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PARLIAMENTARY DEBATES
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HOUSE OF LORDS

OFFICIAL REPORT

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The following abbreviations are used to show a Member's party affiliation:

Abbreviation	Party/Group
CB	Cross Bench
Con	Conservative
DUP	Democratic Unionist Party
GP	Green Party
Ind Lab	Independent Labour
Ind SD	Independent Social Democrat
Ind UU	Independent Ulster Unionist
Lab	Labour
Lab Co-op	Labour and Co-operative Party
LD	Liberal Democrat
Non-afl	Non-affiliated
PC	Plaid Cymru
UUP	Ulster Unionist Party

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House of Lords

Monday 7 October 2024

2.30 pm

Prayers—read by the Lord Bishop of Oxford.

Oaths and Affirmations

2.36 pm

Lord Verjee made the solemn affirmation, and signed an undertaking to abide by the Code of Conduct.

Deaths of Members

Announcement

2.38 pm

The Lord Speaker (Lord McFall of Alcluith): My Lords, I regret to inform the House of the deaths of the noble Marquess, Lord Lothian, on Tuesday 1 October, and the noble Lord, Lord Leitch, on Friday 4 October. On behalf of the House, I extend our condolences to the families and friends of the noble Lords.

Arrangement of Business

Announcement

2.38 pm

Lord Kennedy of Southwark (Lab Co-op): My Lords, before we start proceedings, I thought it would be useful to again focus, with the support of the usual channels, on the importance of good discipline during Oral Questions. As I have said many times before, the clue is in the title. The *Companion* is clear that questions should be short and confined to no more than two points. Crisp, clear and succinct is, I believe, what the House wants. While the majority of noble Lords follow this, we have seen a trend towards longer contributions and more questions becoming like short speeches. This restricts the time available for other Members to question Ministers, which I know is a source of frustration. I therefore ask that we continue with the overall discipline of short, focused questions to maximise the time available.

The same discipline applies to Ministers as well. The House rightly expects Ministers to give crisp, clear, succinct and to-the-point answers. I have reminded all Ministers of this; I have also made it clear to their private offices.

Baroness Williams of Trafford (Con): My Lords, in the spirit of what the Government Chief Whip has just said, I totally agree.

European Union

Question

2.40 pm

Asked by Lord Balfé

To ask His Majesty's Government what steps they plan to take to build a closer relationship with the European Union.

Lord Balfé (Con): I beg—briefly—to ask the Question standing in my name on the Order Paper.

The Parliamentary Under-Secretary of State, Department for Culture, Media and Sport (Baroness Twycross) (Lab): We have already begun working to reset the relationship with our European friends and neighbours. The Prime Minister met with President Ursula von der Leyen in Brussels on 2 October, and they agreed to strengthen the UK-EU relationship and our mutually beneficial co-operation, and on the importance of holding regular UK-EU summits. This is not about renegotiating or relitigating Brexit but about looking forward and realising the potential of the UK-EU relationship.

Lord Balfé (Con): I thank the Minister for her comments. We really do need to reset our relationship with the European Union. Things such as free movement, movement for young people and working with the European Investment Bank have to get to the top of our priority list. Can we put this nonsense of not liking Europe behind us and get down to business?

Baroness Twycross (Lab): The previous Government said they would get Brexit done; they did not think about what would happen afterwards. This Government want to and will make Brexit work.

Lord Touhig (Lab): My Lords, we are no longer a member of the European Union, but we are a member of the Parliamentary Assembly of the Council of Europe, which was created in the vision of Winston Churchill. Last week, colleagues in Strasbourg heard the report that the Council of Europe Development Bank had loaned £1.2 billion across Europe. We did not get a penny in the United Kingdom because we are not a member, so will we join the Council of Europe Development Bank?

Baroness Twycross (Lab): I will take the proposal back to the department.

The Earl of Clancarty (CB): My Lords, the Minister should agree that in the cultural area the UK should have much closer relations with the EU. Although the language has changed, we have not yet seen any action at all to address the specific concerns of the arts and creative industries. When will that happen? Every passing week represents lost opportunities and revenues for many artists and creatives who continue to face huge difficulties in Europe.

Baroness Twycross (Lab): There is a genuine commitment and determination from the Government to address this. I thank the noble Earl for his question on this point.

Baroness Ludford (LD): My Lords, I am glad that the Minister talked about our relationship with the European Union, which was the subject of the Question, not just with Europe vaguely. While the efforts by Ministers and the Prime Minister to improve the mood music by visiting national capitals is of course good background work, it is noteworthy that, after meeting the Prime Minister, European Commission President Ursula von der Leyen said, in effect, “No cherry picking”—as she did to the previous Government. What is the Government’s strategy to improve our trade and our economy by cutting the Brexit red tape stifling our businesses?

Baroness Twycross (Lab): It is important to recognise that the mood music is hugely important and has been very much welcomed by the EU. The meeting that the Prime Minister held will be followed by further summits and meetings. As I am sure the noble Baroness understands, this is a precursor to making sure we get things moving.

Lord Kirkhope of Harrogate (Con): My Lords, the Minister has spoken about the importance of Ministers meeting. The Parliamentary Partnership Assembly did a lot of good work in the previous Parliament to give a relationship between the United Kingdom Parliaments and the European Parliament. Can the Minister confirm that this assembly will be reconstituted in the near future, as it has proved very useful in the past?

Baroness Twycross (Lab): To keep my answer as succinct as my noble friend the Chief Whip suggested: yes.

Lord Anderson of Swansea (Lab): My Lords, I concede that it is not now the time for a big bang approach, but is there not a danger of being overcautious at a time when our public are ready for a more open approach?

Baroness Twycross (Lab): We need to recognise that the public were clear that they voted for Brexit, which is why this Government are not seeking to relitigate or renegotiate the entirety of the Brexit deal—but we do want to make Brexit work.

Lord Deben (Con): Is it not true that we are culturally part of Europe and that the culture connections are very important, but that at the moment they are held up because of the “Wrecksiteers” and their attitudes to all this? Can we please get on with this and not fuss about?

Baroness Twycross (Lab): I hope the noble Lord does not think that we are fussing about. Culturally and geographically, this country is clearly part of Europe. I think the Question specified the EU, which is why my responses have related to that.

Lord Cromwell (CB): Does the Minister share my concern that the divergence between the product standard requirements in the UK and the EU is of increasing concern to UK businesses, as it escalates the cost and the bureaucracy involved in compliance?

Baroness Twycross (Lab): That is the type of issue that this House will look at in some detail in the coming months, not least with the Product Regulation and Metrology Bill, which will come before this House tomorrow.

Baroness Scott of Bybrook (Con): My Lords, can the Minister update the House on any recent discussions that Ministers may have had with our partners in the EU on the issues of illegal migration? Can she confirm whether the Government will seek a closer relationship with the EU to tackle this important problem?

Baroness Twycross (Lab): Absolutely. I have a long list—which would deviate from the diktat from my noble friend the Chief Whip—that outlines a number of conversations that have happened. Migration is a shared challenge. We desperately want to strengthen our relationships with European partners to smash the gangs, and that includes strengthening our relations with the EU and its agencies. In recent weeks the Prime Minister and other Ministers have engaged with key European Heads of State and Ministers on this issue, discussing how we can work together to smash the gangs and tackle irregular migration through a whole-of-route approach.

Lord Grocott (Lab): Although of course we want the warmest possible relationship with the European Union, can my noble friend take this opportunity to reiterate what the Prime Minister has frequently said in recent months, which is that there will be no question whatever of us rejoining either the customs union or the single market?

Baroness Twycross (Lab): The Prime Minister has been unambiguous on that point, and that is not up for debate.

Baroness Butler-Sloss (CB): My Lords, do the Government support the free movement of young people between Europe and the UK?

Baroness Twycross (Lab): The UK has no plans for an EU-wide youth mobility scheme. There will be no return to freedom of movement, and that includes in relation to school trips. Although the UK recognises the deep importance of cultural and educational exchanges between the UK and other nations, any discussions and decisions relating to our policy on school trip travel have to be made with due regard to the proper functioning of our immigration system.

Lord Howell of Guildford (Con): My Lords, what role will the European Political Community, which is quite new, play in this new togetherness and reset?

Baroness Twycross (Lab): The European Political Community summit at Blenheim Palace on 18 July strengthened our relationships in Europe and included discussions on Ukraine and migration. At that summit we also secured support from 44 countries and the EU for tough new action against Russia’s shadow fleet of ships that evade oil sanctions, so actions are coming out of the EPC.

Lord Foulkes of Cumnock (Lab Co-op): My Lords, does my noble friend agree that it is the policy of the current Government to deal with individual countries in the European Union, and indeed the European Union as an institution, with warmth rather than a touch of frost?

Baroness Twycross (Lab): Absolutely. I would like to reassure my noble friend that we will do that. As we mark the anniversary of the despicable attacks by Hamas on Israelis, and when we also have war in Europe, a warm and close working relationship with our friends and neighbours is vital.

The Earl of Kinnoull (CB): Left on the cutting room floor throughout the Brexit negotiations was a framework for security and foreign policy co-operation. It was not addressed in either of the big agreements. Can the Minister tell us what the Government's attitude towards such a framework would be now and whether they are doing anything about it?

Baroness Twycross (Lab): European security is our foreign and defence priority, and that includes a commitment to Ukraine and NATO as an upholder of international law. The Government's policy is to seek an ambitious new UK-EU security pact, which will strengthen co-operation on the threats we face and enshrine a new geopolitical partnership.

Bus Fares: National Cap *Question*

2.50 pm

Asked by Lord Moylan

To ask His Majesty's Government whether they plan to continue the national £2 cap on bus fares, which is scheduled to end on 31 December.

Baroness Blake of Leeds (Lab): Making fares more affordable for bus passengers is one of the Government's top priorities, as we know how important it is for those passengers. The Government are looking at the future of the national bus fare cap as a matter of urgency and considering the most appropriate and affordable approach for the future of the scheme.

Lord Moylan (Con): My Lords, the Minister must know that if a decision is not made very quickly, almost immediately, the bus companies will not be able to implement the policy from 31 December. Is this another one of those questions which is caught up in the pantomime of chaos in Downing Street? Why should passengers suffer because the Government cannot make a timely decision?

Baroness Blake of Leeds (Lab): Honestly, I do not recognise any of the pantomime within the Department for Transport. This is one of its top priorities. Extra resource is being put into the department to deal with it. The department knows how important it is that local authorities working with their partners can deliver

this and how popular it is. But the noble Lord is right that the scheme finishes in December 2024. The outcome was delayed before the election, but I can assure him that the department is treating this as an absolute top priority.

Baroness Randerson (LD): My Lords, the numbers travelling by bus outside London have declined significantly in recent years. As a priority, we need to get young people back on buses because they need access to those buses for jobs and education. Does the most appropriate and affordable scheme that the Minister refers to include a standard reduced youth fare, or even a scheme for free fares for young people?

Baroness Blake of Leeds (Lab): The most important aspect in taking this forward is that it is for local determination. The money going to local authorities is not ring-fenced; they are able to look at different schemes for their particular localities. In areas where youth schemes have been brought in, they have been very successful—look at how Greater Manchester is moving forward, with an increase in passengers. I hope we can roll it out across the country.

Lord Patel of Bradford (Non-Aff): My Lords, can the Minister say if the Government are taking any particular action with respect to coastal and rural communities? The noble Baroness remarked that young people need access to travel to get to work, and yet the infrastructure is completely destroyed in some of these areas.

Baroness Blake of Leeds (Lab): Rural communities come up all the time when we are talking about bus services. I have lived in the wilds of the Yorkshire Dales in the past and I know exactly how important it is. But the important thing is that local determination can highlight priorities, and we know how much the bus cap has helped rural communities over the last few months. This is something that will be of great concern as we consider how we take it forward.

Lord Watts (Lab): My Lords, most of the money that comes to the bus companies in income is derived from the public purse. Will the Minister make sure that we get value for money for the taxpayers and stop bus companies ripping us off?

Baroness Blake of Leeds (Lab): My noble friend hits on a very sensitive and important issue. Value for money must be driven throughout any scheme that we come up with, and that is one of the top priorities of the work that is happening as we speak.

Lord Shipley (LD): My Lords, the Minister said that the department was working very hard to get a solution to this important problem. Can she put a better timescale on that, given that there are only a few weeks to go before the current funding scheme comes to an end? Are the Government holding this for a nice, hopeful announcement on Budget Day?

Baroness Blake of Leeds (Lab): Of course the Budget is an important consideration as we go forward, and we know that it is coming up very soon. I assure the noble Lord that work is carrying on at the moment. More capacity has gone into the department to deal with this; it knows that the clock is ticking and how important it is that a decision is made.

Baroness Vere of Norbiton (Con): My Lords, the previous Government recognised that in rural areas it is sometimes very difficult to have a traditional bus service. That is why we invested millions of pounds in demand-responsive transport. Will the new Labour Government look favourably on that mode of transport?

Baroness Blake of Leeds (Lab): At the moment, all options are on the table. The noble Baroness will remember our conversations during Covid about working with the operators and the local authorities. There are so many aspects of this, and nothing is off the table. We are looking at the history and at how we can take things forward.

Lord Snape (Lab): My Lords, does the Minister accept that, for once, we have had a sensible suggestion from the Opposition Front Bench? Does she agree with me that reducing the £2 fare to £1 and extending it, which would help passengers and bus companies, could very easily be paid for by taking the £2 billion or so needed from the roads budget? This would enable the noble Lord who asked the Question to rattle on again about the war on motorists.

Baroness Blake of Leeds (Lab): I think it is above my pay grade to talk about the outcome of the Budget discussions that are taking place. This is a critical moment, with the Budget at the end of October. All these factors must be taken into account in looking at value for money and how we can get the best bus services. We must not forget that the reason we are doing this is for the passengers. Buses are so important for our communities. They are lifelines for people going to work and meeting up with their loved ones; they are an essential service which I am afraid has fallen foul of the price of profitability in too many cases.

Lord Berkeley (Lab): My Lords, will my noble friend try to ensure that, when a decision is made on what kind of bus subsidy we have, there is a long-term element to it? It is very difficult for bus companies and their passengers if the services, frequency and fares change every few months, as they have done in recent years.

Baroness Blake of Leeds (Lab): I thank my noble friend for that suggestion. I will certainly pass it on to the department for consideration.

Baroness Neville-Rolfe (Con): Can the Minister confirm that there are no plans to take away special arrangements for elderly passengers on buses or other forms of transport?

Baroness Blake of Leeds (Lab): I assume that the noble Baroness is referring to the English national concessionary travel scheme. We have absolutely no plans to withdraw it, reduce it or means-test it.

Lord Dubs (Lab): My noble friend said that all options are on the table, which I welcome. Of those options, would she consider using her influence to ensure better co-ordination between buses and railways? I can give her nightmare examples of a lack of co-ordination. It would smooth things for passengers and improve the use of buses.

Baroness Blake of Leeds (Lab): I completely agree with my noble friend. There is no point in having a regular train service if passengers cannot reach it by bus. It is always about the consideration of the last mile of a journey. If people get into their cars, they tend to stay there. It is a very important aspect that has been picked up by looking at the bus open data service. Bus companies sharing their data has been an enormous problem—anyone in the north of England knows that that helped prevent us bringing in an Oyster-style ticketing service across the north. It is crucial that we get this right and that all companies are obliged to share the information.

Baroness McIntosh of Pickering (Con): Could I press the noble Baroness further? She has given a very positive answer on concessionary fares for the elderly, but her response does not actually give a commitment to continue the £2 fare. Could she give a more positive answer about the timetable and an assurance that there will be no cliff edge from 31 December this year, particularly for young people and those living in rural areas who do not benefit from the concessionary fare, which has played such a positive role in rural transport?

Baroness Blake of Leeds (Lab): I hope I made it clear that the success of the scheme is well recognised. We have to look at all aspects to make sure that it is sustainable going forward and that we do not have to return to this in the future. So many people depend on this and it is very popular. Of all the schemes that have come into place, this one is very well known; the public actually know about it and this has led to an increase in patronage. People have changed their habits from using other forms of transport to using the bus. In my view, it has been a real success.

Ethiopia and Somalia *Question*

3.01 pm

Asked by Lord Browne of Ladyton

To ask His Majesty's Government what assessment they have made of diplomatic tensions between Ethiopia and Somalia, and the implications for regional stability.

The Parliamentary Under-Secretary of State, Foreign, Commonwealth and Development Office (Baroness Chapman of Darlington) (Lab): My Lords, tensions between Ethiopia and Somalia remain heightened and are affecting the region's prospects for growth and

stability. Further escalation is a concern. Alongside partners, we continue to urge all parties to avoid escalation and actions that threaten stability.

Lord Browne of Ladyton (Lab): My Lords, experts on the region conclude that, thanks to the expansionist ambitions and recklessness of Prime Minister Abiy Ahmed of Ethiopia, the Horn of Africa is on the brink of war. Taking advantage of anti-Ethiopian sentiment, al-Shabaab is stepping up its recruiting and fundraising efforts. What steps is the international community taking to de-escalate tensions between the two principals and to minimise the risk of an upsurge in al-Shabaab terrorism, especially given the recent co-ordination between the Houthis and al-Shabaab?

Baroness Chapman of Darlington (Lab): My noble friend is right to raise this and we are deeply concerned about the prospect of escalation. We support any moves to encourage dialogue and de-escalation. In August, my noble friend Lord Collins raised this with Somalia's President, and the Foreign Secretary and Minister Dodds both discussed it with Ethiopia's Foreign Minister. My noble friend Lord Collins is visiting Ethiopia again this week for further discussions, and Ministers recently raised our concerns with Somali and Ethiopian counterparts at the UN General Assembly.

Lord Alton of Liverpool (CB): My Lords, does the noble Baroness agree that, in addition to tensions driven by Ethiopia's desire for sea access via Somaliland, Egypt's hostility to Ethiopia is now mounting because of the issue around the Blue Nile dam? Does she agree that the last thing that the Horn of Africa needs is another calamitous conflict, as the noble Lord, Lord Browne, said? How are we working with the African Union and our allies, especially those in Uganda and Kenya, to avert such a catastrophe?

Baroness Chapman of Darlington (Lab): As the noble Lord indicated, we are concerned about many aspects of the increase in tensions, including in Somalia, Eritrea and Egypt. We applaud the work of UN security forces so far; we want it to continue and will work to support it in any way that we can. The position of the Government more broadly is to support any form of dialogue that will de-escalate this, and to ease tensions through conversation.

Lord Ahmad of Wimbledon (Con): My Lords, in the previous Government, I led on the issue of preventing sexual violence in conflict. Tigray has incredible and abhorrent stories of sexual violence. The previous Government dispatched a team to collect evidence and ensure that perpetrators are held to account, and I would welcome an update on that. I stress again the importance of appointing a special representative on preventing sexual violence in conflict; the United Kingdom led the world on this and I hope that the new Government continue in that respect.

Baroness Chapman of Darlington (Lab): I note the noble Lord's support for a special representative on sexual violence. There will be announcements about

that. He is absolutely right to raise the issues of Tigray and sexual violence, and of food insecurity in the region, which we are equally concerned about. All this gets resolved only through dialogue and de-escalation, and that is what the UK seeks to support.

Baroness Northover (LD): My Lords, conflict over water is likely to intensify so, following on from the question asked by the noble Lord, Lord Alton, what is the Government's assessment of Ethiopia damming the Blue Nile? That obviously has beneficial effects for the Ethiopian economy but negative effects for the Egyptian economy, fuelling conflict. What kind of resolution can be brought forward here?

Baroness Chapman of Darlington (Lab): We completely understand why Egypt and Sudan would be concerned about access to water through the Nile and the dam, but the only way that this gets resolved is through dialogue between Ethiopia and Egypt, and we support any work that can happen to resolve this in as amicable a way as possible in the circumstances.

Lord Anderson of Swansea (Lab): My Lords, Somalia is in great disarray. By contrast, the former British protectorate Somaliland is stable, and a model in that part of Africa. What are the prospects of the African Union accepting independence, just as it accepted Eritrea's independence from Ethiopia?

Baroness Chapman of Darlington (Lab): The United Kingdom's position is consistent and clear that, notwithstanding our long-term relationship with Somaliland, it is absolutely an issue for Somalia to resolve. I cannot be clearer about that. We respect the territorial integrity of Somalia and the steps that it will take to resolve this issue itself.

