp is usable. There are concerns that we could go backwards in areas like that if a second staff member is not guaranteed. Can we be assured that we will continue to have a second staff member to assist wheelchair users on and off trains in stations that are unstaffed?

Andrew Jones: There is no departmental policy for driver-only operation on our trains.

Q50 **Ruth Cadbury:** Is it a requirement that they not be DOO?

Andrew Jones: No, I don't think we have made it a requirement. I would need to check that, but, ultimately, we want to make sure that passengers can travel whether they need extra assistance or not. That is



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why we have the Passenger Assist app and the inclusive transport strategy. We fully recognise that there is work to do, with a Victorian infrastructure that was built at a time when nobody paid much attention to such matters, and we are retrofitting through the Access for All programme, basically, step-free or lift access to the stations.

Q51 Ruth Cadbury: I appreciate that. It is about getting on and off trains where the station is accessible.

Andrew Jones: Right. At the moment, passengers can book all that through the Passenger Assist service, but we need to improve that; we want to make it easier. There is no plan to remove people from trains.

Q52 Ruth Cadbury: There is no plan to.

Andrew Jones: No.

Q53 Ruth Cadbury: Where we have the second person, people do not need to book in advance; they can get to the platform, but they need to be assured that every train will have assistance to get them into and out of the train. Will that be guaranteed? Will that existing ability be retained?

Polly Payne: At the moment, there are not second people on every single train and there are not people at every station. Since privatisation, the number of staff, both on trains and at station platforms, has increased, and we expect that increase to continue. For instance, in the recent East Midlands franchise, there will be extra staff at nine stations, so we are constantly trying to improve that, in addition, as you say, to the Access for All funding we give, so for CP6 there is £300 million.

In addition, we are trying to make the actual vehicles more user-friendly for people with disability, so that is why we have the PRM requirement for the end of this year. We also have Passenger Assist. It is a combination of different factors.

Q54 Ruth Cadbury: I am trying to retain an existing right on the service in my constituency, and I am concerned that I am not getting a guarantee that it will not be lost. We have accessible stations. We do not expect them to be staffed, because they are suburban stations, and we have a second person on every train. We are concerned that that could get lost. It is providing the current level of accessibility.

Andrew Jones: We have no plan to remove second people from trains. It is just not the policy of the Department.

Q55 Ruth Cadbury: But it is not a policy to insist on a second person on the train.

Andrew Jones: We insist that the franchises, the train operating companies, run trains safely, efficiently, effectively, and consider the needs of customers, including those who have any kind of accessibility requirement. That is done in a variety of different ways, as Polly was saying.



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Ultimately, the objective is met in a number of different ways. Some of it is to do with personnel, some with information and some of it is to do with the training that goes out to the teams, but we have no plan to take people off trains. There are some circumstances where, if somebody has not turned up for work, the train operating company could have the dilemma—I recognise that this is a bit notional—of whether to run a service without a second person or leave people standing, in which case it might be wiser to run the service, but that is not desirable. If somebody is taken ill on the way to work, obviously that is not desirable either. There is no intention to do that.

Polly Payne: It is worth saying that the disabled persons protection policy—each train operating company has to have one—is approved by the ORR. The ORR at the moment is looking at the guidance for those policies, and what it does and does not approve. It is going to publish that this summer, so that is a live review and worth feeding into. The RDG is doing a drop-in event in Parliament on 19 June where the train operating companies can answer questions about the individual franchises, but I would recommend focusing on that DPPP guidance review, which is where they will be looking at a kind of overarching guidance for what should be provided.

Q56 **Ruth Cadbury:** Could I pick up on the staffing issue? We often have announcements that trains are cancelled because of lack of train drivers. Is there a minimum level of staffing rostered in case of illness and non-arrival of staff, whether they be drivers or a second person? Do you expect a minimum level of staffing, or a minimum level of cancellations for staffing reasons?

Andrew Jones: I expect train operating companies to run the services they are obliged to run. They do what it says on the tin, and in the train operating companies that is the timetable, and I expect them to run it. They therefore must ensure that they have the staff to do so. That is their job and they should, therefore, build in some flexibility as and when they need to do that.

Chair: I am going to move on. Grahame, you wanted to come in.

Q57 **Grahame Morris:** Briefly, I am quite excited about the Azuma trains as well, but—

Andrew Jones: They will head up to your part of the world, or our part of the world, I should perhaps say.

Q58 **Grahame Morris:** The feed-in part to that are the ancient Pacer trains, on the misery line from Seaham to Newcastle, standing all the way, so I am also looking forward to the Pacers being phased out. Unfortunately, I do not think we are getting new trains; we are getting reconditioned trains, but they must be an improvement on what we have.

On the point about staffing, Minister, I noted your answers about the aspiration that we will have a fully accessible railway by January 2020. I



understand that your colleague Nusrat Ghani has overall responsibility for transport accessibility. How closely are you working with her? To follow Ruth's point, which I think is completely valid, in my area all the stations are unstaffed, and it is arguable just how accessible they are. Often I help people with pushchairs and people with disabilities on to the train, but being able to turn up, which is what we all want, and get on to a train is extraordinarily difficult, and my fear is that the move towards driver-only operated trains is going to exacerbate the situation.

I was very reassured in your answer, Minister, when you said it was not the Department's intention to make that a condition, but the Equalities and Human Rights Commission have said they are concerned about Government policy. They said that "the impact of ongoing transport policies remains a concern, in particular the move to driver only operated (DOO) trains...the increased likelihood of there being no second member of staff on board to assist passengers, and a decrease in staffed stations could represent a diminution of protection"—existing protections—"for disabled people, and potentially be a breach of the Equality Act 2010." It is not just the Committee or individual members of the Committee who are concerned about this. The Equalities and Human Rights Commission are as well. What steps can you take or what comments can you make to reassure them that that is not likely to happen?

Andrew Jones: There are a few points. I am aware that the Equalities and Human Rights Commission have written to the Committee. I have not seen the letter. I would be very happy to have sight of it, but as a general point I would obviously consider their advice.

You asked about a number of points. I emphasise again that there is no policy to have driver-only operated trains. That was one of the premises in your remarks. It is not the case. You talked about fewer stations being manned, but more stations are being manned. The number of people who are working at the train operating companies has been going up, not down. I looked at some data as part of a workforce planning session some weeks ago and I think there are now 60,000 people who work in train operating companies, and it was 50,000 about 10 years ago, so it is going up and not down.

Q59 **Grahame Morris:** The number of passengers has increased quite dramatically as well in that period.

