

Transport Committee

Oral evidence: Priorities of the new Secretary of State for Transport, HC 58

Wednesday 16 October 2019

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Members present: Lilian Greenwood (Chair); Ruth Cadbury; Robert Courts; Steve Double; Paul Girvan; Huw Merriman; Graham Stringer; Daniel Zeichner.

Questions 1 - 71

Witness

[I](#): The right hon. Grant Shapps MP, Secretary of State for Transport.

Examination of Witness

Witness: Grant Shapps.

Q1 **Chair:** Welcome, and thank you for coming along today. We are looking forward to hearing about your priorities and what you hope to achieve as Secretary of State for Transport. For the benefit of the record, would you introduce yourself?

Grant Shapps: Thank you. I am Grant Shapps, Secretary of State for Transport. Thank you very much for having me along for this first session.

Q2 **Chair:** First of all, we would like to understand a bit about your whole approach and the new ministerial team. In his last appearance before the Committee, your predecessor said that being Secretary of State for Transport could “deliver enormous satisfaction when you either get to start things or complete things that make a difference.” Tell us one thing that you think you would like to start and one thing that you intend to finish during your time in office.

Grant Shapps: Selecting one is challenging, Chair, but certainly getting the trains to run on time, which is something I have started, and, if I may, a second thing would be decarbonisation. I think those are the two big areas.

Q3 **Chair:** Do you think you will get them finished?

Grant Shapps: Not entirely, but I hope to see some improvements. If I were to describe what I think about this now, having done it for a few weeks, I would like to see a more reliable and accessible transport network for all forms of transport, with trains actually running on time, which I don't think should be too much to ask, and cars that run without pumping out CO₂ while we decarbonise maritime and aviation. That would be my goal.

Q4 **Chair:** Given that you have not led a Government Department before—obviously you have been on the Back Benches for a couple of years—what do you think you bring to the role of Secretary of State?

Grant Shapps: Although I have obviously not led a Department, I have been in Cabinet as Minister without Portfolio, so I got to see a lot of the workings of Government from the Cabinet Office for three years, jointly while I was chairman. Before that I was in Housing, and after that I was in both the Foreign Office and International Development.

It is interesting seeing a different Department, its ethos and the way it runs. One thing you discover when you work in different Departments is that they all have their own peculiarities. If you can gather the best of those things and try to apply them to the Department you are running, that is a good starting point.



HOUSE OF COMMONS

As the Committee knows, or certainly you do, Chair, Transport was absolutely the job that I wanted to do. I somewhat fought for this position. There is so much to do, simply because it touches people's lives every single day. It is almost impossible to avoid, even when that is just walking. It is a factor of virtually everybody's life unless you are entirely housebound; you will be using transport, and even if you are not, services will be coming to you from transport.

I like the fact that it touches everyone's lives and there are clear and obvious areas that can be improved dramatically. I drive an electric car and I think that within a very short period of time most people will. It is a completely different experience. It is much quieter. It is clearly not damaging the environment. It is technology that is already available; we do not even have to wait for it to be available. The policy challenges of getting that kind of change into place are entirely within our hands collectively, and obviously for me in particular. It is a very exciting area to work in as well.

Q5 Chair: I was going to ask what you see as the biggest challenges currently facing your Department. You have highlighted decarbonisation as one of your big challenges because it is one of the things that you are most keen to see.

Would you see changing people's behaviours as one of the challenges? If we were all driving electric cars, particularly if we were all sitting individually driving our electric car, there would be a lot of problems that we would not solve, not just in terms of transport problems such as congestion, but in terms of the wider health problems we face as a result of obesity and inactivity. What do you see as the biggest challenges, and how do you see the challenge of working with other Departments to achieve wider goals?

Grant Shapps: I should put on record that I see the biggest single challenge coming up in 15 days' time. Dealing with Brexit is obviously something that has taken up an enormous amount of my time and energy since I have been in this position. It is probably second only to dealing with Operation Matterhorn, or what people know as the Thomas Cook situation. There are other things that obviously take up time day to day.

Narrowing down on behavioural changes is right at the nub of it. It extends further than cars. I will come back to cars. Behaviourally, on trains I find it interesting that we have a system whereby people pretty much do not say much even though only 65% of trains run on time, by which I mean to the minute. One of the things I did last month or the month before was to change the number that we are focusing on. It used to be the five to 10 minutes late figure. Five to 10 minutes is late. You have probably missed your connection. You can be late for a meeting or fail to pick up the kids from school, which is something that has happened to me when trains were only five or 10 minutes late.



To the minute is on time, and the fact that we do not quite reach even two thirds of our trains running on time is a problem we have to resolve. Part of that change is behavioural change in management and in practice; in the operation of the trains; in the way we think about the quality of the service that we are providing; and in the engineering quality of everything we do. There are lots of ways that behavioural change is important there.

I think you were primarily driving at the car example. I make my first prediction, and you can have me back and tell me how wrong I was in however many years' time. I think we are on the cusp of the tipping point of a big adoption of electric vehicles. I happened to order mine a couple of years ago. The model was not out yet. I was waiting for it to come in and it happened to come a couple of weeks into getting this job. Since then, I know of a number of people who have ordered electric cars, and somebody who has bought a second-hand one, simply because for the first time they met somebody who was driving an electric car, and they could literally ask questions and see it.

That behavioural change is absolutely huge. The infrastructure is now coming into place; for example, there are now more charging locations than petrol stations in this country. Most people have a great deal of concern about not being able to refuel electrically. They call it range anxiety. Actually, there are lots of locations.

There will be habit changes, but your final and perhaps most significant point is that everybody driving around does not solve the other outcome issues that as a whole Government, rather than just the Department for Transport, we should be caring about. Obviously obesity is a massive challenge and there is a programme in place to try to halve it by 2030. That is a huge challenge to society.

We should not be bunging up the roads; even if we are not pumping out carbon and toxins, we still want to be able to get around more easily. There are lots of interesting things, including forms of micro-mobility up and down the line, which I am quite excited about the development of, but also just traditional walking and cycling. Last week, on Friday, I launched another £13 million for the Bikeability fund for 2020-21, to encourage youngsters to do what people in this room may recall as the cycling proficiency. That is going to cover over half of pupils now, but clearly there are decisions Government or society could make about whether we want all children to learn Bikeability. When people get that habit early, using a bike becomes something they carry on doing. Behavioural change is a huge part of it. Out of interest, I have been engaging with our own behaviour insight team in DFT and also external teams, and talking to the nudge unit in Whitehall, for example.

Q6 Chair: We know that the new Prime Minister is very interested in transport. He has spoken about it in a number of speeches since taking office. What conversations have you had with the Prime Minister about



your new role? What has he told you his priorities are for the DFT?

Grant Shapps: When he appointed me, he said things like Northern Powerhouse Rail. Then of course in his first Saturday speech, which we discussed, there was the Leeds to Manchester bit, about it going ahead quickly, but then building out to six or eight different northern cities and putting that whole part of the transport network in place.

If you are listening or watching this and you are a Northern passenger, you are probably as frustrated as I was over the 2018 timetable changes on my railway, which is Great Northern. In Northern, it has failed to recover. In fact, I can tell you that I have said to the Prime Minister, going back to the theme of getting trains to run on time, that I want to see a recovery—I am not sure it is even a recovery; it is probably for the first time—on real punctuality on our trains. That was a big area of concern.

You may have seen recent speculation in the press about the sustainability of the Northern franchise. I can tell the Committee that I have already issued a request for proposals from both Arriva and the operator of last resort, because I consider that it cannot continue delivering in the current delivery method. We know the financial pressures that have been talked about in recent speculation. Sorting out the big infrastructure build—Leeds to Manchester and the whole of Northern Powerhouse Rail—and the here and now of the fact that in some instances trains are just too unreliable are the big areas.

It will not surprise anyone to know that the Prime Minister loves buses. Subsequently, we have had a big bus announcement of £220 million, which will make a big and real difference in bus travel. He is also a keen cyclist. We briefly discussed cycling and, going back to the conversation we were just having about Bikeability, the importance of the fact that not only is it a very efficient way of getting about but it helps with health outcomes.

I talked about my desire to decarbonise. That was a very big part of it. To put this into perspective, about a third of all the CO₂ comes from transport and 90% comes from vehicles. There is quite an easy win if we can get our entire transport sector switched to alternative fuels like electric. There may be some others like hydrogen. That was a big part of the conversation. Those are probably the highlights of the things we talked about.

Q7 **Chair:** I will bring Graham in on Northern in a moment. He will be particularly interested in your comments on that. Before I do, what conversations have you had with the Prime Minister's transport adviser, Andrew Gilligan? Many of us have read some of his materials in the press over a long period, so we have an idea of what his priorities and policies are. Are there any differences of opinion between you and him?



HOUSE OF COMMONS

Grant Shapps: You would not expect me to go into the detailed policy discussion, but what I can tell you is that it is quite a healthy and vibrant discussion. You were asking about cultural things in the Department earlier. I think that leads into Andrew Gilligan in particular, or the Prime Minister's advisers.

What it boils down to is that a Department has to do two things. First, it has to competently deliver. Whether that is bringing nearly 150,000 stranded people back in the biggest repatriation or, if we get to a no-deal Brexit, making sure that we are able to keep things flowing, competence and delivery is a huge amount of what my officials, via me, are involved in every single day.