Lord Stirrup (CB): My Lords, in our helpful debate on Sudan just before the latest Recess, it was generally agreed that the maintenance of a degree of stability in the Horn of Africa was important to the security of the Red Sea routes, which are of key importance to the UK. Can the Minister therefore assure the House that the Government will approach this region on a strategic basis as a whole, rather than treating the different crises piecemeal?

Baroness Chapman of Darlington (Lab): That is a very important point and is what I have been trying to get across—that you cannot separate some of these disputes, whether long-standing or more recent. As the noble and gallant Lord said, they need to be dealt with strategically and holistically, because the security and stability of the Red Sea and the Horn of Africa more generally depends on us taking that approach.

Baroness Anelay of St Johns (Con): My Lords, I welcome the fact that the Minister referred to the whole issue being dealt with holistically and strategically. Perhaps she did not have the opportunity to answer one part of the question asked by the noble Lord, Lord Alton, about the African Union. Have Ministers

[BARONESS ANELAY OF ST JOHNS]
spoken to the African Union about this on their very welcome diplomatic travels? If so, what response have they had?

Baroness Chapman of Darlington (Lab): As the noble Baroness will know, the African Union has been very helpful in trying to support the resolution of these issues—specifically on security in Somalia in relation to al-Shabaab. We welcome and support that. We will continue to work with the African Union in this regard.

Lord Teverson (LD): My Lords, what conversations are the Government having with the Somaliland Administration about the potential agreement for a port with Ethiopia? There is a regional organisation in east Africa called IGAD, the Intergovernmental Authority on Development. Is that a body that we can work with to try to calm down some of these tensions?

Baroness Chapman of Darlington (Lab): We want to work with any partners who will be helpful and active in trying to de-escalate the situation and relieve the tensions. We have been active in providing funding for the port but, as the noble Lord knows, the issue here is not just about whether Somaliland should have a port. This is about the ambitions of Ethiopia to gain access to the sea. That is causing tensions, which in turn is involving other nations in the region, which takes us back to the point made earlier about making sure that we do not look at these issues in isolation but are mindful at all times of the impact that these discussions have on the wider region.

Baroness Sugg (Con): My Lords, the noble Lord, Lord Browne, highlighted how al-Shabaab will take advantage of the tensions in the region. Will the Minister outline how the Government are continuing the important international efforts to ensure that al-Shabaab and other extremist groups do not take that advantage?

Baroness Chapman of Darlington (Lab): That is absolutely right. It is one of the key reasons why we are being quite so active in this space, why my noble friend Lord Collins is there this week, why the Foreign Secretary and Minister Dodds have had so many conversations with Ministers in Ethiopia and Somalia, and why we will continue to support the security services on the ground. The mission is up for renewal at the end of the year, and we support work to see it continue for as long as necessary.

Lord Purvis of Tweed (LD): As a result of the pre-existing conflict there are 1.1 million Ethiopian, Somali and Eritrean refugees in Sudan. As a result of the conflict in Sudan, they are now stranded twice over. Human rights organisations have concerns that the Ethiopian and Somali Governments are not providing support for returns. Will the Minister for Africa raise the status of refugees on his visit to Ethiopia this week?

Baroness Chapman of Darlington (Lab): My noble friend Lord Collins will raise all the relevant issues of concern surrounding Ethiopia and Somalia. Again, I point out that, whenever you have this level of instability and tension, these kinds of issues inevitably start to emerge. They are of concern not just to us in this House but to many people living in our communities. I am sure that my noble friend will raise them.

Commission on Justice in Wales

Question

3.11 pm

Asked by **Baroness Smith of Llanfaes**

To ask His Majesty's Government whether they plan to implement the recommendations of the report of the Commission on Justice in Wales, chaired by Lord Thomas of Cwmgiedd.

The Parliamentary Under-Secretary of State, Ministry of Justice (Lord Ponsonby of Shulbrede) (Lab): My Lords, the commission's report, published in 2019, is substantial and makes 78 recommendations, a significant number of which are for the Welsh Government to consider. There are some recommendations that the Ministry of Justice is either already delivering or has agreed to take forward, including better disaggregation of Welsh data. However, the report's principal recommendation to devolve justice to Wales goes considerably further than what is in the current Government's manifesto. Our manifesto made commitments to explore the devolution of services to enable them to be more locally responsive, and as part of that strategic review we will look into probation as part of wider devolution across England and Wales. We will also work with the Welsh Labour Government to consider the devolution of youth justice. Overall, we will work with the Welsh Government to ensure that we deliver justice in a way that best serves the people of Wales.

Baroness Smith of Llanfaes (PC): My Lords, this month marks the fifth anniversary of the Thomas commission report, which called for the devolution of policing and justice to Wales. The Welsh Labour Government endorse this recommendation in their programme for government for 2021-26. Meanwhile, we have just heard that the UK Labour Government plan only to "explore" devolving youth justice and probation to Wales. Will His Majesty's Government follow the calls of their Welsh Labour colleagues and take real action by devolving justice and policing to Wales?

Lord Ponsonby of Shulbrede (Lab): The Welsh Government highlighted, in their May 2022 report *Delivering Justice for Wales*, the progress that they had made in implementing the Thomas commission recommendations that fall to them. They also commented that implementing the recommendation was delayed partly because of Covid-19. The commitment to pursue the case for devolution of justice and policing was included in the Welsh Government's programme for

government for 2021-26. However, as I made clear in the original Answer to the noble Baroness, the UK Government are not pursuing that option of complete devolution. We want to work in a constructive way on the initiatives that I have outlined to try to make the best possible benefit for the people of Wales.

Lord Thomas of Gresford (LD): My Lords, why would it not be sensible and cost-effective at least to have a Welsh division of the High Court of Justice sitting permanently in Wales to monitor and construe the legislation of the Welsh Senedd and the administrative acts of the Welsh Executive, with increasing expertise from both lawyers and judges in Wales?

Lord Ponsonby of Shulbrede (Lab): A lot of matters that are the responsibility of the Welsh Senedd are also cross-border issues. We are talking about police, courts and the way the court system behaves; probation is another example. My understanding is that this matter has been considered and keeping the arrangements as they currently are is seen to be beneficial for both England and Wales.

Lord Wigley (PC): My Lords, was not the consideration that the Minister referred to a moment ago mainly undertaken under the auspices of the previous Conservative Government? Is now not the time that it would be appropriate to look again at this? Given her remit to look at the relationships with Cardiff and Edinburgh, would this not be a suitable matter for Sue Gray to look into?

Lord Ponsonby of Shulbrede (Lab): I am the Minister of Justice for devolution and the various countries within the UK. The manifesto has made it clear that we want to work in practical ways for the benefit of the people of Wales. Two points that I made in my initial Answer to the noble Baroness were on probation and youth courts. I know that a number of very positive examples of practice in Wales are better than the average within England and Wales. We want to build on what is positive that is already happening rather than look at the overall devolution of these powers.

Lord Davies of Gower (Con): My Lords, any observer of Welsh politics these days will not fail to have noticed that the Welsh NHS has 22,000 people on its waiting list awaiting operations, the Welsh education system is the worst in Europe, the Welsh Government are about to spend roughly £150 million on 36 additional Members, and there are vanity projects such as 20 miles per hour everywhere. Does the Minister really believe that the Welsh Labour Government can cope with the complexities of any aspect of the criminal justice system being devolved?

Lord Ponsonby of Shulbrede (Lab): I notice that the noble Lord is addressing the House from the Back Benches, whereas I understood that he had a Front-Bench position. He is shaking his head, so I apologise. To answer his question, we want to work constructively with the Welsh Government. I personally will be visiting

Cardiff and Newport before the end of this month, and I know that many of my colleagues have ministerial visits; we want to work constructively with the local Ministers.

Lord Keen of Elie (Con): Can the Minister please confirm that, as the newly appointed envoy for devolved nations and regions, Sue Gray should have an oversight of the implementation of this sort of devolved policy? If that is not the case, will he please advise the House what she is going to be doing?

Lord Ponsonby of Shulbrede (Lab): The simple answer to the noble and learned Lord's question is that I do not know the answer to his question.

Lord Thomas of Cwmgiedd (CB): The subject is a complex one; the report was lengthy. Do the Government intend to set out in detail why the report was wrong? It would be very useful to have a chapter-by-chapter explanation of why what was recommended unanimously by a completely apolitical group of experts is thought to be wrong.

Lord Ponsonby of Shulbrede (Lab): The noble and learned Lord's report was a large piece of work. As I said in my initial Answer, it is for the Senedd to take forward the vast bulk of the recommendations, and the UK Government are acting on some of the recommendations and are continuing to act particularly on the disaggregation of data. The Labour manifesto made clear that the principal objective of the noble and learned Lord's report is not one that the current Government share. We want to work in practical ways for the benefit of Wales, and the examples that I gave of youth justice and probation are good examples of that.

Baroness Bennett of Manor Castle (GP): My Lords, following on from the question from the noble Lord, Lord Wigley, who noted that the Labour Government seem, as in many things, to be following the path of the Tory Government, and picking up the point made by the noble and learned Lord, Lord Thomas, if the Government wish to maintain the union, given that there is rising evidence of interest in independence in Wales, would it not be a good idea to explain clearly to the people of Wales why, as the noble and learned Lord said, the Government are going against this report of independent experts that was very carefully considered?

Lord Ponsonby of Shulbrede (Lab): It is worth saying that Welsh lawyers and Welsh law firms benefit from being part of the internationally-renowned English and Welsh legal system, and the Welsh people have consistently voted against devolution—the noble Baroness looks confused, but that is the context within which we are dealing with this question. We are clear that there are profound benefits from keeping a combined legal system for England and Wales. A couple of practical examples are in the context of prisons, where there is no women's prison in Wales nor any category A offender prison. That is not a cost to Wales, but it is beneficial to the combined system as there are savings to be made through not repeating, for example, women's

[LORD PONSONBY OF SHULBREDE]
prisons in different parts of the country. The benefit is there, and we want to protect it and manage the system for the benefit of the people of both England and Wales.

Passenger Railway Services (Public Ownership) Bill

Second Reading

Scottish and Welsh Legislative Consent sought.

3.24 pm

Moved by Baroness Blake of Leeds

That the Bill be now read a second time.

Baroness Blake of Leeds (Lab): My Lords, I am pleased to present the Passenger Railway Services (Public Ownership) Bill for Second Reading today. Public ownership will allow us to end the failed franchising system which has inflicted misery on passengers through delays, overcrowding and poor service—a system in which far too many conversations are about how the railway works or, more often, does not work, and too few are about what the railway is for. At its heart, the railway is there to allow people and goods to move from A to B, which is vital in supporting jobs, housebuilding and quality of life. Railways are central to the Government's missions to kick-start economic growth and break down barriers to opportunity, as well as helping us move towards net zero.

We need to change the whole culture of the railway to place all passengers back at the heart of the system. This Bill will ensure that trains are run for the benefit of the British public, not for the profits of shareholders around the world. I will be clear: there is a great deal of work ahead to reverse three decades of failure, fragmentation, inefficiency and waste. Bringing the railway infrastructure back into public ownership after the failure of Railtrack in the early 2000s was a helpful step, allowing the infrastructure manager to collaborate better with train operators, but it was just one small step. Two decades later, the system remains far too fragmented, and that is costing the taxpayer dearly.

This Bill will mean that we can finally have trains that are run for the public by the public. It is narrow in scope and serves just two main purposes. First, it will enable us to bring rail passenger services back into public operation as the default option when contracts end, not just as the last resort. Secondly, it will allow us, and our counterparts in the Scottish and Welsh Governments, to keep them in the public sector rather than having to put them back out to tender.

The Bill is just the first step—although a very important one—towards a much wider programme of reform. The need for reform could not be more obvious. In recent times, the franchising system has delivered record high levels of cancellations, frequent overcrowding, a frankly bewildering ticketing system and hugely disruptive periods of industrial action. The list goes on.

Reform of the railways has cross-party support. In fact, it originated in 2018 when the Conservative Government commissioned Keith Williams to carry out a root-and-branch review of the whole railway

system. His review confirmed just how fractured and fragmented the railways are. As did the Blake Jones review, which I co-authored at the same time; I am afraid I too have contributed to the plethora of reporting on this matter.

The manifestos of all three political parties acknowledged the need for reforms to address this fragmentation. We all agree that things cannot continue as they are. There is strong public support and a clear democratic mandate for public ownership, so I sincerely hope that noble Lords on all sides of the House can put politics aside to get behind this Bill as a vital first step towards fixing our broken rail network.

That is why we have brought in this public ownership Bill as an urgent priority, and we will introduce a railways Bill later in this Session to bring about a much wider programme of reform. This will include setting up Great British Railways to act as a directing mind and put the whole railway back into the service of the travelling public and freight users.

In this debate, I am sure that some noble Lords will question the case for public ownership. In addressing that head-on, let me highlight one noticeable change for the better that did come about under the previous Government. They appointed no fewer than four public sector train operators to take over from failing private sector companies. They must agree that public ownership is a good thing, as they kept LNER in the public sector for six years and Northern for four. The devolved Governments in Scotland and Wales also support public ownership. They are right behind this Bill because it will avoid the need for them to put their publicly run services back into private hands.

Publicly owned operators exist to serve the interests of passengers and taxpayers, not to maximise profits for shareholders. The Government's holding company, known as DOHL, has a proven track record of picking up the pieces after private sector failure, transferring services to public operation smoothly and without disruption for passengers or staff, and then starting to turn those failing operations around. LNER was one of the first operators to fully restore services after the lockdowns, with patronage last year exceeding pre-pandemic levels. It has led the way on fares reform, simplifying the confusing array of ticket types and improving the management of train capacity on the east coast main line. TransPennine Express has dramatically improved its reliability since joining the public sector. In its worst periods early last year, more than one in five services—over 500 a week—were wholly or partly cancelled, either in advance due to train crew shortages or on the day for a variety of reasons. This is now down to around 500 a month.

The newly stood up shadow Great British Railways has a strong mix of skills, expertise and experience from the top of the rail industry and will be held to account by its newly appointed chair, Laura Shoaf. DOHL, whose chief executive is part of shadow Great British Railways, has previously managed the successful transfer of services, engineering functions, back-office functions and thousands of staff members. It already has work under way to bring in the additional capacity and expertise that it will need as DOHL takes on more services.

As well as delivering better services, public ownership will save a fortune. Once franchise services are all back in public ownership, where they belong, we expect that the taxpayer will save between £110 million and £150 million a year in fees which currently benefit private companies and their shareholders. Finally, public ownership will pave the way for the wider railways Bill and for Great British Railways, which will bring together track and train in a properly integrated way for the first time in three decades. GBR will have a relentless focus on meeting the needs of the passenger and the freight user, while also driving best value for the taxpayer.

While extolling the virtues of public sector operation, I also want to acknowledge the vital role that private businesses will continue to play in our railways. As now, there will be huge opportunities for the many successful and innovative businesses within the rail supply chain. The operation of rail freight services will remain in the private sector, helping to free up our roads and put us on our way to net zero. There will be a continuing role for open-access passenger services alongside publicly run services, where they bring benefits and add value to the network. In view of the dire state of public finances, it would not be responsible to bring privately owned rolling stock—trains and carriages—back into public ownership, but GBR will take a coherent, long-term approach to our future rolling stock needs, helping to secure better value from the private rolling stock market than was possible under franchising.

There was some debate in the other place about the availability of performance data to enable public scrutiny of individual train operators' performance. However, we are not lacking in information about operator performance: there is plenty of evidence that it has not been good enough. There have been particular concerns about the poor standards of service provided by Avanti and CrossCountry, which I am happy to address head-on.

As a result of decisions made by the previous Government, the core term of Avanti's contract expires in October 2026, while CrossCountry's expires a year later. We cannot bring these contracts to an end before those dates unless the relevant contractual conditions for early termination are met. So the Government will continue to monitor operators' compliance with their contracts closely; the Secretary of State, as passenger-in-chief, has made clear that she will not hesitate to take further action where appropriate. Ministers have already met Avanti and CrossCountry and their Network Rail counterparts to challenge them on poor performance and demand immediate action to deliver improvements. The Secretary of State has also put in place a formal remedial plan for CrossCountry.

Noble Lords may question why we intend to bring services back into public operation as existing contracts expire, rather than starting with the poorest performers. That is a good question, but this is the right thing to do because it is the way to avoid paying compensation to the outgoing operators for ending their contracts early. Our blueprint for rail reform, *Getting Britain Moving*, published before the election, was clear on this commitment.

I reinforce that reform does not end with the Bill. This is just the beginning. As I alluded to earlier, this Government plan to introduce a wider railways Bill, which will include provisions for establishing Great British Railways. Consistent with the Secretary of State's commitment to move fast and fix things, in advance of that Bill, she has already established Shadow Great British Railways to improve services for passengers, unlock barriers to delivery and move the rail network towards greater financial sustainability. Made up of leaders from DG Rail Services Group under DfT, Network Rail and DfT's holding company for public sector train operators, it will signal a new way of working together to deliver a simpler and better service.

Shadow GBR will also be responsible for designing Great British Railways and will play an important role in improving the reputation of the railway with customers. It will build and exemplify the culture and ways of working in rail that we want to take into Great British Railways. The wider railways Bill will be for future debate in this House and elsewhere but I dare say that noble Lords will want to express some of their views on these matters today. I welcome those contributions. We are keen to ensure that we take the time to hear and understand views from interested parties, including noble Lords. As we refine our detailed plans for the wider Bill, I am sure that the Government will have more to say about these plans in the weeks ahead.

To conclude, this Government will put our rail system back on track to deliver for passengers and support our growth and opportunity missions, with clear strategic direction and proper integration and co-ordination. This Bill presents an unprecedented opportunity to begin reforming the railways in such a way that it will benefit generations to come. The passenger and the taxpayer have for too long been at the mercy of the private companies that operate our railways. This Bill is the first step in ending the decades of failure that have become synonymous with rail travel in this country. There is much to be done; once up and running, Great British Railways will be able to put the passenger and freight user front and centre, seizing opportunities for renewed economic growth, innovation, accessibility and a sector that we can be proud of. Public ownership is a vital ingredient in our plan to fix our railways. I beg to move.

3.40 pm

The Earl of Effingham (Con): My Lords, a recent KPMG survey of more than 1,300 CEOs globally in 11 key markets and industry sectors revealed that nearly 80% of those CEOs believe that hybrid employees will return to full-time office work by 2027. The survey covered companies with annual revenues of over £375 million, with one-third exceeding £7.5 billion. These are companies with large workforces. Amazon's recent policy decision is a good example of the return to the office. The momentum towards in-office work will only increase; that is just one reason among many why it is essential that we have a rail system that works for everyone, regardless of where they live or what they do. A thriving railway is a crucial tool for driving prosperity across Britain.

[THE EARL OF EFFINGHAM]

It was 31 years ago that the Railways Act enabled the private sector to run franchised passenger railway services. For this Bill now to make provision for those services to be provided by public sector companies represents seismic change and will need line-by-line parliamentary scrutiny—not least in this House, where there are so many experts in the field and we can deliver a platform for passengers from which growth and success can flourish with a gold-standard railway network.

It is not in dispute that there is urgent need for rail reform. The current franchising model is not working. Passenger services are not at the standard they need to be and, post pandemic, the sector is a burden to the taxpayer. The country wants change and we have cross-party support, but that support is for the right change. Nationalising train operating companies is not necessarily the correct answer; it throws up as many questions as it does answers.

I shall first address service reliability and availability. From April 2023 to March 2024, there were 7.6 million delay compensation claims closed by the train operators—a 30% year-on-year increase. What benchmark will the Government set themselves for 2025-26, when the first franchises will come into the public sector, and what year-on-year improvements in compensation claim reduction will the Government commit to for the first five years of operation? Between April 2024 and June 2024, only 70% of recorded station stops in Great Britain were arrived at on time. This compares with circa 92% in Switzerland and 88% in France. So what benchmark will the Government set themselves for 2025-26 and the ensuing years?

Just recently, the European Commission confirmed in a study of its own the benefits of competition in passenger rail. Prior to the pandemic, the railways ran more than 21,000 services on an average day, which represented a 30% increase to that before privatisation. By what year will the Government commit to providing that same level of service to passengers?