Andrew Jones: That is also a complete truth. I work very closely with Nus. We have an advisory body in the Department called DPTAC, run by a gentleman called Keith Richards. I am meeting Keith shortly. I have met Keith on a variety of transport issues over a number of years, and I meet Nus regularly as well. The next meeting is in fact directly after this one. This is something I am very sighted on, and extremely concerned about; it is something I was involved in before Parliament and that has continued, and I get an opportunity now to do something about it as Rail Minister. I am extremely pleased and happy to do it, so I hope that the



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concerns that you and the EHRC have expressed to the Committee can be assuaged, and we can deal with that.

Q60 Huw Merriman: I want to approach it from a different angle because I think 35% of all the cost of rail goes on labour. My concern is that, if DOO is available, I would have thought the Department should be promoting it, and the technical question I would have in terms of Ruth and Grahame's point is, technically, why is it that the driver cannot assist people off the train? Why does it have to be a conductor?

Andrew Jones: That is interesting. The technology obviously exists, because we have it on things like tube trains, and we have even had non-driver trains in the UK for quite some time. We have the docklands light railway, for example, which is 30 years old, or something like that.

Q61 Grahame Morris: That is worse, because there is no one to help the passengers.

Andrew Jones: That is absolutely right. There is nobody there.

Chair: Isn't there a guard on the docklands light railway who opens the door?

Q62 Huw Merriman: Occasionally, but there does not need to be, and it has been running for years. That is my point. Passengers are paying more and more in fares. Often, they are paying staff who get wage increases much greater than the passengers who are paying for them. There are opportunities to create efficiencies. Okay, we still help someone off the train, but if the driver is stopping the train and controlling the doors, why is it beyond the wit of man that the driver cannot also be the person who assists people off the train? Is it the case that that does not happen because there is a rulebook that says drivers do not do this and that's it? That is my point, and maybe it comes to the Williams report: when are we going to tackle the Spanish practice that is the rail industry?

Andrew Jones: There will almost certainly be constraints around job descriptions. I think we can move towards more driver-controlled operation of the doors, which is to be encouraged, particularly as we are seeing longer trains and we have curved platforms, Visibility is difficult if you are dealing with a 10 or 12-car train, so we should be using technology to help. That technology is CCTV above the doors along all the platforms. I have followed through that sort of line of thinking by going to cabs on trains in operation and watched it happen. The CCTV is high quality, and it is odd that you would not use technology to assist an important function.

One of the key functions, though, is running the timetable, where you have very little slack; dwell time at stations is important to run a timetable effectively. Having a second person to help people on and off helps with that. It does not have to be someone disabled, just someone who has heavy luggage; there could be any reason. Customers like to see



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a second person on the train. It helps with the feeling of security on the train. It enhances customer service.

I see your point. Can you use technology to remove people from the operation of the service and save money? That decision for services like DLR has been made. I want to see more passengers on the railways and more people serving them. I do not think I quite agree with you, but I get your basic point about using efficiency, yes, and clearly that is right.

Chair: I am going to move on if that is okay. I want to return in a short while to the issue of pensions and how that has impacted on the operation of franchises. However, we are going to move on to look at infrastructure, investment and timetabling issues.

- Q63 **Robert Courts:** Minister, I would like to clear up, if I may, some of the transparency issues arising from the rail network enhancements pipeline. The Government said that they will make staged decisions to progress enhancements through that five-stage pipeline, and that Network Rail will continue to provide public updates on the progress of enhancements in the portfolio through the publication of the enhancements delivery plan. That sounds rather like no information will be provided until a decision to deliver is made, which is the fourth stage of the pipeline. Can you tell us at what stage of the pipeline you will be revealing what rail improvements the Department is considering?

Andrew Jones: There are a few points. We need a managed approach to the rail enhancements. Rail enhancement has been an area where, quite frankly, we have seen huge problems in the industry over many years and we have published what is going to happen, but they have not happened because of overruns of time and money. Some of the plans that have been published have been more notional than actual. This is about how we make the plans deliverable and believable. As the various projects progress through their development stages, there is a greater level of assurance before they go through that scheme.

- Q64 **Robert Courts:** I understand the concept behind it and I understand what you are trying to achieve with the pipeline—I understand that background—but we have a five-stage publication, and what the Government have said suggests that no information will be given until Network Rail are at the point of delivery, which is stage 4 of 5. Is that right?

Andrew Jones: No.

- Q65 **Robert Courts:** When will the Government be providing information on it?

Andrew Jones: You will see that Network Rail, for example, published their latest enhancements delivery plan yesterday. That deals with about half of the—

- Q66 **Robert Courts:** Is that stage 1 of the pipeline?



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Andrew Jones: No, that is live projects. It is about half of the budget already covered. We have not yet published anything about the pipeline. I am not sure exactly what form that will take. Ministers have undertaken to publish. We will make sure that people are kept informed about it, but I do not think I can give you an immediate date for when or how we will be making that public.

Q67 **Robert Courts:** I am not asking for a date, just a stage in the pipeline. It is a five-stage pipeline—determine, develop, design, deliver, deploy. What Network Rail said suggests that they will provide public updates through the publication of the enhancements delivery plan, which suggests that, once the enhancements have been decided on, the delivery plan is the point at which information will be given, which sounds as if it is stage 4. Is that correct?

Andrew Jones: It is for Network Rail; it is not for everything else. There is a further thing. We are talking about slightly different things. The delivery plan that you are talking about was published yesterday.

Robert Courts: Yes.

Andrew Jones: It was a very low-key publication, part of a regular cycle of publications. We will have a further method for keeping Members and the industry informed of projects as they go through the various stages. I am not sure exactly what that will be, but it is separate from what you are talking about.

Q68 **Robert Courts:** I see, so the enhancements delivery plan, essentially, if I understand correctly, seeds the pipeline.

Andrew Jones: The delivery plan is at the end of a pipeline. It is when a project has gone through the stages.

Robert Courts: All right.

Andrew Jones: These will be live projects that are currently in delivery on our network. That is what Network Rail has published. To get to that stage, we have the rail network enhancements pipeline; that is the development stage.

Q69 **Robert Courts:** That is the development stage.

Andrew Jones: Yes. For that element, we have not yet finalised exactly how the information will be shared, but we have undertaken to share it.

Polly Payne: It is possibly more helpful to think of it as a funnel rather than a pipeline, in that a pipeline implies that everything starts here and moves along in an orderly fashion. It is more like a funnel. We think at the first stage, the determining stage, about the outputs and outcomes that we would like to buy for the railway for passengers. At that point, we do not really know how much the different ones are going to cost and have not really thought through any detailed plans, so we think through what we might wish to achieve.