When you think about it, the only other thing is policy and thinking of ideas and generating new ideas. On that side of things, we should, as a Department, welcome all ideas, challenges and thoughts. I love it when someone, as happened this morning when I took the train in, comes up to me with a transport idea. That was literally on the train coming here this morning: "Why don't you do this?" Brilliant. I love those ideas. When I think they are good, I will commission a piece of work to study whether the idea is good.

Coming back to No. 10 and their role in this, I enjoy that relationship. You do not always agree on every last thing. You have a good, constructive and creative debate about it, but everything that has come out after having had that discussion has been because ultimately I made the decision, because I am the Secretary of State, and it has been improved by having that process of healthy debate.

It is no secret that setting up the Doug Oakervee review of HS2 has been a big opening thing. The Prime Minister had said he would do this in the leadership contest. He came in and it had to be set up. Doug Oakervee was put in place. We were very keen to make sure that we had a panel that was properly representative of a full range of views. We have Doug Oakervee chairing it, but Lord Berkeley is deputising. They are known, in past statements, to have very different views. Again, great. They will create a report that has properly taken into account a range of reviews. No one will be able to call whatever comes out the other end a whitewash because of that, and I think that is very good.

Chair: I am sure we are going to come back to that issue later. I will hand over to Graham for a moment.

Q8 **Graham Stringer:** You have said many interesting things, Secretary of State, about transport. My first question might seem a bit odd. Have you talked to Jake Berry about transport? He has recently said that Transport for the North does not have a view on the Northern rail franchise. That is simply untrue. They have written to you, and they wrote to Mr Grayling twice, saying that Northern should lose their franchise. Have you talked to Jake Berry about that, and do you think, given what you have just told the Committee, that Northern should have the franchise removed and we



should move to the operator of last resort?

Grant Shapps: On Jake Berry, yes, he and I very regularly speak. In fact, I think we have been in text contact even this morning, not related to that but on something else. He is handling Northern Powerhouse and a lot of things where Transport is a very natural partner with a lot of work that he does.

I am not specifically familiar with those comments, but I am familiar with the letter from Transport for the North. I wanted to tell the House through this Committee about the request for a proposal first. You will appreciate that that is the first phase of either going to a direct award or an operator of last resort. As you know, I cannot go further in terms of commenting both because of commercial sensitivity and because there is a proper process to go through. A request for proposals is to kick that process off.

As a fellow long-suffering commuter, I entirely believe that we cannot carry on just thinking it is okay for trains not to arrive or for Sunday services not to be in place, and so on and so forth. That simply has to change.

Q9 **Graham Stringer:** It would be fair to say that you are taking it seriously.

Grant Shapps: Yes, absolutely.

Q10 **Graham Stringer:** Excellent. Northern have not only failed to deliver passengers on time—their record is simply appalling, even when you get away from the scheduling—but they have also failed to deliver on Pacer trains. We have been promised no more Pacer trains year after year, and we were promised absolutely no Pacer trains after 1997. As somebody who used to be involved in Manchester politics, are you dissatisfied, as I am, that Manchester will still have Pacer trains next year?

Grant Shapps: I am hugely impatient about it is the answer. Every time I hear of a delay to their extinction, I am immediately on top of it. By the way, since you raise the subject of modern technology—this is not a policy announcement—I am also hugely concerned about the idea that we could still have new, partially diesel-run trains coming into service up to 2040. I know the point about Pacer is not entirely about the diesel nature of it, but when I look at my comments on cars where, at the moment, the policy is 2040 to end the sale of petrol and diesel, I recently said that I am going to investigate 2035. I am also of course very interested in the earlier extinction of diesel trains. The Pacer train continuing—the symbol of the old railway—is very frustrating, and it all plays into the overall concern I have about the set-up.

I looked up the figures using my 60-second—to the minute—on-time measure. Northern's current performance sits at 57%, so there is literally just better than a one in two chance of a train arriving on time. It has fallen slightly in the last six months from 61% in March, while the UK average is about 65.1%. Nearly two thirds of all trains arrive on time, but



HOUSE OF COMMONS

if you are on Northern it is over half but not much over half. That is a big gap.

- Q11 **Graham Stringer:** I do not want to labour the point too much, but it is even worse than that with Northern. When trains are late or are cancelled, they give very little service and information to passengers. It is simply dreadful.

On the Pacer trains, it looks like a relatively short period of time before they are phased out. Is there anything you can do to speed up that process?

Grant Shapps: I have been asking the question. Here is the dilemma. I will tell you directly. I went back with exactly that question, and, yes, we can remove them, but what will go in their place? Nothing. There will just be a gap in the timetable. When you are faced with that sort of dilemma, clearly no one in their right mind is going to say, "Just don't run any trains." We will do everything possible, including looking at the feasibility of whether there are other trains that can be used. These are all live issues that I am looking at, as we talk this morning.

- Q12 **Graham Stringer:** When the Prime Minister came to Manchester and made his speech at the Museum of Science and Industry, he talked about improving the service between Leeds and Manchester, as you have just done. After that, the specialist press said that in order to do what he wanted to do, the Leeds-Manchester line would have to be closed for five years. Are you aware that that is the view of a number of industry insiders, and do you have a response or a remedy to it?

Grant Shapps: I have read comments about that. I think it is a product of two things being confused. We have a separate commitment to upgrade the TransPennine line. That is a £2.9 billion commitment and does indeed involve quite a bit of line closure to get there, which is one of my concerns about it. None the less, at some point you need to upgrade and therefore you have to have some closures.

Separate to that is the proposal for a new line. I do not think that would actually create disruption to the existing service. I saw the comments after the Prime Minister's speech, but I think it was confusing the two separate elements into one.

- Q13 **Graham Stringer:** I have one last question on Northern. I apologise to you, Minister, because I have to go at 10.30. Are you familiar with the problems of platforms 13 and 14 at Manchester Piccadilly station and their replacement?

Grant Shapps: I am.

- Q14 **Graham Stringer:** It is one of the pinch points in the whole of the Northern rail system. It is in Manchester but it actually disrupts services all over the north. Have you had time to think about a solution to that pinch point?



HOUSE OF COMMONS

Grant Shapps: I have to say that I am not intimately briefed on platforms 13 and 14 but I have been meeting with the Mayor, who has briefly touched on it. I think I am right in saying—though I will correct it afterwards if I am about to say something that is wrong—that this is all tied up in exactly how we take forward two big projects. One of course is HS2, which I am sure we will come on to. The other is that Manchester-Leeds link. I think I am right in saying—my officials might be staring at the back of my head and will correct me afterwards, in which case I will write to the Committee—that some of these decisions are tied up in exactly how those projects go forward as well. I will check that that is factually accurate.

Graham Stringer: I would be grateful if you could write to us. Thank you.

Grant Shapps: Sure.

Q15 **Chair:** I want to ask a couple of other questions before we move off the subject of the Department itself. DFT has only had four Ministers in recent times, but now there are five. Who made the decision that we were going to get an extra ministerial role, and why?

Grant Shapps: I think there may be six of us.

Q16 **Chair:** Six, including yourself.

Grant Shapps: I posed the question to the Prime Minister of whether we should have additional resource in Transport. It is a key infrastructure Department. You could almost think of it as transport and infrastructure in many ways. If you think about the size of the programme, £48 billion on roads over the period 2019 to '24 is a huge investment. That is not to do with HS2. That £48 billion is just expanding the rail network, or rather servicing the rail network.

Q17 **Chair:** Renewing it.

Grant Shapps: Indeed. Expanding the rail network is entirely separate, depending on the outcome of the Oakervee review on HS2, Crossrail 2, East West and Northern Powerhouse Rail. There are not budgets committed yet, but Northern Powerhouse Rail and Transport for the North, coming back to Mr Stringer's question, have put in various different ideas up to £39 billion just for that project.

There is a lot of infrastructure on the rails. There is a huge amount of infrastructure on the roads; again, it is in the tens of billions. That is before we get into the investment in aviation and maritime. There is a very large infrastructure spend.

If you think about the history of all Government Departments, in 2010, when the coalition Government came in and I was first a Minister—forget about the politics of it—we were in a process whereby we were trying to do a lot more with a lot less resource. Typically, budgets for resource, the RDEL, would be cut, but we would try to put money into capital projects.



HOUSE OF COMMONS

When you are delivering enormous infrastructure projects, there is simply an argument that eventually you get to the point where, if you do not have enough resource, you will not capably deliver those projects. One of the first things I did on taking this job was to read some of the capability reviews on what had gone wrong in other large infrastructure projects. There were projects that are ongoing but the costs had been under-projected—for example, Crossrail and HS2. We have to be careful not to under-manage those projects. That was obviously after I came in.

I saw quite a lot of this coming when I looked at the Department and what it was trying to achieve. I quite literally said to the Prime Minister, “I think we should have an extra Minister in place.” I moved the responsibilities around to better reflect the objectives I outlined to you at the beginning. You might say, “Which is the extra Minister?” and it would not be entirely clear, except to say that we have a Minister who is always thinking about future transport, the new forms of mobility and how we can use technology a lot better in existing forms of transport. For example, half of tickets are now bought using digital means, typically on phones, and the ticket is never printed out. There is a lot of technology that would make our transport system better. That was another area.

Broadly speaking, to answer the question, it came about because I said to the Prime Minister, “I think this also an infrastructure Department, and it would be helpful if the Department had a bit more resource, including people.” There was a later discussion with the Treasury, as per the spending review, for a bit more money as well to deliver those big projects. I do not think we can under-manage projects with so much capital involved, and then expect to deliver well-run projects on a shoestring. You have to do it properly, and that includes people and money.

Q18 Chair: Delivery of some of the projects is being undertaken by Government agencies such as Network Rail and Highways England. Does that imply that Ministers are going to have a far more hands-on approach with those agencies?