Moving on to infrastructure investment and cost benefits to both taxpayers and passengers, which are essential to the success of this project, government investment in the sector has quadrupled since privatisation and in recent years we were successful in winning around £1 billion a year of investment from private funding. To provide a truly great service for passengers, the sector must have continuous investment, so I ask the Minister to confirm what funding agreement she has negotiated with His Majesty's Treasury to ensure that the money is there. How much has she agreed will actually be available? It would also be interesting to know why rolling stock companies are not being nationalised so that the Government could achieve vertical integration to increase efficiency, reduce costs and boost control, all of which will benefit the taxpayer.

Train operators were net contributors to the Exchequer from 2010 to 2018 but fell into deficit after 2018. The impact of Covid on the sector has been devastating and it now costs the taxpayer £2.6 billion to cover the day-to-day running of train operating companies, which contrasts markedly with the £373 million in day-to-day running costs in 2019 and 2020. If we assume that the

move back to the office continues in line with the KPMG survey, we can hope that day-to-day running costs will decrease for the taxpayer in correlation with increased footfall on the train network, but, for clarity, that cost benefit reduction will not be due to this Bill.

The Government have said that the Bill will save the taxpayer millions of pounds so, under the proposal, the management fee and performance-based fee for private sector franchise train operators will disappear. However, unprofitable services are currently subsidised under the existing agreement; this will still be required under a public sector company. Not only that but the subsidy may well increase and there could be costs with franchise extensions and associated dealings. Management still has to run the railways and will be receiving a salary and, instead of a performance-related bonus, perhaps a government-backed final salary pension scheme, which could end up costing the taxpayer more than the performance-related fees. All these elements combined could be why the new Bill required a money resolution.

Rail partners, which obviously have a vested interest, will nevertheless be in possession of a mass of information. How does the Minister answer their point that full nationalisation is a political and not a practical solution which will increase costs over time? Just to reassure the many parties, including noble Lords in this House, who have concerns about the costs for the taxpayer, will the Minister explain, in rough numbers, where the cost savings will come from and what the net benefit to the taxpayer is on a yearly basis versus the current set-up, while discounting the improvement in the balance sheet from the lessening impact of Covid working-from-home policies over time?

Next, I shall focus on risk management. The Government want to remove the privately owned train operating companies that have been working the network for 31 years. I apologise, as this might seem like a basic question, but who exactly is going to replace them? Will the Government be able to find more skilled and knowledgeable staff than those already working in the sector? Will they appoint new chief executives, chief financial officers and boards of directors who will be responsible for the running of the companies? If yes, will the Minister provide a timetable for when the recruitment search will begin for the relevant key staff? How will those key staff be incentivised to control costs and grow the rail network for the benefit of passengers?

The *Financial Times* has also reported concerns from rail industry bosses that the scale and complexity of nationalising the remaining franchises could put pressure on the Department for Transport operator of last resort. How will the Government ensure that DOHL is sufficiently resourced to deal with this? What hiring plans have been made and what budget has been secured for the new headcount?

Finally, I come to accountability and governance. For these new public sector companies to be successful, they will need to be accountable to shareholders—the shareholders being the taxpayer. What performance, financial management and innovation metrics have been agreed by the Minister to ensure that both passengers and taxpayers are receiving value for money and will

not be negatively impacted by spiralling costs in the sector due to a lack of experience, a lack of expertise or both?

In the same way that powers will be given to the OBR to make judgments on any major taxation or spending announcements, will the Minister commit to giving the same powers to the Office of Rail and Road to conduct an impact assessment for the Bill to confirm that it makes economic and operational sense and will not be to the detriment of either passengers or the taxpayer? Will the ORR also be given the authority to assess all aspects of the performance of public sector companies awarded public service contracts?

We know the Government intend to establish a powerful new watchdog: the passenger standards authority. Can the Minister explain why it is not being delivered as a part of the Bill? In the past, previous Governments have introduced temporary legislation with the intention of bringing forward additional reforms, but the wider reforms have not materialised. Will the Government take this precious chance to deliver a comprehensive package of railway reform rather than focusing solely on this interim Bill?

We have an opportunity to make our rail system the envy of Europe so please let us do it the right way, which will bear fruit for generations to come.

3.51 pm

Lord Bradshaw (LD): My Lords, this Bill was forecast in the Labour Party's manifesto. We have no quarrel with the need to take drastic action to make the railways work better for passengers, freight business and the taxpayer. State-run organisations can be run efficiently, and we will help to see that they do; we will also help see that, in the case of the railways, passengers and freight users are the main focus of policy.

The Railways Act 1993 left the railway with an expensive and bureaucratic organisation where too much of the effort was focused on blaming others—as instanced by Keith Williams in his original report—for shortcomings in service provision and a regulatory structure which, in common with other privatised industries, was not fit for purpose. We hope it is the Government's intention to review the role of the road and rail regulator, which has concentrated its efforts on promoting competition and has neglected most of its other statutory duties. The basis for calculating abstracted revenue by open access operators has not been sufficiently challenged, and the regulator's responsibility for safety has departed without sufficient regard for the widely accepted as low as reasonably practicable principles.

The legal structure devised by the rail regulator gives access rights to operators, protected in law, which prevent the optimisation of the timetable. While it is acceptable that freight has protected status, it should be incorporated in a rational timetabling process optimising scarce infrastructure resources. In my opinion, reform of the regulatory process is essential to the success of GBR. Without control of the regulatory arrangements, it will continue to be the case that major investments—like the £4 billion being spent on the east coast route—will not achieve improvements.

It has become apparent that no one can make timetable decisions that produce faster journey times, as there are so many conflicting paths and no rational ways of resolving these conflicts. As a result, there have been no major revisions to the timetable since 1991. A revised timetable for all routes would give priority to London-bound services, after which would come interregional services and then local services. That would be easily understood and can be built into a co-ordinated whole, giving good connections throughout the railway to other rail and bus services. The control organisation supervising railway operations needs overhauling to eliminate much duplication and end the focus on the blame game, changing it to one that concentrates on failures.

Complaints are made about the rolling stock companies. We do not expect these to be taken into public ownership, although, in common with other state-owned assets, they were sold far too cheaply and largely debt free to an immature market. However, allegations about fixing the market have not been upheld and, with fresh entrants into the business, there is every reason to believe that the market will become more competitive. The rolling stock companies should have a place at the table when designs are developed, as well as the supply side of the industry and some representation from goods designers, as was the case with British Rail.

We await with interest what the Government will propose for fares and charges. We want our railway to be busier. For this to happen, we need to charge cheaper fares and provide more capacity. In many cases our trains are too full, to the extent that people avoid using them, which cannot be right environmentally or economically. We want our railways to offer a “turn up and go” capability, not one that charges high fares to travellers who have to make urgent journeys at the last minute and who face having to stand because insufficient accommodation is available.

There are a few more issues on which we want clarity from the Government, in the Minister's reply or in subsequent legislation. I know that the Government have in their possession proposals for a modest programme of infill electrification, which would mainly benefit freight but would also bring benefits on the passenger side. This should include modest extensions to the existing third rail systems which the previous Government allowed to be halted.

Other proposals would show that the Government are looking to the future, such as electrifying the Midland main line; the work on the Felixstowe to Nuneaton route that is so sorely needed in the freight industry; and the provision of a flat crossing at Newark. This, together with the re-signalling now taking place and the elimination of wasteful paths for five-coach trains that should be formed of 10 cars at least as far as Doncaster, would create at least two and possibly three more paths each hour on the east coast main line, as it needs to build on its place as the premier route between London, the north-east and Scotland. This would not need an immediate cash handout, but the design work and preparations in the supply industries would be immediate and would let the railways know that the Government are listening to them.

[LORD BRADSHAW]

Lastly, I turn to the decision made by the last Prime Minister in respect of HS2. There is simply insufficient capacity in the system to plug the gap left by this announcement, and early clarification of the Government's position on this is necessary.

We will hear a number of maiden speeches, to which I look forward, including one from the noble Baroness, Lady Pidgeon, who is an expert on transport. I hope we shall listen to them all.

4 pm

Lord Liddle (Lab): My Lords, I welcome my noble friend Lady Blake to the Front Bench and congratulate her in leading the Second Reading of this Bill so well. In my view, she has a lot to contribute to transport. After years of experience as leader of Leeds City Council, she saw at first hand how, over the decades, we have grossly neglected public transport investment in our metropolitan areas outside London. This must change, and I hope it will change under the Labour Government.

I support the Bill. I have no ideological bias in favour of public ownership. My bible as a social democrat many decades ago was Tony Crosland's *The Future of Socialism*, which totally persuaded me that there was no virtue in public ownership per se. Therefore, these issues have to be addressed in a pragmatic way. I was always sceptical of rail privatisation. The general argument for separating the natural-monopoly elements of business from the operating elements is a sound one economically; it works in telecoms, for instance, where the infrastructure has vast capacity. But that is not true of the railways. There is not infinite capacity in the natural monopoly, and someone somewhere has to decide which services get priority and which do not.

If I might say so, I thought that the noble Lord, Lord Bradshaw, gave an excellent speech in which he outlined some of the major failures of the 1990s privatisation. The railways need a guiding hand, and on this side of the House I fully supported the conclusions of the Williams review. If I might put it this way, it was a bit rich for the noble Earl, Lord Effingham, to say that we want to see the comprehensive reform of the railways. The truth is that his Government sat on the Williams review for five years and did very little about it, because some Back-Benchers thought that it sounded a bit too socialist. I think he should recognise that Labour here is trying to pick up from the mess that the Conservative Government have left.

Some people will say that, yes, they support the Williams review but it does not necessitate public ownership throughout the system, that we lose the benefits of competition, and all that. As someone who has now been a Member of this House for getting on for 15 years and has gone up and down the west coast main line virtually every week, I must say that we had a reasonable service with Virgin, but we have had a disaster with Avanti. I do not understand how anyone can think that this has been a good example of the private sector contributing to public service.

In fact, since Covid, we have not had a competitive railway in any sense. What we have had is the most centralised system of management of the trains in

recent times. The Department for Transport lays down the costs for every service and the Treasury collects the revenues. The franchise operators have very little incentive to make any improvements of any kind; all they want to do is collect their fees. We need a fresh start and I think that this Bill gets us part of the way to it.

The only part of my noble friend's great introduction to this Bill that I paused at was her announcement that we might have to put up with two more years of Avanti. I would like to know why. Can we please see what the contract is that the Government feel they cannot withdraw from? Can we see what performance standards the last Government set for Avanti and whether they are being met? As a Government, let us not hesitate too much about taking drastic action. I know that my noble friend Lord Adonis, when he was Transport Minister in 2009, was advised by the department and its lawyers that it was quite impossible to take LNER into public ownership at the time. He said, "Well, what's the risk that they're going to sue?", and went ahead with it. I cannot see the public rushing to support Avanti if it is deprived of its franchise.

I have some detailed points on the Bill that I think are important and on which I hope we can have a decent discussion in Committee. They are concerned mainly with new Section 30C, on the definition of what kinds of public service contract and public service company are allowed to operate on our public railway. One of my concerns—it relates to what I said earlier about my noble friend Lady Blake and her experience in Leeds—is whether combined authorities and mayors would be able, under the remit in new Section 30C, to run services in their metropolitan areas. It would be a shame if we had in our minds the wonders of the British rail model of the past, because I do not think that it was very wonderful. We need a much more decentralised structure for our public railway, and we need to find the mechanisms to make that decentralised structure work.

My second point is that I do not see any ideological objection to public/private partnerships in running the railway. Let me give an example. You might have a situation where a private company was prepared to commit to electrification plans for a particular line that would not be in the public sector investment plan. My view is that we should allow public/private partnerships on a net additionality rule. If they are going to bring more investment into the rail system, what on earth is the case for not allowing them to do so?

With those points, I say that it is clear that this is a good start—but it is only a start. The whole scheme of reform has to be worked on very hard by the department and its Ministers in the coming months, but, in the meantime, I welcome the Bill.

4.10 pm

Lord Young of Cookham (Con): My Lords, it is always a pleasure to follow the noble Lord, Lord Liddle, who was the opposition spokesman in your Lordships' House in the last Parliament and therefore may have played a role in the conception of the Bill—although sadly he has been denied any part in its delivery. I am grateful to the Minister and her colleague, the noble

Lord, Lord Hendy, for the briefing they gave to noble Lords during the Recess, and for the exposition from the noble Baroness of the reasoning behind the Bill.

You wait a long time for an ex-Transport Secretary and then three of them turn up at the same time. I look forward to the maiden speech of my noble friend Lord Grayling, who has held two of my previous jobs, Transport Secretary and Leader of the House of Commons. I was also briefly one of his juniors when I was a Minister in your Lordships' House and I enjoyed working with him. He brings with him a wide range of ministerial experience to reinforce the Opposition Benches in your Lordships' House. I also look forward to the maiden speech of the noble Lord, Lord Cryer, and the noble Baroness, Lady Pidgeon.

Turning to the Bill itself, the Government have inherited a complex set of challenges with the railways after the pandemic bust the franchising model. It simply overturned the industry's finances, upended travel patterns and has led to increased and unsustainable taxpayer support. However, in moving to the more sustainable system that we have heard about this afternoon, it is important not to throw out the baby with the bathwater.

The structure which I hoped to put in place in the 1990s had three key benefits, all of which we risk losing. It took investment in rolling stock off the public sector balance sheet and created a market of train operators to replace a public monopoly, and its business model forced the industry to look outwards towards its customers, not inwards to the sponsoring department, leading to inbuilt incentives to grow the market. With that new structure, private operators reversed decades of decline in passenger traffic. It helped to double passenger numbers, increased services by a third and turned an operating deficit under British Rail into a surplus for taxpayers, paying a dividend of £3.8 billion to the Treasury from 2010 to 2019.

By contrast, the *Sunday Times* told us yesterday that the subsidy for Southeastern, which is now in the public sector, is four times what it was prior to the pandemic, when it was in private hands. Passenger safety improved after privatisation and closed branch lines were reopened. We need to put those facts into the public domain while we debate the future of the railways. It seems to me that the challenge before us is to try to retain those advantages within the new structure.

I will take them briefly in turn. First, on the public sector balance sheet, I had the benefit of negotiating with the Treasury for investment in the railways both before and after privatisation. Before, I would go along to a Star Chamber composed of colleagues who I thought were my friends but turned out not to be, and I made the case for investment in rolling stock as best I could. They would say, "George, we're really interested to hear from you, but we've just had the Secretary of State for Defence, who wants more soldiers, we've had the Home Secretary, who wants more policemen, we've had the Health Secretary, who wants more doctors and nurses, and we've had the Education Secretary, who wants more teachers. Politics is about priorities and we're very sorry, George, you can't have your new train set for Christmas".

After privatisation, there was no dialogue with the Treasury at all about investment in rolling stock. The capital markets responded to the business case that I made, and we got the investment which we needed. That is one benefit that we are about to lose, given the path on which the Treasury and the Government are now embarked.

The franchising costs of the operators now run by the DfT score as public expenditure. At the moment, those franchises do not have much time to run, so the sum is relatively small, but when GBR is up and running all rail investment will score as public expenditure; that is potentially £13 billion which the Government do not have to find at the moment. Amazingly, if you look under the heading "Financial implications of the Bill" in the Explanatory Notes for the Bill, you will see that there is simply no mention of that whatever. Nor in the other document, *Final Stage Impact Assessment*, is any mention made of that under the heading "Impacts on government priorities". But any spending Minister knows that, when he looks at his or her capital budget, it is crucial whether that investment is public expenditure or private. If the Transport Secretary is unsuccessful against the bids for doctors, nurses, policemen and teachers, there are implications for the reliability of services, which we have heard about, and for the supply line, which the Minister mentioned—that is, those who supply the rolling stock in this country.

The second advantage was to bring in other successful transport operators—people who run bus companies, airlines, shipping or successful operators from overseas. Their skills were applied to running the railway and so break the British Rail monopoly. If British Rail was not as good as Ministers felt it ought to be, there was nothing we could do about it; there was no one else who could run a service. Privatisation created this new market of train operators bidding for franchises; many good people within British Rail moved over to the new train operators, and welcomed the freedom that privatisation had given them, particularly the freedom of manoeuvre that came with it. Just as other European countries are moving over towards the model that we now have, this country is taking a backward step to a public operator with an outright prohibition in the Bill on the use of private contractors.

The structure which we chose also avoided national strikes of train drivers. Each individual franchise operator negotiated individually with the trade unions and, by and large, they reached agreement. National bargaining with a single employer, as proposed, could mean that any future pay disputes have a greater impact on passengers. Others may talk in this debate, or certainly in Committee, about the implications of employment changes for the thousands of railway workers who now work for the train operating companies who will move over, presumably to a single contract at some point within GBR, with all the implications that has for negotiation for the workforce.

The third innovation was an incentive to grow the market, to look outwards towards the customer. Once a company had won the franchise, the only way that they could increase its turnover and profit was by winning more customers. But when I was Transport Secretary, it made little difference to British Rail

[LORD YOUNG OF COOKHAM]

whether it had more customers or fewer; it just meant it got more or less subsidy from the Secretary of State. Franchising created that incentive to look outwards at the market, not inwards towards the department. By contrast, the new contracts introduced by the Government leave operators with little commercial freedom or ability to help growth—a point touched on by the noble Lord, Lord Liddle. Given the financial challenges facing the Government, it is counterintuitive to ban the only part of the rail system with a track record of driving growth and reducing subsidy for taxpayers. Nor is public ownership a panacea for all the problems—passengers mind about performance and price. Over half the delays in the system are caused by Network Rail, which has been in the public sector for two decades. On price, is the Treasury going to find the money to keep rail fares down? It is just worth remembering that, on privatisation, rail fares were capped at RPI minus one, a policy that was reversed by the incoming Government.

A final word about fragmentation—a word that was used a lot by the Minister. The final impact assessment says that the Bill aims to reduce industry fragmentation. A common criticism of privatisation is that we have ended up with an industry that is fragmented and should be brought together. I understand that argument, but it should be treated with some caution. The most popular and safest form of public transport is by air, yet you could not find an industry that is more fragmented. The airlines do not own the aircraft, they do not own the airports, they do not run the national air traffic system, they do not do the baggage handling or the catering. Some airlines do not even employ the pilots but get in self-employed pilots. I prefer to use “specialised” to “fragmented” in describing a transport industry. I challenge the assertion that an industry which is fragmented or specialised is less efficient than an integrated one.

The Bill will probably go through but, as a political midwife, I hope that the Government will see whether some of the progeny of privatisation might be saved.

4.20 pm

Lord Faulkner of Worcester (Lab): My Lords, it is always a pleasure to follow the noble Lord, Lord Young of Cookham, whether on this or other subjects where he and I have an interest. I extend my thanks to him for the help that he gave to me and my co-author in putting together material on the privatisation in one of three books on railways and politics. In one of them is a very fetching picture of the noble Lord and his family taking their cycles by train and promoting the railway. I am grateful to him for that. I have two current interests to declare, as chair of the Great Western Railway stakeholder board and as president of the Heritage Railway Association.

I welcome the Bill for one reason above all others. I hope that its appearance so early in the parliamentary Session demonstrates the scale of the Government's commitment to the railway and their determination, not influenced by political dogma, to ensure that the railway plays a greatly enhanced role in the nation's transport system and is again, in the words of the noble Earl, the envy of Europe.

When the railway was privatised back in 1993, it was intended by the then Government to break the BR monopoly—as the noble Lord, Lord Young, just confirmed in his speech—and to create a framework for competition to drive efficiency. That never happened. It ignored the fundamental truth that railways are not a competitive sport but a team game, requiring the seamless co-operation of many players to work together properly and efficiently. A competitive structure overseen by lawyers, regulators and civil servants is not the way to run an efficient railway attuned to the needs of its passengers and freight customers.

Reconnecting train operators and infrastructure management under a single organisation should bring efficiency in how things are planned, apart from avoiding the expense of lawyers and delay attributors. I welcome the establishment of Great British Railways, in shadow form at least, and congratulate Laura Shoaf on her appointment as chair of the shadow body. She has a great track record in the West Midlands; I wish her well in her new job.

The creation of GBR also gives us the chance to restore some financial and economic disciplines that have not been a feature of the present set-up, and that cost so much more than British Rail did. It is a difficult balance to strike, not least because the playing field in transport has been so uneven. Successive Governments approved the annual increase of rail fares above inflation almost every year in recent times, while in contrast the annual fuel duty escalator has not been used since 2011, so motorists have received tax breaks over almost 13 years. Subsidies for electric cars have encouraged a further shift from public transport to driving. This is not a war on motorists. If anything, it is the disadvantaging of the most fundamental and important element in the transport structure.

