



Department
for Transport

From the Secretary of State
The Rt. Hon. Grant Shapps

Great Minster House
33 Horseferry Road
London
SW1P 4DR

Tel: 0300 330 3000
E-Mail: grant.shapps@dft.gov.uk

Web site: www.gov.uk/dft

Huw Merriman MP
Chair of the Committee
Transport Select Committee
House of Commons
London
SW1A 0AA

26 February 2021

Dear Huw,

Thank you for inviting me to speak to the Committee on 3 February. I hugely value the Committee's work, and always welcome the opportunity to update you on my Department's activities.

I am writing to provide a comprehensive response to the questions that you posed following the session, received by email on 9 February. The material set out in Annex A answers these questions, and includes further information I committed to provide on certain topics during the session itself.

Yours ever,

Rt Hon Grant Shapps MP

SECRETARY OF STATE FOR TRANSPORT

Annex A: Response to questions from the TSC following the evidence session on the Responsibilities of the Secretary of State for Transport, 3 Feb 2021

Following the evidence session on the responsibilities of the Secretary of State for Transport on 3 Feb, a number of follow-up questions were received from the Committee on 9 February. There were also two points on active travel at the session on which further detail was promised. The response below provides these answers and additional information.

Aviation

- 1. You stated that the Department's aviation recovery plan will be published "later this year". Can you confirm this will be before the end of 2021? If not, will you commit to publishing a strategy for an immediate restart of the sector in the interim, ahead of the publication of the wider recovery plan?**

It is our firm intention to publish a strategic framework for the recovery of the aviation sector before the end of this year.

The transition to zero emission vehicles

- 2. It is reported that the EU may phase-in tariffs on batteries that contain materials not sourced from the UK or EU between 2023 and 2030. What steps is the Government taking to support the development of a sufficient battery supply chain in the UK to keep down the costs of manufacturing zero emission vehicles in the UK?**

As part of the Prime Minister's Ten Point Plan, £500 million – part of a wider commitment of up to £1 billion – was announced to support the electrification of UK vehicles and their supply chains, including developing gigafactories in the UK.

Through the Automotive Transformation Fund, the Government has called on industry to put forward investment proposals for gigafactories to mass-manufacture batteries for the next generation of electric vehicles, as well as investment in other strategic technologies, including raw material inputs for batteries and motors.

The Government has also committed £318m into the Faraday Battery Challenge to support the research, development and scale-up of world-leading battery technology in the UK.

Accessibility

- 3. In 2019 the Department extended eligibility of the Blue Badge scheme to cover people with non-visible disabilities. Reports earlier this year showed that eight of ten councils who responded to a Freedom of Information request from the BBC are not allocating Blue Badges fairly between people with visible and non-visible disabilities. How are you working with councils to promote the fair distribution of Blue Badges and how are you ensuring that the Department's guidance is clear enough in its explanation of non-visible disabilities?**

My department is working closely with local authorities in England to understand the effects of extending the Blue Badge Scheme eligibility criteria in August 2019. A commitment was made to review the impact of the change after at least 12 months of operation.

To date, around 70% of local authorities in England have provided in-depth feedback to Departmental research conducted in late 2020. As a part of this work we are analysing local authority responses as to the effectiveness of the non-statutory guidance we publish.

Analysis of information is underway with outcomes expected to be delivered in Spring 2021. My department will take any action necessary to ensure the scheme continues to work as well as possible for all users.

4. The deadline for all train operating companies to make their fleets fully accessible, and for rail replacement vehicles to do likewise, have been missed by several operators. What action is the Department taking to ensure that these outstanding operators meet the extended legal deadlines set for later this year—and what action will you take if they are not?

Just over 500 carriages (2-3% of the national fleet) which do not fully meet modern accessibility standards remain in operation. 400 of those carriages are operated by one train operating company (Greater Anglia), which is awaiting the full introduction of new trains from Bombardier. To date, Greater Anglia has taken delivery of 14 five-car Class 720 units, with deliveries continuing for a further 119 five-car units. Operators of non-compliant vehicles are required to reduce the use of these vehicles in their fleets as far as reasonably possible, or to only operate them coupled with compliant vehicles. All non-compliant vehicles will be replaced by new or cascaded fleets and we continue to push owners, manufacturers and operators to deliver those compliant vehicles into service as soon as possible, to remove the need to take further action later in the year.