Grant Shapps: That is interesting. Ultimately, the direction is probably the other way in terms of the hands-onness. We have not touched on it yet, but there is the Keith Williams review of the future of our railway.

Q19 Chair: But specifically on capital projects.

Grant Shapps: I just mention that because it would mean that quite a lot of the ongoing work, such as franchising, contracting and stuff, would not be done in the Department, so you would not need the people in the Department doing that work in future. You may argue that there is less ministerial overview and what have you.

For the moment, when we are trying to go through the infrastructure revolution, to try to do that without having sufficient leadership through Ministers in place would be a big mistake. The Select Committee I sat on



HOUSE OF COMMONS

here originally was Public Administration. I remember seeing a lot of Government Departments and agencies that had never quite had the leadership. We would sit here as Members of Parliament criticising the agencies for failing to deliver, when actually I thought that sometimes they had not been given the strategic steers required, or attention from Ministers, to know what they were doing.

The Civil Aviation Authority, for example, who have just done a superb job in helping to repatriate all of those people, are in one way excellent. They guard against planes falling out of the sky and they managed to do a fantastic repatriation. However, they have not really had much ministerial interest over the years and have, as a result, developed their own policies and cultures. They literally create their own CAPs, almost laws or rules.

In the end, everything should be democratically accountable through a Minister and through Parliament, Select Committees and the rest of it. To answer your question, it is an attempt in a way to address the accountability of the rail and roads network and maritime and air transport by having enough Ministers to properly do that.

Q20 Chair: I have to confess to feeling a little nervousness. So far, we have talked a lot about the north and Northern Powerhouse Rail. When I look at the current division of ministerial responsibilities, I do not see anyone with a responsibility for Midlands Connect and the Midlands Engine. It feels to me that there is something missing. Who is the Minister with responsibility for that?

Grant Shapps: Paul Maynard is responsible for that. To explain, Paul Maynard was the Rail Minister in a previous Administration. He is focused now on new bits of rail, whether that is Crossrail 2, Midlands Connect, Northern Powerhouse, East West or any of the other proposed or talked-about projects. That is all Paul Maynard, and he, in turn, is being supported by George Freeman.

George Freeman, the Minister of future transport, is thinking about the way that transport can be brought up to date and made more modern. He will often have ideas about that. George might say, "Well, this is all very interesting, but why don't we build that network through Maglev rather than through a traditional train service?" He would challenge with those kinds of ideas. Paul Maynard is the simple answer, but supported now by other Ministers, including particularly George Freeman in that case.

Q21 Chair: Isn't there a danger, as I think Paul Maynard said when he was in his previous role, that, if you separate off all those major projects, you forget that they are not stand-alone projects but are about enhancing our existing network? One of the criticisms that many of us have of the way that HS2 has been explained is that it is all about the impact on the wider network of creating additional capacity. Have you reflected on the danger of splitting projects from mainstream responsibility?



HOUSE OF COMMONS

Grant Shapps: I entirely agree that we are building, in this case, a rail transport network. Clearly, there is a lot of interconnectivity between these projects. For the interest of the Committee, it was actually Paul Maynard who said something that made me realise that having both these elements together, and for a Minister to be doing it in sufficient detail, was potentially creating such a large workload that they were not fully concentrating on both. It was a comment that Paul Maynard made to me that made me think that we should run those as two portfolios that support each other.

To complete this, to show how much resource we have on it now, ministerially speaking, Chris Heaton-Harris looks after the day-to-day network, as the Committee knows. He is busy and full-time on that. Paul Maynard is very busy on the future part of it, plus he does aviation. Then you have the Minister for the future.

The reassurance I can provide you is that we constantly meet up. We have ministerial meetings extremely regularly. Our last one was yesterday. I believe in literally getting us sat down in the same room. We go through and discuss the projects that we are working on. Unsurprisingly, a lot of the time Ministers go off and carry on working on a particular part of it together. We have really excellent communication between us, and that certainly provides a lot of reassurance. It is just the sheer volume of work, which I get to see overall.

Completing this picture, I should say that I have not taken on a specific portfolio area myself other than the corporate Department stuff that you do as Secretary of State. By having excellent Ministers looking after each of the individual portfolios, I get to stand back a little bit and, I hope, have a more strategic view of the whole thing. I read absolutely everything, and obviously ultimately the decisions are on my shoulders. From the first two or three months of running, this is working very well internally. I feel that we are making progress on some of the bigger projects and the day-to-day things by dividing things up as we get it done.

Q22 **Chair:** As the Department has expanded, what does that say about the role you are expecting for sub-national transport bodies like Transport for the North?

Grant Shapps: One of the things it gives us at ministerial level, but also with my officials, is more capacity to have those conversations. You can literally have a Minister in the north having a conversation while somebody else is dealing with the day-to-day issues in the south. It gives you capacity to do that. I hope the answer is that we are having many more conversations with the sub-nationals, not just in rail but in all areas, by being able to have Ministers who are more specifically dedicated to a particular area or a particular mode of transport than would have previously been the case.

Q23 **Chair:** Before I move on to other colleagues, what conclusions should we



draw from the move of important areas of policy like roads, buses and taxis to the House of Lords?

Grant Shapps: I looked for a Minister who would be absolutely over the detail. Baroness Charlotte Vere, who is in the Lords and looks after roads, buses and so on, is the most brilliantly detailed person, or certainly Minister, that I have ever worked with. It is an absolute pleasure. Colleagues often say to me in the voting Lobby or as I am walking around the House, "What about the A327B? What is happening with the bridge?" I say, "I will find out for you." Not only am I able to find out, but Baroness Vere and I sit down with them and are able to provide a far better service in terms of, "This is where it is up to, and it would be very helpful if you asked whatever the sub-national body is to look at this application or this part of it." That works extremely well. I have already met some members of this Committee through that Baroness Vere process.

What I look for are the best people to take on roles. Some people are detail people. I would not put George Freeman on that job; he is a brilliant future thinker, but he is not the guy who is going to do the detail on the A327B that I just made up. It is finding the right Minister to do the right job. I was grateful to the Prime Minister for not only following my advice to expand the Department but then letting me provide the roles that I thought would fit best to people's individual skills. I think that is where we have ended up so far.

Chair: We would like to look at some policy areas. First, Huw will pick up on some of his concerns around the Department.

Q24 **Huw Merriman:** Congratulations, Secretary of State. It was exciting to hear you talk about areas that could be dramatically reformed. I have been fortunate enough, through this Committee, to have been following your Department for almost five years. The impression I have always gained is that it is quite effective at putting out the fires, but that has meant it has had no time, perhaps because the resources of the officials inside the Department is quite limited, to be able to focus on putting things right. I could use Monarch and Thomas Cook as examples. Notwithstanding the extra Ministers, will the team really be given the time and space to be able to deliver some of the exciting policy reforms you have talked about?

Grant Shapps: There are two things we have done and that I have already touched on that lead directly to answering your question. The first thing is an expanded Department ministerially, so that there are more people to do more future thinking. We even have a Minister for that purpose. Secondly, by doing that I have not had to take on a specific portfolio. I am not the trains Minister, the roads Minister or the air Minister. Instead, I get an overview of everything, so I am trying to spend as much of my time as possible having interesting discussions like today's, where you are properly thinking through the strategic future of the Department. That is absolutely essential. It is essential in the whole



HOUSE OF COMMONS

of Government, but also in the whole of life, to be thinking about the bigger strategic issues; otherwise, you become completely fixated on the day to day, and you do not think about the world that you could be creating. That is where I want us to spend a large amount of our time.

Within the Department, I have discovered that there is a strategy unit. No doubt the Committee is already aware of it. It is reasonably large and well resourced, and I look forward to working with them and thinking about some of the bigger transport issues with them.

That is the structural thing, but how does it actually play out? One of the first things that happened when I came into the Department was the Thomas Cook thing. They said, "Secretary of State, we need to talk to you about Matterhorn." I said, "Why do you need to talk to me about a Swiss mountain?" They said, "No, this is a travel company in serious trouble." Having lived through the nightmare of basically building the fifth biggest airline in the world to operate for two weeks with aircraft begged, borrowed and leased from around the world, you think, "We shouldn't ever go through that again." Sure enough, the Department had asked somebody to do a report on that.

The report was done and was delivered on 9 May this year. The work is there, and I have been able to put that into the Queen's Speech. It is in the notes of the Queen's Speech that we will have an air insolvency Bill. If nothing else, because the law does not allow for it at the moment, we can simply legislate to say, "You can use the airline's aircraft for a couple of weeks to bring people home before you hand them over to the administrator, or with the acceptance of the administrator." That would make life so much easier and save us a fortune.

Q25 Huw Merriman: Can I come in? I am sorry to interrupt. What you have just said is right on cue. Can I ask you to be candid? You may remember that I asked a pretty strong question at the Dispatch Box. It was not of you; it was effectively about what on earth happened two years ago. Two years ago, when Monarch went bust, I asked about what you have just talked about. The answer from the Dispatch Box, from your predecessor, was largely that they were going to do what you have just said. There was an airline insolvency review. It first reported over a year ago. It pretty much said what we all thought: extend ATOL or change the insolvency regime so that you can continue to run in administration. Yet nothing happened. Can I use that as the test case for why you think, two years ago, nothing got delivered, whereas now you are doing that, which is great to hear?

Grant Shapps: Monarch was in 2017; correct me if I am wrong. Peter Bucks was asked to chair a review. I do not know about intermediate reports, but I know that the final report came on 9 May 2019.