It is not just with road users that the railways find themselves competing on unfair terms. By far the most polluting and environmentally unfriendly form of passenger transport is domestic aviation. In a report published by the think tank Transport & Environment UK last month, it was shown that, if a fair equivalent to the fuel duty paid in other sectors were applied to domestic aviation, up to £6 billion a year could be raised. Had High Speed 2 not been progressively scaled back and that railway built to provide a new fast intercity service, particularly to Glasgow and Edinburgh, there would have been a genuine modal shift from domestic flights to the high-speed railway, as has occurred in all the European countries that have had the foresight to build a high-speed rail network.

Even without HS2 going to Newcastle and Edinburgh, there has been a large modal shift to the railway. Pre-Covid, the proportion travelling by rail from London to Edinburgh was 35%; the latest figure today is 57%. Much of that growth has taken place on LNER, and I congratulate it, but the introduction of open-access Lumo services has also played a considerable part.

During the privatisation process, no thought was given to how the social benefits provided by the railway would be paid for. Back in the day, BR understood these benefits and how to offer them as part of the service for which it received the passenger service obligation grant. Busy trains provide low-carbon travel,

with emissions even lower when the train is powered by electricity. They reduce traffic congestion and pollution by reducing the number of cars on the road. They can be part of a different lifestyle, encouraging people to walk to the station or use the bus, rather than avoiding exercise by taking the car from the house without walking at all.

Trains connect people and reduce the problems that are experienced in remoter parts of the country. We have already seen how communities such as Okehampton have benefited from being reconnected to the network: passenger numbers are more than twice those forecast and there have been huge benefits to local society. Trains are safer than hazarding your life on the road network, where 1,700 people die annually still. The standards applied to road design and accident investigation are weak and way behind the focus on safety that is a central part of railway culture. Trains are a lifeline for young people who cannot afford private transport or do not want to pollute by using cars or aircraft. They are also essential for the elderly and particularly those who should no longer drive, even if they cling on to their cars.

Despite some problems at older and smaller stations, the railways have opened up a much better lifestyle for those with impaired mobility. One of the biggest changes in the last 20 years has been the large increase in the number of people travelling in or with wheelchairs or who are receiving assistance at stations. Privatisation made no financial provision for these benefits and, unsurprisingly, the private companies were not able to provide all of them without some financial support.

Train services are not like a standard commodity, such as buying soap powder or a tin of beans. They are a careful compromise between providing the best service possible with perhaps 200 different preferences by the passengers who use them. They are also a compromise between fastest journey time or high frequencies and best connections with other trains and other forms of transport.

Contrary to what was believed back in 1993, competition has always been between modes, rather than between train operating companies. For almost the whole period since privatisation, the railways have been working in a difficult environment with constant changes in demands by previous Governments and micromanagement by civil servants. To their credit, the better train operators have managed to make this complex system work and, particularly pre-Covid, tried to improve journey times, provide enough rolling stock for a growing number of passengers and build positive relationships with rail user groups, local authorities and local bus companies. They have been able to draw on funds to help achieve local improvements through initiatives such as the customer and community improvement fund.

Open access operators have, as my noble friend the Minister made clear, been left out of the scope of the Bill. This is sensible—the numbers are small, but they fill a gap in the network that was never filled through franchising. Similarly, heritage special train operators, including those using steam locomotives on the main line, are not covered, which will be a great relief to them given the substantial regulatory burden that they

already have to take into account and the significant operating challenges they face, particularly at the moment in sourcing coal for their locos.

I agree that the rail freight operators are best left as they are, but some direct support by government might be required to provide rail freight terminals where they are needed, and there needs to be protection from predatory pricing by juggernaut operators, particularly where overseas companies pay no vehicle excise duty and avoid fuel duty by filling their tanks abroad.

Decarbonising road freight is a huge problem, but on rail it can be achieved relatively easily through extension of electrification and other sustainable forms of traction such as battery power. Getting traffic off our roads and on to the railways is absolutely the right thing to do from an environmental standpoint and is massively popular with the public as well.

Opinion poll surveys show substantial support for the Government's nationalisation proposals, provided that they are not accompanied by huge fare increases. One of the most important and welcome changes will be an end to the present wholly unsatisfactory arrangements where the Treasury is in control of tactical policy and minimising costs is the primary objective. There needs to be an understanding across government that railways are an opportunity, not a problem, and are an essential part of any national growth strategy.

We look forward to the second railways Bill next year to complete the transformation and to put railways at the heart of the nation's transport infrastructure. Meanwhile, I welcome this Bill and I congratulate my noble friend Lady Blake of Leeds on taking charge so well today, and I look forward to working with her and with my noble friend Lord Hendy of Richmond Hill during its later stages in this House.

If the House will indulge me, I will conclude with the final words of my third book on railways, *Signals Passed at Danger*, which I referred to earlier and which is available in all good bookshops. My co-author and I wrote:

“The railways' capabilities are manifest when the management of the railways is restored to those competent to operate them, with a clear strategy and funding agreed to deliver the outputs of that strategy”.

Let us hope that the Bill is a first step towards achieving that.

4.32 pm

Lord Grayling (Con) (Maiden Speech): My Lords, it is a great privilege and honour to make my maiden speech in this House, having moved up the Corridor after 23 years on the green Benches, and to do so following two distinguished figures in the transport world, the noble Lords, Lord Faulkner and Lord Young. As the noble Lord, Lord Young, said, he and I served together briefly during my time in the department; he knows a huge amount about this subject. It is a particular pleasure to do so sitting alongside my noble friend Lord McLoughlin, who was the formidable Deputy Chief Whip when I arrived in the Commons as MP for Epsom and Ewell in 2001, who became a good friend sitting alongside me in Cabinet and was, of course, my predecessor as Secretary of State. In many ways it is also a relief to be here, because I have

[LORD GRAYLING]

the privilege and honour of having been the only person to serve as both Lord Chancellor and Lord President. That meant that I was constantly introduced at events as “Lord Grayling” and spent quite a lot of time explaining to people that I was not. It is a relief, having arrived here, that I now am.

I would like to express my thanks to all of those who have assisted me in my first few days in this House—in particular to Black Rod and her staff, to the clerks, doorkeepers and members of the House staff who helped me with my introduction and with getting used to this place. It was a particular pleasure to have two very old friends as my supporters when I was introduced: the noble Lord, Lord Goodman of Wycombe, who was elected to the Commons on the same day as me in 2001, and the noble Lord, Lord Sharpe of Epsom, who has the misfortune—or fortune, depending on your view—to have been introduced to the Conservative Party by me in our mutual home area of Epsom.

It is a particular honour to be appointed to this House, and one I shall always be grateful to the former Prime Minister Rishi Sunak for. In my last few years in the Commons I focused particularly on two issues, and I hope to do the same in this House. The first is international conservation, something I am very passionate about, which in my view is crucial to the future of the planet and of mankind, and also to the future of the aviation sector in this country, which is the other area I have focused on particularly. To some people there may appear to be a contradiction between those two things, but an end to aviation would mean an end to the tourist trade, which eases poverty in so many places and, in particular, is so vital to supporting and sustaining conservation efforts around the world. If there were no tourists, much of the conservation effort in the developing world would not be there. It is my intention to continue to work in these two areas in this House. In particular, I am looking forward to being part of the debate on the sustainable aviation Bill. I am very grateful to the Government for having followed the work that I and others did in the Commons before the election in looking to bring forward that Bill quickly. I urge them to get on with it; it is extremely important.

As a former Lord Chancellor, I very much recognise the need to uphold the rule of law in this country. It is one of the things that makes us strongest as a nation. It is one of the things that has created one of the world’s most highly regarded legal systems. In this House I see one or two familiar faces from my time as Lord Chancellor. I should also say that it is the role of this House and of Parliament to challenge and sometimes disagree with the view of the courts. That constructive tension lies at the heart of our democracy. It is part of the strength of our democracy, and it should never be lost.

As a former Lord President and Leader of the Commons who co-chaired, with the noble Baroness, Lady Stowell, the first Joint Committee on the restoration and renewal programme, I also intend to play an active part in pushing for us to get on with that. It is far too many years since we started that process. I find it very frustrating that eight years later we still have not made progress. It is vital to the future of this historic

building. We are all guardians of an essential piece of our history here, and it is our duty to make sure that it is sustained, maintained, improved and protected for future generations. We must do that.

As a former Secretary of State for Transport, I could not pass up the opportunity to make my maiden speech in today’s debate. I am very pleased to see the Minister in her position. We know each other well from my time in government when we debated the future of transport in Bradford. I very much hope that her time in government will lead to real work. Bradford is a great city that needs better transport links, which I wanted to see and was moving towards trying to achieve. She was part of the review process after the 2018 timetable issue, and I was always grateful to her for the work she did then. Of course, she and the noble Lord, Lord Hendy, are now going to have to deal with the challenges of overseeing an industry in which somehow it is always the Minister’s fault if something goes wrong. I particularly remember being blamed by one of the unions, which called for my resignation after a freight train derailed in the morning peak, causing massive delays in south-west London. I am afraid that kind of joy lies ahead for her, and I do not think these reforms are going to take away the reality that the buck still lands on the Minister’s desk, however much they might wish to change that.

Clearly there are disagreements across this House and the other House about the best way forward, though I think there is no division between us about the fact that franchising has run its course in its current form, or rather the form that it existed in before the pandemic. Change was needed, which is why I commissioned Keith Williams to do his review. Whether the approach the Government are taking is the right one is a different question, because—I have to say to the Minister—I do not believe that the issues on our railway today are about ownership. The reality is that the people who have been running the railways are going to be the people running the railways in future. The issue is all about capacity and constraints. Frankly, we have had too many trains on too little space, and it just does not add up. Trying to get many trains through our busiest junctions at peak times has been an impossibility. It is what has caused so many of the delays, and that is what is going to carry on happening. Ultimately, if the Government are to deliver what they say they are going to deliver, they will have to invest in extra capacity as well.

The second issue is that, as the noble Lord, Lord Young, said, renationalisation brings the railway back into competition with other areas of government at Budget time. Ministers must not close the door to private investment in the railways. If they do, they will find that services do not improve, costs do not come down and capacity challenges remain. If they shut out the private sector from the railway, in my view they will come to regret it. But that is all for another day. The debate will continue, not just on this Bill but on the Bill that the Minister has said will come before this House, and the House of Commons, in due course.

I finish by reiterating that I regard it as a huge privilege to be here, and it is good to be alongside many friends on different sides of the House. I very much look forward to taking part in debates here in future. It is an honour and a privilege that I am very grateful to have been given.

4.40 pm

Lord McLoughlin (Con): My Lords, I declare my interests as set out in the register of interests, as chairman of Transport for the North and as a board adviser to Xrail. It is a great privilege to follow my noble friend Lord Grayling; I congratulate him on such a splendid maiden speech.

We were both appointed to the Cabinet in September 2012. Because it was an unexpected reshuffle—or one that had been kept quite quiet—I was told that we could not act in our positions until we had our seals of office. Of course, we were to receive our seals of office from Her Majesty. I was told that she was in Balmoral, while we were in London, and she was not coming to London—so we found ourselves making our way up to Balmoral one Monday morning, and having a Privy Council meeting there.

I was given my seals of office as Secretary of State for Transport first; they were in a very small box. Following me was my noble friend Lord Grayling, who had become Lord Chancellor. After he took his oath, Her Majesty looked at him and said, “Your seals of office are over on the side there. You can pick them up yourself; they’re too heavy for me to lift”. That was a very special occasion for us both. Unfortunately for my noble friend Lord Grayling, he then had to pick up all the mistakes that I had made in my four years as Secretary of State for Transport because he followed me into that position. I hope I did not leave him too many problems, but I certainly left him a few. With that story, I welcome him to the House, congratulate him and commend his speech today.

So that is three ex-Transport Secretaries almost in a row, as the old saying goes. As my noble friend Lord Young pointed out, because of the problems faced by the rail industry we perhaps forget what it was like pre-privatisation; that sometimes needs to be taken into account. There were approximately 700 million passenger journeys a year then. After privatisation took place, in the year before the pandemic, there were 1.8 billion passenger journeys. After what had happened before, you would not want to spend any time at places such as St Pancras, King’s Cross or London Bridge stations. They were horrible, dingy places. Transport had not been ignored by the Government but other priorities, such as health, education and defence, got more of a hearing from the Exchequer. It worries me, and the Government have to guard carefully against going back to that position.

I accept fully that this proposal was in the Labour Party’s manifesto and that it is therefore going to happen. However, we have not yet seen the main railway Bill, and will not do so for a little time yet. There are a number of questions to be asked about that because the balance between freight and passenger and the accessibility of both the freight industry and passenger transport—this was referred to in a way by the noble Lord, Lord Faulkner—is going to be an important one.

I have always thought there should be a guiding mind for transport who is accountable. I thought that it should be mine because then I would agree with what I have been saying, but I assure the Minister that any guiding mind is still going to have to use the same

capacity on the railways that we have today. That is one of the biggest issues. It was of great regret to me that the previous Government, in cancelling the second part of HS2, made a big mistake. HS2 was never about speed; it was always about capacity on the network. If we want to see more people travelling on our railways and more freight on our railways, we have to increase capacity. That is a key issue but this Bill does nothing at all in terms of capacity on our network. It talks more about the mechanics, but they will still have to use the same facilities that are required now. That will be one of the biggest challenges for the Government.

There is also the question of the transfer of liabilities. When we see the final Bill, it will be fascinating to see what happens in relation to transferring liabilities of pensions and different salary costs across the whole industry. It is interesting that, while we in this country are eventually going to go back to a single operator, in Europe, countries such as Spain, Italy and France are embracing on-rail competition between operators and competitive tendering to increase services, deliver newer trains, grow passenger numbers and reduce subsidies. Perhaps they looked at what we saw happen in this country on the railways over a period of time: a massive increase.

One of the reasons why the railways have become a lot more politically controversial, in a way, is that many more people are using them. Since the pandemic, we have seen quite a big change in the way in which the load of passengers is changing over the week. There is now a lot more use of the train service by passengers at weekends. Part of the problem is that, with the oldness of our railway infrastructure, any Network Rail engineering works taking place tend to be done on weekends because that used to be the time when fewer passengers were using them. That is not the case any more; it is one of the issues that will have to be addressed. There are still a lot of unanswered questions as far as both this Bill and the later one that we are told will come sometime next year are concerned. We need to see how the latter will address some of these issues, in particular investment.

The other area where the UK is changing is greater devolution to our regional cities. There will always be issues in terms of the big intercity lines: the line that goes from London up to Scotland; the line that goes from London to Manchester and on to Scotland; the line that goes down to Wales; and the line that goes down to the south-west. Those will always be of national significance and where the Secretary of State will perhaps want to have the most input, but what about local services in the West Midlands, in the city regions and in Manchester, Liverpool and Newcastle, where much more devolution has taken place? How do we involve those devolved authorities as well? That is going to be one of the most important parts that we have to address.

Overall, we have seen huge investment take place in our railways. My noble friend talked about his involvement in the restoration of the Houses of Parliament and wanting to see that work. I came across an interesting fact at the weekend: when Sir Charles Barry first got the contract to build the Palace of Westminster in 1835, he said that it would cost £725,000 and take six years

[LORD McLOUGHLIN]

to build. It cost three times that and took 30 years to build; he was dead by the time it was finished. The way we are dealing with restoration in this place, I sometimes think that all the people on the restoration committee will, I am afraid, suffer the similar fate of never seeing it completed.

However, investment in our railways is not short-term; it takes a lot of planning and a lot of pre-work enabling that planning to take place. A lot of the expense is increased if that pre-work is not done; we have seen many examples of that. This is the start of a debate; we have not yet heard all the answers from the Government. This is a manifesto commitment Bill. We will, I think, want to press much further on some of the more detailed issues when we see the next railways Bill. I know that there are two more maiden speeches coming, from the noble Baroness, Lady Pidgeon, and the noble Lord, Lord Cryer; we look forward to hearing them later.

I know how important the whole subject of good connectivity is to the Minister, particularly as far as Leeds and its neighbouring cities are concerned, and to the people for whom she spoke when she was the leader of Leeds City Council. These issues are wider. If we can move forward in a way that involves the private sector, we are much more likely to see greater investment take place. I worry about some of the implications of what is coming from the Government at the moment and worry that we will not see that private investment taking place in our transport, which, overall, has served the country incredibly well over the past 25 years in which we have seen major changes in our railway system.

4.51 pm

Lord Tunncliffe (Lab): My Lords, I, too, welcome the noble Baroness, Lady Blake, to her position in this interesting debate. She is smiling at me; that is good progress.

The first question has to be this: is change necessary? I answer: undoubtedly yes. I was very close to the development of the franchising regime, not because I had a direct interest but because the railway I was responsible for at that time was but a signature away from being engulfed in it. On detailed examination, it seemed to me a piece of doctrine that somehow the railways had to be privatised. The question was: how the hell do you do it? Well, they managed to create a process of privatisation without competition. In order to make up for that, it has to be massively regulated. There is nothing the private sector likes more than gaming the regulator; indeed, in many ways, that is what has happened. In addition, there was no single mind optimising performance.

So, yes, we need change. This is the right first step, but that is all it is. It is necessary because of the upcoming franchise decisions but what is before us is incomplete for managing the necessary change in this industry. So far, we have no clarity on the mission. What is the railway for? In the document that my party produced for the election, *Getting Britain Moving*, there are lots of words about making a better railway but that is simply too imprecise. Simply listing all the

things that are incomplete does not accept the reality that the problems of any complex organisation, particularly the railways, are the trade-offs.

The trade-offs in the railway are between capacity, reliability—both cancellations and delays—and cost. Making those trade-offs is a complex exercise. If we are to get the best out of this change, there will be a requirement to understand how to optimise and, in particular, how to contribute to the various missions. Clearly, the contribution has to optimise growth, since growth and efficiency are necessary for the future of this country, but, if we simply optimise growth, we miss out two other important areas.

The first of those is levelling up. If you take the railway as it is now and ask it to optimise growth, you will almost certainly end up spending your money in the south-east and around London. A particular criterion—a particular political statement—will need to be made that biases investment away from the south-east towards early investment in capability to allow levelling up to take place. The second area is the whole issue of social benefit. In this country, we must recognise that part of government's role is to look after the young, the old, the sick, the poor and those who live in disadvantaged places, particularly the problem of urban areas. Maximising social benefit, the levelling-up agenda and the growth and equality agenda all have to be offset against one another and optimised. To do that, there has to be much more clarity in the decision-making processes.

If decision-making processes are not clear, you get drift—a lack of responsibility and focus. The new Bill must be much clearer about those processes. I hope there will also be a recognition that making each decision on its merits simply is not good enough. My railway was relatively small compared with the national railway, but the number of decisions one had to make was enormous. We overcame that only by developing a process of criteria-driven decision-making, where we had a big debate at executive level and then at board level on how to trade off the various forces and areas of improvement that were necessary.

Crucially, the next Bill has to have clarity about the mission. Part of that must be a relationship with other areas of public transport. It is particularly important that, when we concentrate on the railway, we do so in an environment where the other modes are considered—in particular, that all too often under-supported and valuable mode called buses.

I do not ask the Minister to answer any of the questions that I pose, but I hope she will recognise that there are much more difficult decisions to be made on the next Bill, and that we can discuss it at that high level of criteria, focus and relativity. I hope that we will not fall back on giving Ministers powers to decide. We included those things in the Bill, and it has very significant government involvement. Perhaps we could even have some pre-legislative scrutiny and certainly debate. All I ask for from the Minister today is an acceptance that we have to work on these difficult strategic issues for the railway. We need to know how the Government plan to address these issues and it is essential that Parliament is involved in them.

4.58 pm

Baroness Pidgeon (LD) (Maiden Speech): My Lords, it is an honour and a privilege to speak in your Lordships' House for the first time. Over the last few weeks, I have taken time to listen to and observe the House at work. I have been impressed by the quality of debate and contributions from all sides on matters as diverse as prison reform, the ongoing situation in Sudan and cycling, as well as in this debate.

I place on record my thanks for all the help I have received while settling into my new role. In particular, I thank the doorkeepers—who continue to help me as I wander the corridors, lost—the clerks, the librarians and the catering and security personnel, as well as the party staff. I am also grateful for the mentorship of my noble friend Lady Randerson, for the support of my noble friends Lady Kramer and Lady Doocey in my introduction, and for the support from noble Lords on all sides of the House.