The Government is committed to ensuring that disabled people have the same access to transport as everyone else, and we have repeatedly expressed our frustration and disappointment that this situation regarding rail replacement services came about in the first place. My Department has made clear its expectations of train operators to source and use compliant vehicles wherever possible for rail replacement services in the first instance, and only use a non-compliant vehicle that has been granted a special authorisation when all other compliant options have been exhausted. When no compliant vehicle is available, train operators must provide alternative accessible transport for disabled passengers that meets the same levels of comfort, safety and timing, and arrangements must be made in advance during planned engineering works to ensure such alternative accessible transport is readily available.

Transport for London funding

5. Q7 – What is the estimated net revenue raised from the removal of free travel for under-18s in London?

The Government has agreed two extraordinary funding and financing packages for TfL worth over £3bn to ensure the continuation of public transport services in

London. These deals take steps to put TfL on a sustainable footing and aim to ensure fairness to national taxpayers.

Londoners currently enjoy concessionary benefits that are not available elsewhere in the country, including free travel for all under-18s and over-60s after 9am. It is not fair that a national taxpayer in Liverpool should be funding free travel for a 60-year-old in London.

It was therefore confirmed in the most recent funding deal, agreed with the Mayor in October, that if he wishes to maintain Londoners' concessions above the English level, he will need to raise the money to pay for them himself. The Government will continue to fund free travel concessions to standard English levels and free travel to school for children who qualify under national legislation. The Mayor has estimated that next year maintaining these additional concessions on top of the English standard will cost £130m and it is right that he is funding this through other income sources under his control.

Rail

6. Q38 – Can you provide us with an update on progress with the planned upgrade of Manchester Piccadilly station?

The £10m funding approval for Network Rail announced by the Prime Minister in summer 2020 has accelerated the development of options to address the congestion and reliability issues across Greater Manchester. The Manchester Recovery Task Force (drawn from across the rail industry and including Transport for Greater Manchester and Transport for the North) was set up to ensure that operational, rolling stock and infrastructure interventions are considered holistically.

That has begun to develop a 10-year strategy to deliver a reliable railway for the passenger across Greater Manchester and North. Options for a 2022 timetable change that improve reliability and performance are out for public consultation now. We are also developing an ambitious programme of infrastructure interventions, the first phase of which will be brought forward for design funding approval in the first half of this year. The Manchester Recovery Taskforce is working with Network Rail on the development of subsequent phases, which could include re-signalling of the Deansgate – Piccadilly 'Castlefield corridor' and the Stockport – Manchester Piccadilly corridor, together with HS2 interfaces.

The Government recently consulted with HS2 Ltd on a number of design refinements for the Western Leg of HS2 Phase 2b – including proposing two additional platforms in a surface level integrated HS2/Northern Powerhouse Rail station at Manchester Piccadilly. The consultation feedback is now being analysed.

My Department is also currently considering the National Infrastructure Commission's Rail Needs Assessment, ahead of making decisions on the Integrated Rail Plan (IRP). We are continuing to work with local partners over aspirations for Manchester Piccadilly, including those concerning the relocation of Metrolink at the site. If the IRP favours any major changes, then further redesign will need to take place.

7. Q39 – Can you provide us with the annual estimated cost of funding a 1.2% two-year pay rise for the full workforce of train operating companies who operate in England and the estimated budget to pay management fees for the companies over the same period?

The Government is providing in the region of £10bn to keep the network running, and maintain services and jobs during the pandemic. If we are to protect rail services and employment, we must hold down costs.

The estimated nominal cost of funding a 1.2% two-year consolidated pay rise for the full workforce of train operating companies in England would be £21.5m in 2020/21 and £49.9m in 2021/22, compared to current staff costs (in 2019/20). This would total £71.4m in additional costs over the two years.

Given such increases are consolidated into base pay, this increase in costs would also have significant legacy implications over the longer term. These are initial, low assurance estimates, and are highly dependent on a number of assumptions.

We are unable to provide an estimated budget to pay management fees for the companies over the same period as the majority of contracts are likely to be re-negotiated over the next 18 months and we cannot pre-empt the outcome of those discussions.

Active Travel

8. Q57 – Can you provide further detail on the £2billion funding for cycling and walking and how this will achieve the target of doubling cycling and increasing walking by 2025 and the target of half of all journeys in towns and cities to be walked or cycled by 2030.