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We then go into the develop stage, where we start refining our thinking about how much different things could cost, how you might achieve them and how they work with other things that are happening. Then you go into the detailed design phase. Then a decision gets taken, and we have something that is costed and we know how we are going to deliver it. That is when you get into the deliver stage and when it gets published in the Network Rail enhancement delivery plan.

Q70 Robert Courts: Okay. Let us look at it in a slightly different way. I am interested in understanding the transparency process, and more of the information about which particular projects are being looked at. There are 10 market-led proposals that are being looked at, aren't there?

Andrew Jones: Yes.

Q71 Robert Courts: Are there any from the Department?

Andrew Jones: That is slightly different from the enhancements. The market-led proposals are a separate policy. Do you want me to explain, because we are on two different things?

Robert Courts: Yes, please do.

Andrew Jones: There are proposals that the Government are working up that are being delivered. We are investing in the railways; it is about £10.4 billion-worth of enhancements in CP6. We are only one month into CP6. That—

Q72 Robert Courts: Forgive me, but on those Government ones, is that the 10 market-led ones or something else?

Andrew Jones: No. These are completely separate things. We have gone out to the market and said, "Right, we have our own plans. These are very ambitious, but why don't we look at bringing more capital, more creativity, more capacity into our network in addition to Government plans, separate to Government plans?" It is an extra, an "and" not an "or". There are a number of market-led proposals. I have met many of the—

Q73 Robert Courts: That is the 10, isn't it?

Andrew Jones: Yes. In fact, I think we had more than that and there has been a bit of a sift. A key parameter was that the market-led proposals would not impact on Government spending, because we have an existing budget. These are stand-alone projects. Not all of them have been stand-alone projects, so they have perhaps not met the criteria for the market-led process, but if we can bring in more capital, more capacity, more creativity, and perhaps speed of delivery, that is great; I am up for that. That is what the market-led proposals are about.

Q74 Robert Courts: There are 10 market-led proposals. How many Department proposals are there?



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Andrew Jones: A significant number. Those are separate matters altogether.

Q75 **Robert Courts:** I follow that, but how many?

Andrew Jones: I have not even counted. It is a huge number, and that is just the ones that are being delivered. The document published yesterday by Network Rail is a list, effectively, of various live projects.

Q76 **Robert Courts:** What are we talking about—100, 200?

Polly Payne: It is 10 to 15.

Andrew Jones: I have the document here.

Polly Payne: It depends on how you chunk them up. A lot of them are programmes with a lot of individual projects.

Q77 **Robert Courts:** Understood. We roughly have 10 market-led and between 10 and 15 Department-led. That is a broad understanding.

Polly Payne: They are very different orders of magnitude.

Q78 **Robert Courts:** Yes, I understand that exactly.

Polly Payne: One of those 10 of the Government ones is something that is £3 billion-worth.

Andrew Jones: Quite.

Q79 **Robert Courts:** Can you tell us how many of those proposals are at each stage of the pipeline—the five-stage pipeline?

Andrew Jones: No. We have not sorted out how we will publish all that information just yet. We will do that. It is a live project, so we will be able to share that in due course, but we have not got to how we will do it yet.

Polly Payne: It is important to clarify that, when I said 10 to 15, those are 10 to 15 in the enhancement delivery plan, which, by definition, are in the delivery phase. That is one phase in the funnel.

Andrew Jones: They are live.

Q80 **Robert Courts:** Stage 4.

Polly Payne: The fourth stage, yes.

Andrew Jones: Those are live projects—work in progress now on our railways.

Q81 **Chair:** I am sorry to interrupt, Robert, but are they enhancements, effectively, that were delayed from CP5 and make up the £9 billion-worth enhancements in CP6?

Andrew Jones: Not exclusively, but there has been some hangover clearly. It is called the Hendy tail, and you have been aware of that, I



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know, but we are also dealing with some new projects. The biggest is the trans-Pennine rail upgrade.

Robert Courts: It sounds as if the enhancements are—

Q82 **Chair:** Sorry, Robert. That was in CP5 and is now being developed—yes?

Andrew Jones: It was in CP5 and is now in CP6, yes.

Q83 **Robert Courts:** It sounds as if enhancements are something that are in progress and therefore are at stage 4, by definition, because something is being delivered, but other projects are ones that you are engaging with, which will obviously be at an earlier stage in the process.

Andrew Jones: Correct. Those are separate from the market-led proposals, which are extra and are of some significant interest, running parallel to that process.

Q84 **Robert Courts:** I have understood that, and they will be earlier in the process as well.

Andrew Jones: Yes. Some of them are more advanced than others. I have met all the scheme promoters, I think, and some of them are very advanced, some less so. They are very diverse, and it would be fair to say that some of the projects are of huge scale.

Q85 **Ruth Cadbury:** On the market-led ones, are you setting timetables for some of them? I am thinking about the Southern rail access to Heathrow. Is there a timetable for that? Are you likely to set time targets for that, or any others?

Polly Payne: We set a timescale for the proposals coming into Government and us assessing them, so in March we set some guidance and asked for proposals by July. We then assessed them.

Q86 **Ruth Cadbury:** And the delivery?

Polly Payne: The delivery of the proposals is market-led, so that is up to the market. For each proposal, the Government are supporting the deliverer of the proposal, but it is up to the deliverer of the proposal, since they are market-led, to set a timetable that they think is possible.

Q87 **Ruth Cadbury:** Or even whether they go ahead at all.

Polly Payne: Or whether they go ahead, yes.

Q88 **Robert Courts:** When do you think you might be able to update us on that?

Andrew Jones: These are still ideas coming through. The scheme sponsors have asked for confidentiality, which I think is entirely reasonable because this is, or could be, competitive, so we have given that undertaking. I hope we will be able to make some progress over the course of the next few months, but I cannot be more specific than that. I



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have been excited by what we have seen, and I hope we can get some schemes moving forward.

- Q89 **Robert Courts:** That is dealing with the market-led ones, which of course, as you say, may be competitive, so in the next few months you may be able to give us some more information.

Andrew Jones: Yes.

- Q90 **Robert Courts:** I am interested in the transparency. When can you tell us what projects you are considering and what progress has been made on them? That is what I am looking for.

Andrew Jones: Okay. Each of these proposals is covered by commercial confidentiality commitments, so I cannot give you details of individual projects, but, as things progress, they will automatically become live pieces of work and then we will be able to keep—

- Q91 **Robert Courts:** What about departmental projects?

Andrew Jones: Departmental projects, the ones in delivery, are part of the standard publication of Network Rail. For the ones going through the development process, we have said that we will keep people posted. We are just not quite sure exactly in what form or how we will do that yet.

Robert Courts: Thank you.

Chair: Jack, did you specifically want to come in on that point?

