Department for Transport

From the Secretary of State
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Huw Merriman MP
Chair of the Committee
Transport Select Committee
House of Commons
London
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Dear Huw,

Thank you for inviting the Permanent Secretary and I to speak to the Committee on 22 September. As always, we welcomed the opportunity to update you on the range of work the Department undertakes.

I am writing to provide you with information on all but one of the 15 topics that we committed to send after the session. This material is set out in Annex A.

Information on the 15th topic – quarantine statistics – is not owned by the Department for Transport. It is unfortunately taking some time to obtain it from those departments that hold it, but I will provide it to the Committee as soon as it is made available.

At the Committee's request I am also attaching a copy of the letter that I recently wrote to Sam Tarry MP on zero emission buses. This is included at Annex B.

Yours ever,

Rt Hon Grant Shapps MP

SECRETARY OF STATE FOR TRANSPORT

Annex A: Further information for the TSC following the session on the Work of the Secretary of State for Transport, 22 September 2021

This annex sets out the further information promised in relation to 14 topics:

1. Denby road haulage
2. The travel testing market
3. Rail franchising obligations
4. Rail franchise boundary reviews as part of rail reform
5. Public Transport usage statistics
6. Active Travel scheme reversal and removal
7. Rail worker pay freezes
8. Bus funding – £3bn breakdown
9. Bus franchises
10. Transport accessibility progress
11. Zero emission buses status
12. Rail electrification progress
13. Transport emissions statistics
14. Sustainable fuels

Further information on quarantine statistics will be provided to the Committee in a separate letter.

1. Denby road haulage

The Department is committed to a technical feasibility study to assess a range of options around the operation of Longer/Heavier Vehicles (LHVs), such as the Denby Eco-Link, on public roads, and whether to run trials on them. Tenders have been issued for this study.

Designing a trial and assessing how it could work is an essential step, given LHVs having different operating characteristics to lorries on UK roads. Results from the study will inform a decision about a trial.

2. The travel testing market

The Department for Health and Social Care is engaging with testing providers to confirm whether private providers expect to be able to meet the additional demand for Lateral Flow Devices. We are working with providers to understand their appetite to enter this market and the early signs are promising.

This is however a significant change in the testing system, and we are currently working through the operational and technical details. The Government wants to introduce this by the end of October, aiming to have it in place for when people return from half-term breaks.

3. Rail franchising obligations

Both the Emergency Measures Agreements (EMAs) and the Emergency Recovery Measures Agreements (ERMAs, which in most cases followed on from the EMAs) had the effect of varying existing Franchise Agreements, primarily by transferring cost and revenue risk from operators to the Government. Neither the EMA nor ERMA varied the committed obligations. The Department did however conduct a review of the committed obligations in each Franchise Agreement and in some instances elected to suspend or delay the delivery of certain obligations, including for the reasons of public health and safety.

If committed obligations had not been delivered at the point of Franchise Agreement termination, the underspend will be captured in a commercial settlement between the operator and the Department. This process remains ongoing, but the situation regarding the two train operating companies that serve West Dorset specifically (session Q36-37) is as follows.

<u>South Western Railway</u>

On 19 May 2021 the Department signed a National Rail Contract with South Western Railway (SWR) under a Direct Award, to commence on 30 May 2021.

The Department worked at great length with the operator to ensure that those Commitments under the Franchise Agreement that had not been met, and that the Department deemed necessary for the operator to meet, would go into the National Rail Contract as Continuing Provisions. All new obligations would be included as Business Plan Commitments.

Both of these commitments are now aligned to an annual business planning process, including annual budgeting, and the Department is working continually with the operator to ensure that all of those commitments are being met.

SWR is also planning to increase services through to Weymouth from the current one train per hour to two trains per hour from May 22. This will restore the pre-COVID level of services for stations such as Dorchester and Weymouth.

<u>Great Western Railway</u>

The pandemic has delayed the delivery of some Committed Obligations in the new Great Western Railway franchise agreement, which started on 1 April 2020. The obligations remain, but we have derogated dates to allow later delivery.

In spite of this, GWR has continued to deliver benefits for passengers, in particular with the delivery of projects such as the ‘Castle Class’ short High-Speed Trains (HSTs) and the ‘trimode’ Class 769 trains. Meanwhile, the trains normally used on the GWR Bristol – Yeovil – Weymouth services (Class 165/166 Diesel Multiple Units) are to go through a refresh to their passenger accommodation.

