

Transport Committee

Oral evidence: [Departmental policy and performance: Update with the Secretary of State](#),
HC 2161

Wednesday 17 July 2019

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[Watch the meeting](#)

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

Questions 1 - 113

Witness

[I](#): Rt Hon Chris Grayling MP, Secretary of State, Department for Transport.



Examination of witness

Witness: Rt Hon Chris Grayling MP.

Q1 **Chair:** Secretary of State, you are very welcome to lose your jacket on such a warm day. For the benefit of our recording, would you like to introduce yourself?

Chris Grayling: I am Chris Grayling, and I am Secretary of State for Transport.

Q2 **Chair:** It is that point in the summer where, when we were all at school, we would have our end of term report, so I suppose that is a bit what today is.

Chris Grayling: That's absolutely fine.

Q3 **Chair:** It is an opportunity to look at the Department's performance and for you to reflect on your own performance. Maybe it is apt, because I think this week you reached the milestone of being Secretary of State for Transport for three years. What would you say had been your biggest challenges in those three years?

Chris Grayling: The biggest challenge by far was the problem on the railways last year, which came very much against all the assurances given by the industry and left passengers having a very difficult summer. That has had to be turned around. I hope and believe, certainly in one of the two areas—GTR—that the performance is now very good. There are issues still around Great Northern, but on the other parts of the GTR network I have heard parliamentary colleagues saying that they and their constituents are much happier than they were.

With Northern, there is still work to do. The challenge around Northern is that, fundamentally, the infrastructure in the north is not up to handling the needs of a modern commuter railway. That is what it needs to be and must be. While we are putting in place the biggest rolling stock change in the north for a very long time, with more seats and more capacity, there is still a lot of work to do on the infrastructure. That is why the trans-Pennine upgrade is so important, and why the improvements on the east coast main line are so important.

Sadly, you cannot wave a wand and deliver those things overnight. There is a lot of work to do to get the northern rail infrastructure into the condition that it needs to be for the future. There are things we have done: the upgraded lines between Manchester and Liverpool, and between Blackpool and Manchester, are good steps forward, but that is part of a rolling programme of improvement, which will take some years to complete.

Q4 **Chair:** Do you think that rolling programme is sufficient? Our colleague, Graham Stringer, is not here at the moment, but he has expressed a great deal of concern about the pinch point in central Manchester, particularly at Manchester Piccadilly, where it is the very strong view of many people that it needs the two extra platforms. I know that is a



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hugely expensive and complex piece of work. What is your view? Is that going to be done?

Chris Grayling: It is interesting. We are having a meeting tomorrow with the leadership in Manchester about that very issue. Clearly, there needs to be a solution to the problem. The challenge around the Castlefield corridor is that it will cost the best part of £1 billion and will only unlock a small amount of extra capacity. The question is whether that is actually the right way to solve the problem. There is going to have to be substantial expenditure on that corridor. There is a big sum of money—several hundred million pounds—set aside to spend on upgrades around that corridor in control period 6, which has just started. We have to deliver the best improvements we can as quickly as possible.

The other challenge is that it is not just about building two extra platforms; it is about rebuilding a significant chunk of that corridor. The disruption for central Manchester while that happens is enormous. What we are trying to do is to shape a real strategy to go forward and solve the problem. One of the things we are looking at is whether we can take any of the existing capacity out and put it on tram-train. Can we reconfigure timetables to make the flow of trains through there better? Should we put in longer trains? Fortunately, the new rolling stock is longer already, but in the Castlefield corridor there is a huge mix of different rolling stock going through.

On the Thameslink route, there are big long trains that are all identical stopping at the same place, which is much easier to manage. The dwell times at Piccadilly on the two platforms at the side are much longer than they are on most commuter railways. That is because there is often unsuitable rolling stock, but that is changing. Freight trains come through the middle, which is a challenge in its own right.

I am very seized of the need to do something. Nobody has yet come forward with a simple, quick and achievable plan to start to make a difference. Richard George, who did the work on Northern, is doing a piece of work for the Department to look at which things we can do quickly to ease the pressures, whether it is changing the rolling stock or reconfiguring the timetable. Money is going to have to be spent on that corridor in large amounts, and it is there to spend.

Q5 **Chair:** You have obviously got into the detail and understanding of what is holding the railway back in that area. You must be frustrated by the fact that Northern is still not delivering. Have you considered taking that franchise away from the current operator? Do you think that they are doing their part of the job and that they do not bear responsibility for the current state of services?

Chris Grayling: They have not done as well as they should have done, but their performance is not the only issue around that network. As you will be aware, the problems of Northern were not caused by failings in the train company; they were caused by problems to the electrification, which became apparent only at the very last minute.



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Q6 Chair: But the difference that you highlighted earlier was between GTR, where performance has improved, and Northern, where it is still definitely sub-par.

Chris Grayling: I hope that the new trains will make a difference. They are starting, and they are out on the network. Yesterday, I saw a picture of the first one operating in and out of Windermere, for example. The special train has been ordered for that line, as an intermediate solution before the battery electric hybrids arrive in about three years' time.

As you know from the situation on the east coast, I will not resile from taking away a franchise if it is the right thing to do, and if I have the contractual basis for doing so. We are watching, and will continue to watch very carefully, Northern's performance in all respects, and I expect them to deliver on what they have committed to deliver. It has not been good enough up to now, although it is a lot better than it was last year, and there is still a way to go, and I hope the new trains will make a significant difference. You should not underestimate the Department's determination to make sure that franchise works. If Northern cannot deliver, of course we would look at all options.

Q7 Chair: In trying to look at the lessons to be learned from the rail timetable debacle, does it still feel as if the Department is the right place to manage those sorts of decisions? Should more have been devolved to the north? There is a huge appetite in the north for them to have control over some of those decisions.

Chris Grayling: The thing is that in the Northern franchise they already do; it is already a jointly controlled franchise.

Q8 Chair: To what extent are they making those decisions? We have all heard the metro mayors calling in the media for the franchise to be taken away from Arriva Northern.

Chris Grayling: All of us have to operate within the contractual nature of the franchise. As you know from the east coast, I will not resile from removing a franchise if either the performance or other aspects of the franchise fall below the contractual requirement. At the same time, the mechanism does not allow you to walk in and say, "Sorry, guys, you're out." There are processes and monitoring, and actually you have to give people a chance. Most recently, a slight delay to the arrival of the new trains was caused by CAF delivering a coupling between the carriages that was not suited to the twisty nature of the northern rail network, and they have had to modify that, which has delayed things by a few weeks. That is not Northern's fault, and it is very frustrating that it has happened.

Q9 Chair: I don't think anyone wants them to be held to account for things that are not within their control.

Chris Grayling: In terms of the controls, is the Department the right place to take all decisions? I think no. I completely support what Keith Williams said yesterday about the need for Government to do less and for there to be more of a central co-ordinating point for the network. One of



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the reasons why we had the problems last year is that accountability is too fragmented; and one of the reasons I set up the Williams review is that I believe that accountability is too fragmented, and that is why we had the problems last year.

I do not think that the Department should be the place where a lot of these things are done, and the Department should do much less in rail than it does at the moment. It is in an odd halfway house where it is not in charge but it is not not in charge either, so things fall between the cracks. It is like Network Rail, which is in charge but not in charge, so things fall between the cracks. There are too many places in the way the industry is structured at the moment for things to fall between the cracks, and that is what happened last year.

Q10 Chair: In the last three years, there have been some difficult times, and you have highlighted some of them already. What has been your biggest success as Secretary of State for Transport. What is the thing you are most proud of?

Chris Grayling: The thing I am most proud of is the progress we have made on the third runway at Heathrow. I believe it is strategically vital for the country. We have finally got it to a point way beyond anywhere it has been for 50 years. There has been a substantial parliamentary vote and a huge amount of work done so far.

There were bound to be legal challenges. In the first round of legal challenges we won on every count, which is a great tribute to all the team at the Department who worked exhaustively to make sure that we covered all bases. There is still a way to go. Heathrow will have to go through the DCO process, and there will undoubtedly be some appeals to the cases that are there. I have believed for a long time that this is a vitally important project for the United Kingdom, and we have got it much further down the road than it has ever been before.

Q11 Chair: Are you as confident as you were when you appeared in front of this Committee that it can be delivered without a rise in airport landing charges, without the danger of worsening, or not improving, air quality in that part of west London, and without impacting the Government's commitments on climate change?

Chris Grayling: I believe that. Let me deal with the air quality issue first. I have always argued that the air quality issues around west London are not about the airport; they are about a busy urban area that has air quality issues, and we have to sort that out. The ways we need to tackle the climate change agenda—through electric vehicles, for example—will make a significant difference on that front anyway. Whether the airport expands or does not expand, we have to have cleaner air in the next decade to meet the rules that are out there. I do not think that the Heathrow issue is an air quality one. If we look at the impact of the airport on air quality, there is a very short perimeter around it. The airport itself is seized of the need to electrify the on-apron fleet of vehicles, for example.



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Aviation generally represents probably our biggest challenge on climate change. It is about 2% to 2.5% of global emissions. My view is that it will not be soluble purely by technology. There will be some improvements, and there are improvements already; the new generation of aircraft are already much more fuel-efficient than their predecessors, which means lower emissions. The third runway for the United Kingdom will stop stacking all around the south-east; there will be more capacity at Heathrow, and the smart use of technology for airspace management will make a difference. There will be some arrival of electric power in aircraft over the next 30 years, but the idea that a 777 will fly to Australia on electric power is not going to happen. Aviation will have to be addressed through carbon capture and offsetting. Tomorrow, we are going to set out our call for evidence to give people an automatic offsetting option every time a ticket is sold, not just on aviation but on all modes, on all ticketed travel.

Aviation will have to be dealt with partly through significant offsetting, but it will also have to be done on a global level. We can look at what is happening in other parts of the world—in Asia, for example. We could say, “We’re not going to expand Heathrow; we’re going to get rid of domestic aviation,” and all the rest. It will make no difference at all to climate change if people elsewhere in the world are expanding aviation in the way they are at the moment. It is very difficult to say to people in parts of the world that are seeing an emerging middle-class, for example, that because of climate change they cannot fly. I do not think that is realistic. We have to tackle the impacts through smart strategies around the world, and on a global basis. I do not see us anywhere just saying, “There will be no more flying.”

Q12 Chair: Looking back on your three years, where do you think you got it wrong?

Chris Grayling: As I said before, my regret is in looking for evolution rather than revolution in the railways. Keith Williams has been given a clear mandate to deliver revolution. I believed from the day I walked into the job—indeed, I believed it 10 years ago when I was shadowing the role—that the railway industry is too fragmented. Through alliancing and looking at shaping the east coast partnership, I have started to pick up some of the recommendations that Roy McNulty came up with in his report, which were basically for a more integrated railway. I had seen that, but I was intending to be wary of imposing too much change on a busy system. If I could turn the clock back, I would probably have started with revolution on day one, and not evolution on day one, because it has become abundantly clear since that it is revolution that is needed.