- Q92 **Jack Brereton:** Yes. Do you think there is an effective route for operators to feed into projects and ensure that the projects that would improve parts of the network they operate would see those enhancements coming forward?

Andrew Jones: Are you thinking of the train operating companies?

Jack Brereton: Yes.

Andrew Jones: That can certainly be part of their bids. We are encouraging significantly greater collaboration between the train operating companies and Network Rail. There is also greater collaboration between the Department—

- Q93 **Jack Brereton:** Do you think there is a good level or a great level of co-operation now?

Andrew Jones: I think it could improve.

- Q94 **Jack Brereton:** In terms of getting more investment into the railways, how do you think we can encourage more private investment in the maintenance of the railways, because that has not been very successful, has it?

Andrew Jones: We have seen investment through the franchising process, but it has tended to be much more in the rolling stock area.



Q95 **Jack Brereton:** Operation.

Andrew Jones: Yes, rather than anything else. I would be interested to find a mechanism. We have not done that well with this, I think, for the country as a whole over quite a long time. We have had various attempts to bring private capital into Government, private finance, PF2 and so on. Those have very large bills, and I know that we have a number of very exercised colleagues. The mechanism might be something the Williams review will be considering. I view this as an interesting opportunity to expand what we are doing. The Government's investment is huge. The £48 billion budget for CP6 is greater than any other investment ever.

Q96 **Jack Brereton:** But it is all public investment.

Andrew Jones: It is all public. If we could find more—

Q97 **Jack Brereton:** Do you think the current structures for how the railway is set up in this country deter private investment?

Andrew Jones: No. I think it is a bit more nuanced than that, in the sense that we have seen private investment in one part of the industry; we have not seen it quite so much in the others. We have seen more—

Q98 **Jack Brereton:** Why haven't we seen it in the others?

Andrew Jones: We have seen it in some areas, for instance around development of stations where it is perhaps easier to see property companies working to take the opportunity of highly connected, sustainable transport links that are very attractive for business and residential.

We have not got there. We might get there yet. I am not sure exactly how we can do it. We could do it through something like putting whole projects out to tender, such as East West Rail, for example, so I will be up for that conversation because it will simply enable us to do more, quicker.

Chair: I am going to return to Robert, because I am conscious that time is ticking away.

Q99 **Robert Courts:** Can I ask about decarbonisation? There have been a couple of comments recently that could do with a bit of explanation. The rail industry decarbonisation taskforce said that electrification is the best way to remove all diesel trains by 2040, and the Rail Industry Association said, intriguingly, that electrification can be delivered for up to 50% cheaper than the cost of some projects; the Great Western electrification programme is a good example of those and is, of course, one that matters to people in my neck of the woods.

Andrew Jones: I am aware of that.

Q100 **Robert Courts:** Of course. Have the Government reconsidered their position on electrification in the light of those two reports and those two comments?



Andrew Jones: Electrification is clearly a part of planning, and I do not think it has ever not been a part of the plan. Are we reconsidering it? Yes, on a case-by-case basis it will always be considered where it is delivering passenger benefits and is affordable. It has caused significant problems—we have to recognise that—in the sense of cost overruns and significant passenger disruption, but it is clearly also a part of how we can improve our network and decarbonise it.

Q101 **Robert Courts:** You can see the point I am driving at, Minister.

Andrew Jones: I can.

Q102 **Robert Courts:** They seem to be saying that the Great Western difficulties that we have seen, and you quite rightly allude to, are something that, intriguingly, might be a one-off problem and that, going forward, the cost overruns could be something we may not see, and therefore we can drive forward a further, faster programme.

Andrew Jones: That would be lovely. I completely recognise that a steady delivery of infrastructure spending will enable the industry to achieve efficiencies, and those efficiencies can be passed on to taxpayers. That applies not just in electrification but in other parts of the rail industry and in other parts of transport. Where we see costs come down, of course we have those conversations. I have met the Rail Industry Association and I have read their report. I am very encouraged that, if we can take cost out, we can deliver more benefits, because the budget has not changed. If we can do more for less, that is great, so I am up for that, but it is not the answer to every single question. It has to be taken on a case-by-case basis, but it clearly has been and will be part of what the future of the railways looks like.

Q103 **Robert Courts:** What about limits to electrification? The same taskforce has expressed the view that, looking to 2040, there is unlikely to be at least a practical alternative to electric or diesel traction for certain types of journeys—high-speed intercity and heavy long-range freight being two obvious examples. Is that a conclusion you would agree with?

Andrew Jones: Electrification and electric running will be a part of the mix, but it will not deliver every single solution. The idea that we could electrify the whole network is, I think, something that would cause giant levels of disruption and cost the sort of money, which, even with a £48 billion record-breaking budget, would be for the birds.

Q104 **Robert Courts:** Forgive me. I think I may have misled you slightly, Minister. I said alternatives to electric or diesel traction are unlikely to be found by 2040 for things like high-speed intercity services and heavy freight.

Andrew Jones: We have seen technology develop pretty fast, and we are seeing bi-mode trains in operation and in development, so I expect to see more opportunities actually. I am excited by the prospect of things like a hydrogen bi-mode, which I am aware is in use in other countries.



Q105 **Robert Courts:** You feel that is a possibility by 2040, even for things like heavy freight and high-speed intercity.

Andrew Jones: I am no engineer, but I am very excited by the prospect. I will be asking the engineers for it. The thought that we will have a hydrogen-fuelled train operating in the east midlands as part of the next franchise was one of the most exciting parts of it.

Do I think we need to decarbonise our country? Yes. Should transport be playing a part in that? Absolutely; transport is a key part of emissions. A key point is that rail is already intrinsically one of the better modes of transport for carbon, and is clearly going to be part of improving air quality in our cities. Can rail do more? Absolutely.

We have set an ambition to remove all diesel-only trains from our network by 2040, so we are working with the industry and with the decarbonisation taskforce. In fact, another meeting I am having later today is with the leader of that taskforce to see what progress can be made, but we are already making progress. I thought it might be of interest to the Committee, so I checked the latest data.

Carbon dioxide emissions per rail passenger fell in 2017-18 from the previous year by 6.9%. That trend has been continuing for a number of years, so I think we are seeing good progress, but we have an enormous amount more to do and other modes of traction are clearly going to be part of the future—battery bi-modes, hydrogen bi-modes and electrification; we even have a potential solar project. That is just on the rolling stock. We can get more excited again when we look at potentially zero-carbon stations. This is a very exciting agenda, part of a bigger, clean growth initiative. As technology is coming into play, we should be running at it, not running away from it.

Robert Courts: Great, thank you.