Q26 Huw Merriman: The first report was July 2018.



HOUSE OF COMMONS

Grant Shapps: I was not here, but I know that there were over 30 recommendations. I know that Peter Bucks says that there is no silver bullet or one-size-fits-all solution. I have spoken to him and we are keen to move it ahead. A number of the things that he suggested were with brackets: "Needs further investigation"; "I haven't market-tested this"; "We haven't thought through all of the implications of doing that thing." There will have been a bit of a process before. The final report came out in May. I became Secretary of State at the end of July and was immediately aware of Matterhorn and Thomas Cook.

I suppose the one other thing worth mentioning is that we need primary legislation to change this law. I have not checked the dates exactly, but probably since Monarch, I imagine, we have been in the same Session of Parliament, given that this is the longest for 400 years. I have heard people argue that you could bring in legislation during the Parliament. It is hard for me to answer because it was before my time, but the first opportunity I get, I am introducing it.

Anyone who has lived through this in my Department or the CAA—or who has lain awake at night worrying about getting 150,000 people home, as I have—will know that it is insane that there are aircraft sat on the ground and crews who could have been available while we scrabbled around the world to find aircraft that were the wrong size and in the wrong places, and had to build an entire repatriation programme at enormous cost to the taxpayer. A piece of legislative change could make this so much easier. I cannot answer all the questions from the past, but—

Q27 **Huw Merriman:** That is helpful. One of the experiments that the Department put in place a few years ago was to have a Minister—John Hayes—responsible for delivering legislation across the entire Department space. I believe he was very good at that; that was his expertise. Had that Minister been in place a couple of years ago, it may have been that the focus would have continued to deliver the legislation talked about straight after Monarch.

Grant Shapps: I fear I am in danger of getting into how we have ended up with the longest Parliament since the Civil War and the lack of introduction of new legislation, but you may be right. The final report came in May, this spring/summer, and a lot of it is quite complex. My sense from meeting Peter Bucks is that he is saying, "We need to think this through more; we need to test it. We need to do this and that."

There is a wider issue. When I was on the Public Administration Select Committee, we used to spend a lot of time on why the heck it takes so long to legislate for anything in this country. Apart from the odd thing that Parliament decides to do in a day, most things take years. There are pre-legislative scrutiny, consultations, all the rounds of First, Second and Third Readings in both Houses and so on and so forth. These things take a long time.



HOUSE OF COMMONS

The most straightforward part of this is the ability to use aircraft in administration. I should flag to the Committee that there are more complex parts that we may or may not want to take forward, because it still requires the conversation we were talking about—things like the flight protection levy. That is quite complicated to do, and how do you do it without disadvantaging British airlines? Ryanair is not a British airline. Are they charged it, and so on and so forth? The simple part is, “We will use your fleet when you go bust.” That is something we can get to much more easily, but there is still work to do on those elements.

Q28 Huw Merriman: Will we see the ATOL scheme extended, so that those currently not protected will become protected with an additional levy on all passengers?

Grant Shapps: Those are the decisions that still need to be made. The bit that I am absolutely clear that we should do, because it is a no-brainer, is use the aircraft. That will slash the cost of repatriation and make it much more straightforward. Do you effectively add another tax to flying, and how do you do that so that it does not disadvantage British airlines, as opposed to those that happen to be domiciled elsewhere? Those things are yet to be resolved. The ATOL scheme, as the Committee may recall, had a certain amount of money in it. I forget the figure off the top of my head, but I think it was £170 million-plus. It was insured for more money, perhaps another £300 million, which is how, despite having had the Monarch collapse, they are still able to pay for all the tickets that are being reclaimed at the moment for future flights, and the ATOL part of getting people home and that side of things. Of course, the Government and ATOL would want to look at all of that as well, going forward.

Q29 Huw Merriman: I should also say congratulations to your Department and the CAA. People are often very critical when things do not work well. That repatriation was a great success.

You talked about perhaps being more hands-off. One of the examples we saw, of which you will be well aware, was the timetable review of 2018. That did not work well. The Department did not seem to have any project management oversight on any of that, and was expecting the industry to deliver. It effectively blamed the industry and Network Rail when it did not deliver. Is the Department under your regime going to be all over matters like that, so that you have a project management office, you have an audit, and you make sure that everyone is delivering with evidence, rather than, “It seems to be going okay”?

Grant Shapps: Yes. There is no doubt that it was a mess. The longer-term solution to that mess is the Williams reforms of the railway that no doubt we will talk about, because that will change entirely the way these things operate.

In the shorter term, both with Operation Matterhorn—Thomas Cook—and with the Brexit-readiness work, which as I mentioned before has been a



huge focus, my view is anything but hands-off, just to be clear. One of the reasons we successfully repatriated everybody is that we took the critical decisions. That led to the CAA being able to do the repatriation.

With Brexit, not to get into the politics of it, but just on the reality of what happens if you leave without a deal, we have Operation Brock. We have the issue of keeping flow at the ports. We have the issue of trader readiness and haulier readiness, and many other aspects that I have spent every day discussing in the Brexit operations committee and in Cobra. The point about these things, as I discovered with Matterhorn, is that, if you focus on every possible outcome, you hope to be able to pick up and recover from most potential problems.

Going back to the Thomas Cook repatriation, it was not that there were no problems. There were terrible difficulties within it. It is just that after the first two or three days, they were not particularly making the news, because we had held Cobras. I chaired Cobras in which we said, "What if this happens? How are we going to get people there on time? What is the surge staff capability of HMRC and the Foreign Office?" That was in order to make sure that we had thought about every possible outcome. Whether it is the Brexit preparations or indeed getting ready for this December's timetable, something that is heavily on my mind—I should think every Transport Secretary forever will have night sweats come the two timetable changes a year—the questions are always, "How do we know we have got that covered? What is the second trench? What if this bit fails?".

In fairness to the Department, by the time I got there—this wasn't to do with me—having lived through the May 2018 timetable changes as well, they had already thought this through a lot. I have found a Department that had already thought about this a lot, and I am probably being more obsessive about it. We will see what happens in December, but I hope the timetable changes will be smooth. Like everything in life, there is no substitute for excellent preparation when it comes to performance. That is what we always have to do.

Chair: We want to ask more about some key infrastructure projects.

Q30 **Steve Double:** Secretary of State, we were very interested to see that in the Queen's Speech there was an announcement on producing a national infrastructure strategy. We would like to hear from you what transport projects you would like to see included in that strategy.

Grant Shapps: I do not want to pre-empt more work on this through the Budget, so I shall try to give you an overview. I talked before about how we want to source out our infrastructure. That involves some very big, seismic changes. For example, there is an enormous and well-documented productivity gap between London and the south-east and the rest of the country. To be clear, it is not that people in the rest of the country are not working bloody hard and trying to be productive. It is that problems, including, maybe even specifically, transport, prevent the



HOUSE OF COMMONS

same kind of productivity that you might get when you can jump on a tube here and be in whatever part of London in very little time, because transport connectivity is on a different level.

Productivity, as I have been discovering, is also a factor of population size. In fairly small towns or smaller cities, you can only reach the best levels of productivity, in my view and the Government's view, by helping those communities to work more closely together. We talked before about the Manchester-Leeds link, or, in the future, Manchester-Liverpool, or Hull or Newcastle. Those links being faster and easier to access for everybody, with accessible transport as well, will drive productivity.

A lot of what we are saying through the national infrastructure strategy that was in the Queen's Speech is about making that vital infrastructure much more accessible in order to drive productivity. That is a virtuous circle, because it would also drive living standards through having higher productivity.

Q31 Steve Double: As a Cornish MP, I would just throw in: please do not forget the south-west. We get a bit tired of everything that is being talked about being in the midlands and the north. We are important as well, and we have some of the worst transport links in the country.

Chair: We might all put in our bids.

Steve Double: There are two major transport infrastructure projects that the Government have already committed to. First is the third runway at Heathrow. It would be interesting to hear your view on where we are with that, particularly in light of some of the raising of concerns around the environmental impact.

I am sure you will be aware that there are concerns from the industry about the allocation of new slots, and that, if slots are allocated as they have been in the past, the vast majority of them are going to go to one operator and we are not going to see Heathrow opened up to more airlines or creating wider choice. Can you tell us a little about your views on that?

Grant Shapps: First of all, in your neck of the woods, in the south-west, of the £220 million bus budget, there is a large, multi-million pound chunk coming to you to do exactly this thing. We completely recognise that down in the south-west, public transport connections can be the worst in the country. We have tens of millions coming to a bus connectivity fund, which I hope is going to make a big and clean difference to people in your constituency and beyond.

Let me address the issues at Heathrow as well. You asked two questions. One was about slots—I am looking this up. In a publication that I have produced today, the "Rail Network Enhancements Pipeline", which I know the Committee has been asking for, there is in your patch, the south-west, resilience coming up on the rails as well. That is in the document that you will now find published.



HOUSE OF COMMONS

On Heathrow, first of all, I completely accept that we need more south-east air capacity. Parliament has overwhelmingly accepted that. Through a lot of years of investigation and delay, that is now the settled view of this House. My provisos on it are simply that, in line with our 2050 net zero commitments, we have to work out how to do aviation in a more environmentally friendly way. I am an aviator; I am a pilot, as you know. I see enormous opportunity for this country to lead the greening of aviation. We invented in this country the world's first commercial jet airliner, actually in my constituency. We have lots of flight firsts and we should be the country—the Prime Minister said this in his very first speech in Manchester—inventing and developing electric flight. We have the battery technology, for example.