Q13 Chair: As you look forward, what are the main challenges that the Department will need to face in the coming years, and how would you achieve those?

Chris Grayling: We are going to have to implement what Keith recommends on railways, which I believe will end up with a simpler, more integrated structure. We have to find a way of decomplexing some of the



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bigger projects. It takes forever to get anything off the ground. It is a frustration to me that even a simple bypass can take seven, eight or nine years to happen. I would like to try to look at ways to speed things up, without coming up with something that is inappropriate in a democratic society.

Most fundamentally, the biggest challenge now for us is the environmental one. Since the Committee on Climate Change report, and since the Government and Parliament adopted net zero as a strategy, I have tasked the Department with, first of all, producing its own response to that but also a strategy that takes us forward. We are going to have to do that across the transport sector.

We have started already. With maritime, for example, we were key players in the IMO agreement to move to 50% reductions by 2050, and that will have to accelerate. In the strategy we published last week, we are looking to take that further in UK waters. Through ICAO, we have to push for a clearer strategy on aviation. We have to drive the electrification or the ultra-low emissioning of the car fleet. Hydrogen will have a role to play. We have a real challenge around haulage, where my view is that hydrogen is probably the future, but we are much further away from solutions for haulage than we are for conventional cars. The big challenge for the Department in the next couple of years will be to put in place a holistic strategy, which means that people can carry on travelling and living their lives but do so in a much greener way.

Q14 Chair: We actually agree. We will come back to the issue of sustainability and tackling the climate crisis in future questions. Before I hand on to a colleague, if you were giving yourself a mark out of 10 for your performance so far, what would it be?

Chris Grayling: I would never mark myself; I would leave it to others to judge.

Chair: Nicely dodged.

Q15 Daniel Zeichner: Good morning, Secretary of State. You mentioned your frustrations at things taking a long time, but we have seen a number of things where it seems to us that it is actually the Department that has been rather slow. We are thinking of some of the secondary legislation around the Bus Services Act and things like pavement parking, which was talked about some three years ago, and we are still waiting for solutions on that.

I have been particularly frustrated by the taxi licensing issue. Professor Abdel-Haq's report was delivered last September, almost a year ago. He came to this Committee and told us that the public is at risk. There is legislation ready to go. Why does everything take so long? Why is it so slow?

Chris Grayling: There are two things. First, we are actively preparing legislation for the next Session, and we have put forward proposals for legislation in the next Session. I believe very strongly that we need to



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limit cross-border work. At the moment, we are having detailed discussions with the sector about how we best do that, and there are very different views. My view is clear: even in a system where we intend to introduce national standards and requirements, so that we have quality thresholds that operators have to meet, people should not be licensed in Bolton and operating in Southend, or whatever. As you know from Cambridgeshire, defining that is not automatically straightforward, given the structure of licensing authorities. In Cambridgeshire, if you licence in Cambridge city, for example, how do you handle the areas around? In my own constituency, Epsom and Ewell borough is the licensing authority, so should you not be able to pick up in Mole Valley?

We are working to try to get that piece right. I believe very strongly—and there have been plenty of calls for this—that we need to be able to stop people going from here to there, but we are trying to get the fine detail right about how to deal with the immediate area. My view is that you should be able to operate in the area next to the one where you are licensed but not a long way away. We are working with the industry to try to make sure that we get that right.

Q16 Daniel Zeichner: I do not disagree with any of that. All I would say is that, when a piece of legislation is there, why is the DFT not able to get any priority in legislative slots to put something through that could help in the meantime? That was very much the professor's view.

Chris Grayling: We are finalising the legislation at the moment off the back of his report, but we are trying to get that piece on cross-border work right.

Q17 Daniel Zeichner: The sense we also have is that resources are not always there in the Department to do the work. How much has been diverted to Brexit?

Chris Grayling: There is a bit of a myth that the Department has stopped working because of Brexit. That is not the case. If you look across the piece, you can see the things that the Department is actually dealing with: preparations and planning for CP6 and RIS2, the Heathrow process, Maritime 2050, the aviation strategy and airspace management, as well as work on things like taxis and the environment. The Department is not short of things to do. Work has not been stopped on things.

The Department has done a good job in making sure that areas that might be seen not to be a priority are not abandoned. I am not aware of any crucial issue that has been set aside. An absurd report last year, for example, suggested that the Department has stopped working on drones legislation because of Brexit. That is simply untrue—completely untrue.

Q18 Daniel Zeichner: You do not feel that there have been any constraints, and nothing has been delayed because people have been reallocated to work on Brexit-related issues.

Chris Grayling: We have looked through and decided that some things are not urgent priorities, but they are not things that would cross the



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path of the Committee right now. We have been able to do plenty of things. Look at what we have been working on in the past month—for example, the noise camera plan, and moving forward to restrict or tighten rules on idling outside schools. Those are things that could easily have been set aside for Brexit, but they are important and we have done them.

Q19 Ruth Cadbury: Secretary of State, do you think your Department has the right spending priorities? Are you satisfied that the modes that contribute to broader Government goals, such as sustainability, are allocated the right amounts in the overall budget?

Chris Grayling: You have to look at what we do and what others do in that respect. Let me give you a practical example. As a Government, we have substantially increased the resource available for walking and cycling. Through the transforming cities fund, in Manchester, for example, the combined authority is putting huge amounts of effort and resource into creating a modern cycle network for the city. Much of that is being funded through the fund. In that case, we have simply passported through money, and the allocation to the mayoral combined authority areas is unconditional. We do not have any say on what they do: "Here's your money; you spend it."

We have access to decision making around non-mayoral combined authority areas in the other cities in the transforming cities fund. You can look at the things we are doing. For example, in Stoke-on-Trent, the early money is being spent on cycle and bus improvements, and I hope and expect that the main block of money will be spent on upgrading the railway station.

In the north-east, I expect a proposal this summer from Nexus to spend its combined authority money on the Ashington and Blyth railway line, to create a commuter railway line from the towns to the north of Newcastle into the city, which is a great plan. It is as near to a slam dunk request for money from the Department as you could possibly wish to get, and I completely support it. It is a really necessary project. My intention is to give that to Nexus to do, so that it expands the Newcastle upon Tyne metro network, probably not with a metro train service, but in the same way as the London overground exists alongside the London underground.

To go back to what the Chair was saying earlier about devolution, we need to strengthen and expand the existing city-based networks: the Newcastle upon Tyne metro, and Merseytravel and Merseyrail in Liverpool, for example. I am keen to see, and we are working with Greater Manchester to see, whether we can transfer some of the local railway lines to the metro link network as well. In Birmingham, we are doing the same.

Q20 Ruth Cadbury: I do not deny that there are some nice pots of money around, but many submissions in evidence to our bus inquiry and our active travel inquiry said that there was not enough, and not enough forward funding. Particularly with active travel, a lot of the schemes are



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for cycle and walking plans, but not for implementing those plans. I ask again: if more people are to get out of private cars, to reduce congestion and pollution, and get on to cycling and walking or buses or other forms of public transport, is there enough funding to achieve that modal shift?

Chris Grayling: The answer is that you can always spend more. Of course, when we come to the spending review, I will be lobbying for more investment across different modes of transport.

It is not just about Government money. You talked about bus. We have seen a decline in bus use over a very long period of time. My view is that part of the solution to that will be demand-responsive buses. In today's world, the concept of a linear bus route that just does the same thing all day, every day will become increasingly redundant. We are working with and supporting bus companies that are looking to develop and trial demand-responsive buses, because they are a better way forward to secure the future of bus.

We put about £2 billion a year into bus. Most of the funding that goes into supporting buses comes through local authority grant funding. That is my point about looking at the things we do as a Department. We channel money through the bus service operators grant, and we are looking at that at the moment to see whether there is a better way of spending the money to encourage bus growth. But it is equally about the money that local authorities choose to raise or receive from central Government.

Q21 **Chair:** I think a lot of people listening to that will be horrified that, effectively, you seem to imply that the bus industry does not have a future except through demand-responsive transport. Is there evidence of that?

Chris Grayling: In some areas, not universally. Bus use in some of the bigger cities, where there are good, frequent and reliable networks and the populations to make them work, is doing well. The question has always been, for me, what we do about areas outside the big cities.

Q22 **Chair:** Surely, the point is that the areas that are not doing well are precisely in big cities where bus ought to have a role. That is precisely what it said in our buses report. The biggest drops in passenger transport were in some of the biggest conurbations.

Chris Grayling: That is why we have given greater powers, through the Bus Services Act. In my three years as Secretary of State, I have not received a request from anywhere in the country to introduce bus franchising, but the powers are there to do that.

Q23 **Chair:** Surely, that means that you must think your legislation was not right. If there have not been any requests to use those powers, yet we know that everywhere bus ridership is falling in some big conurbations, shouldn't that be one of the things where you think, "I must have got this wrong. We must be doing something wrong around buses."?



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Chris Grayling: If you look at the places where bus is working really well, such as Cornwall, where there is an innovative partnership between the local bus operator and Cornwall Council, with the two working side by side, you see growth and improvements in service. It can be done, and it does not have to be done through franchising. We have given local authorities the power to go for franchising, if that is what they choose, but when there are strong innovative partnerships delivering regular services with the kind of vehicles that people want, we see a good response.

My point about the future of bus is that, if you look outside the big cities, as I know from my constituency—I am sure that I am not alone; Robert's is probably the same—in areas where buses are much less frequent and there is not a bus every 10 minutes, people do not use them. How do we get people out of their cars and on to buses? My judgment is that, for much of the country, over the next decade we will see a move toward demand-responsive buses, which I think is the best way of rebuilding ridership in those areas. Clearly, that will not be the case in central London, central Manchester or central Birmingham, where the bus will be a much more conventional tool. But outside those areas, as people expect something that is more demand-responsive, that is what the bus industry will need to do and is doing already.

Q24 **Robert Courts:** Secretary of State, could I pick up on that point? I wondered where you thought there might be an interplay between the community transport sector and local authorities and commercial bus companies. I am thinking particularly of local authorities perhaps commissioning community transport. Do you have any comment on that?

Chris Grayling: The community bus issue has been slightly frustrating. We have been driven by a small number of problematic examples and European law. Generally in this country, community bus services have been a very good and very necessary thing, and in many respects they play to what I have just been describing; a vehicle that does the same thing all day long in an area outside a major city is not serving the needs of those areas well. If you look at where demand is during the day, it varies; there is a difference between demand at 8 o'clock in the morning and midday, or 5 o'clock in the evening and 10 o'clock at night. A community bus service has the ability to deliver that kind of flexibility.