I bring to this House 26 years of elected service at local and regional level, having spent 12 years as a councillor in Newington ward in the London Borough of Southwark—and having been deputy leader of this inner London borough—and 16 years as a London-wide assembly member and chair of the Transport Committee, focused on improving transport and policing in our great capital city. I am a proud Londoner, and I will continue to champion our great city through my work in this place.

In one recent short debate, I was momentarily taken back to City Hall, along the river, with the noble Lords, Lord Hogan-Howe, Lord Hendy, Lord Ranger and Lord Moylan, all speaking about transport in London. While this House is new to me, many Members are old colleagues, and I look forward to working with them across the House, as we did at the Greater London Authority. Of course, I look forward to continuing to question the noble Lord, Lord Hendy, in his new role as Minister for Rail, and the noble Baroness, Lady Twycross, as Minister for Gambling—some things will never change.

I turn to the debate. My focus in any transport debate is on the passenger, not the train set. Passengers want a reliable, affordable, frequent and accessible railway service. They are agnostic about who is running it, as long as it gets them from A to B. Look at the success in London of the Overground service and the Elizabeth line. Most passengers would not see them as any different from the Underground, but they are run under a concession model by private companies and branded as public Transport for London services. Internationally, there are many railway models combining the public and private sectors. In France, Germany and Italy, railways are publicly owned, with a separation between the track and the trains. In Japan, known for its punctuality, rail is nearly completely privatised. So there is not one perfect railway model.

Back in 2011, the McNulty review claimed that many of the objectives of privatisation had not been achieved, including reducing government involvement in railway matters. In efficiency terms, benchmarking—as far as that is possible—always shows that UK rail costs far more than that of other European countries. Previous work by the International Transport Forum

suggests that rail reforms in the UK did not achieve lasting improvements in cost efficiency and that competitive tendering did not achieve a reduction in train operating costs.

Although this legislation is focused on public ownership as a solution, my focus—and that of the Government, I am sure—is on driving up standards to enable more people to use our railways. The successes of devolution in London and elsewhere, such as Merseyrail, are significant. I would like explicit assurance from the Minister that existing devolved rail services will remain and, in addition, that the Bill will not prevent further metro railway services being devolved to Transport for London, or other combined authorities and metro mayors, where devolved rail can help transform regions and ensure a modal shift to public transport.

As we have heard, passengers must be put at the heart of these rail reforms, with a passenger watchdog body with real teeth established in shadow form alongside these changes to ownership. I hope the Minister will provide details on plans for a passenger standards authority. One pressing issue is reviewing fares so that they are simpler and transparent, and so that there is certainty for passengers when they travel.

I would also like to understand the Government's thinking around the freight sector, which needs to use our rail infrastructure and is an essential part of our green transition. No one believes that the current franchising arrangements are working for passengers, particularly with so many franchises failing and now being run by public operators. The Williams review made clear recommendations some years ago to address the shortcomings, and we have all been waiting for action and legislation for some time.

Transforming our railways is long overdue, and I welcome this legislation as a stepping stone for a new passenger-focused railway. The devil will of course be in the detail, and I look forward to working on this over the coming weeks, just as I look forward to my future work in this House.

5.04 pm

Baroness Scott of Needham Market (LD): My Lords, it is a real pleasure and a privilege to follow the noble Baroness, Lady Pidgeon, as she has made what I think all would agree was an exemplary maiden speech. It was concise, knowledgeable and full of interesting insights, and brought with it a passion about passengers from her experience in London—Londoners—and passengers wherever they happen to live in our country. As we heard, she served as a member of the London Assembly for 16 years, as chair or deputy chair of the transport committee. During that time, she achieved the respect and admiration of people not just in our party or the assembly but across London and in the industry. I know that her wealth of knowledge and experience will be a great asset to the work of this House. We extend our warmest wishes to her and look forward to her future contributions in this debate, on transport generally and on regional government, and, above all, still as a champion for London.

It reminded me that I made my maiden speech during the passage of the Transport Act 2000. As I look around, I see a handful of gnarled veterans of that

[BARONESS SCOTT OF NEEDHAM MARKET] debate—and I include myself in that. Starting off with all the nervousness that you have when you make a maiden speech, I was not helped by the Minister saying, “My Lords, we have five former Secretaries of State speaking in today’s debate”. Lord Rodgers of Quarry Bank, who was one of them, leaned over to me and said, “Well, just look at what a mess we all made of it”. He knew how to put me at my ease.

Like the noble Lord, Lord Liddle, I have absolutely no ideological aversion to private sector involvement in public services. There are instances where it can work very well, but the problem with rail, as we have seen with other services such as water, is that we end up creating a pretend market, a sort of proxy for something that does not exist, which leads to incentives for behaviours that often do not serve the public well, as either taxpayers or passengers. I think that the noble Lord, Lord Tunnicliffe, had it when he described it as “gaming the regulator”. A lot of that goes on—and the fact that four services out of 14 are now run by the Government as the operator of last resort is a testament to that.

As far back as 2018, as we have heard, many in the industry were calling for a total rethink of the franchising model that had been established in 1993, and that included the operators themselves. I think that there is widespread agreement that change is needed but, unfortunately, what we do not seem to hear, other than in today’s Bill, is a vision for what that change might look like. There is an opportunity here to explore, as we go into Committee, what other options might look like.

We have created a tangled web of different players with planning, delivery and oversight powers in the railway, which has led to a system that in some cases has given passengers a woeful experience. The interfaces between all those different organisations have caused expensive inefficiencies and a real lack of transparency, as we heard from my noble friend Lord Bradshaw. However, there are good operators. I am fortunate enough to live in an area served by Greater Anglia, which is one of the very best in the country. Ironically, it is one of the first that will go under the terms of the Bill.

I think that we all agree that there should be a clear and coherent plan for the railway in which it can operate effectively as a mode of transport but also deliver wider objectives such as economic development and net zero. The “guiding hand” principle underpinning Great British Railways is the right idea and commands widespread support.

But surely it would have made sense to have established that first, then allow the experts within it to determine the best way of delivering its objectives. For example, they could recommend other models of private sector involvement such as the concession model, which, as we heard from the noble Baroness, Lady Pidgeon, has worked very successfully in London on the overground and the Elizabeth line. Putting this Bill first has closed off all those options.

It is quite hard to judge the four clauses in the Bill, because it is the framework within which it sits that will determine the extent to which it is successful, and

we will not know that until we get the big Bill at some point next year. I have a lot of questions for the Minister. I understand that they will probably not receive a reply this evening, but other noble Lords have touched on the same subjects. First, I am not clear still about how the guiding hand is going to work at the same time as the day-to-day operations being run by government. Clearly, we want to be able to make sure that they are coherent and work together, but we cannot have day-to-day management sitting with exactly the same people who are making the strategic decisions; it will simply not work.

Will there still be a role for the Rail Safety and Standards Board, and how will its independence be maintained? It is interesting that in all the discussions we have had so far, nobody has mentioned safety. It is worth reflecting on how safe our railway is and what it takes to keep it so; that is something we really need to take good account of. I would also like some thoughts about the Office of Rail and Road, to which other Members have referred.

It is still not clear to me who is going to ensure fair access for freight, and devolved and open access services. I think people welcome the Minister’s commitment to keeping them, but we need to be sure that they are going to be able to operate effectively, particularly with the capacity constraints that the noble Lord, Lord McLoughlin, and others have referred to. I would also appreciate some clarity about the relationship with local government as planning and transport authorities. As the Government’s thinking on regional governance is evolving, would it not make sense, as many noble Lords have said, to think about some of them running local rail services, in the way that happens in London and with Merseyrail?

I have a few more questions. What assessment is being made of the staffing requirement for taking these franchises in house, ensuring the right mix and level of skills, from the operational to the strategic?

Currently, mainline stations are operated by Network Rail and the rest are run by the operators. How can we be sure that the essential improvements that are needed for smaller stations currently run by operators do not end up at the back of the queue? Indeed, if the noble Lord, Lord Young, is correct and the investment dries up, there might be a problem of any improvements.

While I welcome the establishment of the passenger standards authority, it will not be in place until the major railways Bill has passed. The process of renationalising passenger services will have started well before then, so how can we be sure that the voice of passengers will be heard right from the outset?

Finally, clarity about the timetable for this is essential. I understand the noble Baroness’s point about contractual obligations and having to take them in the order in which they fall, but is she absolutely sure? Public confidence in this process will be severely dented if a good operator, such as Greater Anglia, faces the axe before a terrible one, such as Avanti. I just ask her to think about that.

With a flight of fancy, 27 September next year will be the 200th anniversary of the opening of the Stockton to Darlington railway. Would it not be great to see a proper renaissance of our railways?

5.13 pm

Lord Moynihan (Con): My Lords, as a fellow gnarled veteran, speaking in this debate with so many maiden speeches vividly brings back the nerves of some 27 years ago. I have to say that the standard of those maiden speeches has improved significantly, as have those of the responders, and I congratulate them all.

I congratulate the Members of this House who have engaged in this Bill, particularly my noble friend Lord Young of Cookham, who made the powerful point about access to the capital markets for privatised industries and the challenges, both political and commercial, of no longer being able to access those markets. However, my interest in this debate looks at how public/private sector partnerships can and must work in this sector. My intention is to share my experience and try to inform the debate, and particularly to respond to the challenge of how we improve rail services in the devolved areas and cities, as was put forward to us by the noble Lord, Lord McLoughlin.

I declare my interest as chair of Amey, a provider of full life-cycle engineering, operations and decarbonisation solutions for transport infrastructure and complex facilities. Amey, as many in this House know, has a major involvement in the rail sector in the UK.

I thought it would be helpful to show what it takes for public ownership, when engaged with private sector infrastructure management, to work effectively, creating a classic example of future models in line with the consequences of this Bill. So I have chosen an example in Wales, where arrangements will not change from those that worked effectively under the last Government.

In October 2020, the Welsh Government announced that a franchise was to be transferred to a publicly owned Transport for Wales Rail, following significant falls in passenger numbers and revenue due to the Covid-19 pandemic. All staff, rolling stock and services operated by KeolisAmey Wales were taken over by the nationalised operator on 7 February 2021.

However, as part of the original agreement, Amey continued to be responsible for infrastructure on the core valley lines, where the South Wales Metro upgrade is taking place. In addition, Keolis and Amey continue to assist and work with the nationalised operator to provide improvement services on the franchise, such as rolling stock and ticketing services. The contract aimed to deliver much-needed investment in the Welsh network, including investment in trains, the modernisation of 247 stations, and the new build of five new metro stations, along with hundreds of extra services from Monday to Friday and a major push for extra Sunday services.

As stated by the Government, the Bill will extend to Wales and Scotland while recognising that cross-border rail services are a reserved matter. To provide more information on the project, the core valley lines network, which radiates out from Cardiff up the valleys and accounts for 155 train miles in Wales, carries 56% of all Welsh and Borders Transport for Wales passage services each day, where commuting into the Cardiff capital region is set to grow by 144% by 2043. To be busier—as the noble Lord, Lord Bradshaw, said—is the objective of all concerned. It is a working example

of how the public sector can run the rail services and achieve the objectives of the Welsh Government through engaging the private sector as a delivery partner.

This summer, I was invited to address a meeting of the directors of the Office of Rail and Road. I am pleased members of that board will be visiting the Cardiff-based core valley lines project later this month to see how the model can bring sufficient benefits to passengers and all the parties involved in the running of this service; above all, how it can be safe and well regulated.

The starting point lies with the Welsh Government. They have created a clear political structure to embed their vision of a customer-centred, high-quality, safe, integrated, affordable and accessible transport network to meet the aspirations of the Welsh people, for it is they who will benefit. Transport for Wales, therefore, had to set out a clear remit, which it did; it adopted the Well-being of Future Generations (Wales) Act. The objectives of the national strategy *Prosperity for All* were embedded into the project, and the principles set out in the Active Travel (Wales) Act created the operating framework within which the infrastructure manager of the CVL network operates.

Transport for Wales has devolved franchising powers from the Department for Transport. The TfW procurement process for the operator of the Wales and Borders rail franchise work included the transfer of the CVL network from Network Rail to the Welsh Government. The project is interesting and unusual. It is most interesting, because it can become a case study for what the Government intend to achieve in the future.

The procurement brief is critical to the success of these projects, but it was structured around output and underpinned by the legal status of the future generations Act in Wales. Rather than a technical specification, the brief was

“better access to jobs and services, more frequent and faster services, better quality, and environmental improvements”.

It was pioneering work with Transport for Wales that required moving the core valley lines from an ageing network to a contemporary, electrified, metro-style service. Acting as an end-to-end infrastructure deliverer, manager and operator, we had to design the innovation solution, and manage and operate the new and existing assets on a day-by-day basis. The Welsh Government wanted much more than an infrastructure project. They identified the need to provide a catalyst for transforming the economic and social prospects of south-east Wales.

A major challenge was designing the project to meet the needs and challenges of the historic railways of Wales. This task was particularly demanding due to the ageing infrastructure, where historic structures along the route, such as bridges and tunnels, were too low for standard electrification methods. Traditional solutions, such as demolition or track lowering, were impractical, costly, environmentally demanding, and time-consuming. By working with Amey’s consulting division, we were strongly encouraged by the Welsh Government to develop new technologies to keep over 50 bridges in place by introducing non-live overhead cable sections to allow trains to switch to alternative

[LORD MOYNIHAN]

multimode power capabilities, such as battery and OCS, to enable trains to transition through current-free sections, making discontinuous electrification possible. This current-free intermittent technology allowed over 50 bridges to stay in place.

This has changed how companies in the sector, such as ours, respond to public sector entities. It has led to stronger public/private partnerships. It means getting to know your client earlier, understanding the challenges better, responding to ESG issues as a priority, working closely with local communities, and putting the environment and the natural world in which we work at the top of the agenda, as in the trans-Pennine route upgrade, which the Minister mentioned in her opening speech and which will benefit our jointly beloved city of Leeds.

In response to the demand of the Welsh Government and public sector ownership, the private sector is capable of working within a contractual framework to reduce costs and carbon emissions, avoid the challenges of obtaining consents for listed structures, and provide a new model for UK railways, offering a framework for similar projects around the UK. The transfer of the CVL infrastructure from Network Rail's ownership to being managed and operated by a private company is a UK first that combines the four key objectives of decarbonisation and energy efficiency, infrastructure resilience and safety, a nature-positive approach with full engagement with local communities, and net-zero priorities—a first which I hope will be carefully studied by the Minister and her department in the context of their plans for the future of passenger railway services in this country.

5.23 pm

Lord Berkeley (Lab): My Lords, I congratulate my noble friend Lady Blake on a brilliant opening speech and on her long-lost work in Leeds and elsewhere to get better transport services there, and I hope she will be able to continue to do that. It is also a pleasure to welcome the noble Lord, Lord Grayling, the noble Baroness, Lady Pidgeon, and my noble friend Lord Cryer to your Lordships' House, and to speak among so many experts in transport. It just shows how much parliamentarians love their railways. They want to contribute the best to them and have a variety of different solutions to the present problems.

So I think it is worth starting and carrying on our discussion by reminding ourselves what the railways are there for: reliability, low fares, if possible, capacity, a reduction in delays, and of course investment. I was amused by the reference of the noble Baroness, Lady Scott, to some of the “gnarled old people” in your Lordships' House. I am one of them: I was here before her and I recall, as she will, the creation of the Strategic Rail Authority, which lasted for two or three years. Then it was abolished, because Ministers asked the SRA to do things that it did not want to do, and there was an argument. That was 25 or so years ago and we have got to reflect on the relationship between ministerial interference and how the structure of the railway keeps having to be changed to make better use of ministerial interference—or not.

How much ministerial interference should there be? Until recently, how many Questions have we had about ministerial involvement in buses or coaches? There have been very few, but we have railway questions very frequently, and in the other place it is the same. There is a serious problem with long-distance coaches in Cornwall, where I live. One of the providers, National Express, has withdrawn a London airport service to Cornwall, which stops people going to Heathrow to catch a plane without having to take a taxi into Exeter or something. But nobody is saying “National Express should keep doing this and do they need a subsidy?” So I think we have to keep it balanced and I hope that the new structure, when we see it properly, will actually do that without throwing the baby out with the bathwater.

One of the things that has come up again and again in this debate has been what the priorities should be if there is a shortage of investment, which clearly there is. Is it local services or long-distance services? I will not mention HS2—we all know what has happened there—but there is a need for investment in many smaller railways. My noble friend Lord Faulkner mentioned one in Devon, but there are many others around the corner. It is also a question of how you judge the cost-benefit analysis of these things. As other noble Lords have said, it is extraordinary when the Department for Transport has to fund all the railway-related expenditure and the capital costs, and the Treasury gets the revenue. That needs to change very quickly and I hope my noble friend will say something about that. I doubt that needs legislation but, if it does, it needs to come quickly.

The other interesting and very important issue that we need to discuss is the role of the private sector. I hope it is not dogma that is driving the present Bill—I do not think it is. As the noble Lord, Lord Young, said earlier, the private sector actually sometimes brings good value for money. In yesterday's *Sunday Times*, it was interesting to note that, before Covid, the Southeastern franchise got a £231 million subsidy in 2021, up from £132 million while it was still privatised.

You can have different examples everywhere, but I hope that we can look at these things and at the benefit of investment not only in the franchises and open access but in getting some competition. I was in Germany a couple of weeks ago looking at some railway issues, and I observed the German railway company Deutsche Bahn, which is often held up as a role model of a vertically integrated rail body. Maybe the Government here think that we should follow the Germans' role on this. But according to the press report a couple of days ago, two-thirds of the long-distance trains reached their destination on time, which was a new record low, and the company reported a loss of over €1.2 billion—I do not think that my noble friend will want to have a loss like that—coupled with a debt of €34 billion. What is interesting is that they are mainly the intercity services, whereas many of the local services in Germany are franchised out, some to UK operators. The general feeling is that they get much better services from them than we might expect.

Other issues need to be addressed sometime in the next six months, either before the new Bill or in this Bill. Ticketing is a disaster at the moment. There are

various different ways round it that people have suggested, but there is a general feeling that it is too complicated and expensive and that it needs simplification. Maybe my noble friend will be able to tell us how much money will be saved when all the franchise operators become state-owned.

The other thing that the railways have suffered from dramatically in the last few years is strikes. People do not want to mention it, but it is interesting that the state-owned, or state-controlled, passenger franchises were unable—or not allowed, depending on what you think—to negotiate with the trade unions, whereas the open-access operators and the freight operators were able to do so, and I believe that there were no strikes there. Does that mean that the new government-controlled operator will do it better? I do not know, but it needs looking at. As a noble Lord said earlier, we need to, I hope, have some devolution of the passenger operators to give control over things such as remuneration, services and rest-day working, so they can negotiate without it all going back to Whitehall.

The last thing I will cover a little is freight. Other noble Lords have spoken about freight but, as they may know, I used to be chairman of the Rail Freight Group. First, investment is needed to get freight going. If you have Great British Railways deciding which trains go where—and if it is also in charge of capacity, which may be on the cards—where does freight come in? The answer is: it will come bottom of the pile.

Secondly, on some of the connecting lines that freight uses are not used by passenger trains, a very small amount of electrification would enable the freight trains to be electric hauled all the way. Apart from saving on greenhouse gases and everything else, that would make it much more efficient. I hope that the Government will look at that in the next few months and see how it can be done. The one that is spoken about all the time is Felixstowe to Nuneaton, but there are many others. A small amount of electrification is needed, and I hope that it could be done much more cheaply by a Network Rail that is maybe under different management and more efficient—we have heard nothing about Network Rail so far today, but we will see.

Finally, what really made me very happy, when I was in Berlin at that railway conference exhibition, was that there was a new freight locomotive owned and developed by GB Railfreight, one of our rail freight companies. It is a brand-new development, because it is tri-mode—electric, diesel and battery—which is exactly what everybody wants. Along with Beacon Rail, GB Railfreight has invested in this, took it to Berlin and showed it off to the world. That is good, but it needs a bit of support in the home territory, so that it can actually grow its business alongside the passenger trains.

In conclusion, I congratulate my noble friend on her opening remarks. I look forward to what she will say in response to the very many speeches she has heard. I look forward to the next stage of the Bill.