A lot else needs to happen first. I made a speech about this the other week at Cranfield University. We will need to go through a period of hybrid flight. There is some fantastic British research into things called E-Fan X, which is an aircraft that will do that. We can bring that from general aviation into commercial use.

The big challenge is to deliver new runway capacity, but in a way that still has us meeting our environmental commitment. You can only do that if you green up flying. That is both the engines—the propulsion system; ultimately electric and probably a hybrid in between—and the way you fly. In the Queen's Speech, the Queen announced the aviation Bill, which is primarily about air space and the extraordinary business where you fly back from somewhere and spend 20 minutes—soon according to projections for half of all flights it will take 30 minutes—just flying around in circles pumping out CO₂, creating noise on the ground and delaying the passenger.

The airspace reform that we intend to bring in through better airspace management would mean that you would fly back from Europe or the States, wherever you are coming from, arrive on time and land in that slot. That is all technology which is available today; there is nothing new required, apart from putting in the system and algorithms, to get there. You would cut CO₂ and noise on the ground. In doing so, you make it more possible to have flights come and go. It is not just the technology in the engines; it is also that part of it.

As you know, there were 26 different challenges to Heathrow through the High Court, all of which were rejected. There are some ongoing legal challenges. A lot will run, so I will be careful in what I say. Ultimately, I will not be the decision Minister on that. It is neither me nor the aviation Minister. We have a third Minister in the Department to make the actual decision so that they can steer clear of meeting all the relevant parties.

Overall, I believe that if we are to deliver capacity, which we must, and if it is to be done through private funding, which it will be, the key thing is that it does not end up falling on the passenger. Of course, you could build something and because Heathrow is such a hub it will probably still



HOUSE OF COMMONS

attract. You could get to a position where there is an extra 40 quid on everyone's ticket or something. It would be way out of kilter. There is still a Government responsibility to ensure that they do not end up charging the airlines a lot more, who then charge the passengers, and ultimately allow the spending for the development to get out of control.

My message to Heathrow has been quite straightforward: "You need to deliver this on budget. It cannot end up being a cost that is transferred to the airlines and then to the shoulders of the passengers. Of course, this can only be done if you are able to demonstrate that it can be done within the air quality restrictions that Parliament has now legislated for, so that there is no getting around it."

On slots—

- Q32 **Chair:** I am sorry to interrupt you, Secretary of State, but I am very conscious of time marching on. We have a great many questions we want to ask you, and we are very much enjoying listening to your answers, but could you perhaps be slightly more concise?

Grant Shapps: I will try to do that. At Heathrow, 15% of the slots in the expansion are reserved for domestic connections. That might be interesting for parts of the country that need to connect. I absolutely hear you on accessibility for all airlines to Heathrow. That is an incredibly important point. It is, of course, dominated in no small part by a very small number of airlines, one in particular. It is important that that is opened up for the purposes of competition, apart from anything else.

- Q33 **Steve Double:** We have already briefly touched on HS2, but can we look at that a bit further? You referred to the Oakervee review. Have you received the final report yet?

Grant Shapps: On HS2, no, although I met Doug Oakervee yesterday to check in on progress with him. It is a highly complex review. He did not do a specific call for evidence, but told me that he had an enormous amount of voluntarily provided evidence that he wants to take in, plus a couple of individual sessions with MPs and many others. We have always said that it is an in-the-autumn thing, which runs up to the end of the year. Obviously we have Brexit going on this week and next week. Members will be aware of the range of possibilities beyond that, whether we end up in a general election or what have you. I am keen that he has the space to get on with the work.

I can confirm this to the Committee, though. I have read all sorts of stories in the press—that we are going to lop off this bit; we are going to stop here; we are going to slow it down; we are going to do this; we are going to scrap it; or we are going to go ahead as it is. All the theories I have read in the press have been untrue, other than that the terms of reference literally say all of those things. The terms of reference literally asked Doug Oakervee to consider all the stories that I have seen written



HOUSE OF COMMONS

as if they were true. There simply are no decisions made, and I do not have the report at this stage. His work is ongoing.

- Q34 **Steve Double:** Do you have a date on which you expect to have the report? Is there a timeline from when you get the report to when you expect to publish your response?

Grant Shapps: Taking the second point first, it will be in line with what I did with Allan Cook's memorandum, or report, which was delivered to me soon after I got to the Department at the beginning of August. As soon as the House came back, I laid it in front of the House. As soon as I get this, I will put it straight out, or nearly as soon as. As I have said before with reference to HS2 and several other projects, I do not think there is any future in not being completely open about these things. If the cost has gone up, the cost has gone up. If we are not doing it, we are not doing it. Whatever the thing is, we just need to get information out there. I do not see any advantage in not doing so.

In terms of timing, we always said the autumn. As Budget watchers over the years will recall, autumn can stretch into December technically, although meteorologists argue that 21 December is the last day of autumn and you go into winter. I have no specific date for him to deliver it. Members will recognise that, with Brexit and one or two other things going on at the moment, we will have to let that process play out, so that Members are able to concentrate on a big issue like this.

- Q35 **Steve Double:** Very briefly, referring to your previous comments, there has been a lot of speculation about the possibility of cancelling the route between the east midlands, Leeds and Sheffield to reduce the cost. What is your view on that?

Grant Shapps: It is literally written in the terms of reference: "Could you look at doing exactly that?" But also written in there is: "Could you look at not going ahead at all, or not carrying on from Old Oak Common?" and many other combinations. It is no more true than the fact that it is written in the terms of reference. I have no idea where this comes from. Who knew that stories in newspapers are completely untrue? It does happen. It literally is not true; I simply have not taken a decision on it, and I have not got a report to make a decision on, so it could not be true.

- Q36 **Chair:** I am going to move on. We have talked a little already about the issues around decarbonisation. We are obviously glad to hear that that is an important part of your work, and we welcome the announcement of a new transport decarbonisation plan. Can you tell us what is going to be in it, when we are expecting it, and how it links to the other previously announced plans like Road to Zero and rail decarbonisation?

Grant Shapps: When the Department did things like Road to Zero, it was before my time, and it was also before the House of Commons had voted for net zero by 2050. The first thing I thought when I came in was that it was absolutely right that we therefore readdressed the commitments we had already made. I have already referred to things like



HOUSE OF COMMONS

2040 for the end of sale of petrol and diesel. There is a strong argument to bring that forward. If we do not, I fear that we will not make the 2050 outcomes that we are trying to achieve.

I also think—this is again the kind of thing that will be in the plan—that things like the use of hydrogen and the hydrogen fuel cell are probably not as good for cars. That is my sense, anyway. I think electric has the lead. On heavy things like trains or buses, hydrogen could play a very important part. We have some almost tentative experiments going on with some carriages run by hydrogen. I am really keen to expand and accelerate those processes.

I have mentioned the CO₂ side of things, but I should say for completeness that it is also the toxins, particularly from road transport. I am very aware of the level of toxins. I forget the figure; it is not dissimilar to the CO₂ figure of 29%, or something like that, of all the toxins being from transport. It is completely solvable, literally now.

I do not want to bore you with my train journey stories, but as I got off the train at Westminster someone coming up the escalator said to me, “Mr Shapps, is it true that you have just got an electric car? How are you finding it? I have been thinking about it. My car is getting old. Is there any disadvantage?” I thought about this and said, “Absolutely no disadvantage at all.” If we can do that switch, we will remove the toxins and the CO₂.

It is a lot about driving the whole thing faster in reality. There are other things that can help, like micro-transport and things like—dare I mention them?—e-scooters, which we will be consulting on at some point in the not too distant future. Where you are not taking people off other clean forms of transport but otherwise they would be driving, that is something in the meantime.

There are other things as well, like the switch between petrol with ethanol 5 to E10, which will play an important part. It could be equivalent to taking 400,000 cars off the road. That gives you a flavour of the types of things that we need to do much more of, much quicker, in order to drive the agenda much faster.

Q37 Chair: The Committee is looking at future traction on trains, and we understand what hydrogen can offer, but there are also limitations. Is there an intention on the part of the Department to look again at our call for a rolling programme of rail electrification in places where it is appropriate, like heavily used intercity lines?

Grant Shapps: Yes. Earlier, we were touching on the infrastructure budgets and the national infrastructure programmes and those sorts of things. You can expect to see greater use of electrification on the railways, very much in response to the Select Committee’s calls. That is definitely a part of it.



HOUSE OF COMMONS

Nothing frustrates me more, if the truth be told, than hearing that there is a new bi-mode train about to be bought or going into service somewhere, and when you ask what the two modes are, it is not as you had hoped, electricity and hydrogen, but electricity and diesel. Although I am aware that the diesel is much cleaner than it was in a Pacer, and they are much more efficient, none the less we have to end that and find other options, like hydrogen perhaps, that can do this for us, or do the electrification. There are times when electrification is technically quite difficult to do, which is why in the end we will probably always require some other means of propulsion for some trains.

Chair: I am glad to hear that it is back on the agenda. I urge you to go and see the work that has been done so far on the midland main line. If it could continue, it would be very cost-effective.

We will move on to look at the rail review and rail infrastructure investment. That seems a natural follow-on.

Q38 **Robert Courts:** Secretary of State, welcome. You said that you are determined to ensure that the reforms coming out of the Williams review deliver for passengers, but there have been some concerns that the Government might not fully implement the recommendations that Keith Williams has made. Will you implement all the recommendations that have been made for railway reform, whatever they might be?