Q106 **Daniel Zeichner:** Making better use of the existing infrastructure through things like digital signalling is clearly important. The other evening, I was very disappointed to hear the Government Minister in the House of Lords rule out digital signalling in the east of England through to CP7. It could be transformational for places like Stansted airport and would have a knock-on effect on the aviation sector. Are you just waiting for market-led proposals to deal with some of these issues? Why isn't the Department taking a lead to try to pull forward investment to do some of those things?

Andrew Jones: Digital signalling is a key method of tackling the big problem, mentioned at the very opening of the session, of how to get more capacity out of our finite network. Given that it is expensive to build lines, and very controversial if you are on the line of the route anyway, we have to look at other means of getting capacity. It could be longer trains—we are seeing plenty of those—but digital signalling is a key part of the future. The Government are taking a lead on that. It is part of



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what we are doing. I cannot comment, because I have not read the House of Lords transcript, but I will now obviously have to do that. I view digital signalling as a part of the future.

Q107 **Daniel Zeichner:** But you are not specifically going out trying to find people to bring it together to make it happen. It would not necessarily even have to end up costing the Government anything at all because of the advantages that could come from it.

Andrew Jones: If market-led proposals on digital signalling come forward, my door will be very open, and we have sent that message.

Q108 **Daniel Zeichner:** My point is that it is the wrong way around.

Andrew Jones: Not necessarily.

Q109 **Daniel Zeichner:** You need to lead.

Andrew Jones: We have sent that signal very clearly. We are already looking at our own existing programme for upgrading signalling. If we can do extras on top of that, which you have talked about if market proposals come forward, I would be very happy, so I think it is both, which is the point I made to Robert: it is an "and" not an "or".

Q110 **Chair:** Do members of the Committee have further questions on infrastructure, investment-type issues? I want to return to pensions, but I am conscious that people may want to ask about other issues in relation to infrastructure investment. We might pick up the issues around timetabling.

Andrew Jones: Timetabling next?

Q111 **Chair:** Yes. Obviously, this time last year in May 2018—

Andrew Jones: My goodness, yes.

Chair: Timetable changes, as you know, caused unprecedented chaos for thousands of rail passengers. Minister, are all the outstanding issues from last May resolved? Have the lessons been learned? Has all the compensation been paid to passengers?

Andrew Jones: It is quite clear that the timetable change of 2018 was a complete problem, but I have to say that with a bit of nuance. It was not absolutely everywhere, but in certain parts of the country the rail network ground to a halt for a period, and passengers were very significantly disrupted. There was a failure of process within the industry, and that has led to a significant number of changes. We obviously had the Glaister report. Have we accepted the Glaister report and changed procedures? Yes, the industry really has done so. The key thing has been the recognition that there is a long period of planning required before a timetable change—a 40-week countdown—and it has to be rigidly adhered to.



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Corners were cut, or it was felt that you could slip into week 12 something that should have taken place in week 36. I am making the numbers up, but you can see where I am coming from.

Chair: Yes.

Andrew Jones: People thought it was bit more malleable than it is, and it clearly is not, so we have an established time plan, and that is measured and monitored through a cross-industry programme management office, which sits within Network Rail but is a proper cross-industry collaborative piece of work. The procedures have changed. I was not Minister then, but I obviously was aware of it and I think lessons have been learned.

We have had one timetable change since last May, which was in December. I recognise that it was a much smaller change in terms of ambition, but it went well.

Q112 **Chair:** How many changes are taking place next week, and what are the risks? How confident are you that things will go smoothly?

Andrew Jones: There are about 40,000 small changes to the timetable, which is quite significant, but we will also see 1,000 extra services a week added from 19 May, so those are real positives, in that they will deliver benefits for passengers.

Q113 **Chair:** It will certainly be positive if it all goes smoothly.

Andrew Jones: That is a fair caveat.

Q114 **Chair:** But we have been there before.

Andrew Jones: That is clearly fair.

Q115 **Chair:** What are the risks? Where is the potential for it not to go smoothly? What is your assessment?

Andrew Jones: We have de-risked, because part of the problem in 2018 were rather optimistic assumptions in two areas. Apart from the malleability of the countdown process, there were assumptions that new rolling stock would be available and it was not, and that infrastructure enhancements would be completed and they were not. That was not flagged up early enough, so we have de-risked future timetable changes; only things that are absolutely nailed and guaranteed will be part of the timetable process. That has been a requirement the industry set themselves, but it has been part of the programme management office's work and we can therefore, I think, feel more assured.

I have met the programme management head in Network Rail and have raised the issue of timetable planning with each of the train operating companies, as has the Secretary of State. We have asked for assurances from the train operating companies that their planning has been complete and that they will deliver the timetable changes without passenger disruption. The last thing anybody needs is a repeat of last May, when



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there were such significant problems and we had CANX on departure boards all over the country.

I am feeling confident, but this is a big piece of work, and because of that we are constantly challenging them, kicking the tyres, or whatever the phrase may be: "Have we got this right? Have you done this?" In areas where we have seen problems in the past, such as the Northern franchise, which is where I represent and was a problem last year, we have asked for a further review of their work: how have they got on? That is being carried out by an industry expert, Richard George. It has reviewed things like workforce training, depot management—all the various nitty-gritty parts of running a rail industry, such that, interestingly, schedules in and out of depots reach Ministers' desks.

Q116 Chair: You are confident that those things are in place for next week. It sounds like you have put work in place to make that happen.

Andrew Jones: That work was not put in place by me, although I have done some putting in place. Much of it was put in place by the industry in response to Glaister and the clear problems that arose last year, which everybody knows was a complete disaster. We have had some significant operational and behavioural changes. It has been de-risked and there has been significant ministerial attention, with all elements of the industry, to make sure that this lands properly. It is a big deal. I recognise that when things change, and when you start doing something for the first time, you get a few hiccups, but we have worked very hard as an industry, with scrutiny from Ministers and the Department, to make sure that this lands well.

Q117 Chair: Are there identified areas of risk where you think there is potential for things not to go as smoothly, or are you satisfied, whether it is the availability of rolling stock, completion of engineering works or mobilising staff, that there are no particular areas of concern?

Andrew Jones: I have been asking those questions. There are questions around certain depots. The programme management office has an issue report; they monitor each of those and we see, in terms of updates, how they are progressing.

Polly Payne: If it would be helpful, the latest update we got at official level from the programme management office yesterday looked at the risk and it has narrowed it down to 10 very local risks, which I think is very good news. There are no overarching risks that they have identified. All those 10 have mitigations in place, and they are down to things such as a particular station that does not serve many people and may not be quite ready. They have plans in place to use another station, 500 metres away. It is at that kind of level. There is an issue with a particular depot at Neville Hill, near Leeds, where there may be some teething problems. I think the reason for mentioning that is that they have got to the point where the risks they are worried about are local and small and have mitigations.