GWR continues to work on a range of station and station environs upgrade projects benefiting from packages of funding including moneys from local authorities and other parties. For example, the new multi-storey car park at Taunton station opened on 26 May 2021, marking the completion of most elements of the modernisation of that station and surrounding area. Other schemes such as the upgrades to Castle Carey, Cheltenham, Gloucester, Newbury and Plymouth stations continue, with individual scheme elements at varying stages of delivery.

4. Rail franchise boundary reviews as part of rail reform

Great British Railways will consider the opportunities for any changes in geographic franchise boundaries on an ongoing basis, as it takes over responsibility for future Passengers Services Contracts. This will ensure that services are best designed to meet the needs of local communities and attract new bidders.

5. Public Transport usage statistics

There has been a general upward trend in Public Transport overall, and in Rail usage, since May. Weekly usage data can fluctuate due to events like the Euro 2020 championship and school holidays, so not every week will show a rise on the previous week.

In May 2021, National Rail usage was between 37% and 55% of the equivalent week in 2019.

The statistics referred to during the session on 22 September showed that (between 7 to 13 September), National Rail usage was between 57% and 64% of the equivalent week in 2019. Please note that these figures have subsequently been revised as per the footnotes in the published data, and therefore no longer match the most recent published data.

The latest statistics (between 5 to 11 October 2021) show that National Rail usage has been between 58% and 63% of the equivalent week in 2019. This data is available in column F of the transport use during the coronavirus (COVID-19) pandemic statistics.

6. Active Travel scheme reversal and removal

Decisions on the installation or removal of active travel schemes are a matter for individual local authorities. Many schemes introduced during the pandemic were experimental, and it is natural that many of these schemes will have been reconfigured or replaced since their initial installation.

The Department is aware of 39 local authorities who have removed or reconfigured schemes for a variety of reasons. Ministers wrote to local authority leaders in July, reminding them of the importance of allowing sufficient time for schemes to bed in to enable their benefits and disbenefits to be properly evaluated and understood. We understand that not every scheme is perfect, and a minority will not stand the test of time, but if these schemes are not given that time to make a difference then taxpayer money has been wasted. We have no interest in requiring councils to keep schemes which are proven not to work, but that proof must be presented. Schemes must not be removed prematurely, or without proper evidence about their effects.

The Department will continue to assess authorities' performance in delivering schemes. Following the precedent we have already set, those which have prematurely removed or weakened such schemes should expect to receive a reduced level of funding.

7. Rail worker pay freezes

In announcing their 2020/21 results, FirstGroup proposed a distribution of value to shareholders of £500m in autumn 2021. However, this decision will reflect the earnings and financial situation of the whole Group, not just the element accounted for by UK rail. In particular, their announcement made clear that the proposed £500m distribution includes proceeds from several one-off events, including the sale of two major subsidiary businesses in North America.

The Department publishes fees payable to operators on gov.uk. Data is currently available for the period of the Emergency Measures Agreements from March 2020 to September 2020, showing fees payable to contracted FirstGroup Train Operating Companies of £38.133m, and we expect to publish further fee information later this autumn. Subject to other conditions, actual payment will be made to the train operators after the Department has received annual audited accounts and other financial reporting for the franchisee year. Fees payable under the successor agreements that followed the Emergency Measures Agreements have a lower overall potential, and are more heavily weighted towards operator performance.

The Chancellor set out his policy for public sector pay restraint in the Spending Review last November. Given the impact of COVID-19 on the rail sector, we informed the operating companies that the principles of this policy would be applied for pay reviews, due to commence in 2021. We committed that the Department would still fund pay increases for the lowest-paid rail workers earning less than £24,000.

8. Bus funding – £3bn breakdown

As set out in the National Bus Strategy, the £3 billion will be used to enable Local Transport Authorities to deliver their Bus Service Improvement Plans (BSIPs) and to accelerate the delivery of zero emission buses. Ahead of the Department's spending profiles being confirmed at this year's Spending Review, it is not possible to provide a more detailed breakdown at this stage. However, the Department's ambition and commitment to see bus transformation across the country remains.