Grant Shapps: Yes is the answer. One of the problems, as Keith Williams himself told me, is that in the last 10 years there have been about 30 reports done. They have mostly sat on the shelf gathering dust. Some have had the bits that the Secretary of State of the day liked taken out and enacted. I want to guard against that. In order to do that, I have asked Keith, effectively, to create a White Paper that we publish with him, so that it is actually his policy.

The Queen mentioned in her Gracious Speech that we are doing this. She had a line in the speech talking about it. It is not legislation this year because we do not actually need legislation for it this year. There is so much stuff that you need to do in order to prepare for a Williams world that it would be mistimed. It is probably something you would want in a future Session. I think it will need primary legislation, depending on his final output. Yes is the answer, simply by turning it straight into a White Paper rather than messing around with a report that sits on the shelf.

Q39 **Robert Courts:** Can I ask for a little more detail as to when you would expect those recommendations to you to come, and when we could expect that White Paper?

Grant Shapps: Before the end of the year. Do you want me to touch on the recommendations or the direction of it, which Keith has spoken about a couple of times and I am very keen to endorse?

The problem is that we have a railway that is extraordinarily fragmented. You can get into the arguments of how we got here. The plus side is that



HOUSE OF COMMONS

railway numbers have doubled on journeys taken. It has been an outstanding success and billions of private money has come in. Having said that, I think the existing rail franchise system has run its course. The problems with it are things like the May 2018 timetable debacle, where absolutely nobody could identify exactly who was responsible. You can go for the cheap shot and say that it must have been the Secretary of State or the chief exec of Network Rail or a particular train company that messed up the most. The truth is that no one was actually in overall charge.

The key thing about the Keith Williams proposal is that there will be a person about whom you can say, "That is the person who is responsible for it over all, and is the person who you need to talk to about this problem or this improvement." How do you get there while still keeping private investment? I think we must move away from traditional franchising and have much longer contracts, for 15 or 20 years rather than five, seven or 10 years, so that organisations are able to properly invest and get the pension funds involved.

The third big critical part of it is not to incentivise them in running a service by saying, "By the way, it doesn't really matter if you run it on time or not," which, extraordinarily, is in some cases almost the position, depending on the contract, but by saying that they do not get paid when they do not run trains on time. It is pretty blinking obvious, but as I said before, the culture of a railway that actually runs on time has not been at the centre of quite a lot of what we have been doing for quite a long time in the sector, perhaps even through Government—I don't know. That is what we want to get out of it, and it will require a new Rail for Britain body that will be in overall charge. We will then have those longer-term contracts.

Q40 Robert Courts: That is very interesting. Thank you. There are a number of points I will pick up, if I may. The Prime Minister said that "The secret to improving rail transport is you need to find the right arse to kick." Is the arse that is going to be kicked the body that you have just referred to, the Rail for Britain body, or are you thinking of someone else?

Grant Shapps: No, that is exactly it. The PM will have said that because when he was Mayor of London, there was TfL, and if there was a problem, he knew the person to absolutely hold to account. People might think, "That is all right because TfL is running the track and running the trains as well," but that is not universally the case. The London Overground lines, of which there are several now, are concessions. Arriva, as it happens, runs London Overground. They are all badged up with London Underground and London Overground signs, but actually it is run by a third-party company. You still go to TfL when there is a problem.

It is what the media tend to call "the Fat Controller is back in charge" type of thing. That is exactly the way to do it while still getting private investment and competitiveness into the system, but without the business of who is supposed to be running the line when a timetable goes



HOUSE OF COMMONS

wrong, and therefore whose fault it is—the ridiculous conversations that many of us have had as constituency MPs fighting for our constituents while trains were not turning up.

Q41 **Robert Courts:** It is a clear accountability point that we are looking for.

Grant Shapps: Yes.

Q42 **Robert Courts:** When could we see that? It is somewhat revolutionary, isn't it?

Grant Shapps: It is quite revolutionary, and I want to get it right. As I said, we did not want or need primary legislation in this next Session. Williams did not want it either. The first thing you need to do is set up some sort of shadow body that becomes that nationwide organisation. I am calling it Rail for Britain, but that is not necessarily the name for it. There are a lot of things that can be done in advance. I have been conscious of this since I got the job.

For example, in the allocation of the west coast partnership—the west coast main line contract—I made sure, by going to Keith Williams and asking about it, that it was Williams compliant, and that when we get into the new world of operators, this will run with the grain. There are lots of things we can do in that light. Colleagues will know that I declined to run a third attempt at a franchise competition for South Eastern when I was relatively new in the role. I did not want to get into letting a new franchise on the old model when we knew there was something new coming out, and also because the first two had failed. I was not confident that we would get the right outcome from the third, so I did an extended direct award until next April.

We are now in the process of preparing the railway for the quite widely signalled changes that are coming down the line. We will be saying more about those, and the White Paper will give the whole sector a very clear steer. I have met the rail bosses from the train operating companies and Network Rail and all the different parts of it. There is a remarkable level of agreement, also politically, on some of these changes. That remains to be seen, but the system is not working and we have to make it work.

Q43 **Robert Courts:** There is one more thing. Concentrating on today's announcement, we have had the RNEP update, and we have been calling for that since it was announced in March 2018. Why has it taken 18 months to see it? I know that you are new in post, but can you help us with that?

Grant Shapps: To be clear, we are talking about the Rail Network Enhancements Pipeline. I probably need to write back to the Committee on the why of timetabling. I do not know the answer. As soon as it was brought to my attention, I thought it would be a very good idea to publish it, not least because we said that we would publish it. In common with my attitude towards things like the Allan Cook report, and as we go forward on HS2 or any other subject, I do not see any reason not to do



HOUSE OF COMMONS

these things. We have said we were going to do it and it makes sense to do it. I will undertake always to try to do them on time.

- Q44 **Robert Courts:** Given the concern that we have had, and given that it has been nearly two years since it was announced, paragraph 1.13 promises a regular update. I think it talks about annual updates. I am thinking particularly of schemes that are not yet included. Given that Steve and the Chair have plugged their schemes, I know that you will be keen to advance things like the Cotswold line as well. Can we look forward to regular updates with future schemes?

Grant Shapps: Yes, absolutely. Shall I just get this out on the table? There is the East West Rail phase 2 western, which I think is probably of interest to this particular member—

Chair: Tempting though it is, Secretary of State, I think people can go away and read it.

- Q45 **Robert Courts:** It is the regular update that I am interested in.

Grant Shapps: Yes, to the publishing. I see there is something in there.

- Q46 **Chair:** The other add-on is that third-party funded proposals are not part of the published Rail Network Enhancements Pipeline. It would be useful when you write to us to tell us when we will have some sight of projects that are third-party funded. Something like Southern Rail access for Heathrow is a third-party funded scheme, and there is no certainty at the moment or visibility about whether that is covered.

Grant Shapps: It would be a very good idea to include it. Yes, I will include it; and, yes, I will report back to schedule on it. If we are going to get the trains to run on time, we could at least get the pipeline to run on time.

Chair: I am very conscious that there are some modes of transport we have not yet had a chance to touch on. My colleague Daniel is itching to ask you about them.

- Q47 **Daniel Zeichner:** Good morning, Secretary of State. The question is, can you get the buses to run on time?

Grant Shapps: Only three of them at the same time.

Daniel Zeichner: The Committee undertook a major inquiry earlier this year, and we are pleased that there seems to be a more positive response on buses. The industry often says that congestion is one of the biggest problems for them. There is something simple that you could do, which this Committee and its predecessor Committees have asked for on two occasions, and that is to allow local councils to enforce simple things like stopping people stopping in yellow boxes and clogging up our traffic systems. Will you now do that?

Grant Shapps: Yes. First of all, I was going to say that I do not think you have ever had a more enthusiastic bus Prime Minister, although in



HOUSE OF COMMONS

saying that I remember that John Major was a conductor for a short while. I may be wrong.

Certainly there is massive investment, and I was pleased, when I saw that the Committee had done work on buses, that I would be able to come here with a very significant chunk of money: £220 million. I am very keen to get the buses flowing. People use them when they are reliable, as you say. One way to do that is to provide priority for them. I do not want to mislead the Committee, so let me just check the facts. I have been looking at powers outside London provided to local areas to do some of these things. I think that I have reached a point where I will shortly be making an announcement. I will leave it there and write back to you. I think it might be received in a positive light.

Q48 **Daniel Zeichner:** Brilliant. I think you said “yes” initially, so I will hang on to that.

Fares are very complicated. In London, everyone knows that it is £1.50 to go from one side of London to the other. This morning, I tried to look up how much it would cost to go one stop in Welwyn, and it is just as difficult to find out how much it is to go one stop in Cambridge. I do not know whether you know how much it is to go one stop in Welwyn.

Grant Shapps: There is no single answer to that. It depends on which stop and which line.

Q49 **Daniel Zeichner:** But it is more than £1.50, isn't it?

Grant Shapps: Yes, definitely. You are absolutely right about the consistency of fares and making them accessible and affordable. Some of the £220 million is about the ticketing part of the scheme, to create simple ticketing, often through a Mayor, that enables you to jump on a bus and know exactly what it is going to cost.

The other thing, and I apply this to both buses and other forms of transport, particularly trains, is that I am absolutely dead keen on contactless pay-as-you-go. I came in using pay-as-you-go this morning from outside London. It was actually from the only station at the moment that is outside all the Oyster zones, of which I think there are 15. I was able to contactlessly pay-as-you-go, literally using my phone, at my station and tap out again at Westminster. Being able to do that on buses removes some of the issues over having the right change or exactly what the fare is. It makes the whole simplicity of travelling much easier.