5.35 pm

Baroness Jones of Moulsecoomb (GP): My Lords, it was a real pleasure to hear the maiden speech of the noble Baroness, Lady Pidgeon. We overlapped for

eight years on the London Assembly, and I guarantee your Lordships that they have seen the softer side of her today. When I was introduced to the House, they found it difficult to find anyone who knew me, because I was a London representative, but the noble Baroness, Lady Hamwee, spoke up for me. She warned the House that I take no prisoners, and I think that that applies to the noble Baroness, Lady Pidgeon, as well. That is a real asset to our debates here, so I look forward to her next contribution.

I also welcome the noble Lord, Lord Grayling, who is not in his place at the moment. I will have a quiet chat with him about the fact that, if you had fewer tourists, you would need less nature recovery—but that is probably a job for another day.

On this Bill, I support the idea of public ownership. It is excellent that Labour has gone slightly back to its roots, and I think that it is doing the right thing by taking back control as each of the railway contracts comes up for renewal—that is good. The Green Party opposed privatisation in the first place, and we do not have much criticism of the mechanics in this Bill, given that it seems to be heavily based on the rail renationalisation Bill championed by our former Green Party MP Caroline Lucas more than a decade ago. I thank the Government for picking up Green Party policy, albeit 10 years later.

These contracts are expensive, and the train companies are already discredited. When rail was nationalised, we had 15% of trains running late, but at least the fares were rated as among the cheapest in Europe. Since then, the percentage of late trains has doubled, and rail users are paying the highest fares in Europe. Plus, as the noble Lord, Lord Berkeley, pointed out, each franchise does its own thing, with passenger confusion over ticketing, websites and delayed compensation. Before finalising plans, perhaps the Government could think about taking some advice from the people who actually pay their way and buy tickets on a daily basis: for example, The Man in Seat Sixty-One might have some very useful advice on how to make things easier.

Alongside that rise in fares, the taxpayer subsidy has grown from under £2 billion to around £12 billion. Both taxpayers and fare payers are thoroughly fed up with their money going into the pockets of shareholders rather than improving the service they get. Public ownership makes sense, but I do not understand why this impeccable logic applies only to railways; surely the Minister's comments also apply to all other forms of privatisation of essential services. In the next five years, for example, nearly all the big NHS contracts are up for renewal, so will Ministers apply the same logic to them and save this money by bringing them back in-house? The NHS is paying £2.1 billion per year on PFI schemes. The NHS budget is expanding, and yet we are getting less back because of the growing role of the private sector. I have heard a lot from this Government—and from the previous one—about value for money, but those rules go out the window when we look at PFIs. Taxpayers have spent £80 billion on NHS PFI schemes that only got £13 billion of actual investment; that does not seem like a good deal.

[BARONESS JONES OF MOULSECOOMB]

Public ownership of rail is a good thing, but what difference will it make to passengers? I hope it will enable Ministers to directly reduce fares and have a real impact on traffic reduction. In the years between climate change becoming a recognised issue in the early 1980s and the husky-hugging era of Prime Minister Cameron, the cost of motoring fell while rail and bus fares rose rapidly. Season ticket fares are often 80% higher than they were before privatisation, and longer-distance fares can be twice as high as they were. This is not the record of a country serious about climate change, and we have failed to reduce emissions from the transport sector.

This Government, like the last one, tell us that there is no money. However, during my time on the London Assembly, which other Members of your Lordships' House might remember, we worked with the mayor on promoting the congestion charge and the ultra low emission zone. That generated the extra revenue that helped to keep fares lower and provided some of the money needed to build new Tube and rail lines. Politicians of all parties knew the value of having a public transport system that worked and was fairly cheap to use, but only a few of us were willing to raise that money for investment by saying that the polluter should pay more. In fact, there was a classic comment from the then Mayor of London, Ken Livingstone, who said that the only people supporting his congestion charge were businesses in the City and the Green Party.

Portugal has just introduced a £20 monthly rail pass for all its services. That is the kind of vision we need here in the UK from a publicly owned rail system. It would take ambition and money, but we could make the polluter pay by finally taking the brake off the fuel duty escalator that new Labour introduced.

The Government have taken positive steps to give local authorities the power to regulate buses, so the next logical step is to give the metropolitan mayors a big say in how rail works with bus and tram services, to be the better option in large areas of the country. We need democratic control of the railways, not decisions driven by Whitehall and, even worse, the Treasury.

Privatisation of rail has given us higher fares and generated a fat profit for all the state-owned German and French rail companies, which took advantage of UK taxpayers. I congratulate Labour on bringing this to an end. But why not end the disastrous mistake of water privatisation that will cost £12.5 billion in this Parliament alone, only to pay shareholders and creditors, but which will still result in waterways full of faeces, agricultural run-off, other chemicals, drugs, paint, bleach and plastic? If water companies collapsed, we could buy them for pennies and run them ourselves.

On public ownership of the energy system to deal with the huge jump in household bills, we could end the scandal of record-high standing charges that do nothing to discourage energy use and which hit the poor really hard. Rail companies have made a good profit, but British Gas has made a tenfold profit over the last year, and the likes of BP and Shell have doubled and trebled profits. Public ownership could end those excess profits and bring down prices for consumers.

The public can see these injustices and the way this system of privatisation eats up taxpayer cash and consumer monthly payments. It holds back public investment in our economy and, instead of new hospitals or railway rolling stock, our money buys new private jets for the super-rich. The public want more public ownership, and I hope the Government start listening to voters rather than lobbyists and party donors.

To sum up, my speech is a mix: "Well done, Labour, but why stop there?"

5.45 pm

Lord Browne of Ladyton (Lab): My Lords, it is a pleasure to follow the noble Baroness, Lady Jones of Moulsecoomb. I think that on behalf of my noble friend I can thank her for her explicit support of this piece of legislation, but perhaps she will need to wait for another date for a response to the rest of her speech. It is a pleasure also to welcome my noble friend Lady Blake of Leeds to her place on the Front Bench today and to commend her on an excellent opening speech. I am pleased too to welcome both the noble Lord, Lord Grayling, and the noble Baroness, Lady Pidgeon, to your Lordships' House. I watched them while they were making their respective maiden speeches; it is perfectly clear to me that they have both secured the ear of the House, and I look forward to their contributions in the future.

It will be no surprise to anybody that I rise in support of the Bill before your Lordships' House. It is legislation for which the Government have a direct mandate and which commands a great deal of public support. Perhaps most importantly, the Bill is pragmatic, protects the taxpayer from the penalties incurred by ending franchises precipitately, and offers greater flexibility for the deployment of rolling stock.

Perhaps I should start by declaring an interest like my noble friend Lord Liddle. I am a regular passenger on Avanti West Coast, the worst-performing train operator in the UK. I could end my speech with that statement, given the chronic frustrations hazarded by anyone intrepid enough to venture on to one of Avanti's services. Almost 60% of its trains were late in the second quarter of this year, and cancellations ran at double the national average. I mention this not merely to describe my own experience of travelling on our rail network—I am sure that many other noble Lords have worse stories to tell than I have—but to emphasise the asymmetry of performance between the different franchisees.

Conversely, there are franchises that have performed rather well. As we were reminded by the noble Baroness, Lady Scott of Needham Market, Greater Anglia, for instance, has some of the highest punctuality rates in the industry, has invested £1.4 billion in rolling stock and, since Covid, has consistently generated a financial return to the Treasury. West Midlands Trains has invested £1 billion in its fleet, with half its current trains replaced with new vehicles built in the UK.

With this asymmetry of performance in mind, can my noble friend the Minister say whether the Government plan to take a purely chronological approach to renationalising, ending different franchises in order as their contracts expire, or does she envisage a more

targeted approach where the performance of different franchises is taken into account? It would be somewhat quixotic to start this process by bringing Greater Anglia into public ownership as soon as its contract expires, which is imminent, while Avanti continues for years to run a grossly underperforming service. Surely we should take performance into account and ensure that those passengers suffering from the least effective service see changes first. From the fact that the Government, through the terms of the Bill, have given themselves discretion to focus on the worst-performing routes and operators first, I infer that such a course of action is at the very least under active consideration.

In addition to that question, I draw the attention of my noble friend the Minister to the briefing we all received from Transport UK in advance of today's debate. That briefing contains specific questions and supporting amendments for debate in Committee and the later stages of the Bill's progress. In particular, I would be grateful to know, first, what she envisages by way of reporting obligations to Parliament in respect of the future performance of publicly owned train operating companies, and, secondly, whether the Office of Rail and Road will be required to assess the ability of a publicly owned company to operate a franchise effectively in advance of contracts being awarded. If so, will the details of such assessments be made available to Parliament for effective scrutiny?

We have heard and will hear "privatisation" and "nationalisation" invoked today but, as it stands, passengers have the worst of both worlds. We have a system run by private companies for profit which, at the same time, rely on implicit and explicit public subsidies, some of which end as dividends for the franchise holders, nobody else gaining. We are all aware that the former British Rail enjoyed a somewhat ambivalent reputation. But in 1989 British Rail was recorded as being 40% more efficient than eight comparable European railway systems; rolling stock was an average of two years younger in 1996 than it was in 2013; and British Rail's punctuality rating, at 90% PPM in 1995, has only once been exceeded in a calendar year since privatisation—and that was in 1996.

The shadow Secretary of State suggested during Second Reading in the other place that this legislation is ideologically motivated. Leaving aside the dissonance of such an accusation issuing from a party which has been setting ever more rigorous tests of ideological purity of itself since Brexit, I believe that the motivation behind this Bill is far simpler—it is that the railway system across Britain does not work. Our railways are a cautionary tale for the rest of Europe. Despite EU directive 91/440 promoting rail privatisation, as we have heard from other speakers, European nations have looked at our system and decided to stick with a state-run operation.

Depending on your means of comparison, we have either the highest rail prices in Europe or prices that are among the highest. We have a fragmented ticketing and timetabling system that works in the interests of franchise holders rather than passengers. Subsidies run at twice pre-pandemic levels, while tickets have risen by around 25% in real terms since the privatisation experiment began. The legacy of privatisation on our railways is more government subsidy; more expensive

tickets; endemic industrial dissatisfaction; and HS2, that artery of levelling up, repeatedly promised before being questioned and then cancelled.

There are some, thankfully not apparent in our debate today, who suggest that privatisation has worked and that we must merely persist with this experiment in the face of observable evidence. I will remind them of the words of John Maynard Keynes who, when tasked with an apparent inconsistency, responded:

"When my information changes, I alter my conclusions".

This Bill is before your Lordships' House today precisely because the public have all the information they need; they are dissatisfied with the cost and unreliable standards of service on our railways and know that we need fundamental change. Two-thirds of the public support renationalisation, and that figure rises to 73% among those who regularly use the railway network. It is no coincidence that those most frequently exposed to the reality of our railways are precisely those who support them coming back into public ownership.

At this juncture, I would like to remind your Lordships' House of an historical advocate for state control of the railways. Given the shadow Transport Secretary's apparent belief that this is a nakedly ideological measure, I am somewhat surprised to be claiming Winston Churchill as a socialist ideologue; he may have been at one time in his life. In 1919, he gave a speech in Dundee in which he explained that:

"So long as the railways are in private hands they may be used for immediate profit. In the hands of the State, however, it may be wise or expedient to run them ... develop industry, place the trader in close contact with his market, and stimulate development".

Compare that with the notes to the King's Speech, in which the Government described the changes that this Bill would make. They described a system in which the railways would

"serve the interests of all users and the taxpayer, rather than focusing on maximising financial returns to private-sector operators".

The aesthetic difference between these two passages may be pronounced, but the sentiment is absolutely identical.

Critics have suggested that nationalisation is somehow an easy option. On the contrary, as my noble friend has been reminded today, the Government will take on enormous responsibilities. As more franchises come back into public ownership, the Government will be held directly responsible for people's journeys; shortcomings in respect of service and punctuality, fare costs and overcrowding will be laid at their door. If that is an easy option, I would be intrigued to hear such critics define a grave political risk. The fact that this Administration are prepared to countenance such political risks is surely testimony to their disinterestedness and their freedom from selfish motives, which therefore allows freedom to act fairly in seeking to improve our rail network. I shall support this Bill as it journeys through your Lordships' House and gives effect to the mandate the Government were given at the general election.

5.54 pm

Lord Balfe (Con): My Lords, I also congratulate the noble Lord, Lord Grayling, who is not here, the noble Baroness, Lady Pidgeon, who is, and the noble Lord, Lord Cryer, who still has to speak to us—I am sure I

[LORD BALFE]

can congratulate him on his speech, although I have not heard it. The noble Baroness, Lady Jones, said that the noble Baroness, Lady Pidgeon, did not take any—oh, whatever it is.

Baroness Jones of Moulsecoomb (GP): Prisoners.

Lord Balfe (Con): Maybe the noble Baroness, Lady Jones, does not take prisoners either, but she always does it with a great degree of humour, and we are pleased to hear her speak. I remind Members of my presidency of BALPA, the pilots' union, which is not exactly a rail union but is in the transport sector.

I will carry on from where the noble Lord, Lord Browne, finished, because Winston Churchill not only supported nationalisation in 1919 but, when he came back into office in 1950, did nothing to undo the actions of the Attlee Government. In fact, he specifically said to Walter Monckton, who was his Minister of Labour, that he must not upset the rail unions; so, Churchill, to an extent, was fairly consistent.

The noble Baroness, Lady Blake, said that we had had three decades of failure; I point out that half of them were under the Labour Government, but we will pass over that and look forward. I do not agree that it has all been failure. I fully support the manifesto commitment, and I am not going to vote against it or anything. However, I have lived those last three decades in the city of Cambridge, and I have observed that we have a new railway station, with another one half built. We have three separate train lines, one running to King's Cross, one running to St Pancras and one to Liverpool Street, and thanks to the way the franchises have been distributed we have never been without trains, because if one goes on strike the other goes to work. Also, of course, the number of passengers has gone up tremendously. I admit there are downsides to all this but let us not think that it is been a complete mistake, because it has not.

I would like to ask about, and draw a line under, the future of investment in rail when we move forward from where we are, because the history of rail and road investment has, as the noble Lord, Lord Young, said, been one of constant Treasury interference and investment decisions being based not on what is needed for the service but on how you split up a pie between defence, health, education, infrastructure, transport, et cetera. That is not a way, as they say, to run a railway. I hope that we can get round to some better system of allocating capital expenditure. I know this because in my part of the world we had years of campaigning by Members of Parliament from different parties for the widening of the A14 road. It did not come up against any transport needs; it kept on coming up against the Government's capital allocations. When we look at the transport and railway needs going forward, we need to look carefully at this.

The final set of points I want to make are about this legislation. It was very clearly in the manifesto. I say to people on my own side: do not keep bringing the unions into it. The fact that there were long-standing disputes, particularly with ASLEF, was a sign that Conservative Ministers did not manage to solve them,

as much as anything else. Just as a hobby, because I am a rather sad person, I printed out all the donations that were received by the various parties. Apart from the fact that the Conservative Party had £44 million, against the Labour Party getting only £34 million, with the Liberals getting just under £10 million, individuals contributed £20 million to the Labour Party's donations; trade unions contributed £7.3 million. Of the individuals, one lady, Mrs Anna Lisbet Rausing, gave the Labour Party around £1 million.

I do not deny her that pleasure, but the railway unions gave the Labour Party £143,000. That is the clothing allowance of the Cabinet. Let us be realistic about this. The unions certainly have influence in the Labour Party—partly because our party does not treat them very well—but they certainly do not buy the party. I can speak from having been in the Labour Party as well as the Conservative Party. On this, I say, "Do come off it". The fact of the matter is that there has been tremendous demand for change in how the railways are run; that has been present for probably the last 10 years.

What we have here is the beginning of a new era. Not everything is right; I certainly want to see some serious consideration given to the way in which capital investment will be put out. I would also like to know how the Minister and the unions will relate to each other. If there is not going to be a pay body, how will they go forward? The Minister is not going to sit in the office and say, "What shall we do today? Let's listen to the unions' pay demand". There must be some sort of structure and body to look at how the pay awards are given, as there has been up to now. I would like to know how we are proposing to go ahead in the future with that very difficult area.

Finally, if a train driver earns £60,000 or £70,000 a year, they are doing a highly skilled job that requires training. They are driving a train that costs millions and which is full of lives that could be lost if they make a mistake. They are well worth the money. I have always resented the fact that there is a certain middle-class thing where, if you do not have a pen and a piece of paper and sit at a desk, you somehow are not worth a decent salary. That is rubbish. Most of the railwaymen I know work hard for the money they get and deserve every penny of it. We should remember that. I am not saying that we over-reward them, but we should not get jealous and tied up because we give hard-working people decent salaries.

6.03 pm

Lord Cryer (Lab) (Maiden Speech): Thank you—my Lords, I nearly said, "Thank you, Mr Speaker". That is what comes of spending 20-odd years at the other end of the Corridor: you develop certain conditioned reflexes, as many of us know.

I start by offering my thanks to Black Rod, her staff, the clerks, the doorkeepers, the security services, the police, many members of staff and Peers for the help, support and warmth that they have given me since I came to this place on 9 September. I also thank my two supporters, my noble friends Lord Kennedy of Southwark and Lady Smith of Basildon. My noble friend Lord Kennedy and I have known each other

since roughly 1986; the exact date is lost in the mists of time, it is that long ago. My noble friend Lady Smith and I were elected in the Blair landslide of 1997. She was the MP for Basildon. I was the MP for Hornchurch for eight years before I lost Hornchurch to James Brokenshire, whom many of you will remember. James and I became friends—at least, I like to think that we were. Sadly, James died very young at the age of only 53. I was then the MP for Leyton and Wanstead for 14 years. Leyton and Wanstead is probably one of the most mixed constituencies not just in Britain but on the face of the planet; if you pick a particular community, it probably has representatives in Leyton and Wanstead.

During nine of those years, I chaired the Parliamentary Labour Party. It is good to see my opposite number, the noble Lord, Lord Brady, in his place. He chaired the 1922 Committee for 14 years, I think. It is fair to say that, during the first half of my tenure as chair of the PLP—during the previous leadership of the Labour Party—chairing the PLP had its interesting points on Monday evenings at 6 pm in Committee Room 14. During the second half, in the run-up to 2024, life got a bit quieter and more boring for me—but maybe a bit livelier for the noble Lord, Lord Brady.

I cannot speak today without mentioning the anniversary of 7 October. A year ago, there was the deadliest attack on the Jewish community that the world has seen since 1945. It was right up there with the activities of the Nazis and the pogroms perpetrated on Jews across the globe and down the centuries for all that time. However, before I finally get on to the Bill, which I will do, we must remember that anti-Semitism has been on the rise in this country for some time. It is getting broader and deeper. If you do not believe me, just look at the figures produced by the Community Security Trust. It is there for all to see.

I do not enjoy saying this but I point out that anti-Semitism seeped into the pores of the Labour Party—my Labour Party—for a number of years under the previous leader. Nor do I enjoy saying that, as chair of the PLP, I found not just an unwillingness to tackle racism among the then leadership of the party but an obstruction to those of us who wanted to tackle the anti-Semites and kick them out of the Labour Party. I remember once being shouted down at a party meeting because I suggested that, on balance, it maybe was not a bad idea to kick racists out of the Labour Party. Regardless of what happens in the next few years, Keir Starmer deserves every credit—and always will—for tearing anti-Semitism out of the Labour Party by its roots, to use his phrase. He will always have my support and my loyalty for doing that alone, regardless of the other things he has done to great success. Even so, it remains a source of anger and resentment that we had—I emphasise “had”—members of the Labour Party who supported Hamas, Hezbollah and the clerical fascists who run the regime in Tehran. I will return to anti-Semitism and racism generally another day but, for now, I turn briefly to the Bill.

The railways have had a central part in my life since I was born, really. My dad was a founder of the Keighley & Worth Valley Railway in the 1960s; it was one of those railway lines that was closed under Beeching,

which I view as a disastrous period in British transport policy. He set up the Keighley & Worth Valley light railway. He then—I do not know how—persuaded EMI to film “The Railway Children” on that railway. He then got himself a job as the technical director on the film, then got the entire family jobs as extras on the film. My sister and I never saw the money but that is another story. It was an absolutely extraordinary experience. It was pointed out to me a while ago, in the run-up to the previous general election, that that general election was the first in Britain since 1970 in which a cast member of “The Railway Children” was not standing as a parliamentary candidate in the election campaign—so that is something to conjure with.