9. Bus franchises

In accordance with the Bus Services Act 2017, the following local authorities have issued statutory notifications of their intention to prepare an assessment of bus reform options, including franchising:

- Cambridgeshire and Peterborough Combined Authority
- Greater Manchester Combined Authority
- Liverpool City Region Combined Authority
- West Midlands Combined Authority
- West Yorkshire Combined Authority

Of these, Liverpool City Region, West Midlands, and West Yorkshire have also issued a notification of intent that they will prepare an Enhanced Partnership.

The remaining 74 local authorities have notified us of their intention to pursue Enhanced Partnerships.

10. Transport accessibility progress

The Department is committed to ensuring disabled people have the same access to transport as everyone else through our Inclusive Transport Strategy and National Bus Strategy, as well as the National Disability Strategy.

Since May 2020, our “it’s everyone’s journey” campaign has been providing COVID-19-specific messages. We are finalising plans for a relaunch into 2022. We will also complete a review of the Public Service Vehicles Accessibility Regulations 2000 by the end of 2023.

Network Rail is continuing to deliver Access for All projects, with 102 projects due to be completed by 2024. The network-wide accessibility audit of rail station facilities is underway, and forecast to be completed in early 2024.

We plan to commission research to identify a standard for accessible bus stations and stops by March 2022. By summer 2022 we will also introduce regulations requiring all bus companies (outside London) to provide audio and visual announcements on all services.

Later in 2021 we plan to begin a public consultation on updating Best Practice Guidance for taxi and private hire vehicle (PHV) licensing authorities, which will include strengthened recommendations on an inclusive service. When legislative time allows, we will strengthen the law on the carriage of disabled people in taxis and PHVs to ensure protection from overcharging, and the provision of appropriate assistance.

We have provided £2.2m funding for the Changing Places programme, which will help deliver an additional 59 Changing Places toilets at motorway service areas, ensuring the majority of motorway service areas have these facilities. We have provided an additional £450,000 for Changing Places at non-motorway transport locations for completion in spring 2023.

The Maritime and Coastguard Agency will also have completed Passenger Rights inspections at all major ports by the end of 2022.

11. Zero emission buses status

The Government is committed to introducing 4,000 zero emission buses and achieving an all zero emission bus fleet. Since February last year, we have made funding available for up to 900 zero emission buses.

In March this year, we launched the £120 million Zero Emission Bus Regional Areas scheme. This funding will support the introduction of up to 500 zero emission buses and associated infrastructure. The Department will announce which business cases under the fast track process have been successful and award funding in due course. The Department is working with a further 17 local transport authorities (LTAs) under the standard process and will award funding to successful LTAs by the end of March 2022.

We also announced in March the award of £50 million of funding from the All-Electric Bus Town or City scheme to the West Midlands Combined Authority to support the Coventry Electric Bus City. This will fund up to a further 300 electric buses and the infrastructure needed to support them. We expect the first orders to be placed for these buses later this year.

Following a review of the figures, since February 2020 the Ultra-Low Emission Bus Scheme has funded 145 zero emission buses in England, with over 50 of these on the road (over 120 including Government funded London buses). The table below shows the number of zero emission buses supported by the Ultra-Low Emission Bus Scheme in England:

Bidder	Number of buses	Status
Brighton & Hove Buses	20	Funding allocated
First West Yorkshire	9	On the road
Go North East	9	On the road
Nottinghamshire County Council	4	Buses ordered
Stagecoach Manchester	32	On the road
The Big Lemon	3	On the road
Transport for London	63	On the road
West Yorkshire Combined Authority	5	On the road
Buses on the road	**121**	
Total buses funded	**145**	

12. Rail electrification progress

The Office of Rail and Road's (ORR) infrastructure statistics state 1110 miles of track in Great Britain have been electrified, from new electrification projects for passenger traffic, between financial years 2010-2020. From 2017 to 2020, almost 700 miles have been electrified across England and Wales. This compares to 60 miles electrified in England and Wales between financial years of 1997 to 2010 from Network Rail's Annual Return in 2020.

In the Transport Decarbonisation Plan the Government committed to deliver a net zero rail network by 2050, with sustained carbon reductions in rail along the way, supported by an ambitious programme of electrification and the deployment of battery and hydrogen trains on some lines. To deliver this we are committed to the construction of new lines to meet growing demand for rail travel. We are already proceeding with building HS2 Phase One and 2a, which will create 170 miles of new electrified track between London, Birmingham and Crewe by the early 2030s. The Integrated Rail Plan for the North and Midlands will soon outline how best to deliver major rail projects in the North and Midlands, including HS2 Phase 2b and other transformational projects such as Northern Powerhouse Rail, so that the benefits of these investments, including carbon savings, are delivered to passengers and communities more quickly. We also announced in early September the £78 million approval for the electrification of rail infrastructure between Wigan and Bolton.