I am very supportive of community bus services. We have tried to push the envelope as far as we legally can to give flexibility to community bus services. At the same time, I have sympathy with a commercial operator if a community bus service is effectively harvesting money from a commercial route to fund other activities. It has to be handled quite carefully, but community buses have and will continue to have a very important role to play.

Q25 **Ruth Cadbury:** My question was about funding priorities within the Department.



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Chris Grayling: When it comes to the spending review, I will seek a significant additional injection of resource into areas that are more sustainable, shall we say?

Q26 **Chair:** The question is not just about how much money the Department has; it is about how much money the Government allocate to different modes, isn't it? The Government spend £26 billion on transport, of which £400 million, or 1.5%, goes on active travel—walking and cycling. Is that enough?

Chris Grayling: You have to bear in mind the difference in unit costs as well. The cost of building a cycle lane is a quantum low against the cost of building a road junction.

Q27 **Chair:** Is 1.5% of the budget enough to dedicate to trying to get more people to walk or cycle on the short journeys where it could be done?

Chris Grayling: My point is that that is not what we are spending, if you look at the other injections of money going in. What the Department for Transport does not do is build cycle lanes. The Government enable local authorities to build cycle lanes.

Q28 **Chair:** Government spending on transport last year was £26 billion. I appreciate that some of those things will bring benefits for pedestrians and cyclists because they are improving something in a broader sense, like a new railway station where there might be more facilities for parking your bicycle or walking through the station. But do you think that that is enough money? Is it the right split in the Government's spending on transport?

Chris Grayling: But my point is that it is not the only money that is being spent. Take, for example, the £250-odd million that went to Manchester through the transforming cities fund; Andy Burnham is free to spend every penny of that on cycle lanes if he chooses to do so. That money is going to cities up and down the country. That was £2 billion.

We have had money going through local growth funds to local authority areas. The decision about whether to build or not to build a cycle lane and whether to put in sustainable transport links is for local authorities. In one of the projects where money has been spent locally, at Nottingham station, there is a fantastic interchange between local sustainable networks, whether it is tram, cycles, buses or the railway. It is for local authorities and local decision makers to decide what is right for their city or town. What I am saying is that much more money is going into those local areas, to enable them to take that decision, than simply the headline figure you quoted.

Q29 **Chair:** There is £2 billion from the Department, over the course of a Parliament. It equals £400 million a year for walking and cycling, including all the bits that go into different, separate little pots. I appreciate that you say there will be some local decision making, but if you are serious about more sustainable travel, and the cross-departmental issues around tackling inactivity, poor health, obesity and



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the performance of high streets, it sends a very clear message if the Government's allocation is only 1.5% of total transport spending, doesn't it?

Chris Grayling: But what I have said is that I do not accept that it is only 1.5% of total transport spending, because a substantial additional amount of money is going directly to local authorities to enable them to take local decisions. Look at what Network Rail is doing, for example, with new cycle hubs at stations up and down the country. That is happening right now. What I am saying is that I think you will find that we are spending a whole lot more money than you think.

Q30 **Chair:** But it is your figure. The Department has said that £2 billion will be available to increase active travel in England from 2016 to 2021. That is £400 million a year. That is your own figure. That is what you are telling us you are spending.

Chris Grayling: Yes, that is the Department's own figure, but the fact is that we are spending a lot more money more broadly than that headline. The money that goes into sustainable transport comes from a variety of different sources within Government.

Q31 **Daniel Zeichner:** Can we look at the outcomes? In Germany, 1 million e-bikes were sold last year, and we have 60,000. In the Netherlands, it was 24 times per head. Why aren't we doing much better on something like that?

Chris Grayling: Where money is being spent on cycle routes in cities, you see a big expansion of usage, and you see that in London. That is why transforming cities funds are available to those other cities, and most of them are spending at least some of the money on cycle improvements.

Q32 **Daniel Zeichner:** That does not answer the question. Other countries are moving much more quickly, and part of the reason we are not is that, for whatever reason, we are not getting changes in place to incentivise and encourage our citizens to make that change.

Chris Grayling: If I travel up and down the country, I see investment going into cycle routes. I see racks of e-bikes. In Derby, they have recently got a new e-bike service.

Chair: I am afraid they have removed the bikes in Derby due to vandalism. Sadly, we saw that last week.

Q33 **Ruth Cadbury:** France has massively increased sales of e-bikes, which make a massive difference to the transport network locally, by providing grants to all purchasers of e-bikes. It is a time-limited scheme; it is cheap, and it is available to anybody who has the rest of the money to buy a bike. You do not have to be in work to use it. That is an example of a cheap way of implementing modal shift. Would that be something the Transport Department would consider?

Chris Grayling: I will certainly take a look at that.



Chair: Shall we move on?

Q34 **Huw Merriman:** Secretary of State, good morning. I want to ask about private finance in transport projects. You have often said that you want to see private finance and expertise. Do you think that has occurred?

Chris Grayling: Not yet. We are looking at private finance and are trying to attract private finance in a number of areas. There are three different channels to say to the market, "Come and get involved." The first was southern rail access to Heathrow. We said that, if there was a stretch of railway anywhere in the country where it was possible to do something on a privately funded basis, it should be there, and that people should bring forward their proposals. There were a number of consortia around saying that they could do it. I expect that project to go ahead with private involvement, but none of the proposals we had were completely string-free, and therefore none of them were likely to be completely off balance sheet.

We are now at the second stage of looking at exactly how we would take that forward. Initially, we were saying, "You do what works and we will let you do it." We are now saying, "What do we think the project is and what should it look like?" We are going to try to specify in broad terms where we think the public sector could provide some support, and for what route, for example, and then we will invite further proposals for private participation in that.

The second one was an invitation to come to the Department with commercial proposals across the transport field. Most of those were not fliers. As you know from your own experience, Mr Merriman, there are plenty of schemes around the country that are enthusiastically supported but are perhaps not completely financeable or commercially viable. We have a small number that we are taking forward at the moment, substantially development over and around the rail estate, where there is interest in doing some major projects that can bring money back into the rail estate or offset the cost of some improvements.

We are looking to drive private participation in either putting money back into the system or reducing costs. Probably the biggest example is the redevelopment of Euston for HS2, where we have Lendlease signed up as a master development partner. I expect the development of Euston to put money back into the public purse, which could be used either towards the HS2 budget or for other things.

Network Rail has done work with the private sector on individual savings that can be brought in through private participation, and they are considering a number of proposals at the moment. It is my intention that the next stage of the east-west railway from Oxford to Cambridge—the first piece has been done already, from Oxford to Bicester—Bicester to Bletchley, will be done by the public sector.

When we move to the bit that will go from Bedford to Cambridge, which will be a completely new route, we will look at having much more



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substantial private involvement. Exactly how that takes shape will depend on the final shape of the development proposals for that corridor, which MHCLG is working on at the moment. Effectively, we have to establish where the housing is going to go and, therefore, where the railway line is going to go, and indeed where the expressway is going to go. We are looking at a potential mechanism around land value capture to fund investment in that section.

Q35 Huw Merriman: Can we look at Highways England as an institution? We were discussing this with the National Infrastructure Commission. When the A21 was dualled at Pembury, it looked absolutely fantastic, but it was due to cost £70 million and went in excess of £100 million. Why do we not have a system whereby we say directly to a contractor, "You build me this road for £70 million and, if it only costs you £65 million, you keep the £5 million, but, if it costs £71 million, the £1 million comes out of your bottom line."? It seems that Highways England can get away with running over budget. Should we look for a different model?

Chris Grayling: Highways England are better than Network Rail at meeting their budgets. They do not always meet their budgets; some things have been delivered on time and on budget, and some things have gone over. Generally, there are incentives in the contract, but you end up paying for the risk. For example, if a piece of road is going to be built, and there are issues that materialise during the construction around the condition of the ground, for example, that require a change to the way of construction, the private sector will always price that risk in at the start in case it happens. There is always a trade-off as to who shoulders the risk.

That is an issue across a number of the projects we are doing at the moment. If you give the private sector the risk, they will price it in. It is a trade-off between the public sector carrying the risk, which may actually be more cost-effective in the long term, because the private sector will price for something that may not happen, or doing what you described.

Q36 Huw Merriman: I totally understand that, but if you look at where you have been very successful, such as the east coast, the private sector took all the risk and the taxpayer made money, effectively. To me, that is a great example of the private sector shouldering the risk and therefore carrying the can.

The difficulty with Highways England is that we never know what the real price is because we do not have a tendering process. If everything was put out to tender, you are right that certain entities would price in risk, but others might not, in which case they are the ones that would go ahead and build it. We just do not know what the right price is, because we only have Highways England that takes the tender.

Chris Grayling: There is an interesting test that could come; it depends on the Treasury and how it decides. As you are aware, we were intending to privately finance parts of the lower Thames crossing, the approach roads to the lower Thames crossing, and the Stonehenge tunnel. I am not sure who will be Chancellor after next week, and there may or may not be a change of policy around that. Where we have private projects and



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privately run projects, we have that opportunity—for example, with the toll bridge on Merseyside.

One of the challenges, of course, is that, if we are to get the private sector to do it fully, we have to get a revenue stream, hence we end up in the world of tolls, which do not work easily on most parts of our road network. There are competitive tenders in the letting of all contracts, whether it is Highways England or Network Rail, but the issue comes back to who carries the risk, and that is probably the biggest headache. When I see projects that appear to be running over budget and probe into them, it is almost invariably about who is willing to carry the risk and who is not.

Q37 Huw Merriman: You would not want to see a change of approach that allowed, for example, local enterprise partnerships or county councils in the public sector to bid and for private contractors to bid directly.

Chris Grayling: I would not be opposed to doing that, but we might find that it puts the cost up, because of the allocation of risk. I am always willing to try a different approach. Absolutely.

Q38 Jack Brereton: Part of the work of the Department of Transport involves cross-departmental work with other Government Departments. How successful do you think that cross-departmental work has been?

Chris Grayling: Generally, reasonably so. Whitehall struggles sometimes to avoid being too silo-focused. The most important thing is good relations between the Ministers, because good relationships can cut through a lot of process. If you look at what we are doing on the Oxford-Cambridge route, for example, there is very close working between the Treasury, the MHCLG team and my team to shape exactly the final look of that corridor, as it is called, and what routes the expressway and the railway follow.

The sections are still to be decided, and we have to shape a route for the expressway between Oxford and Milton Keynes, and equally for the railway line from Bedford to Cambridge. That decision is very much built around where the housing is needed and, fundamentally, what MHCLG wants to do on the housing front. We have to fit together with them on the transport front; equally, they cannot build houses where we do not build the transport, so it has to be a joint effort. That is a good example of good close working.