Yes, some of that £220 million is precisely for that purpose, to enable a simpler fare structure.

Q50 **Daniel Zeichner:** Is that the correction on moving traffic offences?

Grant Shapps: Our bus open data project will publish data from January 2020-21. That is in part to do with having open data to enable easier journeys and make it easier for you. I am pleased that you are looking at



bus journeys in Welwyn, but you will be able to see much more easily what it will cost after January 2021.

- Q51 **Daniel Zeichner:** Part of the reason it can be £1.50 in London and is so difficult elsewhere is that there is not an integrated managed system. The Committee and others have long argued for the ability of local authorities to be able to run integrated systems. Why can't Aberdeen, for instance, buy its bus company locally? Why did the previous Administration say to local councils that they could not have a role in this? Are you going to change that?

Grant Shapps: I do not know why previously, and, yes, we are going to change it. The Prime Minister talked about this in his Manchester speech. He literally cited the London situation, exactly as you are doing now, and said that other cities should be able to do that. He was standing in Manchester, so it included Manchester, but Glasgow, Edinburgh or anywhere else should be able to do the same thing. Yes, you are now zoned in on our exact policy in this area.

- Q52 **Daniel Zeichner:** But it has taken Manchester years. Are you going to make it a simpler process?

Grant Shapps: Yes. From having studied this a bit in my time here, I think part of it is just to do with economics. If you are going to do a flat fare, and it is a low flat fare, does it actually even stack up for the local authority to be running it?

To go back to my example, which you kindly raised, Hertfordshire has just done a partnership to try to do something very similar. It is not a Mayor and a city, but it is a county that is taking advantage of this approach. We are on exactly the same page. What you are talking about is exactly what we want to deliver. As I say, the Prime Minister—an acknowledged bus obsessive—absolutely wants them to be as easy to get on and off as possible.

- Q53 **Daniel Zeichner:** I would love to have a further discussion about buses, but I am conscious of the time. Could we move on to taxi and private hire? You will know that the world has changed substantially over the last four or five years, but our laws and regulations are way out of date.

Previous Ministers set up a task and finish group led by Professor Mohammed Abdel-Haq. He came to this Committee and gave a very stark warning that under the current system the public are at risk, and that there was no time to waste in updating them. I had a private Member's Bill that was ready to go in the last Parliament. The previous taxi Minister assured me that we would see this in the Queen's Speech. Can it be tacked on to the aviation Bill?

Grant Shapps: I am not sure if it will quite fit with air, although air taxes are a real thing that will be coming along. I absolutely share the concern. I have been speaking to a number of my Ministers who have been working closely on this subject, and to John Hayes this weekend, who I



HOUSE OF COMMONS

know is closely involved with Mohammed on the report side of things. I am going to do a number of things that do not require legislation but which I think we can do a lot more with immediately or very quickly, enabling the setting of national minimum standards in licensing and issuing statutory guidance. I will shortly issue new statutory guidance on the subject.

You are absolutely right. This has changed and the laws are not even five years out of date—they are 50 years out of date. People do not travel as they used to. There is this business about a taxi going from one borough to the next and then somehow it is a different world; no, actually it is the same country, and we should have rules and standards that fit across them all. I am very keen to make progress on this, and to use technological solutions.

For example, we know that in other forms of taxi hire, the reputation of the driver is very important, and it is freely exchanged information. That is something else that could protect somebody. My 15-year-old son and daughter take taxis regularly, which they order on their app. I like being able to see where they are, and to see the reputation of the driver who has picked them up. We should be using technology as part of the solution, as well as issuing statutory guidance to local authorities.

Q54 Daniel Zeichner: With respect, Secretary of State, we have been round this route of statutory guidance before. The conclusion of the working group, which had very good buy-in from across the sector and the industry, was that it needed primary legislation. That is what we were expecting. Are you telling us that we are not going to get that?

Grant Shapps: It is not in this Queen's Speech. I need to be clear with you that it is not in there, but I think we can do a lot more. I have had a look at all the recommendations, and we can move quite a long way by doing the things we have already said we will do, like issuing the statutory guidance. I want to make progress on it. I had some concerns about things like not taking into account the way that the world has changed. We do not want to legislate and create a new set of problems. We want to move this forward in the right direction.

To be absolutely clear, my primary concern, and as I have just explained I have teenage kids who use taxis and private hire, is to make sure of the safety of the passenger. There are other things we need to do as well, including the quality of the vehicles. It is crazy to have—I think—170 entirely different regimes across the country. That makes no sense at all. In what is now HMCLG—the housing Department—I regularly and effectively used statutory guidance with 100% compliance. I would be looking to get the same out of this.

Q55 Daniel Zeichner: I have to say that it is very disappointing, Secretary of State.



HOUSE OF COMMONS

Grant Shapps: I am sorry not to be able to deliver everything that you would want on this, but the safety part of it—

- Q56 **Daniel Zeichner:** It is what the Professor told this Committee. He is very concerned that there is an accident waiting to happen. He said it will be on us for not putting those reforms in place.

Grant Shapps: When you say an accident, he specifically means—

- Q57 **Daniel Zeichner:** He is talking about driver licensing and licence shopping and so on, which is not going to be solved by statutory guidance.

Grant Shapps: As I say, we will work to solve as much as is humanly possible, but I did not find a Bill that I could implement straightaway. It would need work done on it, to tell you the truth.

- Q58 **Daniel Zeichner:** We absolutely worked with your Department on it. It was drafted in your Department.

Grant Shapps: As I explained, one of the things that I was concerned about was that we were legislating for a 1950s world where taxis would go from one area maybe to one next door, and that it had not really caught up with the reality of the way people take taxis nowadays. We had things in there that would not have been relevant to today's world.

- Q59 **Daniel Zeichner:** We will have to agree to disagree on that.

Grant Shapps: That is fine. I am happy to take it further with you.

- Q60 **Chair:** The Committee is disappointed on this issue. The professor was very clear about the risk to the public, and the need for action and, clearly, that is not included in the Queen's Speech, so we will not be seeing that new legislation. Nevertheless, I am going to move on.

It would be remiss of us to have this session and not talk about Brexit preparations. I think you said that there would be adverse consequences for the UK leaving the EU without a deal, and last week you compared no-deal Brexit preparations with airlines advising passengers what to do if their plane crashes. What are the biggest adverse consequences for the transport sector if what I understand is the Government's preferred outcome, which is to leave with a deal, does not happen? What are the risks?

Grant Shapps: First, on adverse consequences, if you are going through a big change, an adverse consequence can be something as straightforward as having to fill in a piece of paper or form that you would not previously have had to complete. These are not necessarily catastrophic things. Clearly, if you have any friction in anything at all, that is an adverse consequence, but it is not insurmountable.

Secondly, my comparison—it may have been my comment on "Question Time" or something—was about when you hear a safety announcement. You do not normally assume that the worst outcome described in that



HOUSE OF COMMONS

safety announcement is going to be the outcome. What you typically instead do is think, "That is extremely unlikely, and the more likely thing to happen is that I will arrive without incident."

What has been interesting to watch is that, as there have been leaks and the Yellowhammer preparedness papers have been published, the perfectly proper description of and preparation for the reasonable worst-case scenario—the equivalent of landing on water—has been everyone's assumption: "Oh, that's what you think is going to happen." It is not what we think is going to happen; the central case would be something much less dramatic than the extreme Yellowhammer worst-case scenario.

None the less, as I was describing earlier, getting this right is to do with the level of preparation that you put in. It is the Matterhorn thing again. The detail you put in is the thing that creates the outcome. We have now spent months, I think, on over 60 Brexit operations—the so-called XO committees and Cobra—working through every aspect of this, of which a large number, possibly even a majority, have in some way impacted on the DFT and our preparedness planning. Operation Brock is at the heart of that. As you know, it is the thing that takes over from Operation Stack. Stack would close motorways, while Brock keeps the traffic running in two lanes in both directions and has a number of other holding points. If we were in a reasonable worst-case scenario, and there were delays of between one and two and a half days for lorries, and lorries stacked, we would end up with 8,500 in the Brock scheme, but the Brock scheme can take over 11,000, so that would still not fill it up.

There has been a lot of advance planning. What we want to do is to get traders and hauliers ready. Things like the pop-ups that have been appearing in service areas throughout the country and in Europe are designed to educate hauliers and have them ask the traders they are picking stuff up from to be ready. If they turn up with the right paperwork, there are no delays, particularly on the short straits—the Dover-Calais route in particular. If that happens, we should see it flow smoothly. It is hard to predict precisely, but we are certainly ready for it regardless.

Q61 Chair: I have been driving along and seen some of those overhead signs saying that the paperwork might change on 1 November and you need to be aware of it, or whatever. What measurement have you done about what impact those interventions have had on the preparedness of companies that drive and travel abroad?

Grant Shapps: The previous set of Yellowhammer preparedness had us saying that as low as 15% of people could turn up ready, but it could be as high as 50%, so it is 15% to 50%. Now that has risen to 30% to 60%. We think the overall impact has been that many more people will now turn up ready with the right paperwork to cross the channel.

To clarify, this is not an issue of traffic coming in; it is not an issue of imports, because we are not imposing new day 1 restrictions, so things



HOUSE OF COMMONS

can flow into this country. It is obviously an issue of exports. As a third country, we would be in a position of needing to have the correct paperwork—for example, to export to France, and it is the French who will be stopping it. The issue is that on the short straits, the Dover-Calais run, it is a closed loop, so, if lorries cannot get one way, they cannot get back again. That is where the problems would occur.