The Prime Minister's Cycling and Walking Plan 'Gear Change' sets a new vision that 'Cycling and walking will be the natural first choice for many journeys with half of all journeys in towns and cities being cycled or walked by 2030'. This vision is complementary to the 2040 ambition contained in the Statutory Cycling and Walking Investment Strategy published in 2017. The aims and target regarding cycling, walking and walking to school for 2025 continue to remain in place. It is expected that the second Cycling and Walking Investment Strategy (CWIS 2) will be published following agreement of long-term spending plans and will reflect the commitments outlined in Gear Change as well as setting out the financial resources available and the other matters required by the Infrastructure Act 2015. These plans will be formally set out to Parliament in due course, as is required by the Infrastructure Act 2015.

We believe that the £2 billion investment that we have committed for cycling and walking will allow us to make strong progress against both targets. In addition to this, we anticipate that local authorities will be also able to access funding sources across Government, including the Levelling Up Fund, to deliver walking and cycling infrastructure and behaviour change programmes. We will of course keep this under review through our work on cycling and walking insights.

9. Q60 - Set out the different steps to make sure that Local Authorities get the support they need to roll out cycling infrastructure, and that there is a truly national approach.

Our long-term national approach to this will be driven by a new body called Active Travel England (ATE), which will be dedicated to driving up design quality and building capability and capacity in local authorities and the supply chain. This body will enable a step change in the support available to authorities. It will be responsible for upskilling and training local highways engineers and planners, reviewing and auditing schemes to ensure compliance against minimum design standards and reviewing planning applications for major residential and retail developments to ensure appropriate cycling and walking provision. ATE will start to become operational over the coming months.

In the lead up to ATE being operational, my Department has provided an initial programme of support to 46 local authorities to help them prepare Local Cycling and Walking Infrastructure Plans (LCWIPs). This is enabling authorities to take a strategic approach to planning and investment, based on future demand for cycling and walking trips. We would like to see all future schemes underpinned by LCWIPs, and will be providing more authorities with the opportunities to receive this support over the coming year. As part of this work, we are providing all authorities with access to a wide range of supporting activities to help share best practice. These include an online best practice portal for practitioners, training and support with digital planning tools.

As set out in the Prime Minister's Cycling and Walking Plan 'Gear Change', we will support local authorities to work towards delivering more and better cycle facilities, along with measures such as low-traffic neighbourhoods and school streets which have been proven to increase levels of walking and cycling and create better places for communities. We have also made clear how Government expects local authorities to reallocate space to walking and cycling, as set out in the additional Network Management Duty, published in May 2020.

We also working with Sustrans to pilot bespoke support for authorities to help them develop their priority schemes. This comprises help with scheme design, feasibility and business case development so that authorities are ready to receive funding and deliver high quality infrastructure for the travelling public. In future, we expect Active Travel England to build on this work, providing further advice and scrutiny on design and integration with wider local development plans.

Smart Motorways

10. Q67 - Can you provide us with an update on the progress made in implementing the 18 actions to improve smart motorway safety set out in the Department's Smart motorway safety: Evidence stocktake and action plan published in March 2020?

Since taking office, I have expressed my concerns over Smart Motorways, which is why I have committed £500m to smart motorway safety improvements and recently pressed Highways England to further accelerate work in certain areas. The safety and peace of mind of drivers and passengers using these routes remains our priority.

I have commissioned an urgent report from Highways England on the latest update on progress in delivering the Action Plan, and to identify actions that can be delivered early. This report must be submitted by the stocktake anniversary on 12 March, so any accelerated works can be rapidly put in place. I will update the Committee following this report.

Revenue raised from motorists

11. Q71 - Can you provide us with the total annual revenue raised through taxes on motorists (including through fuel duty, taxes on car insurance costs and taxes on the purchase of new cars)?

The government raised a total of £34.557 billion in Fuel Duty and Vehicle Excise Duty (VED) receipts in 2019/2020. This figure, when broken down, consists of £27.573 billion from Fuel Duty receipts and £6.984 billion from VED receipts¹. A further breakdown by year and fuel type can be viewed under “Duty and taxation” by visiting: <https://www.gov.uk/government/statistical-data-sets/transport-expenditure-tsgb13>.

My department is not able to provide a breakdown of revenue raised through taxes on car insurance costs, otherwise known as Insurance Premium Tax, and taxes on the purchase of new cars, otherwise known as VAT. This is because:

- The Insurance Premium Tax return does not require a breakdown of the taxable insurance policies an insurer is writing because the information would not materially assist with HM Treasury’s compliance work, and the collection of this information would place a considerable administrative burden on the insurance industry; and
- HMRC does not hold information on VAT revenue from specific products or services because businesses are not required to provide figures at a product level on their VAT returns, as this would impose an excessive administrative burden.

Electric vehicle charging points

12. Q72 -Q77 What are the projected costs of installing charging points and the necessary infrastructure to support them across the UK?