Q39 Jack Brereton: You mentioned the Oxford-Cambridge route. Is there always that joined-up decision making with MHCLG on future housing and getting the infrastructure right for those sites?

Chris Grayling: It is better than it was. If you look at where HIF is being operated, you might think that it was illogical for the HIF to be done by MHCLG, as most of it is for transport projects, but I have a team of officials embedded in that and I see the things that are given the go-ahead. Although MHCLG is leading on it, because it is fundamentally about driving housing growth, the two Departments are really doing it



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together. MHCLG and Transport probably have the closest working relationship in Whitehall, because so much of what we do interlocks.

- Q40 **Jack Brereton:** In terms of developing industrial strategies for transport, you previously identified four sector deals that the Department wanted to see move forward, but we are currently seeing only one of those develop. Do you think there is the potential in future to develop the other three as well?

Chris Grayling: I think so. You do not need a sector deal to have a sensible industrial strategy, but, clearly, it helps. Work has been done on all of those. The sector deals are fundamentally driven from BEIS, and we work closely with BEIS on them. To give an example of where we work closely together, the ambition of BEIS for the nuclear sector is one reason why we are doing the improvements to the A595 in Cumbria. My view is that they will not be able to achieve what they want to do around Sellafield if we have not delivered better infrastructure in west Cumbria. That is a clear example of where the two march side by side. I know what they are trying to achieve and they know what we are trying to achieve, and we are trying to put the two together.

- Q41 **Jack Brereton:** Have you had any particular frustrations in trying to work with other Departments or particular issues that you have not been able to deliver as you hoped?

Chris Grayling: I would be surprised if you had any Minister from any Department who did not say that, on occasion, just at rare moments, the relationship with the Treasury can be slightly more complex than one might otherwise wish it to be.

- Q42 **Ruth Cadbury:** You used the example of delivering housing as a success, but the DFT agreed to contribute 38,000 housing units to the Government's public land for housing programme, which is the second highest of any Department, and the performance reported in December does not look very encouraging.

Chris Grayling: Potentially, substantial areas are able to be released for housing. However, most of them are around the rail sector, and the challenge is that you are often doing it around the operational railway. For example, one of the proposals we are looking at would be redevelopment around one of London's major stations. That is not straightforward to do, because you have to do it around an operational railway. If I am honest, I do not think that Network Rail is as good as it should be in pushing this, but at the same time it is not straightforward to do, either.

There are definitely pockets of land where we can and should do more. An example is that I tasked London and Continental Railways with working with Transport for Greater Manchester to unlock some housing potential around stations in Manchester. Greater Manchester said, "Will you please give us all the railway stations in Manchester?" I said, "That's contractually complicated, but let's just do it," and asked LCR to work with them, which they are doing at the moment, to enable housing



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development around stations in Greater Manchester. They are looking at the first few now. On the housing front, across Government there is more that we can and should do, but it is made more complicated by the fact that we are often operating around an operational railway.

- Q43 **Daniel Zeichner:** To come back to you about the Cambridge, Milton Keynes and Oxford arc, I was at the England's Economic Heartland conference yesterday morning, and there is still a lack of clarity for a lot of people as to what that project is for. On leadership, when the ambition statement was issued back in April, there was a promise of a ministerial champion and a business champion. Where has all that got to?

Chris Grayling: The ministerial champion is Kit Malthouse.

- Q44 **Daniel Zeichner:** There were four champions in the original document. He is one of four. Has he now been elevated?

Chris Grayling: Where we are on the Oxford-Cambridge route is that, west of Bedford, the pre-work on reopening the railway line has already happened and the TWAO process is well through for the bits where we needed TWAO. The only complexity is the interface with HS2 around Calvert. With the expressway east of Milton Keynes, the key thing is the Black Cat project, which is in RIS2 and will be done. It is a more substantial project than was previously envisaged, to enable it to do what is needed on the Oxford-Cambridge route. We are consulting on the options west between Oxford and Milton Keynes.

You will be aware as a Cambridge MP that there is a debate about whether the railway line should come into Cambridge from the north or the south. The final decision making on the route that the railway line follows to Cambridge is heavily influenced by where MHCLG, and the local authorities, decide that it is best to locate the housing. That is why Kit has been the key driver, but my team is working very closely with him as they shape that strategy. We are at the moment consulting on different options for the railway line—broad corridors, not exact routes—but we will shortly start to coalesce that around the housing plan and the plan for the railway line. The road is already there.

- Q45 **Chair:** I should like to return to the issue of Brexit planning. Last month, there were reports of a new approach to the future procurement of any no-deal Brexit freight capacity contracts. What has been the DFT's involvement in developing that new approach?

Chris Grayling: We are doing it. The key difference between the spring and the autumn is the period that we are covering. Back in December time, the position we were in was that we were planning for a period that was April to October, which is the peak season. The availability and capacity at that time is pretty limited, whereas during the winter months there is much more capacity available, so it needs less time.

Effectively, we had to book capacity many months in advance. For example, there was the possibility of one ship on one route that did not happen; it had gone off to the Canary Islands to do a summer shift when



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we did the contracting. In the winter months, there is clearly a different situation. It needs less time to get things stood up and get capacity in place, if indeed the Government in September judge that that is necessary.

- Q46 **Chair:** You anticipate that there are not going to be the same problems as last time. It does not sound like a new approach; it just sounds as if the situation is different.

Chris Grayling: The difference is that last time around we had to book capacity much further in advance. In the autumn, we do not have to book it further in advance. Therefore, we can put in place a framework that will allow us, effectively, to call off capacity if it is needed. It is not my Department. My Department has never needed freight capacity; it is nothing to do with what we do. We are simply acting as a booking agent for the rest of the Government.

At the end of last year, if we had not booked the capacity for the spring, it would not have been there. It is very different if you are booking capacity in September. We do not need in July to book capacity for November; in the winter months there is much less demand for the capacity that is available, because ships are moored up for the winter.

- Q47 **Chair:** The concern around that was the fact that the Department was subject to legal action, which led to a huge cost to the taxpayer. Over the last 12 months, legal action has been brought against the Department by ferry and freight companies, rail companies, construction groups, councils and environmental groups for issues as disparate as ferry contracts, rail franchises—as we know—HS2 contracts and Heathrow expansion. Why do you think the Department keeps getting sued?

Chris Grayling: Where do you start with each of those? Let us start with the rail issue. I am absolutely clear that the Department has followed and taken the best legal advice that it can. We are being taken to court over a decision to exclude around pension rights. It is worth saying that the decision to exclude was based on very clear legal advice, absolutely clear and categorical legal advice. It is not something I would have chosen to do; it is a matter of regret, but we have done what we are told that clearly we legally have to do.

It is also worth saying that it is a matter of public record that across the franchise bids there were six different owning groups that put in bids. Only two of those owning groups were excluded on grounds that they had made non-compliant bids on pensions, so it is not something where the Department is somehow out there. In each of the other bids, we have compliant bids to consider, otherwise we would have taken the same step with the other owning groups.

The legal action on HS2 contracts is really a matter for HS2. It is often the case, as you will be aware, that people who do not win bids have a go legally to see whether they can get some money back or can change something. It is, I am afraid, an occupational hazard in major contracts; it happens again and again.



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On the ferry contracts issue, it is a matter of great regret to me that an organisation that has been excluded by the Competition and Markets Authority from running a ferry operation took us to court on the basis that it should have been invited to run a ferry operation. However, Government collectively decided that, although we would have liked to fight that case in court, we could not jeopardise the supply of goods to the NHS, which was why we settled.

The settlement was based on a complete undertaking that the money would be spent on improved facilities at the UK border, which will benefit the United Kingdom. There is a challenge to that settlement on state aid grounds, but the nature of the settlement is such that, if it is found subsequently that it constituted inappropriate state aid, the money is simply recovered from the original settlement. Basically, if the second case rules that it is illegal state aid, Eurotunnel do not get all the money.

Q48 Huw Merriman: You say that it was a collective decision by Government, but you were largely left to shoulder that one. Was any pressure put on you by No. 10 to settle that contract?

Chris Grayling: No, it was genuinely a collective decision, because of concerns about the supply of goods to the NHS. We met as a Cabinet sub-committee and basically said that we had to settle it. My personal preference would have been to fight the case in court, because I think it was inappropriate behaviour; it was using a legal technicality to take us to court about something where there was no real involvement. I very much regret that that case happened. We were only acting on behalf of Government, because my Department has no need at all for ferry capacity; it is not what we do. We simply at each stage acted on the collective request of the rest of Government.

Q49 Huw Merriman: You say that your preferred route would have been to fight the case, and I completely agree with you; it was absolutely outrageous that, first, Eurotunnel actually tried it on and, secondly, that they were paid £33 million. Did you make that representation to the collective Government view, and then the counterview prevailed: "No, settle, move on."?

Chris Grayling: The reality is that if we had not had the ability to bring in essential medical supplies to the country, if the channel ports became very congested, it would have completely weakened the hand of Government. I want us to leave the European Union with a deal. Equally, I recognise that, if it is not possible to secure a deal, we have to leave anyway. That is my judgment. We would not have been in a position, if Government and Parliament had decided that we should leave on 29 March without a deal, without freight capacity being available in other ports, to guarantee medical supplies to the NHS. It would have been much more difficult to do that. My judgment was that we had little choice. As I made clear, I would have much preferred to fight the case.

What actually happened was that we knew what the legal risk was back in December, but I did not think that anyone like Eurotunnel would



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actually go to court. The legal expectation and the conventional legal timeframes would have brought the case to court this autumn, by which time we would either have left without a deal, demonstrating that it was necessary, or not left without a deal, in which case we would have cancelled the contracts and it would not have been relevant. It was only because the judge decided that it was in the public interest to hold the case in March that we found ourselves in a position where we could not take the risk that the contracts would be declared null and void and we would then not be able to use the capacity that we needed for the NHS.

Q50 Huw Merriman: But there must have been legal advice that, in that extreme emergency, you would have been able to go ahead with the contracts with Brittany and the other ferry operators. It would be strange if the court left the country in a position where we could not get our medical supplies in.

Chris Grayling: The expectation was that the court would not seek to declare the contracts invalid, but there was no certainty that that would be the case.

Q51 Huw Merriman: I have one other question, if I may, on Seaborne. Again, I think you were rather unfairly criticised for the fact that that shell company had no experience and did not have any ferries but sitting behind it was a very large Irish freight operator, and, had you said that, it would all have made absolute sense. Why was the decision made to keep that company out of the headlines, as it were? Had you done so, it would have been, "No story here."

Chris Grayling: Effectively, we had three bids. A number of other companies expressed regret afterwards that they had not bid, but we had three bids. The bids from Brittany and DFDS provided just about enough capacity to meet the NHS's needs. The bid from Seaborne gave us a buffer.