I support this Bill and have always supported the public ownership of rail. However, worse than the privatisation of the railways was the fragmentation of the railways. There are two quick historic examples that I can pray in aid. The Governments of the 1920s generally tended to subscribe to free market economics and, to some extent, politics. Yet, in 1921, the then Government passed the grouping Act, which brought more than 100 railway companies together into the big four railway companies, because it was seen that fragmentation was not working. The railways were literally grinding to a halt in many cases.

I will finish with this example. Arguably the biggest fan of the free market to occupy 10 Downing Street was William Ewart Gladstone, yet even Gladstone thought that the fragmentation of the railways in the 19th century was a mistake. Perhaps it was not a mistake originally, but in 1844, before he was Prime Minister, when he was a Secretary of State in the Peel Government—some of your Lordships will know this—he presented the Railways Bill to Parliament. What noble Lords may not know is that that Bill originally provided for the public ownership of the entire rail network.

The Bill was important, because it ended up being the first Bill to be introduced that represented government intervention in rail transport. It provided the parliamentary train which meant that working-class people across Britain could afford to take at least one rail journey a day. That was its intervention, but it originally had provisions for public ownership. Gladstone abandoned that as Secretary of State, because in those days the whipping system in the House of Commons was not as firm as it is now. There were semi-independent MPs, and he decided that he could not get it through the House of Commons, so he watered it down and moved on to introducing purely the parliamentary train. Nevertheless, if public ownership and a more homogenous network were good enough for WE Gladstone in 1844, they are certainly good enough for us in the 21st century.

It is a huge honour and a privilege to deliver my maiden speech today in front of my friends, many of whom I have known for many years in the other place and, to some extent, in this place. I look forward to future debates.

6.11 pm

Lord Snape (Lab): My Lords, it is a great pleasure to follow my noble friend Lord Cryer and to congratulate him on a superb maiden speech, which informed and

[LORD SNAPE]

entertained both sides of this Chamber. I am delighted to say, and I am sure I speak on behalf of colleagues from both sides of the Chamber on this, that despite his early fame in the film world, the attractions of Hollywood did not drag him away from a political career and he stuck to his parents' views and principles. I will come back to Bob and Ann in a moment, but my noble friend's career, as a Member both of the other House and of this House in the years to come, shows equal talent to that of his mother and father.

My noble friend was elected in 1997 in that Labour landslide—unusually, with his mother. That was a fairly unusual combination: fathers and sons occasionally get elected, but mothers and sons rarely do. I take this opportunity to pay tribute to Ann, his mother, who fought a long, and for her sometimes unpleasant, battle on behalf of women who were being exploited in various parts of the country. The championship that Ann showed will be and is being followed by her son, and I know that she is enormously proud of his elevation to this House.

Going back to my noble friend's experience in the other place, he became the longest-serving chairman of the Parliamentary Labour Party, which is enormously to his credit. Those on this side of the House, particularly those who have spent some time down the Corridor, know just how fractious meetings of the Parliamentary Labour Party sometimes are. It shows the strength and character of my noble friend that he was not just elected but re-elected chair. There were instances of—I should not say it—skulduggery when we elected the chair of the PLP, but my noble friend was respected enough to hold off against any plots against him and to be re-elected. He quite rightly reminded us of the difficulties that our party suffered under its previous leadership, and the fact that he played such a prominent and courageous role in opposing anti-Semitism in the higher ranks of our party is, again, greatly to his credit. I know I speak for both sides of the House when I say that we look forward to hearing him again in the future.

I also congratulate the two other maiden speakers. I know the noble Lord, Lord Grayling, because I have taken an interest in transport for many years. I cannot say that I have entirely agreed with him over the years, but I thought that his contribution today was excellent. I particularly congratulate the noble Baroness, Lady Pidgeon, who also made a superb maiden speech. She greatly enhanced her reputation right from the start by her knowledge of the subject that we are discussing today—transport.

I also congratulate my noble friend the Minister on her appearance during this debate. I hope I do not cause her too much embarrassment when I say that I do not share some of the good feeling of many of my colleagues about the Bill. I do not think it tells us very much. It was 2021 when the Great British Railways project was brought before us following the publication of the Williams-Shapps report. Here we are, three years later, and all we have to show for it is the total bill for GBR so far, which I understand is about £61 million. I have no idea what that money is being spent on and what will happen in the future, because this is very much a skeleton Bill.

I spent my working life in the railway industry, as my father did. I have bored noble Lords from both sides with some of the stories from my past. I started on the railways in a signal box, as a teenager in the late 1950s. I qualified as a signaller at 18. I have to say—my late father would agree with me on this—that working for a nationalised railway in those days was not all it was cracked up to be. In those days, the railway industry was dependent on Treasury largesse, but many of us spent our time, as I did, in signal boxes built by the Victorians, some of which are still working and are perfectly safe. They were built to last, unlike some of the modern equipment on the railway system.

However, the fact that we in the railway industry never had the opportunity or the finance to modernise until recently made me feel that perhaps an injection of money from elsewhere—from the private sector, if you like—might benefit it. I listened with interest to the contribution of a former Secretary of State in the noble Lord, Lord Young of Cookham. He outlined graphically and aptly the difficulties in trying to persuade the Treasury, against all other financial pressures, to put money into the railway industry. However, we managed it on two occasions over the years, following the 1955 modernisation plan and with some of the modern equipment that has been installed since.

The fact is that we competed for scarce resources against hospitals and schools, and against one's colleagues. I chaired the Channel Tunnel Back-Bench committee in the other place, when many of my colleagues from the parliamentary party said, "What do you want to waste money on that for? I need a hospital in my constituency", "I need to repair schools in my constituency", or, "There is a finite amount of money available and I want some of it for my constituents". That is a perfectly legitimate stance to take, but it indicates the difficulties of depending entirely on His Majesty's Treasury for finance.

Look at what happened immediately after the 1994 Act. The concept of privatisation and the way it was implemented was crazy, and I said so at the time. I understand that John Major, then Prime Minister, wanted to privatise the railway based on old-fashioned regionally based companies. He was a bit sentimental in that way. What was his comment about old maids cycling to church on a Sunday morning? Some of the old maids in the Cabinet at that time were not prepared to allow him to privatise on that basis, so we got the rather nonsensical and fragmented system that we have at present.

However, at least initially, a lot of money came into the railway industry that would never have come had matters been left to the Treasury. There were lots of new trains. The crazy system was such that millions of pounds were made and taken out of the industry by those running the companies that provided the trains, but many of those trains did end up on our railway system.

I was speaking recently to a gentleman known to many noble Lords on both sides of the House, Christopher Austin, the former British Rail parliamentary affairs officer who retired upon privatisation in 1994. I asked him whether in 1994 we would have got the Treasury

to agree to the amount of investment into the new trains that took place, and he said, “No, we wouldn’t have done: we would have been scratching around”.

I congratulate my noble friend Lord Liddle on his contribution earlier. I went to see his boss in the late-1970s about the renewal of the classic diesel multiple units that were introduced in the 1950s. He said, “I’d love to be able to say that we can find the money to renew them, but we can’t at the present time”. Because of that, those classic diesel multiple units from the 1950s were eventually renewed in the 1980s on the basis of Treasury parsimony, if you like—the Treasury certainly had a big input—which said that, for every three-car classic diesel multiple units that you have inherited and are now past their sell-by date, you have to replace them with two-car diesel multiple units, and so we got the sprinters and pacers. We have only just got rid of the pacers. Anybody who has travelled on them will know full well that they were known by drivers as “threepenny bit wheels”—noble Lords will remember the old-fashioned threepenny bits. Travelling on them, hearing them screeching around curves, was more third-world than modern-day history. That was a result of the parsimony. It was asked at the time by BR management whether a similar number of seats should be provided as the trains being abolished. They were told, “Just put the seats closer together”, and the result was the discomfort of those cut-price trains, some of which we still have at the present time.

My noble friend understandably had some harsh words to say about franchising. But what will happen in this city, for example, where TfL franchised its railway system, and with Chiltern Railways—in my view the one success of the whole privatisation process, where a line that was being run down by British Rail now provides two trains a day to Birmingham and an extensive commuter system? Again, BR management did not want to close these down, reduce the services and stop early-morning and late-night trains, but it was given a block amount of money every September and told “Run the railway with that money and don’t come back for any more”. My noble friend the Minister when she comes to wind up will say that this will not happen in future as far as the Treasury is concerned, and I will believe her. Well, I will try to believe her—let us put it that way—because it has never been noticeably generous, and I will need some evidence that it will be so in future.

I say again: look at the big cities. How will we provide train services in and around those big cities with one national rail system making decisions here in London? Many of our metropolitan mayors want the right to implement their own train services in their way, and that is a model that does not fit too well with nationalisation as a whole. So, although I wish the Bill well, we will certainly return to these issues in much more detail when we see exactly what plans His Majesty’s Government have for the railway industry.

6.23 pm

Lord Inglewood (Non-Aff): My Lords, I have much enjoyed listening to this afternoon’s debate, partly because of the excellent maiden speeches we have heard, and to have been present when the noble Baroness the Minister has been having her first big step-out on

to the stage. Unlike almost all the other speakers, I do not consider myself an expert on the railways. I rise as somebody who has spent a great deal of time travelling on the railways, and that is the basis of my comments.

It is true, and I declare it, that I am president of the South Tynedale Railway, which runs for approximately 8 kilometres north from Alston towards Haltwhistle, which is about five or six miles beyond where we currently end—once we get to Haltwhistle, we are on to the British national network and the world is our oyster. Also, although I cannot in anyway emulate the vivid reminiscences of the noble Lord, Lord Snape, as a very small boy I changed the signals in the signal box at Bassenthwaite Lake.

As I got on the train this morning in Penrith, near where I live—it arrived two minutes late and arrived in London two minutes early—I realised, and I am not alone here by any means, that for the first few years I travelled on the railway the trains were pulled by steam engines. Just as the source of power has changed, so has the ownership of the railway system and the trains running on it. Over that period, the service has been variable. Under British Rail, I had good experiences and ghastly experiences. Under the privatised rail system, I have had ghastly experiences and good experiences. We want to be even-handed in our criticism of what might have taken place in the past. People might think it eccentric, but I am just going to put in a word on behalf of Avanti. It has had terrible press and a lot of justified criticism, but it is trying to get better and is improving the service, and that should be recognised, because if a rail service becomes a completely demoralised army it will end up delivering worse for the public.

The real problem with the politics of the railways—I use that phrase in a general, non-specialist sense—is that it is rather like the English football team: the less you know, the more emphatic are your views about what needs to be done. What we are talking about here is the implementation of a manifesto commitment of the new Government. Of course there is a commitment, but there is also an awful lot of detail that needs to be filled in before things actually happen. The reality of railways is that it is all very complicated. At the point of delivery it has to be delivered by experts, regardless of who owns the system, just as the National Health Service has to be delivered by trained, qualified doctors and medical staff, supported by specialist private sector businesses, science and technology. In addition to that, our rail services have to be delivered in the national, not a partisan or party-political, interest, regardless of ownership and regulative frameworks.

We all know that there are a whole series of criticisms, deficiencies and problems that relate to the railways system in this country today. Much of this results, either directly or indirectly, from our current wider national malaise of concentrating too much on consumption and not carrying out sufficient investment. That is something that we need to address nationally.

As a number of speakers have said, the Bill does not have all that many words in it compared with other Bills we consider in this House. We are assured that it presages real change that will bring improvement. What we cannot let it become is a kind of blank cheque to give the Government completely free range.

[LORD INGLEWOOD]

What I think the public and Parliament want and need is a convincing explanation of how it will all happen and evolve. Soundbites are no good. For example, where I come from in Cumbria, where I have been chairing the local enterprise partnership, the railway system is a very important part of the infrastructure of that county and the businesses in it. The future prosperity of Cumbria materially depends on rail connection.

An important point made by the noble Lord, Lord Berkeley, is that if we do not get it right it will waste, and therefore cost, a great deal of money. That is something we must make sure we avoid if we possibly can.

As I have said, I do not know the answer to many of the problems facing our rail system, but we all need to know the kind of ways forward to deal with them that are being proposed by the Government.

In the debate on the King's Speech, I said I was agnostic, as I am, about the forms of ownership of and control over our railway system. What I want is simple: I just want it to work properly. This approach was more vividly described some years ago, in a different context, by Chairman Deng, who said, "I don't care whether the cat is black or white as long as it catches mice". What I would like to hear from the Minister is not that she can give us an assurance that the new cat is a good mouser but rather how it will catch the mice, how much it will cost and how many it will manage to get.

6.30 pm

Lord Sikka (Lab): My Lords, it is my great pleasure to welcome the noble Lord, Lord Grayling, the noble Baroness, Lady Pidgeon and my noble friend Lord Cryer to this House. I thank them for their excellent maiden speeches, which have given us plenty to ponder and think about. I look forward to their future contributions and to joining them for a cup of tea or coffee as well.

The privatisation of the railways has been a failure, although it has managed to secure an entry for Prime Minister John Major in the annals of privatisation. It was a service which Margaret Thatcher was not willing to privatise because of the huge problems, but John Major was desperate to get an entry in the annals of privatisation, so here we are. In 1994, when the old British Rail was broken up into more than 100 companies, it was one of the most efficient in Europe. It had one of the cheapest fares per mile in Europe and a punctuality rate of 86.4%; it was receiving, at that time, an annual subsidy of £1.7 billion. The ideological break-up of British Rail resulted in the fragmentation of the system, the neglect of the long-term and the multiplication of administrative structures. Suddenly you needed 100 boards of directors, 100 accounting systems, 100 HR systems, 100 sets of auditors and 100 sets of accountants, and all that inevitably pushed up the costs of the privatised system.

Even worse, there was no real competition. I use the c2c line when I come to the House. There is no competition: I have absolutely no choice and I have to pay whatever it demands. Today, I had to stand all the way from my home in Essex to London because there

are simply no seats, and the wife was non-existent. There is nothing I can do about it; I am just a captive customer.

Thirty years after John Major's excursion into privatisation, train companies have a punctuality rate of 70.1%, the UK has one of the most expensive train fares in Europe, and last year the subsidy was £11.9 billion. I will not say anything about catering and the awful sandwiches on long-distance routes at the moment, as many noble Lords have possibly experienced.

Any move to curtail privatisation is most welcome, and I support the Bill. That said, I have a number of questions that I hope the Minister will be able to clarify. Clause 1 states that passenger services will in future be provided by a public sector company. How are these public sector companies to be made accountable to the people? I recommend that at least 50% of the board of directors of this public sector company, which could well be a number of companies akin to the railway boards that we used to have, should be directly elected by customers. Customers should also vote on executive pay, not only of those companies but of the regulatory boards. That way, people can exercise some influence. They cannot be taken for an easy ride and cannot be ripped off on a regular basis by suboptimal services. I hope the Minister will be able to give some commitment to that form of democratisation.

I also have a question about how the new public sector company is going to acquire the necessary rolling stock. Let us look at the current situation. Rolling stock is not owned by train-operating companies; they lease it from rolling stock companies and pay an exorbitant amount of rent. Last year, some £3.1 billion was paid in leasing payments by train operating companies to roscos, or rolling stock companies. Just three rolling stock companies—Angel Trains, Eversholt and Porterbrook—control about 87% of the market, and they have a profit margin of 41.6%. That is exorbitant. There is absolutely no justification for that kind of profit margin because the payments are absolutely certain—they are paid either by customers or taxpayers. I hope that the Government are getting ready to investigate profiteering by these rolling stock companies and put an end to the gravy train that has been operated.

These three rolling stock companies are foreign owned and registered in Luxembourg, which means they are obviously not paying taxes there. There are only two reasons for companies to go to places such as Luxembourg: one is secrecy and the second is tax avoidance. There is no other reason whatever for going to such places. Last year, these roscos paid a dividend of £409.7 million, and in the past decade they have paid more than £2 billion in dividends. This dividend is typically 100% of their pre-tax profits, and no tax is paid on those dividends either because the recipients are outside the UK. I hope that the Government will not continue with these roscos, and perhaps the Minister can confirm that. The Government have choices: they can purchase rolling stock directly from the current manufacturers and eliminate all intermediaries, such as the current roscos; they can create their own leasing company and eliminate these roscos; or they can bring the manufacturing of trains and rolling stock under

one roof to consolidate them. It would be helpful if the Minister could explain which route the Government are planning to take.

Judging by the statement made by the Transport Secretary in the other place on 29 July, perhaps the Government have something else in mind. She said that the rationale for the current Bill is,

“the failure of privatisation to deliver reliable and affordable services for passengers”.

She added:

“It also makes financial sense, saving tens of millions of pounds each year in private sector fees. That money can now be reinvested in the railways. Running the railways in the interest of passengers and taxpayers, not to the benefit of shareholders, also makes operational sense”—[*Official Report, Commons, 29/7/24; col. 1074.*]

That statement was echoed by the Minister earlier, so I assume that it is reasonable to expect that the current roscos will not remain in control or operation and that the Government will not be leasing any trains from those companies. I hope the Minister can confirm that. If my interpretation of that statement is erroneous, I would like to hear that as well.

In addition, can the Minister say what will happen to freight services? Why are they not being brought into public ownership? They are highly lucrative as well.

Finally, I ask the Minister to end what train companies call dynamic pricing. Actually, there is nothing dynamic about it; it is simply a way of fleecing customers. Two of my friends from Australia visited London and, on the spur of the moment, decided that they would like to visit Exeter. A quick search online for an economy class return the next day quoted them £700 each—that is more than a flight to China. Needless to say, they did not travel by train. I wonder how many other tourists have refrained from visiting wonderful parts of this country as a result of this kind of fleecing and how many business trips have been put off. There is absolutely no excuse for this. Can the Minister assure the House that public ownership of passenger services will end this abusive practice? We need a fixed price, regardless of the time at which anybody travels, not £700 returns to Exeter. That is just criminal, and I hope somebody gets prosecuted for it.

6.40 pm

Baroness Brinton (LD): My Lords, it is a pleasure to speak after the noble Lord, Lord Sikka, who, as usual, brings his accounting experience to make us think about things in a slightly different way. It has also been really good to hear three maiden speeches. The noble Lords, Lord Grayling and Lord Cryer, spoke from very different perspectives but their experience and knowledge shone through and we look forward to hearing more from them in the House.

It was a real pleasure to hear the maiden speech of my noble friend Lady Pidgeon. I have known her for some years too, and her expertise on transport in the Greater London Assembly was second to none. She is a tireless campaigner on improving transport for people, making it more reliable and more accessible. That is how we got to know each other. I believe that she will make as strong a mark in your Lordships' House as she did in the GLA.

Other noble Lords have already demonstrated their knowledge of the structure of the current railway system and expressed their views on this first step of ensuring that public sector operators can be awarded contracts without us having to go to private ones. I want to focus on a key element of Labour's paper *Get Britain Moving*, which is not particularly evident in this Bill but which I think is vital. It will not surprise noble Lords to hear that this element is accessibility and assistance services.

Get Britain Moving has a key thread of accessibility and ensuring that assistance is available to all passengers who need it. Indeed, accessibility is in three of the five missions in the paper: “Get Britain building again”, “Get the NHS back on its feet” and “Break down barriers to opportunity”. The contrast with the Bill that we are talking about today, its Explanatory Memorandum and the final-stage impact assessment could not be more stark. Accessibility and assistance are virtually invisible.

The Minister may say that they will come later, but the problem is that, in Clause 2(2)(b) of the Bill, the provision of services means that there will be no improvement in accessibility unless there is a specified change, because it talks about transferring existing arrangements over. If access arrangements at the moment are unsatisfactory and not meeting the law under the Equality Act 2010 provisions for disabled people, will the Government ensure that any new provision of services does meet these legal access requirements?

Why does it matter? The last Government and the present Government have kept talking about Great British Rail services, but the reality is that every part of the rail service structure that disabled passengers need to use is struggling. Transport for All and Disability Rights UK campaign constantly on this. Some of this is the responsibility of the train operating companies and some the responsibility of Network Rail.