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Andrew Jones: Yes. There was a meeting yesterday that I would have attended, but I was doing the UQ in the House, so I did not attend. It is fair to say that, with significant changes to procedure, and significant attention from the industry, the Department and Ministers, there are no indications of risks that would result in significant disruption.

Q118 **Ruth Cadbury:** Will the automated claims systems be in place for this new change, or will we have to wait until new franchises come in?

Andrew Jones: Let's hope we do not get to that point. I am aware that we have been rolling out DR15, Delay Repay 15, which, for colleagues, means you will get 25% of your fare back if the service is delayed by 15 to 30 minutes. Above 30 minutes, other levels of compensation are available. That is not everywhere in our network yet, but it will be a part of all new franchises. We have been able to go back and, effectively, revisit some, so it was launched on Great Western on 1 April and on Greater Anglia last month.

As to the method of claiming and processing, we are seeking to get individual operators to do that smoothly. They do not know who all their customers are, although they will know where it is a season ticket, so the customers have to take some responsibility to claim. We are looking at how easy it is for passengers to claim, and we want it down to one click—easy, simple processing, done in a timely way.

Q119 **Chair:** Do you include Delay Repay 15 in direct awards?

Andrew Jones: I don't know the answer to that.

Q120 **Chair:** You made reference to Great Western, which is a direct award, so it has been included there. Is it your view that when a new direct award is made it should include Delay Repay 15?

Andrew Jones: We have made the decision that it will be included in all future franchises. I cannot see why it would not be a part of the direct awards. The whole point is that it is part of good customer service. I have to say that I do not want them to have to operate such systems—I want the trains to run on time; but there will be occasions when things happen that are beyond a passenger's control and, therefore, they should get some compensation for it.

When I went up to Norwich and Ipswich to launch the Greater Anglia DR15, on the Monday morning there had been a track-side fire to the north of Liverpool Street that had disrupted passengers. It was not the passengers' fault that there had been delays, and they could now get compensation. That was the system working as it should.

Q121 **Chair:** We support the extension of Delay Repay 15 as soon as possible.

Andrew Jones: But let's try to make sure that we do not have the reasons why they have to pay delay in the first place.

Chair: I am sure we all want that. We are going to Jack quickly, then we



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will return to Daniel, who wants to raise an issue about east coast, and then I want to return finally to the issue of pensions.

Q122 Jack Brereton: One of the starkest things I took from our inquiry into timetabling was the lack of clear decision making and accountability; nobody was effectively in charge of decision-making structures and nobody was taking responsibility. Do you think those decision-making and structural issues in how the timetabling is operating, and how those decisions were made, have now been resolved effectively?

Andrew Jones: Yes. This is with the PMO and the PMO head—the programme management office. Because it is a network, there are consequential changes. If you make one change, there are comparable changes elsewhere. The train operating companies have to operate with the system operator, Network Rail. This is a cross-industry piece of work and we have industry leadership through that organisation, so, yes, I think the problem has been identified correctly and addressed.

Q123 Daniel Zeichner: Taking you back to last year when the problems arose on the east coast franchise, when the Secretary of State was here, he was talking about the east coast partnership. We are quite a long way on. Could you tell us a little bit about what you think that is going to look like and the timeframe for how it might unfold, because time is passing?

Andrew Jones: I am aware of the challenges following the franchise change. The east coast partnership is quite a complex piece of work because there are, I think, nine different operators on that line and we have Network Rail, so this is effectively bringing them together. Effectively, what is happening is that the east coast partnership is a piece of work running in parallel to Williams and will ultimately feed into Williams, because there will be a period of implementation post the Williams review publication. It is a method of bringing the different groups together, effectively, to own and run, and take more responsibility, for their own futures, but I cannot give you much more beyond that.

Polly Payne: We set up the east coast partnership board, chaired by Tony Poulter, who is a non-executive director at the Department for Transport. They have been doing lots of work and are looking at different structures for how you might create the east coast partnership. As the Minister says, that is part of what we would see as the post-Williams implementation, and, depending on the bigger picture for Williams, exactly what you do for the east coast partnership would fall out of that, because it would have to be coherent with the wider picture.

Q124 Daniel Zeichner: We had expert witnesses at the time who warned that this was probably one of the most difficult areas of the network in which to try to introduce such an idea. They were probably right, weren't they? It is complicated and difficult, and has possibly been slightly overtaken by the Williams review.



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Polly Payne: I think at the time we agreed that it was complicated and difficult. You almost want your test case to be difficult, because if it works there it will work anywhere, whatever it ends up being. I do not think it is so much that it has been overtaken by Williams. It is more that we want it to fit coherently with the rest of Williams.

Q125 **Daniel Zeichner:** Minister, you say that you cannot give us a time. Are we talking about a year, two years or five years before you do an invitation to tender? What is your best estimate?

Andrew Jones: On the east coast, we cannot say that. We need to wait for the Williams review. In terms of timing for the review, we should be seeing publication from Keith in the summer time, with a White Paper in the autumn. That would result in a period of implementation that could easily be over a year from now.

The key thing, though, is that we stabilise, because that franchise has had a number of ups and downs; we have had a few failures on it. It is a critical national piece of infrastructure and it needs to run smoothly, effectively and with high capacity. We have the operator of last resort running it now. We have a £600 million investment programme on the line itself. We have the new rolling stock arriving and starting public service next Wednesday, with a launch event the previous day.

As to how we structure its governance in the future, we are a little bit post Williams, but there is an evolutionary process that has already started. Getting more people involved in running their own railways, and taking ownership of their future in a devolved way, is how we will see the industry go in the future.

Q126 **Daniel Zeichner:** We are almost a year on from that. Is LNER currently generating a profit for the taxpayer? Can you tell us?

Polly Payne: Yes.

Andrew Jones: Yes.

Q127 **Daniel Zeichner:** It is, which is good. If that is the case, almost inevitably people on my side of the House would say, "Isn't that a rather good case for extending that model across the wider network?"

Andrew Jones: Which model are we talking about? The operator of last resort?

Q128 **Daniel Zeichner:** No, a model where it is directly run—publicly owned essentially.

Andrew Jones: Should the railways be renationalised?

Q129 **Daniel Zeichner:** No. On the basis that this one is succeeding, why not adopt the same model elsewhere and spare ourselves the pain of all these complicated franchise agreements?