The UK is a global front-runner in supporting provision of charging infrastructure. Our vision is to have one of the best infrastructure networks in the world for electric vehicles (EVs), and we want chargepoints to be accessible, affordable and secure. We have announced £1.3 billion to accelerate the roll out of charging infrastructure, targeting support on rapid chargepoints on motorways and major A roads, and installing more on-street chargepoints near homes and workplaces to make charging as easy as refuelling a petrol or diesel car.

¹ Department for Transport, Transport Expenditure, Duty and Taxation, TSGB1310 Fuel and vehicle excise duty, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/944267/tsgb1310.ods

The exact number of chargepoints needed and the cost of these will be highly dependent on local circumstances and the range and technology of future EVs. We expect the majority of chargepoint investment to be provided by the market. A combination of Government support and private investment has already led to a network of nearly 20,800 public charging devices. This includes nearly 3,900 rapid devices.

We will publish an EV infrastructure strategy in 2021.

In terms of the wider infrastructure, the electricity system is already set up to bring forward necessary investment to meet additional electricity demand, including for EVs. Investment in the network is delivered through the RIIO (Revenue=Incentives+Innovation+Outputs) price control structure, which is administered and regulated by the Office of Gas & Electricity Markets (Ofgem). Through the price control, network companies are granted a mixture of guaranteed and conditional funding to invest into the network so that it can meet changing and growing patterns of demand. Through smart charging, EVs could play a significant role in shifting charging to off-peak periods, reducing peak electricity demand and decreasing the amount of network reinforcement required. Government are committed to maximising the uptake of EV smart charging, including bringing forward regulations later this year to mandate that private chargepoints must have smart functionality.

Denby lorries issue

13. Q78 – Can you provide us with further information on whether Denby double lorries will be provided with the necessary permits to test out their vehicles on UK roads and why they are currently prevented from doing so?

The maximum length of lorries in usual circulation on UK public roads is 18.75 metres. Longer-than-standard vehicles are used for the transport of abnormal indivisible loads, under specific operating arrangements including identification of their exceptional lengths to other road users.

The “B double” lorry type has a length of about 25 metres, and a double articulation. It therefore does not meet the criteria for general circulation in the UK, although they are used in some other European countries.

Permits for “B double” type lorries can be issued in the context of tests and trials, but it has not been Government policy to trial the type with a view to its wider introduction.

The Ecolink example of the “B double” built for and owned by Denby Transport is to be permitted specifically for tests. The details of the necessary permits, including operating arrangements and conditions of use, are yet to be finalised. Further consideration is being given to whether to allow more “B doubles” to be used for testing and, if that is the case, how to design a wider trial.

Driver and Vehicle Licensing Association

14. Q83 – Can you provide us with clarification on whether the processing of online applications for DVLA services require staff to work on site rather than remotely?

The large majority of the DVLA's 5 million online transactions each month do not need staff on site to support the processing. Some transactions require limited support by print and dispatch staff to print driving licences or vehicle registration certificate. A small percentage of online transactions sometimes need the customer to submit additional evidence via post.

In view of the essential nature of the public services the DVLA provides, operational staff are required to be in the office to deal with the 60,000 items of mail received every day. These must be opened and processing them requires access to the DVLA's core databases of drivers and vehicles, which are subject to stringent security requirements that limit remote access. These databases update the Police National Computer daily, which helps police forces across the country tackle crime. The volume of paper transactions the DVLA receives and the fact that some include identity documents such as passports or biometric residency permits as well as financial payments, makes it impractical and a security risk to distribute this mail to the homes of staff. Such documents are often also needed for other applications, for example new jobs or benefits applications, and any delay in returning physical copies could severely impact a person's ability to work or access support. The DVLA also carries out services for other government departments and public sector bodies, including vital letters on shielding and vaccinations for NHS bodies across the UK.

The DVLA has thoroughly reviewed its processes and systems and understands the limitations and opportunities for enabling more operational staff to work from home. All staff whose jobs can be done remotely are working from home, with now more than 2,000 staff doing so exclusively.

The DVLA has quickly developed and launched new digital services in response to the pandemic, to help reduce the number of staff onsite whilst delivering critical services for the public. These include new services allowing keepers to change the address for their vehicle and apply for a new V5C (vehicle log book) online, which previously could only be done on paper. Take up for these new services has been high. There are further new online services in development which are planned to launch in the spring. This will help to further reduce incoming paper applications resulting in reduced pressure on DVLA's on-site operational resources.