Under the contract with Seaborne, they were never going to receive any money until they delivered the contract. We knew that they did not have ships, but we knew that Arklow would help them to procure ships and, actually, at the time when I cancelled the contract, they had secured ships, and I had seen the manifest for the ships concerned. It was just that the financial backers pulled out.

We did not make Arklow's name public, because it was a highly competitive time in the market and our judgment was that if Arklow were shown to be trying to secure the ships from third parties for a particular route, and some of those ships were thought potentially to be coming from competitors that did not need them for that period of time, they would either whack the price up massively or people would pull out, so we would not get the ships. It was a commercial decision. We did not want to jeopardise the process of quietly going about getting the ships that would sail that route.

Q52 Huw Merriman: Why did Arklow pull out? It is an Irish company, and there are rumours that it was lent on by the Irish Government.



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Chris Grayling: I have no idea. I was surprised. You have seen the letter that I had from them.

Huw Merriman: I have.

Chris Grayling: It was effusive. At Christmas-time, we said, "Okay, you can have a contract as long as you can demonstrate that you've got credible backers." They demonstrated they had credible backers. This is a start-up company to which we are paying no money at all until they deliver the service, so there is no risk to the taxpayer. Once people started making a noise about it, I asked Arklow to give me a stronger written undertaking about their support for the venture, which they provided, and then, out of the blue, they pulled out. I genuinely do not know why. I was very surprised, because they had been very strongly committed previously.

As I said, that was an add-on to the core contract. The core contract was with Brittany and DFDS. That is what gave us what we needed. Giving a contract to Seaborne was no risk to the taxpayer unless they failed to deliver the service, but it gave us an extra buffer if it was necessary.

Huw Merriman: Thank you.

Q53 **Chair:** We would like to move on to look at the transport strategy, and the Department's single departmental plan. The DFT vision for itself, as set out in your annual report, includes having a clear strategy for transport. What is the clear strategy?

Chris Grayling: I would describe the clear strategy as having three key elements. We need enough transport capacity for our economy and the needs of the travelling public; a system that works for the passenger and the user of roads, the users of cycle routes and the rest—the end user; and a transport system that deals with the environmental challenges we face, within the goals in the environmental plan. We also have preparation for Brexit, for example, and efficiency, but to my mind, those three are the most important.

Q54 **Chair:** In terms of having enough capacity, and the final goal, which is about the sustainability challenges, or the climate and environmental challenges, to what extent do you think the Department has any role in shaping demand rather than simply meeting it?

Chris Grayling: You can shape demand by making alternative capacity available. I do not think it is the Department's role to curb demand. Our role is to unlock the potential in the country in a variety of different ways. It is perfectly reasonable for the Department to provide extra capacity on rail in order to provide people with alternatives to road haulage or to driving on motorways to commute to work. It is not our job to try to stop people travelling.

Q55 **Chair:** You articulate the strategy in multiple documents rather than having a master strategy. What benefit do you think there is in doing it in separate documents, rather than in an overall strategy document?



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Chris Grayling: There are two parts. The single departmental plan is a kind of reference point for the team; it is each part of the Department effectively shaping its business plan, looking at overarching themes. It gives a reference point that is used at different levels of the organisation, from DG meetings through to staff appraisals.

Maritime 2050 is a good case in point. The Government cannot actually just change the maritime sector in their own right; it has to be a team effort. Maritime 2050 was shaped by a joint team from my Department and the industry. It is designed to create a blueprint to take the industry forward and to help to shape what Government do to support the industry and what the industry does to work with Government, and it is designed to lead to practical actions. There have been too many reports over the years that have been done for their own sake and have gathered dust. How many rail reviews have we had? The Keith Williams one is intended to deliver an action plan for change, which will start immediately after he has reported, because it is needed.

On Maritime 2050, I was at Port of Tyne a couple of weeks ago to open the first maritime innovation centre. They are bringing together small groups of technicians from different businesses around the port and the local maritime sector, and indeed other companies—for example, Nissan is taking part—to share ideas and technology, and look at ways to drive improvements. Sometimes it may be small scale and sometimes it may be bigger scale, but it is designed to be action-focused, and a partnership that takes that industry forward.

They are different things. A reference point for a Department and its work is one thing. A collective strategy to drive improvement of the maritime sector is a different one.

Q56 **Chair:** Does the absence of a single clear strategy reflect siloed working? Does its absence reinforce the danger of siloed working in the Department?

Chris Grayling: There is always the danger of siloed working within Departments, as there is a danger of siloed working with any big organisation in Government. It is one of the jobs of Ministers to make sure that that does not happen. Let me give you a practical example of the kind of thing where I hope to make a difference. It is close to Jack's patch.

Stoke-on-Trent needs what Nottingham has. You know from your seat that the railway station developed in Nottingham has been really good. It has created a good interchange between the trams, cycles, taxis, buses and trains. Stoke needs that; at the moment, it does not have a centre that is a real gateway to the city. I hope that the request from Stoke for its transforming cities fund money will be to do that, and it will get warm support in the Department.

I look at that from a ministerial point of view. I am not looking at it as a cycling person, bus person, taxi person or train person. It is the



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ministerial team's job to try to create the glue that creates a more integrated project.

Q57 **Chair:** I'll talk to Jack separately about some of the things to be avoided in relation to tax and spend.

Chris Grayling: That would be great, if there are lessons to be learned. I was very impressed by the Nottingham centre, but there are lessons to be learned because we want to get it right.

Q58 **Chair:** You described the maritime strategy and the way it brings people together to focus on the challenges of that particular sector. That makes sense. Why doesn't the Department have a bus strategy?

Chris Grayling: In part, because we do not really do buses. Buses are much more localised. In maritime and aviation, we have a clear role. We talked earlier about the powers in cities. Buses are fundamentally devolved; we do not do very much on bus.

Q59 **Chair:** You spend quite a lot of money supporting bus services. More than 40% of the industry's total income comes from Government.

Chris Grayling: It does, but a substantial chunk of that is the concessionary fares scheme. The amount of money that we deploy as a Department through the bus service operators grant is relatively small in total, compared with the whole lot. We are looking at that to see if there is something we should do that will help.

We work with bus; we are funding ultra-low emission buses. Bus is a more complex picture. I am not saying that you are wrong and that we should not have a bus strategy, but it is different. Responsibility for commissioning buses, whether it is a community bus at local authority level, or the mayoral metropolitan areas or the county council subsidising funding for local bus services, is a much more diffuse picture in terms of accountability, whereas with maritime it is fundamentally us and the MCA.

Q60 **Chair:** Are we going to get a response to our buses report this side of the summer?

Chris Grayling: I'll do my best.

Q61 **Ruth Cadbury:** A key part of strategic working is the single development plan. Looking at your last one, I see that there are very few outcomes, one of which is about the average delay on roads. All or much of the rest seems to be about inputs—"working with," "supporting" or "continuing joint working." Do you think that the actions in the single development plan are sufficiently stretching?

Chris Grayling: They are, but let us look at where we are at the moment. Is it about setting a simple target around reducing road delays or trying to track down and measure things that we are or are not responsible for? I want us to be more outcome focused. I am particularly focused, for example, on rail and passenger satisfaction. There are some areas where you can do it. Delays on roads are more difficult. We have



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published a huge amount of data about that. Highways England will look at the impact of the schemes that it measures; sometimes they make a difference, and sometimes they do not. What will often happen—it is one of the challenges of investment—is that, if you create something better, people use it. I am absolutely in favour of outcome measures where they can be realistically managed and handled in the Department.

Q62 Ruth Cadbury: Wouldn't the Department making forms of transport easier or cheaper, such as e-bikes or buses, help towards your other sustainable development goals and other goals, such as reducing congestion?

Chris Grayling: I am not in any way opposed. I want to get more people on to public transport. I am not particularly modally biased. There are some things where I have greater levers than others.

Q63 Ruth Cadbury: Would you like more levers?

Chris Grayling: No, because then you are taking the levers away from local communities, local councils and metropolitan areas. I am not in favour of bringing more power into the Department. That is quite important. The Department for Transport should not need to get involved with the kinds of things you are talking about—for example, in ensuring that there is a new cycle route on a road in West Yorkshire. If we are doing that kind of thing at national level, we are absolutely getting it wrong, I think.

Q64 Daniel Zeichner: With something of major national significance, such as HS2, shouldn't the Department have a grip on what is happening? Why are so many people leaving HS2 with non-disclosure agreements, for instance?

Chris Grayling: We are watching over HS2 very clearly indeed. HS2 gets a lot of my time and attention, as major projects do. My goal is to make sure that HS2 is delivered on time and on budget. What I am not going to do as Secretary of State is get involved in HR decisions, except at the most senior level. If you are putting in place a board, a chief executive and a chairman, you have to trust them to manage things like HR. When it comes to making sure about timeframes, costs and governance structures, of course that is a matter for the Department.

Q65 Daniel Zeichner: But are you concerned about those numbers?

Chris Grayling: There were, as you will remember, a number of controversial redundancies a couple of years ago. We have tightened up the rules since then; we have new leadership at HS2. It is not unusual for somebody who is made redundant to have some kind of non-disclosure agreement as part of that. I am not in favour of using NDAs except where necessary.

Q66 Daniel Zeichner: Are you confident that the full story is coming through to you and to Parliament?



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Chris Grayling: I have spent quite a lot of time with Allan Cook, who has taken over as chairman, and I have great confidence that he is steering the project forward in the right way.

Q67 **Chair:** Given that one of our responsibilities as a Select Committee is to monitor and scrutinise the performance of the Department, if you have measures or objectives that are as broad as “Oversee the work of HS2” or “Support bus and community transport services”, how can we possibly measure your success against objectives that are not SMART?

Chris Grayling: With HS2, our job is to deliver the project, most fundamentally, to the budgets available. You have had Allan in front of you talking about challenges, and there are challenges in the project, but I have been very clear in saying that the budget is the budget. Allan is going through the project very carefully to make sure that it can be delivered in the way that is envisaged.

Q68 **Chair:** Surely there are people in the Department for Transport who understand about developing SMART objectives. Anyone who has been on a management training course will understand the importance of SMART objectives so that you can measure at the end of each year, say, how well you have done. An objective as broad as overseeing the work of HS2 or supporting bus services is not SMART. Why doesn’t the Department have objectives that meet the requirements of SMART?

Chris Grayling: In the two cases you have identified, with HS2 it is fundamentally the job of the board. That is why we have them; that is why HS2 is set up with that governance structure.

Q69 **Chair:** Yes, but why is not the Department’s role SMART, specific and measurable, and all the rest of it? I am not talking about HS2—we can quiz them about their SMART objectives—but the role of the Department.

Chris Grayling: What objective would you like?