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Andrew Jones: Because we would then be missing out on a variety of other things, such as the various franchise benefits we talked about earlier in this session, where we have seen a change, with a more private sector-led focus on the customer, the arrival of a greater sense of enterprise in the industry and the £6 billion-plus of private investment that has come in to deliver improved rolling stock. I understand the arguments that are being made, but I do not agree with them, because I think they will be throwing away much of the significant benefit that has been achieved over the past 25 years since the privatisation of the industry.

Q130 **Daniel Zeichner:** Tempting though it is to pursue the argument, I know the Chair wants to get on to another example of fragmentation in the industry.

Andrew Jones: Are we going to talk about pensions?

Q131 **Chair:** Yes. I would like to talk about pensions because that has clearly become a very big focus, particularly around the two recent franchise competitions. How big is the funding gap in the railway pension scheme? What is the plan to fill it, and how much of the liability is going to fall on taxpayers and how much on train operating companies and their employees?

Andrew Jones: I know that the Secretary of State has written to both you and Frank Field detailing the answers to your questions. The railway pension scheme is a private pension scheme. The pensions regulator has expressed some concerns that there might be a funding gap, but, ultimately, the train operating companies are responsible for their sections of the pension scheme. That has been the case since they were started, and we should view it as a positive thing that the regulator is seeking to ensure that we have well-funded pension schemes for those who are working in our industry to retire with security in later life.

Q132 **Chair:** Do you know how much of the liability currently sits with the taxpayer, given that parts of the rail industry are run in the public sector, including LNER?

Polly Payne: Under the 2004 Pensions Act, we are not supposed to discuss information that has been shared with us from the pensions regulator about the possible size of any deficit. That is something that the pensions regulator is responsible for, and the trustees of the pension. The trustees make an evaluation and the pension regulator also looks at it, and they are in discussion, but we should not comment on the size of the deficit or where it falls.

Q133 **Chair:** There is real concern around some of the train operating companies that taking on responsibility for pension liabilities to meet the funding gap, which it is clear potentially would lead to very significant increases in employer contributions and potentially significant increases in employee contributions, potentially, it seems, threatens the future of private sector involvement in the running of train services. Is that



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something that causes you concern?

Andrew Jones: We have had bids for franchises that are compliant, recognising that that includes pension responsibilities. We have seen compliant bids come through from different organisations, including UK-listed companies, because I know there is one accusation that we could only get a bid from a state-backed company. That has not been the case. Should it be a concern that it jeopardises franchising? There is no evidence of that so far, because we can see compliant bids. Should the industry take this very seriously? Yes, they should, because pensions are a key part of any workforce's remuneration, any package, and we want more people to work on our railways. The remuneration is not just your salary; it is your salary and all the other things that go with it.

Q134 **Chair:** Coming back to the question about the operation of the competitive system, which you have already set out you think is really important, I recognise that there have been some compliant bids, but experienced bidders such as Stagecoach and Arriva, who have been in the franchising business for over 20 years, made inappropriate bids in two of the recent franchise competitions, which appear to be related to pensions. They believed that there was too great a liability to be placed on the private operator, or in fact that it would be too expensive to price in that risk. Does that not cause you concern?

Andrew Jones: If train companies come in and say that the whole process cannot operate because of various outside factors, that would of course be a concern, but that has not been the case. We have had compliant bids. Stagecoach have made their comments, which I have obviously read in the newspapers. We are still in the standstill period on this one, but I have seen what they said. They had some reservations about it and chose to submit a non-compliant bid.

Q135 **Chair:** Obviously, it is very difficult to ask you questions about the successful bid because you do not seem very willing to share that information, but there seem to me two possibilities. If Stagecoach are right and they were saying, "We are not prepared to take on this risk because we think it could be such a significant amount of money that it would knock the franchise over," or they would have to price in that high level of risk and therefore, presumably, it would not be good value for the taxpayer, what are the repercussions? What if Stagecoach are right and it is too high a risk to take, and Abellio are wrong and there is a huge amount of money to be found from the franchise by the employer, the employees or both? What do you think the repercussions could be if the pensions regulator comes back and says you need a huge increase to fill the liability gap?

Polly Payne: To reassure ourselves on that point, we had some independent financial work done by an independent financial adviser who looked at what the repercussions could be and the financial impact on the franchises should realistic worst-case scenarios crystallise. That reassured us that even in that kind of worst-case scenario the franchise should



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remain whole. Should it not remain whole, because there are many other uncertainties, we would rely on the PCS, which is part of the franchise in the normal way, and we would have the normal procedures. We very much do not think we will be in that place, but that is how we would protect ourselves in an absolute worst case.

Q136 **Chair:** Does it concern you that two major owning groups, who must have also made assessments and had access to expertise, have come to a different conclusion?

Polly Payne: It is a commercial decision for them. We have had 20-plus years of franchising where those risks have been taken, in slightly different circumstances, arguably, but we have actually increased the risk share from Government to acknowledge that, and we have had more bidders prepared to take those risks than not. We are always cautious civil servants looking for, and making sure that we have plans for, worst-case outcomes, but we are not unduly concerned at the moment.

Q137 **Chair:** When you say more bidders are prepared to take the risks than not, on the East Midlands franchise, as we understand it, of the three bidders, two were not prepared to take the risk. Only one was prepared to take the risk.

Polly Payne: I was talking across the three competitions that have the same risk-share mechanism in them and have been done reasonably concurrently. If you look across the whole of franchising, those risks have been taken by all the train operating companies for decades.

Q138 **Chair:** But because of the state of play and the latest assessment by the pensions regulator, it sounds as though there is growing concern about meeting the liabilities in the scheme.

Polly Payne: That is why we put in this risk share for the first time, which is a risk share for the outcome of the triennial valuation in 2019.

Andrew Jones: That is new in the two still outstanding, and the one recently awarded franchise. Historically, the train operating companies have been fully liable for their share of pensions contributions and for the risk of the contributions changing during their term. That has not changed, but, because of this concern, we have brought in a risk-sharing mechanism, which is a new feature in these three franchises and would relate to a future valuation, and the 2019 valuation—the next valuation—of the pension scheme, and would see some risk-sharing potential dependent upon that valuation.

Q139 **Chair:** Does that mean that the taxpayer is taking on a greater amount of the risk?

Andrew Jones: The taxpayer has taken on some risk from that, which is new in the whole industry. I have read things in the press that said the Government have refused to stand by their historical liabilities. The historical liabilities have always rested with the train operating



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companies, and actually what has happened is that we have gone the other way and the Government have taken on some risk-sharing in these three franchise bid processes.

Q140 Chair: Is there any further work that you are doing in the light of the fact that two major operating groups did not submit compliant bids for the East Midlands franchise, given that the issue around pension liability clearly is a huge concern in the industry?