13. Transport emissions statistics

The 2019 UK Greenhouse Gas Emissions, Final Figures show domestic transport (consisting of road transport, railways, domestic aviation, shipping, fishing and aircraft support vehicles), emitted 122MtCO_2e or 27% of greenhouse gas emissions in the UK in 2019. Of that, around 91% is from road transport. Around 55% is from cars and taxis, and a further 16% each from light duty vehicles and heavy goods vehicles, 2.5% from buses and coaches, and 1% from other road transport. International aviation and shipping emissions are not included in national totals, but emitted a further 44.5MtCO_2e in 2019.

Transport's contribution to other pollutant emissions is set out in the UK National Atmospheric Emissions Inventory. In 2019, transport was responsible for 47% of NO_2 (70% of which is from road transport) and 15% of $PM_{2.5}$ (81% of which is from road transport).

14. Sustainable fuels

The Government recognises the potential of synthetic fuels such as hydrogen, as well as renewable diesel produced from wastes, and sustainable aviation fuels (SAF). These are among the low carbon fuels eligible for support in the UK under the Renewable Transport Fuel Obligation (RTFO) scheme. In the case of biofuels these must meet mandatory sustainability criteria, which amongst other things ensure such fuels deliver reductions in carbon emissions. In the case of synthetic fuels these must be produced using renewable power and meet other similar criteria to ensure the delivery of carbon savings.

The RTFO is a certificate trading scheme which has been successful for 13 years in driving a market for low carbon fuels. Low carbon fuels supplied under the scheme currently deliver about a third of all domestic transport carbon savings under current carbon budgets. Just over two-thirds of low carbon fuels supplied under the scheme are produced from wastes. In September we published draft legislation which would amend the RTFO scheme to increase targets to supply low carbon fuels from 9.6% to 14.6% by 2032 and expand RTFO support to new transport modes, such as renewable hydrogen in maritime, fuel cell power trains and non-road transport. Whilst raising the RTFO renewable fuel target, the draft legislation also includes measures to strengthen the sustainability and emissions criteria such fuels must meet.

As we move to net zero, low carbon fuels will continue to play an important role in reducing carbon emissions, including from the existing vehicle fleet, and increasingly in transport modes with limited alternatives to liquid fuels. While fuels like synthetic diesel can be net zero over their whole life cycle, when used in conventional vehicles their air quality benefits are limited. That is why our ultimate ambition is to support the development of zero harmful tailpipe emission road vehicles wherever possible. It is also the case that the supply of low carbon fuels is limited by the availability of sustainable biomass. It is therefore important to increasingly prioritise their use for modes with limited alternatives to liquid and gaseous fuels, such as aviation. This is why as part of the Transport Decarbonisation Plan we have committed to explore whether and what additional measures may be required to promote the uptake of low carbon fuels in the freight, maritime and aviation sectors and work with industry to develop a long-term strategy for 2050 by 2022.

SAF will be a vital tool in decarbonising aviation and helping the UK reach our net zero goals by 2050. We are keen to ensure that the UK is a world leader in SAF use and production and maximise the environmental and economic opportunities a strong SAF industry can bring to the country. For these reasons, in recent years the Government has introduced a comprehensive programme of interventions that aims to support the commercialisation of the domestic SAF industry. We have made available funding through the Advanced Biofuels Demonstration Competition and Future Fuels for Flight and Freight competition to support the early development of plants to produce advanced transport fuels in the UK. Building on these programmes, we launched our latest £15m Green Fuels, Green Skies competition in March this year. The GFGS aims to support the development of the UK SAF sector towards the deployment of innovative SAF production technologies at commercial scale that can reduce emissions from the aviation sector in the UK. Alongside the GFGS competition we are providing £3m for a SAF clearing house to deliver early-stage aviation fuel testing, funding and expert advice for producers of new fuels hoping to enter testing at all certification stages/pathways. This will help develop existing UK expertise and reduce uncertainty, cost and time barriers to SAF development without sacrificing safety. We have also consulted on a SAF mandate to drive SAF uptake in the UK and reduce greenhouse gas emissions from this sector. The consultation closed on 19 September and we are carefully analysing the responses.