We have modelled all the other ports, of which there are a huge number. There are far more ports in the country than is generally recognised—hundreds in fact. Of the ones that are useful for transit of goods, we have modelled them and again worked with the local resilience forums in each of the areas. Far fewer delays are anticipated in those locations, just a volume of traffic. They export to lots of different locations in Europe, so the numbers are much smaller.

Q62 Chair: I am sure you are aware that the Operation Yellowhammer document said there was a “low risk” of significant sustained queues at ports outside Kent, and the *FT* suggested that those were played down in the Yellowhammer document because it assumes that tens of thousands of vehicles will be turned away for being non-compliant. Is that true?

Grant Shapps: Not quite. I do not think anyone could accuse the Yellowhammer documents of pulling their punches. We have never attempted to sugar-coat the worst-case scenario. It is really important that the local resilience forums know what the reasonable worst-case scenarios are so that they can plan for that. It must have been almost impossible to really think that only 15% of hauliers would turn up with the correct paperwork, because then they would end up being stuck in the queue, and it would be enormously inconvenient. That was always a very low-end projection; even though it is up to 30% now, it still looks quite low. We certainly did not want to give an artificially better picture than that worst-case to local resilience forums; we owed it to them, so that they could do their planning.

The specific issue that I think the *FT* article was talking about—I did see it—was that the centre, if you like, the DFT or the border delivery group, do not own the local roads or the modelling on the local roads. We were asking them to take our worst-case assumptions and then overlay their own local traffic management. There was some discussion in that article about whether the traffic just disappears when it is turned away, which of course it does not, from a local management perspective. The *FT* is not a tabloid, but it was a newspaper interpretation of what is actually a process.

For example, last Thursday, I was at Portsmouth, at the port, which is obviously a non-Kent port, looking at the issue of what happens when lorries get turned back. Do they have enough spaces and how would it work? There are specific issues at that port, because between the port gates, where they go through the check, and the roundabout, on the road, there is only space for 13 lorries. However, the local resilience forum has taken all our Yellowhammer projections and has now worked



HOUSE OF COMMONS

out how they would manage 735 vehicles in the local area, to be able to check that they have the right paperwork and go through without creating a tailback at the roundabout.

An extraordinary amount of work has been done on this, and we have a lot of gratitude to all the local resilience forums that have worked with us on it, the police and so on.

Q63 Chair: You spoke earlier about the figures where you had gone from maybe in the region of 15% to—I cannot remember what the upper figure was.

Grant Shapps: It was 15% to 50%, and now it is 30% to 60%.

Q64 Chair: Where would you need to be? What is your target for where you would need to be to avoid the sort of disruptions that people are potentially worried about?

Grant Shapps: As I have discovered, that is a frustratingly difficult thing to answer. There is a difference between trader readiness and what the flow outcomes are, and it does not work on a linear basis. The simple answer is that it is quite complicated to model. Not only that, what we cannot be certain about is the way the French customs side will treat this. If the French, as they have said they will do at Calais, do the check and wave people through, there is simply no issue. They also have some hundreds—I forget the exact number, but I think it is 200 and something—of spaces available for lorries that need to complete some paperwork, or whatever, even on the French side.

Frustratingly, there is not a straightforward answer to your question about where it needs to be before there are no problems. Certainly, the numbers we are seeing now indicate no particular problem at any of the other ports. I very much hope we see flow at all the ports, including Dover and Eurotunnel, but the planning is in place if we do not. If I had to best-guess, I would imagine some initial issues, which are then resolved, I hope relatively quickly. But without it actually happening and knowing how the French side responds, it is impossible to know for certain.

Q65 Chair: One of the potential issues that is picked up in Yellowhammer is that traffic congestion in the south-east and at the channel ports could lead to fuel shortages. Given the uncertainty that you have already talked about, what contingency plans are in place to deal with that?

Grant Shapps: I can say two things. One is that I fully expect there to be absolutely no issues with fuel supply at all; the contingency plans are well in place for all of that, and there will be no issues with medicine, either.

Q66 Chair: What are the contingency plans around fuel supplies?

Grant Shapps: Fuel is not my area of speciality, so I should probably defer and write back to the Committee on the fuel side, but XO—the



committee—has done a lot of work on that. On the medicine side, because the freight contract has been let by DFT, I am the expert on it, as it were.

On freight, the Committee will remember the issues prior to March with what became known as the Seaborne issue. A day 1 decision that I had to make was on letting the new freight contract, which was an up to £300 million invitation to tender. I made that on my first day in office as Secretary of State, because I recognised that if we were to get it done for 31 October, we would need to get on with it. It completed last Friday, and we now have specific contracts in place to deliver 124% of the required medicine, with also some usage for DEFRA and the devolved Assemblies. It is about 3,000 trucks a week. That contingency is in place.

Even if we saw Operation Brock in place—by the way, traffic will still continue to flow, which is probably part of the answer to your fuel question, but I shall get you a more detailed answer; using Operation Brock does not stop the traffic flow, because the contraflow is permanent—we still will have those medicines. That is not at risk, because the freight contract has been successfully put into place. Like all these things, when things go well you do not hear about them, but it completed on Friday.

Chair: I have a number of more detailed questions on that, but I am going to write to you with those. I think that would be more helpful. I am conscious that a couple of colleagues have additional questions before we finish our session.

Q67 Ruth Cadbury: On decarbonisation of transport, Secretary of State, you are very focused on replacing fossil fuel cars with electric. That is fine, but it is not going to address congestion and the economic costs of congestion in towns and cities. You touched on cycling. Your Government have invested some money recently in cycle training and the Sustrans network. But, as yet, despite quite a lot of calls for it, there is no additional funding for a cycling or walking infrastructure in our English towns and cities. Manchester is hoping to spend £50 a head on cycling and walking infrastructure. Where is the target for your Department, and how is the funding going to get to local authorities?

Grant Shapps: You mention the Bikeability thing. On cycling, there is £101 million for cycle ambition cities, which is cycling infrastructure as part of a total £210 million package over five years, so I hope that is certainly part of the solution. If you don't mind, I will write back to you with perhaps a fuller package of items.

As a matter of principle, I marvel at the bike. It is amazing; it is human power translated into the ability to cover enormous distances. It is one of the cleverest inventions we have ever seen. I am really keen to make it easier and more comfortable to cycle. One big issue is potholes. When I cycle, one of the things that sometimes puts me off—



Q68 Ruth Cadbury: With respect, that is not the main barrier. The main barrier is needing safe, segregated space.

Grant Shapps: Yes, channels, potholes, all those things; I completely agree. I propose writing to you in a fuller manner and giving you a more detailed answer, but I am right with you on the cycling thing. It is an important part; it is great for health outcomes, a bit like the buses. The Prime Minister is a big cycling fan, although he is probably not doing as much of it as he would like at the moment, so we want to make cycling and walking a big part of the transport strategy.

Q69 Ruth Cadbury: It is important not to go backwards as well. The current revisions to the HS2 design, which I hope goes ahead, are actually going to cause the severance of walking and cycling routes across that line, with the tunnels and bridges that are proposed. Secretary of State, could I ask that you look at that? That scheme will actually reduce cycling and walking routes along its route.

Grant Shapps: Yes, I am very happy to spend some time investigating it. It is, of course, a fact of life that if you build a railway there are not as many crossover points as there would have been previously, but I am very happy to undertake to look at the specifics.

Q70 Paul Girvan: Everyone seems to have an interest in their local projects. One in particular, on which I had a couple of meetings with your predecessor, is the bridge between Northern Ireland and Scotland, and the costs and possibility of that happening. I know that the Prime Minister has already indicated his support for such a project.

Being a very strong Unionist, I want to make sure that I can have good connectivity with the rest of the United Kingdom, even if Scotland is where we are going to land. They might not want to be quite so linked to the United Kingdom. I still want to be, and it is important that we do that. What is your opinion on the project, and what work is being done by the Department for Transport as well as other agencies in relation to feasibility for such a project?

Grant Shapps: Everyone else has had projects in the millions, but yours is definitely in the billions.

Paul Girvan: We tend to aim high.

Grant Shapps: I am also a Unionist, so I passionately believe in making it easier to get around all parts of our country. That is the simple truth. You asked specifically, and I have looked at some pieces of advice and provided some pieces of advice on a couple of different routes. I can confirm that it is indeed an expensive project to do. Oftentimes, with this sort of thing, if you show it to the accountants or to my colleagues in the Treasury, they will probably say that it will never stack up as a value-for-money endeavour, to which I always say—you asked my personal view—that it is not about value for money. When you are one nation, it is about doing things that bring all parts of our nation together. Sometimes, a bit



HOUSE OF COMMONS

like the public service obligation on flights, we do things because they are designed to create a better and stronger Union.

I suppose, to answer your question, I am predisposed to the principle of joining our Union ever closer. I cannot talk to the specifics of the project. They are expensive things to do, and different routes have been thought about, but it has been an active discussion, I can assure you.

Q71 **Paul Girvan:** That does not necessarily say whether there is any work going on. That is one point. I have had discussions with many who have delivered similar projects elsewhere in the world and have done so as a partnership. I am just wondering, if some introductions were made in that approach, whether you would be open to those discussions.

Grant Shapps: Most certainly.

Paul Girvan: Thank you.

Chair: Thank you very much, Secretary of State, for giving evidence today. We hope this can be the beginning of a constructive relationship and that we are critical friends. We look forward to hearing from you again in the future.

Grant Shapps: Thank you very much.