Polly Payne: We were doing work anyway because, as you will be aware, the pensions regulator asked the trustees and the train operating companies to work together, which they are doing under the RDG, to look at the situation more widely. As part of that, RDG has come up with a wider framework. We were doing work with RDG, which we have been doing for some time, on how to come up with a solution that works for everybody in the future. We were doing work anyway.

Q141 Chair: Is that work with RDG continuing?

Polly Payne: Yes, it is.

Q142 Chair: When do you expect it to come to fruition?

Polly Payne: It is a complicated process with lots of players. What we hope to end up with is a solution that the pensions regulator is happy with, the train operating companies, under RDG, are happy with, we the Government are happy with and the trustees are happy with. We the Government are probably the minor player. We have been working together for some time and will carry on. It is a process that is determined by all those players, not just by the Government.

Q143 Chair: Do you have any concerns that if there are large increases required on the part of employees it could damage industrial relations?

Andrew Jones: That is a bit of a hypothetical. I think everybody in the country knows that pensions are an important part of their future, but they are also something requiring contributions from both employee and employer. We have had an industry where industrial relations have been quite problematic. We are in a period where we do not have any people on strike at the moment and I hope we do not get into that place, but industrial relations in the industry overall have been a problem.

Q144 Chair: The liability in the pension scheme is not a particular concern for you; the impact on employees is not something you are particularly concerned about, to be fair, whether it leads to industrial concerns or not.

Polly Payne: In an unusual arrangement, the unions are represented as part of the pension trustee, so they will be fully part of any discussions. That is an interesting part of it.

Q145 Chair: Does the latest assessment of the rail pension scheme and the potential funding gap affect Network Rail?



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Polly Payne: Network Rail has a chapter under the scheme. This particular discussion has focused on the TOC chapters. Network Rail, the trustees and the pensions regulator have not focused on that at the moment, but there will be implications.

Andrew Jones: The rail pension scheme has many different elements, which are reflected. I think there are over 100 different elements, of which Network Rail is one, but the area that is a consideration or a problem has been the TOCs. That is where the regulator is looking at the moment.

Q146 **Chair:** Is that where the underfunding part is, or is the underfunding across the scheme? Is the pain equally shared? I am afraid I do not know the detail myself.

Andrew Jones: As regards concerns about valuation, as Polly said earlier, we have been asked not to say anything by the pensions regulator, under whichever Act it was, so that is not a question I can really go further on.

Q147 **Chair:** Before I check with other colleagues whether they have further questions, I have one quick follow-up on a comment you made yesterday in the East Midlands franchise urgent question, which, unfortunately, I was not able to attend.

Andrew Jones: It did not last long; not many were in.

Q148 **Chair:** It comes back to the question of PRM compliance. You said in response to the question, "I am extremely keen that all our train operating companies should have trains that are PRM compliant by the end of the year," and we all agree with that, and, "That is the expectation that we have of them." Can I check? What is the consequence of a train operating company failing to meet PRM compliance?

Andrew Jones: There are a few potential consequences. I do not think anybody is disagreeing that it is a key priority, and that we need the most accessible network we can deliver, but it is possible that some train operating companies may not have everything ready. If there is rolling stock coming into service, sometimes it can be late, so it is possible that a train operating company could seek a dispensation to run non-compliant stock longer. We have had no requests for that to happen, but it is imaginable. What happens next is that we would seek to work with the train operating company to get the delivery of PRM compliance as quickly as possible. That is an important part of running a modern railway, and it is why we are asking the regulator to take more action on DPPP enforcement.

Q149 **Chair:** Do you think it is acceptable, given that there has been a 20-year lead-in to the deadline of 31 December, for there to be a situation where compliant rolling stock is not available across the network? Do you think that is reasonable?



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Andrew Jones: With the amount of money involved and the amount of time, I want everywhere to get to be compliant, and, as we said earlier, we have around 12,000 compliant vehicles with a further 1,500 or so non-compliant. Each train operating company has plans to make them compliant, either with new fleets or with refurbishment. We have had no requests for dispensations. We are asked more than anything else about Pacer trains in the north, and there are plans for the removal of all of those. Grahame talked about cascaded stock. Actually, I have some cascaded rolling stock in my area. It is great; don't worry about it.

Q150 **Chair:** I am sure you know that passengers on East Midlands are very concerned about the HSTs, which still have slam doors, do not have passenger information systems on board and do not have accessible toilets.

Andrew Jones: I am aware of that, and I am aware that 12 trains in the current East Midlands fleet would, I think, be potentially non-compliant by the end of the year, and that is something obviously we will be working with Abellio to deal with.

Q151 **Chair:** If a train operating company needs a dispensation, when would you expect them to need to contact you, notify you or request such a dispensation? What would your deadline be?

Andrew Jones: I do not know when that would be, but I know, because I asked and checked, that we have not had any requests so far. I would expect them to be working flat out to meet the requirements rather than, with seven months to go, suggesting that they would not be meeting them.

Q152 **Chair:** Presumably, in terms of the successful—

Andrew Jones: There is a timescale.

Q153 **Chair:** Where you have a successful bid for a franchise, presumably you have satisfied yourself that Abellio in this case, if we are talking about East Midlands, has a sufficient plan in place to ensure that HSTs that are non-compliant will be either refurbished or replaced by the end of this year.

Andrew Jones: We are still not out of the standstill period yet on East Midlands and the leading bidder rolling stock contracts have not therefore been signed, so the precise details of rolling stock solutions would be commercially sensitive. I hope it will be the end of the standstill period today, as we said earlier, but I can definitely say that I am aware that, of the high-speed fleet, 70% is compliant. I am aware that 12 trains would therefore be outstanding in East Midlands, and we are taking the issue very seriously and want all to be compliant.

Q154 **Chair:** I am presuming that a bid could not win if it did not have in place within its plans to ensure there was no PRM non-compliant stock.



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Andrew Jones: There are a number of different short-term alternatives for those 12 trains being developed, but that will be commercially sensitive until we have everything in place. I know they are working on this.

Q155 **Chair:** I am not sure that I am clear about your answer. Is it possible that you could make a franchise award to a bidder who did not have plans in place to ensure the removal of all non-compliant stock by the end of this year?

Andrew Jones: We would need to see plans. I have not seen the bid detail on that point, but we would know that there were 12 trains outstanding, and that alternative solutions, short-term plans, were being developed to deal with those 12 trains.

Chair: We look forward to hearing what those are at the end of the standstill period. I am not sure I am filled with confidence.

Colleagues, do you have any further questions?

Daniel Zeichner: I do, but not for today.

Chair: In which case, thank you both for attending today. That concludes our session.