Q70 **Chair:** I would like the Department to specify, in line with good practice, what it thinks its objectives are, so that it can be measured against them. I am surprised that it does not have those in place.

Chris Grayling: My view of the Department’s objective on HS2 is very clear: it is to make sure that the project is delivered at the price for which it is intended to be delivered, in a way that works for passengers.

Q71 **Chair:** We are not going to be able to measure that until 2029 or 2033, are we? Surely, there are milestones along the way that you need to set yourself, so you can say, “This year, have we done everything we need to do in relation to oversight of that project?”

Chris Grayling: That is why we report to Parliament every year about it, so that we are completely clear about what we do. I go back to the point about the levers, and saying to individuals, “Here is your objective around HS2.” Actually, the practical objectives around HS2 sit with the board of HS2.

Chair: I am asking about what the Department’s own objectives are.



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However, we will move on, because I am conscious of time.

Q72 Robert Courts: Secretary of State, I would like to ask you about the road investment strategy progress—motorways and major A roads. The May 2018 single departmental plan said that you would be delivering RIS1 in full—the road investment strategy first phase. But we had reports earlier this year that almost half of those projects had either been pushed back into RIS2, the second phase, or had been cancelled altogether, essentially for lack of value for money. Are those reports true? If they are, what has changed in the year?

Chris Grayling: There is quite a similar position, albeit the financial challenge is of a different nature, for Network Rail, RIS 1 and RIS2. I inherited something that was too ambitious on RIS1, which had 65 different projects due to start between January and March 2020. One of the very first conversations I had with Colin Matthews, the chairman of Highways England, was that that made no sense at all, so we reprofiled the latter stages of RIS1 to move some projects forward and some back.

Some projects have simply proved not doable in the timeframe expected. We are dealing at the moment with a couple of examples. A road was planned to fit in with a new business park, and the new business park has not happened. Another example is in Greater Manchester where we have delayed some of the smart motorways programme at the request of the Mayor and Transport for Greater Manchester, simply because they have had so many roadworks in the last few years, to give them a breather.

Equally, on the railways, as you will be aware, CP5 had too much in it and too much stuff that proved to be unaffordable, so what is called the Hendy tail moved into CP6. There is learning in that. It is to a much lesser extent than for Highways England, which delivered the vast majority of what was in RIS1, but there are definitely schemes that are moving back, and there are some schemes that are not yet happening.

Q73 Robert Courts: What about local authority plans? The plan says that you will deliver 40 local government transport plans and major projects by 2020-21. How many of those have been delivered?

Chris Grayling: I cannot remember the exact number. I'll have to write to you and let you know. Most of the large local major projects that have been in the system are now happening, or are in the planning phases waiting to start, and some have been opened. Most recently, we announced the last part of the Shrewsbury bypass and the new relief road around Warrington. Previously, we have announced things like the third crossing in Great Yarmouth. Stuff has been built, and stuff is now in the last stages of planning and will be built over the next couple of years.

Q74 Robert Courts: This may be linked to that. Can I ask you for some progress on the major road network plan as well? Of course, that is something that was opened in outline getting on for a couple of years ago. There has been a full consultation and an initial response, but not a full response from Government, I think I am right in saying. A lot of those projects are things that have been ongoing for some time. You know that



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the A40 in my patch is a big one, because I have taken you there to show you. That is something that is included in the major road network plan. It is a microcosm of something that is going on all over the country, which everyone will be concerned about. What progress are we making on that?

Chris Grayling: We have announced the first five schemes; we did that at the end of last year. We have now shaped the major road network and the roads that are eligible for funding, and we are actively right now getting proposals from local authorities so that we can start to shape the pipeline going forwards. It is happening. The first five schemes that we announced include one in York, one in Cumbria, one in east London and one in the east midlands. The first five schemes are now in development, and I expect to announce the next tranche of schemes this autumn.

Q75 **Robert Courts:** Can I ask about rail? I am looking at rail in the plan, which says that the DFT is developing the strategic outline business case for Northern Powerhouse Rail and aims to complete the Crossrail 2 independent affordability review. Can you tell us what stage those projects are at, and when we can expect to see the outcomes of that work?

Chris Grayling: I expect both those projects to be a central part of the spending review. The business case for Northern Powerhouse Rail is substantially done. The big discussion for Northern Powerhouse Rail is around Bradford; I am personally in favour of it going through Bradford. How that is done is being worked on by TfN. It will have to be funded through the spending review, but it is a manifesto commitment from us. You will be aware that it has also been touched on in the leadership campaign, so I am very confident about Northern Powerhouse Rail going forward. It is important that it integrates with HS2 so that we get all the linkages that are necessary. It is an absolutely essential project.

With Crossrail 2, the immediate challenge has been the delays to Crossrail 1, which have put some question marks over the ability of London to pay for what it was planning to do. In my view, Crossrail 2 may have to be done in phases rather than in one single go. As far as the Department is concerned, it is an important project for the future, albeit running slightly late. I was trying to march Northern Powerhouse Rail and Crossrail 2 in lockstep, but Northern Powerhouse Rail is clearly ahead of the game in terms of likely timeframes. Both are necessary.

Q76 **Daniel Zeichner:** Back in November 2017, you published your strategic vision of the railways. Since then, there have been some problems—delays, franchise failures and, as you mentioned, the timetabling chaos. When we asked you about that in July 2018, you told us that you do not run the railways and that you had rail professionals to do that. Since then, the right hon. Member for Uxbridge and South Ruislip has given us his view, which is: "The secret to improving rail transport is you need to find the right arse to kick." If so, whose arse needs kicking and why haven't you done it?

Chris Grayling: The truth is what I said: we do not actually have a clear point of accountability within the network. As I said earlier, the lesson of



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last year is how easy it is in the current rail industry structure to fall through the cracks. What I described in that strategy was moving to a more unified railway, but that strategy was about evolution not revolution. As I said, the mistake I made as Secretary of State was to think that evolution was the right approach rather than revolution.

Keith Williams is now there to deliver revolution, and what he said yesterday about the need for a controlling mind I absolutely agree with. We need a much clearer point of accountability and co-ordination in the rail network than we have. Ultimately, what the Glaister review found was that everybody approached the timetable issue with the right motivations, but because there was no clear point of accountability it fell between the cracks.

Q77 Daniel Zeichner: I am sure the call for revolution will be widely heard. Let me give you a specific example. With the issue about pensions at the moment, it seems there is an agreement between the industry and the trade unions and a risk-sharing arrangement is being suggested, but it seems to be sitting in the Department for Transport. Why aren't you getting on with that?

Chris Grayling: It is not the case to say that we are not getting on with it. In the current franchise proposals—the last three franchises in the current structure—we have inputted a Government-based risk-sharing mechanism that has never been there before, whereby we accept the risks of change to pension valuations and so forth during the course of a franchise period. At the start, it is up to the bidder to evaluate what the risks are of the status quo at that point, but, if there is a market crash and valuations change, we have provided, for the first time, a risk-sharing mechanism for the industry.

Q78 Daniel Zeichner: That has been the kind of understanding in the past. Why don't you now move forward with it?

Chris Grayling: That is it. We have inputted a risk-sharing mechanism from Government in the East Midlands franchise agreement, for example.

Q79 Chair: On franchise delays, one of the franchises we were expecting to be let and have an announcement on is west coast. When is that going to be let?

Chris Grayling: That should be sorted out very soon, in a short number of weeks.

Q80 Huw Merriman: Southern Rail took up a lot of your time, and a lot of my time as well as an MP. In hindsight, do you think it could have been handled differently, or was it unavoidable?

Chris Grayling: The interesting thing is that, as Secretary of State, I have said from day one that I am not personally in favour of reducing the number of customer-serving staff on the railways. I have in fact pulled us back from introducing driver-only operation in parts of the network, because I think that, as more and more passengers are travelling, you need more staff around. I have never at any point argued that we should



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be taking staff away from the railways—getting rid of staff on the railways.

However, the railways also have to evolve, and what is interesting now at Southern is that, having migrated the guard roles in much of the rest of the network to on-board supervisors, so that there are now more on-board supervisors, more people on trains, than there were previously, the feedback I am getting from the industry is that those staff are finding the job much more fulfilling.

The dispute arose before my time; I inherited it. I would not have chosen to say that we were going to move to driver-only operation. I would have tried to make the reform much more about customer service.

Q81 Huw Merriman: The unions were claiming that it was about safety, despite the fact that driver-operated doors had been in use since the early '80s. You will recall that ASLEF, the train drivers union, which also had issues around safety and therefore would not drive the trains, settled and then drove the trains in return for a 23% pay increase. Do you think that demonstrates that we still have industrial relations issues on the railway, when the unions can threaten strikes and the train companies just capitulate?

Chris Grayling: The nature of industrial relations on the railway is pretty unsatisfactory. That is why we go back to the strategy document I produced. It is a theme that is feeding through in the Williams review as well. I want to see workforce participation in the success of the railways. We have to change the culture of an industry where there are threatened disputes, threatened strikes and threats to bring the whole thing to a halt. What I want is a good, successful railway with a well-motivated workforce who benefit from the success of the railways. I am not at all happy with the position you have just described, where the unions can bring the network to a halt. I would like to see a position where, rather than bringing the network to a halt, more passengers are attracted. That is when rewards come to the people who work on the railways.

Q82 Huw Merriman: The Government and MPs got blamed for it as our fault, and to a certain extent that could be the case. The chart I have here shows the passenger performance of Southern before the industrial action and where it is now. It is over 90% now, yet it dips hugely because of the industrial action. Parliament could change the law. In Germany, strikes that are disproportionate are not permitted; one could argue that this was disproportionate, when we look at the issue and the impact. In France, there is a requirement to run a skeleton service. MPs pressed you on changing the law. I look right to the very top. Do you think there was a lack of support from the very top for laws to be changed so that we stopped that type of action?

Chris Grayling: There was a manifesto commitment in 2017 to legislate for minimum service levels. I do not rule out our doing that during the rest of this Parliament. Effectively, the industry has, up to now, run the equivalent of minimum service levels on strike days anyway. Northern



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had some thin days, but if you look at South Western, where there have been some disputes recently, the management have done a good job of running what would be the equivalent of minimum service level. If the unions really brought the network to a halt, doing what the French and Germans have done would inevitably become something that Parliament felt was a potential priority.

Q83 Chair: We want to turn now to look at sustainability, decarbonisation and climate change. You will be aware that UK carbon emissions from transport have at best flatlined, while there have been huge reductions, particularly in energy generation. What is the DFT going to do to deliver the Prime Minister's ambition of a net zero carbon contribution by 2050, and do you accept that the DFT needs to do better?

Chris Grayling: I would deflect away from us some of the issues you described at the beginning. The biggest challenge on carbon emissions from transport over the last three or four years has been the issue around diesel. For a decade, diesel was the low carbon option and people bought diesel cars because they were more fuel-efficient and because they emitted lower carbon dioxide. That has been blown out of the water. We have seen a slump in the sale of diesel vehicles at a time when economies have been growing. That is probably the biggest reason for the reversal we have seen, or the flatlining we have seen.

That poses a whole new set of challenges. Not only do we have the immediate issue to resolve, because we were on a downward track and we are not, but we have accelerated the ambition. If you look across the different modes we deal with, No. 1 on the list has to be road, where we need to move ahead with electrifying or ultra-low emission—because hydrogen will play a part, as I said—the fleet of vehicles on the roads.

On the market side, we are going to see quite a big transformation in the next couple of years. Up to now, there has been a relatively small range of models available. If you look at what the manufacturers have lined up for the next 18 months, there will be a big process of launch of electric vehicles, with better options than we have had before by far. We have had some exciting announcements, such as JLR in the midlands and the start of the production of the electric Mini in Oxford.

We are now focusing the support we provide on pure electric vehicles. You can rest assured that in the spending review I will be looking to make sure that we continue the incentives to support the purchase of electric vehicles, up to a point where that market is completely sustainable. There is obviously an issue, because at the moment electric vehicles are significantly more expensive; battery technology will develop and bring down the cost of those vehicles. Whether and when we get to parity, I do not know. I have heard different views in the automotive industry. The No. 1 priority for the Government as a whole is going to be to create an electric fleet.

We made a number of further announcements this week. I am pushing as hard as possible to make sure that we move to a situation where we have



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mandatory installation of a charging point at every new home that has an off-street parking place. We already provide substantial amounts of money to grant-fund the installation of charging points. The pattern of vehicle usage in this country is that most journeys are within three or four miles of the home; 95% of journeys are short distances around home. Most people will charge at home, so getting charging at home or in the street outside the house is the No. 1 priority.

Alongside that, we have had a series of workshops for the industry in the last couple of weeks, most recently a couple of days ago at No. 10, about how we accelerate the growth of a fast charging network around the country. We have funding in place; there is £400 million to match-fund with industry investment in the sector. Fundamentally, this is going to be about private investment, and we are very clear in saying that we will move to regulate if necessary.

At the moment, the charging infrastructure networks are much too diffuse; it is just about practicality. For example, I have never charged my car away from home because it is a real faff to do so. I have a plug-in hybrid, and I only charge it at home, because of different charging points for different cars and all the rest of it. I just want to tap a contactless card and, suddenly, I would charge it far more than I do at the moment. The Prime Minister said this week that that has to happen in the next couple of years. The providers have to move towards a situation where there is an easy debit or credit card payment system. That to my mind is absolutely axiomatic.

The energy industry say they have sufficient capacity to meet the needs of the sector. What the charging industry can do is to focus on lower demand times of the day, charging the car overnight, for example, when there is less demand for electricity. One frustration at the moment is how few local authorities are taking up the funding available to help them, for example, to put in place on-street charging or convert lamp-posts or whatever. Some are doing it well; others are doing nothing at all. We are trying to ramp up what we do on that front.

Q84 Chair: I think where you are starting to get to reveals the point that, if you are going to deliver electric cars on a wide scale, it needs cross-departmental co-operation, across Whitehall. It is BEIS on energy infrastructure, HCLG on planning and the Treasury on fiscal measures. How is that being pulled together to support the roll-out of electric fleets?

Chris Grayling: It is being co-ordinated by No. 10 at the moment, and I would expect that to carry on after the change of leadership. It becomes a priority for the whole of Government.

What I have done in the Department since the publication of the Committee on Climate Change report, and the Government adoption of net zero, is to task the Department, first of all, with a short-term response to that report, and then with shaping, for early next year, a proper strategy for how we ramp up our efforts to support the net zero strategy.



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There are other things we will have to do. As an example, maritime is often a pretty invisible but substantial emitter of carbon. In the strategy we published last week, we said that we want every vessel that operates in UK waters after 2025 to have a low emission capability. Internationally, we are collectively going to have to ramp up what we do on maritime. Hydrogen will probably prove to be the technology that enables the shipping industry to move towards a zero emission future.

On aviation, I talked earlier about the need to do stuff internationally. On rail, our goal is to eliminate conventional diesel trains by 2040. There will be a mix of hydrogen and battery-electric and electric and hybrid. We are moving now towards the first tests on the network. The new East Midlands franchise will involve some use of hydrogen. I am expecting the first batch of electric trains to get to Windermere in 2021 or 2022.

Q85 Chair: Do you not anticipate further conventional electrification of the network playing a role in that decarbonisation?

Chris Grayling: Yes, and we are doing electrification at the moment. We are currently electrifying up to Corby. We will soon be electrifying the chunk of the trans-Pennine route that is being worked on, but we are never going to electrify every part of the network.

Q86 Chair: Sure. But beyond the current projects that have already been announced and are continuing, do you anticipate that electrification will play a significant role in meeting the decarbonising challenge?

Chris Grayling: I expect electrification to continue, and that is one of the reasons why Network Rail is working to try to get its electrification approach back to some degree of common sense. We are not going to be able to afford across the network what they have done on the Great Western route.

Q87 Chair: Sure. We are looking forward to the publication of the decarbonisation taskforce report. We are aware of the work that RIA has done.

You have talked about clean vehicles, cleaner cars, cleaner freight, and something different in terms of cleaner maritime. If we are to have a network, particularly a road network, that works for the future, we have to get people out of their private vehicles and on to other modes of transport, be it trams, buses, bicycles or their feet. What is the Department's plan? Does it have a plan? Does it have a target around modal shift? Otherwise, isn't there a real danger, particularly in towns and cities, that people will be sitting in traffic jams that are just clean green traffic jams instead of dirty polluting ones?

Chris Grayling: There are two parts to that. First we will see, with the arrival of autonomous vehicles, a completely different pattern in the usage of cars in our cities, less so outside our cities. Once we get to the 2020s, there will be pure autonomous vehicles, and you will be able to summon on your phone a vehicle that fits your need. If you want to travel around the city and you are on your own, what turns up will be as small as a one or two-seater.



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Q88 Chair: But should we? That is my question. If we are serious about tackling the huge public health emergency caused by inactivity and obesity, and social isolation and the death of our high streets, should we expect that the answer is for everyone to be travelling around on their own in a little metal box, even if it is driving itself, rather than having a change in the way we think about how we operate?

Chris Grayling: That is precisely why I am planning to support the opening of the Blyth to Ashington railway line. It is why I am working with Andy Street to reopen the Camp Hill line in Birmingham. It is why I am working with Andy Street to build a new tramline from Wednesbury to Dudley. It is why we are looking to get MetroWest up and running. It is why we are funding the expansion of the Manchester Metrolink. It is why I am offering to put more railway lines into Merseyrail to enable them to expand and improve their networks. It is why I think demand-responsive buses will make a real difference. It is why we are putting transforming cities funds into more cycle routes.

Q89 Chair: Do you have a target for modal shift, for how many people you want to get out of their cars and on to other forms of transport, including active travel?

Chris Grayling: To try to set a target is almost an impossibility. My approach has always been incremental change, not trying to set an artificial target. People talk about getting more on to rail, for example, or on to trams. The networks we have are all full. It is not a question of just getting people out of their cars on to the existing networks; we have to create extra capacity.

One of the frustrations I have about the debate about HS2 is that, for example, I know that there is demand from mid-Cheshire for more commuter railway services into Manchester; lots of people drive into Manchester on the M56 rather than getting a train, because they do not have a commuter rail service like they do in London. The service from Knutsford into Manchester, a classic commuter belt, is not great, but we cannot get more trains into Manchester Piccadilly at the moment. The way we get more trains into Manchester Piccadilly is to move the express trains off the existing railway line, put them on a new railway line and create more space for commuter trains.

I sit in rooms with people and say, "How many of you support HS2?" One hand goes up. "How many of you want to spend money on getting more commuter trains for people to travel into our cities?" Every hand goes up. That is what HS2 does.

Q90 Chair: The challenge for this Government is doing a better job of explaining to people why HS2 is necessary, and I would not disagree with you at all. In the midlands hub, £2 billion would transform the decisions people are making when travelling from Nottingham to Birmingham or Leicester to Coventry. At the moment, you cannot do it on public transport.



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Chris Grayling: I have put aside money in CP6 to start work on the midlands hub and I am waiting for them to come back and say, "What's the first project?" It might be one of the new platforms at Birmingham.

People say it is a £2 billion project. You cannot really do a £2 billion project. We had that over the trans-Pennine. Everybody was calling for us to spend more and more, but look at the amount of disruption you get by doing the more and more in one go. All these things have to be a rolling programme of improvements. Otherwise, the level of disruption becomes too great.

Chair: There is a lot of work we could do to improve connectivity across the midlands. I am going to come back to electric vehicles, but now I apologise because I have to leave, so I will vacate the Chair and hand over to Huw.

Huw Merriman took the Chair.

Q91 **Ronnie Cowan:** I have resisted the temptation to comment on HS2. That may be for another day. There seems to be a bit of confusion as to whether it is going to get to Scotland or not.

Secretary of State, you said you prefer incremental change and you have set some targets. Do you think your 2040 zero emissions vehicle target is stretching enough, given the new commitment of the UK Government to be at zero emissions by 2050?

Chris Grayling: It is something we are looking at as part of the work we are doing in the wake of the Climate Change Committee report. To some degree you can only do what you can do.

Q92 **Ronnie Cowan:** The Climate Change Committee said 2035.

Chris Grayling: I know they did. You have to bear in mind model lifecycles and technology constraints. One of the biggest constraints at the moment is battery availability, and the capacity of batteries to deliver much more, at much longer range and with faster charging.

Q93 **Ronnie Cowan:** Your view seems to be that it's electric cars and that's it. You are not looking at hydrogen or LPG or anything else.

Chris Grayling: No. As I said earlier, I think hydrogen has great potential for the future. Only Toyota at the moment is doing stuff with hydrogen. The thing about hydrogen is that it has to be created; the electricity has to be generated and the hydrogen has to be created. My view is that hydrogen is a really important part of the future. I think hydrogen will prove a particularly important part of the future in the haulage sector, because realistically I do not think we are going to have 44-tonne electric HGVs any time soon. Hydrogen is a better option for that.

Q94 **Ronnie Cowan:** What about dual fuelled, diesel and LPG?

Chris Grayling: You still have diesel there.

Q95 **Ronnie Cowan:** In the shorter term then.



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Chris Grayling: There are incremental improvements that are achievable, but if you are going to remove all those vehicles from the roads, with new vehicles on the roads by 2035, which clearly is desirable, we have to get the technology right. You are absolutely right. It is not just electric; it is about hydrogen.

Q96 **Ronnie Cowan:** The BEIS Committee labelled the Government's 2040 target on zero emission vehicles "unclear". In 2040, will it be possible to purchase a car in the UK that is not zero emission?

Chris Grayling: I suspect the answer to that will be "No, but." I will be quite surprised if there is not a tiny number of vehicles, in the historical sector or whatever. The aim is that by 2040, in a conventional car purchase from the showroom on the street or around the corner, you will not be able to buy a vehicle that is petrol or diesel.

Q97 **Ronnie Cowan:** Recently, you said that you wanted an all-electric Government Car Service by 2040. At the moment, it is only 21%. Do you think your goal is ambitious enough, given that there are only 90 vehicles in the GCS?

Chris Grayling: We are replacing them as the leases come to an end. For example, the Department of Transport now has all hybrids or electrics, and we are migrating those as the leases come to an end. I have just written to other Government Departments. My view is that there is no reason why the whole of the public sector should not be procuring ultra-low emission vehicles.

Q98 **Ronnie Cowan:** You mentioned earlier electric cars being charged overnight because of lower demand, but if a lot of us have electric cars and are trying to charge them overnight, it will give a different set of problems.

Chris Grayling: What the guys in the electricity industry say, and we have had a number of workshops about it recently, is that, because there are peaks and troughs, they think there is enough generating capacity to meet the demand for electric vehicles, and that will enable them to smooth out the times when there is demand for electricity. I still think they may need some extra generating capacity, and of course they have to complete the task of replacing coal-fired stations and expanding zero-emission generating microsystems anyway. They say that within the current envelope of capacity they can do it.

Q99 **Ruth Cadbury:** One of the other aspects of zero emission vehicles, electric vehicles, that the National Infrastructure Commission raised with us yesterday was the network of rapid charging, particularly away from major centres and major roads, because they felt that that might not be economically viable for the industry. What role do you feel the Department of Transport should have in ensuring that we have a comprehensive network of rapid charging?

Chris Grayling: It is not so much the Department for Transport; it is about Departments working together—a collective thing. It is one of the



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issues we have been discussing in the workshops we have had with the industry in the last few weeks.

It is very important to make sure that we get charging points everywhere. Does it need Government financial support? At the moment, with the charging networks going into place, we have Government support. The view of most of those I have spoken to in the charging companies is that they can build their networks with private finance. As the number of electric vehicles increases, so the economics of putting in a charging point becomes more attractive. Government will have to put in support for some considerable time to come, and it may be that in the end we have to provide grants for rural areas on an ongoing basis. We will have to see how it pans out.

Q100 Ronnie Cowan: The National Infrastructure Commission recommended that decarbonising HGVs and road freight should be prioritised over shifting freight on to more sustainable models like rail and water. Do you agree?

Chris Grayling: I do, because, certainly on rail, the capacity simply is not there. We do not have the ability on our rail network to carry all the goods that are carried by road. That is absolutely right, and it is something I have asked the Department to work on as part of the updated environmental strategy I asked them to prepare. It is not easy. Hydrogen is the most likely long-term solution. We are absolutely clear that we have to focus on the heavy goods sector as one of our biggest problems. That and aviation are the two biggest issues to overcome.

Q101 Ronnie Cowan: We are 50,000 drivers short for HGV vehicles. What are we doing to address that?

Chris Grayling: We need to continue as we do with other skill shortages. In the post-Brexit world, we shall need to be willing to recruit internationally when we need to, but through a managed system of migration rather than an unmanaged one. There are also technology solutions being developed at the moment—platooning of lorries for example.

Chair: We will stay on the same theme, touching on aviation and maritime.

Q102 Jack Brereton: As you have just recognised, Secretary of State, aviation is one of your biggest challenges when it comes to decarbonisation. Currently, we have seen the share of carbon emissions from aviation increase to 7%. Potentially, that could increase further to around 25% by 2050. What more do you think could be done to ensure that aviation tackles these issues and that we reach the targets by 2050?

Chris Grayling: There is a whole variety of measures, some small, some larger—for example, more efficient use of taxi areas or less stacking around major airports. There is no simple solution for aviation. It is around 2% or 2.5% of global emissions, and my view is that it will be solved by a mix of technology offsetting and carbon capture. We are a



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long way away from the situation where there is a genuinely alternative way of flying planes.

The one thing I am very clear about is that in this country we cannot close down our aviation sector in isolation from the rest of the world. Everybody else is expanding airports, and if we say we are not going to do that, and that we are going to restrict aviation, we will damage our economy and the public services on which people depend. Aviation has to be dealt with at global level. It has to be addressed, and it will be addressed through a variety of different measures, but there is no simple technology solution as there is, for example, with electric cars.

Q103 Jack Brereton: Do you think that the level of growth that has been outlined by the Government is right in terms of aviation, considering the level of emissions that aviation is likely to cause?

Chris Grayling: Yes, I think it is economically necessary. It is 2% of global emissions, and we will need substantial offsetting measures to deal with aviation. It is probably easier to deal with maritime, because I can see hydrogen becoming the best option for maritime. I am not yet sure if that will be possible for aviation. Looking at the challenges, aviation is the one where I see the most difficulty in finding a solution, but it is also a very small part of global emissions.

Q104 Jack Brereton: The Committee on Climate Change recommended that international aviation should be included in the five-yearly carbon budgets by 2050. Do you think that should be done sooner?

Chris Grayling: We are looking quite carefully at what we do around that. I would not want to prejudge it yet. It is something I have asked the Department to look at and work with the rest of the Government on.

I am very clear that I do not think that we can or should constrain our aviation sector unilaterally within the UK. That just damages us in a competitive world. We need to try to achieve what we have done with the IMO, which is to shape global agreements on how we address the issue of aviation.

Q105 Jack Brereton: Moving on to maritime, you have identified some of the things that you are doing to try to reduce emissions. One of the biggest challenges is around ports and the use of facilities to hook up ships when they dock in ports, and not using their engines while they are in port. What more can be done to enforce that, because quite a lot of ships are not using the docking facilities that are available?

Chris Grayling: It is the same around airports. We are clear that we have to start where we can make a difference, which is around working practices in our ports and airports, whether it is electric vehicles around the ports, proper stewardship of vessels as they come in, using lightweight electric vehicles, or using electric vessels around the ports rather than using diesel outboards or inboards. There is a lot that can be done within the port itself, and with tighter enforcement of rules. We have said that we expect vessels operating in UK waters to have a low



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emission capability by 2025. I see us now working with the IMO to tighten the rules generally for ports, and enforcing them.

Q106 **Jack Brereton:** What about international waters in terms of the targets for 2050? International shipping is not going to be bound by those lower emission targets.

Chris Grayling: That is why it is about getting agreement in the IMO, to be honest. It is ultimately why climate change cannot simply be dealt with on a national basis. There are things we can do to contribute, which are absolutely right, but it also has to be done on an international basis, not the UK acting unilaterally.

Q107 **Jack Brereton:** Do you think the Department should be more ambitious in its agenda to get those international agreements?

Chris Grayling: Yes, I do. That is one of the reasons why I asked the team to sit down again and look at the sector. There are some things we can do in this country, but some things we need to push for internationally. The truth is that we have been good at it up to now; we were very heavily involved in steering the IMO towards the agreement it reached last year, but that is just a start.

Q108 **Ruth Cadbury:** We have to do things internationally but we also expect changed behaviour of people in the UK in achieving net zero by 2050. That decision by Government was made since the decision to expand Heathrow. Given that the expansion of Heathrow is of relatively small net economic benefit—I think a best estimate is £60 billion over 60 years—and that almost all the additional passengers using Heathrow's expansion will be UK-based residents going on flights for leisure purposes, do you not have some sympathy with the woman who called the 5 Live breakfast show last month and said, "What I can't see is why climate change means I have to get rid of my boiler and buy a new one, but rich folks down south get hundreds more planes to do all their flying."? Is there not a contradiction there?

Chris Grayling: The rich folks down south and your point about leisure is absolutely right, but the economically essential bit is the proportion of people on the plane going for business to win opportunities for us around the world, and to bring business and investment to the UK.

Q109 **Ruth Cadbury:** That is not what your figures say.

Chris Grayling: Every plane that leaves Heathrow airport, particularly to the destinations we want to serve in the future—emerging markets in Asia, for example—will be performing an economic purpose as well as carrying people who are travelling. If we do not have those links, we will be constraining our economy for the future. In a world where economic growth and economic activity is happening further away from the United Kingdom, I believe we need those links. We need those links within the United Kingdom to connect, for example, Newcastle, Scotland or Northern Ireland to the emerging markets around the world.



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The answer about the boiler is that it is possible to replace the technology in our houses with stuff that generates the heat we need without creating emissions. It is not yet possible to fly a plane without generating emissions. My view is that we should concentrate on tackling climate change by doing things that in volume terms are much bigger. Roads and emissions from your house are much bigger than aviation, where we can use technology to make a difference.

Q110 Ruth Cadbury: Business flying is flatlining and expansion is not predicated on specific routes. As far as I know, the Government are not going to fund the protection of routes, say to Scotland, and are not saying that you can only expand Heathrow if you have more routes to China or whatever. There is no link between expansion and specific routes.

Chris Grayling: The whole point is that for an airport or an airline to be sustainable you have a mix of traffic and a mix of destinations.

Q111 Ruth Cadbury: Which we have now.

Chris Grayling: But you also have an airport that is absolutely full. You have planes stacking around the south-east. You have airlines that would like to come to Heathrow but cannot. You have destinations in Asia that would like to have routes to Heathrow but cannot at the moment. The moment a slot becomes available, a plane will hop across or an airline will come there for the first time.

I know your view on this. You and I will never agree on it, I am afraid. I passionately believe that it is essential for the economy of this country. Pretty much every business group says so. Every regional business group I talk to says so. The regional airports have told me so. This is essential for the future of the country. I think it is. I am well aware of the issue around climate change, but I also look at the enormous growth taking place in other parts of the world. We are a very small part of that. If we are to address the issue of climate change in aviation, it has to be done in partnership with those other countries, not unilaterally.

Q112 Chair: Any last questions, colleagues? Perhaps, I could throw in a cheeky last one. Secretary of State, I remember your very first session with the Transport Select Committee three years ago. Change is in the air. In the event that the chairs are rearranged, have you enjoyed the role and what advice would you give any potential successor?

Chris Grayling: I have enjoyed much of the role, but not always; there have been moments when I have been utterly infuriated by it. My advice to any successor would be that it is a job that can deliver enormous satisfaction when you either start things or complete things that make a difference. You also need to remember that it is an area that affects more people, in more of their lives, than any other area of Government and that therefore you are also walking through a bit of a minefield.

Q113 Chair: On that note, thank you very much Secretary of State for your evidence, today and previously.



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Chris Grayling: You're welcome.