I am so glad that the noble Baroness, Lady Grey-Thompson, is in her place. Most noble Lords will have heard that, a few weeks ago, she was left on a train at King's Cross late at night. No one came to assist her. She had to get out of her chair, crawl from the floor of the train on to the platform, lift her chair down on to the platform and then get back into it. As she says, despite everyone being horrified—I agree with her on that—this happens every day to disabled people. For those like me with electric chairs, pulling chairs off the train is not an answer. When it has happened to me, twice, at King's Cross late at night, I have had to work out who to ring. I cannot ring the police as it is not urgent. I cannot ring 111; no one will answer until next week. I cannot ring the station because nobody answers the phone. What do you do at midnight? The noble Baroness, Lady Grey-Thompson, came to my rescue on one of those occasions. She tweeted the chief executive of LNER and he managed to find someone to come and find me. She is a star.

But it is not just about understaffed assistance services. It is also the infrastructure at stations, including lifts and the lack of level boarding. The Campaign for Level Boarding rightly points out that the new Thanet Parkway, opened a year ago this July, still does not have level boarding and does not have full-time staff at

[BARONESS BRINTON]

the station. The purchase of different types and styles of trains means that every station has to use multiple ramps and some train operating companies no longer have staff other than the driver on trains to help you get off when there are no staff at the station. Disabled passengers were promised TUAG—turn up and go—years ago. The cuts and poor infrastructure mean that we have a much worse service. These days, even if we have booked in advance, we are often told when we turn up at a station, “We will absolutely do our best to get you on your planned train but we are very short-staffed; it may not be possible”. This is madness.

Ten days ago, I had to travel from Watford Junction to York for a regular meeting. I always allow more time between Euston and King’s Cross in case of delays. When I arrived at Watford Junction there was a fatality on the line, no trains were going anywhere and the staff, despite dealing with the emergency, managing a distressing situation, found me to tell me to go to St Albans on the Thameslink line instead. They undertook to let King’s Cross know that I would miss my train to York and asked staff at King’s Cross to help me get on another train. It was difficult, because they are often fully booked.

When I got to St Albans, it transpired the lift from the entrance to help get me to the middle platform was out of order. So, to get to it, I had to go to back up to the main road, over the railway ridge and down the other side. I could not cross over where everyone else did because there was no dropped curve. So I had to go down to the traffic lights, cross the road and go back up to the other entrance to St Albans station, through the ticket barrier, all the way down the platform to the far end to the lift.

The staff said the next train was in seven minutes and asked if I could make it. The answer was that I could not. So, while I was chatting to staff waiting for the next train to St Pancras, they informed me that the lift at St Pancras was not working, either. I had to go on to Farringdon. When I got to Farringdon, I got out and asked the lovely assistance person, “So I go up and come down the other side?” He said, “No, you can’t do that because there is only one lift at St Pancras. It is the same one that’s out of order. You have to go out of the station, find the Underground and find the assistance staff, who will take you down to the Circle Line and you get off at King’s Cross”.

By this stage, my blood pressure was going through the roof. I certainly missed the train that was planned for York, but the one wonderful thing that happened when I got to King’s Cross was that not only Euston but Watford had rung King’s Cross and they had checked to find me a space on every possible train in that gap. So I did not make the beginning of the meeting, but I got there for the end. All the staff at every stage were wonderful: encouraging, supportive and as helpful as they could be.

This is not unusual. My story is exactly the same as that of the noble Baroness, Lady Grey-Thompson. We know that this happens to people every day. The lift at St Pancras has been out for weeks. This is affecting thousands of disabled people wanting to get to work.

The new Government rightly say that they want to see more disabled people getting into work. We cannot get to work. This is vital.

The *New Civil Engineer* newsletter on 2 September noted that the noble Lord, Lord Hendy, who cannot be in his place and who was then chair of Network Rail, had said that Access for All was underperforming, with underspending on accessible capital works including £65 million of funding between 2019 and 2024 for accessible capital equipment at stations, including lifts.

In February, the German travel booking company Omio found that the UK ranked among the least accessible railway nations and reported

“alarming inadequacies for individuals with disability in national rail transport”

in the UK. Part of the problem is that Network Rail operates regionally and, with the TOCs having their own standards and their own systems, there is no consistency in provision.

By the way, the long-awaited Access for All portfolio sponsorship office has been delayed again. We are all still waiting for the DfT-commissioned AtkinsRéalis accessibility audit of all the over 2,500 stations, which was one of the recommendations in the Williams-Shapps plan for rail in 2021. So can the Minister outline how the Government will assure us that, as a matter of urgency, their priorities so ably discussed in *Getting Britain Moving* are put into action for this Bill before any franchise transfer happens? Because, until then, disabled people will not be able to rely on our rail system.

6.50 pm

Viscount Hanworth (Lab): My Lords, I have been pre-empted in much of what I wished to say by my colleague, the speaker before last—but that pleases me.

The period following the First World War saw a rapid process of consolidation, or grouping, as it was called, which created what were described as the “big four” companies. These were the Great Western Railway, GWR; the London, Midland and Scottish Railway, LMS; the London and North Eastern Railway, LNER; and the Southern Railway, SR. The companies were created by the Railways Act 1921, which came into effect on 1 January 1923. A quarter of a century later, on 1 January 1948, the companies were nationalised to form British Railways as a result of the Transport Act 1947. However, during the Second World War they had been effectively united when operating efficiently under the direction of the Railway Executive Committee, albeit that there had been no investment during that period.

Many regard the interwar years as the golden age of the railways, notwithstanding their poor economic performance; throughout that period, the LNER never made a profit. During that period, the engineering works at Crewe, Derby, Doncaster and Swindon provided the locomotives and rolling stock for their parent companies. They also profited from exporting their products in quantity to Africa, India and South America.

The romance of the railways was sustained by the magnificent main line express trains such as the “Flying Scotsman” of 1923 and the “Mallard” of 1938, which

were both LNER locomotives designed by Nigel Gresley. Also memorable was the LMS “Coronation Scot” of 1937. That romance was in the mind of John Major when he oversaw the denationalisation of British Rail, which began in 1994 and was virtually complete by 1997. He relished the revival of the names of the big four. The process resulted in seven, later 25, rail franchises. The number is now down to 17, albeit that there are fewer controlling companies or consortia. These include companies partly or wholly owned by various national rail operators, including those of Italy, France, Germany, the Netherlands and Canada.

Since the beginning of privatisation, many of the train operating companies have ceased to exist, for reasons that include the withdrawal or expiry of the franchises, the bankruptcy of the firms or their mergers. In 2004, Labour, on perceiving the inefficiency of the system, decided to reduce the number of franchises to align them with the structure of Network Rail, which maintains the railway infrastructure. The costs of the fragmentation and disorganisation of our rail system that have resulted from its privatisation are evident from comparisons that can be made with the efficient, nationally owned rail systems of some European countries.

The privatisation of 1994 saw the creation of a separate organisation charged with the maintenance of the railway infrastructure. That was Railtrack, which operated from 1994 until 2002. It owned the track, signalling, tunnels, bridges, level crossings and all but a handful of the stations. Many of the operations were outsourced to other companies. The consequence was that the infrastructure fell into disrepair and the state of the rail track was blamed for two major train accidents. The company was eventually taken into public ownership under the title of Network Rail.

Another problematic feature of the privatisation has been the creation of the so-called rolling stock leasing companies, or roscos, which own the locomotives and carriages that are leased to the franchise owners. There are six rolling stock companies operating in Britain, as we have heard, three of which own 87% of the rolling stock. They are owned by consortia, structured in complicated ways, which embody a large proportion of foreign capital. These consortia derive substantial profits; according to a document of the RMT rail union, between 2012 and 2018 the roscos passed a total of £1.2 billion in the form of dividends to their parent companies or consortia.

These companies are motivated to prolong the life of the rolling stock. It is notable that the average age of the rolling stock rose from 16 years in the first year of privatisation to almost 20 years in 2017-18. The rolling stock companies have no obligation or incentive to maintain a steady and co-ordinated stream of new orders for rolling stock. Their failure to do so has been to the detriment of our native manufacturers, which have also passed into foreign ownership and been subject to a series of takeovers and closures. The roscos might continue to lease their trains and rolling stock to a nationalised rail network for as long as they are serviceable, but there is no reason why they should be relied on to purchase new equipment. Such purchases should be made exclusively by Great British Railways, the new publicly owned authority.

All the major political parties have called for the reintegration of our rail system, albeit that the Conservatives have been coy about calling it renationalisation. The process will entail a massive reorganisation, which will take time. The current Bill, which is the first small step, does little more than relieve the Minister of the obligation to invite competitive tenders from parties proposing to run sections of the system. Placing the system under a coherent central direction which can address strategic matters will relieve the Minister for Transport of the continual interventions, described as micro-management, that have been necessitated by the disjointed nature of the privatised system. This will enhance the efficiency of the operations. At the same time, it should facilitate regional planning within a wider national framework, which should be able better to meet local transport needs.

It has been observed that the process of renationalisation, as far as it concerns the train operating companies, will be virtually costless. The franchises will fall into the Government’s hands when they expire. Already ScotRail, Welsh railways, the east coast main line, TransPennine, Northern, Southeastern and the Caledonian Sleeper are in public ownership. The Department for Transport currently controls these train operators via rail transport’s operator of last resort, which is known unaccountably by the initials DOHL. Someone might explain that to me; I cannot find what those initials signify. Although it is proposed that the expiring franchises will fall under this umbrella, there is an allowance in the Bill for the extension of franchises in case DOHL finds itself overwhelmed in coping with its new acquisitions.

It seems that there is no intention at present to nationalise the rolling stock companies, presumably because to do so would be too costly. However, control must be exercised to ensure that there is a steady stream of orders to support the train manufacturers in the UK. The three firms that are manufacturing trains in the UK—Alstom, Hitachi and Siemens—are in foreign ownership, and each can fulfil its orders by manufacturing its trains elsewhere. The Government must guard against the ever-present danger of losing our train manufacturers.

Britain was the original railway nation—it began its railway exactly 200 years ago—but, since its privatisation, the nation has been in danger of losing ownership of its rail system. The hope is that we can repossess it, at least in part. The system has been widely subject to a predatory profit motive. By alleviating that, one can expect a better return for taxpayers’ and passengers’ money. Even greater gains are in prospect, which should come from reducing the inefficiencies of a disjointed and dislocated system.

6.59 pm

Lord Fairfax of Cameron (Con): My Lords, this Bill and this debate are primarily about passenger railway services but, with the permission of the House, I shall say a very few words about a closely connected form of transport. As a resident of the Isle of Wight, I will talk about the ferry companies serving the island. One of those companies is Wightlink, which, as some noble Lords may know, was part of British Rail before it was

[LORD FAIRFAX OF CAMERON]
 privatised. The new Government say that one of their key priorities is to have a much better integrated UK transport system, and there has been much talk in this debate about putting the passenger first, but so far only rail and buses are included in their plans. Why not ferries too?

The UK is a collection of islands, so ferry travel is essential for many, but cost is also a key consideration, including for families deciding whether to visit islands. Noble Lords may be surprised to hear that, when visiting the Isle of Wight, non-residents of the island are sometimes charged as much as £300 per vehicle in super-high season for a return journey lasting 45 minutes. I suggest that the Government should intervene to ensure minimum service levels, with price caps and subsidies where necessary. I have personal experience of the lack of joined-up timetabling between the rail company—South West Trains—and the ferry company serving the Isle of Wight, especially at night and in the winter.

On the Isle of Wight we have—and will continue to have, without government intervention—a situation where rail and bus services on the mainland and on the island are connected by a private ferry company loaded with a lot of debt but with few operating obligations. Buses and trains are currently subsidised so why should Isle of Wight residents and visitors to the island have to pay unsubsidised fares that are sometimes exorbitant, as we have heard? I hope that the Government, when considering what to do with passenger railways, will also take a close look at the ferry companies servicing our islands, particularly the Isle of Wight, for the sake of the passengers.

7.01 pm

Lord Whitty (Lab): My Lords, I thank the noble Baroness, Lady Blake, who is not here in place at the moment, for her introduction, which explained this Bill to me rather more than what was evident from the text. I congratulate all three Members on their maiden speeches. My noble friend Lord Cryer is not in his place but I remind him, given his praise of Gladstone, that, according to Gilbert and Sullivan, the parliamentary train was an extraordinarily slow beast; he should bear in mind that that was not quite the flashy new railway we hope to introduce.

Like my noble friend Lord Liddle and various other noble Lords, I have an ideological commitment to a nationalised railway system. I believe that the railways, together with the water sector, are the worst examples of privatisation. Others I can live with but, with those two, I cannot. This week, we see the preliminary Bills on both. We are not going for the nationalisation of water, as I understand it—I had hoped otherwise—but we are going to make some radical changes. We need to: both of those models of privatisation have utterly and completely failed.

My recollection of the comparison with British Rail is not the one on which I heard the noble Lord, Lord McLoughlin, expand. My pre-Beeching memory of British Rail as a lad was that the railway down to the south-west was dual-tracked, regular, uncrowded and cheap, while the food was actually quite nice.

These days, none of those things applies; indeed, South Western Railway has decided to abolish food on trains altogether and the journey is much less pleasant. We may not be able to go back to those halcyon days but I hope that we have a coherent policy for the subsequent stages of this return to a nationalised system.

I will not comment greatly on those terms—I had a lot of questions I was going to ask, but most of them have been asked and I hope they will eventually be answered—but, on the central issue, the only way in which to get the railway system to work is to have some degree of controlling mind and some degree of consistent management across the various bits. It does not matter how many entities there are, how many private companies there have been at various times or how many public companies there are going to be; somebody somewhere has to oversee the totality, both of the infrastructure and of the running of the system.

On most journeys of more than a few miles there is a change. Most passengers are utterly frustrated by the way in which the railway timetable is run, by the system for booking seats and buying seats on the day, and by the way in which there is no integration between the different parts of the network. That needs to be addressed. It can be addressed only by a relatively integrated oversight, and I believe that has to be within the public sector. I agree with the Government that the majority of cases need to see a public sector authority there.

The noble Baroness, Lady Scott, referred to the passage of the Transport Bill of 2000. I was a junior Minister on that Bill with my noble friend Lord Macdonald of Tradeston. We did not include nationalisation in that Bill. My noble friend Lord Prescott did have inklings in that direction, but the Treasury and No. 10 turned him down. Instead, we invented the Strategic Rail Authority, which did not work. We now need a system that works. I hope that the subsequent stages of the renationalisation of the railways sees a system that works.

Two issues have hardly been mentioned, except indirectly. My noble friend Lord Balfe—I call him my noble friend because we are both officers of BALPA—mentioned the industrial relations side. The workers have not been mentioned to any great degree, yet we have one of the most skilful, long-standing and long-serving structures of employment in the railway industry. We have one of the most heavily unionised sectors of industry, which has been badly mismanaged by Governments of all sorts and by private companies in the past. We need a new start in industrial relations in the railway industries. That is not just a question of making sure that the leaders of the unions are not too left-wing; I do not believe the unions—or at least their membership—are that left-wing. They just want to play a positive, constructive part in the running of the railways.

Many years ago, when I first worked for the TUC and was made secretary of the transport committee, I was told that the previous general secretary of the TUC, George Woodcock, had wanted the transport committee to end up with one union for the railway industry. We did not quite get there, and that was in 1970, but we

could now have a relationship between the nationalised entity, the trade unions and the individual companies which looks forward for strategy, for planning and for engagement of the workforce, which has never been seen properly in the railways since the very early days of British Rail.

The other group, of course, are the consumers, whom we have talked about. I have also been a consumer champion. We have never seen a strong consumer organisation for the railways. Transport Focus does its best, but we need to have a representation of the voice of consumers in the future of the railways that is properly financed and supported by the industry and the Government. At the moment, all that consumers are left to do is to be frustrated—I was going to use a different word—by the way in which their complaints are dealt with. What they want is an organisation which has the strength to convince the management to alter the system in favour of consumers. At the end of the day, the passengers are vital to the railways, and the railways ought to recognise the importance of keeping the consumers happy and making sure that the system works for them. If we do not do that, we do nothing.

7.09 pm

Baroness Randerson (LD): My Lords, this has been a very wide-ranging debate. We have strayed across the world, as far as Japan, and as far back as Gladstone. It is worth mentioning that Gladstone was born before rail systems were invented. It has been an excellent and well-informed debate. How could it be otherwise, as so many speakers have had considerable experience in the rail industry? A whole gallery of ex-Secretaries of State have spoken as well.

I must start by congratulating those noble Lords who made their maiden speeches today, including, of course, the insightful contribution from my noble friend Lady Pidgeon. Her considerable experience as chair of the transport committee of the Greater London Assembly will clearly add considerably to our analysis in this House of the transport challenges we face. I also congratulate the noble Lords, Lord Cryer and Lord Grayling, on their contrasting approaches to the issues.

Contributions from these Benches have made it clear that the Liberal Democrats are agnostic about who owns what within the rail system. Our priorities reflect the concerns of the travelling public—indeed, of the public who would like to travel but all too often find that they cannot, because current systems are too expensive, too slow or too unreliable to be a viable option. I agree with the noble Lord, Lord Liddle, about the possibilities of public-private partnerships. The noble Lord, Lord Young, raised a very valid question about how to unlock private investment in a nationalised railway system.

We strongly support the Government's intention to overhaul the system as a priority, but we are concerned that they have chosen to focus on re-nationalisation as a starting point. Their chosen method—allowing each franchise simply to die away at the end of the contract period—may superficially seem a clever way of enabling a relatively low-cost renationalisation but, as other

noble Lords have said, it will still come at a price because it will create uncertainty, not least for staff. Ironically, the worst performing train operators, for example Avanti, may by chance be allowed to survive much longer than much better operators such as Greater Anglia. My noble friend Lady Scott made this point. We are in danger of having to wait over four years before some vital aspects of reform can be implemented.

My noble friend Lord Bradshaw once told me about working for British Rail through the years of stagnation, as staff waited for privatisation and worried about their jobs. The Government are in danger now of repeating that, but in reverse. Most of us here are old enough to remember that the old British Rail was not a shining example of success. It is important to remember that our rail system now carries twice the number of passengers; it is a very different beast, so we cannot simply go back to the future. Undoubtedly, the first stress the Government will face is to reconcile the terms and conditions of staff as they bring together very different working practices across the train operators. I ask the Minister: how do they intend to implement TUPE in a way that is affordable to passengers and taxpayers? How will they ensure that they keep the best staff when redundancies are inevitable?

As we look across Europe, there is a wide range of ownership patterns, although most countries have a mixed market, as we do here in the UK. The UK is not out of step on ownership; where we are out of step is on reliability, cancellation levels and fare levels. We have, as many noble Lords have mentioned, by far the most expensive rail journeys in Europe. UK fares are the highest, and the cost to taxpayers in subsidies is 30% higher than in any other country.

I say to the Government: the public do not care who owns our railways. They just want a good, reliable service with a simple fare structure that is value for money. Can the Minister give us details of government plans to reform fares? I appreciate that this is something for the future, but the Government must surely have plans in place. Fares need to be frozen in order to start providing a better deal for long-suffering passengers. Privatisation per se is not the problem; as several noble Lords have mentioned, it is fragmentation.

Compare this system with Transport for London, as my noble friend Lady Pidgeon did. Transport for London operates as a co-ordinated service but with a great deal of private sector input. All London buses look the same and operate to the same standard model, but they are run by different companies. The people of London I have talked to are blissfully unaware of that, because of the system. As my noble friend Lord Bradshaw said, the current UK railway system, introduced under privatisation, was overly bureaucratic and focused on the blame game. It is not about ownership but the way it is structured and the internal reaction between the parts of the whole.

During this debate, noble Lords have raised many unanswered questions, and my noble friends have drawn attention to what we regard as the key issues we are looking for answers to, and which the Bill, of course, does not begin to provide. My noble friend Lady Scott raised the issue of safety, which is not a problem on our current railway system but must not be ignored for

[BARONESS RANDERSON]

that reason. The Government appear to believe that open access can continue alongside nationalised services. We need a detailed explanation of how that will work in the future. Who will decide what open access services can be provided?

My noble friend Lady Pidgeon raised the issue of devolution. As Liberal Democrats, we believe strongly that local areas generally know best what services they need, so we want transport devolution to thrive in the new system. We will be looking for cast-iron guarantees that renationalisation will not lead to even more Whitehall-centric control and decision-making than we already have. The noble Lord, Lord Liddle, referred to the concentration of power in the current system.

My noble friend Lady Brinton raised vital issues of disability access. In this shake-up, we must not allow to pass by the golden opportunity we have considerably to improve access for people with disabilities. We must use this opportunity to spread best practice.

If we are to move to a greener Britain, rail freight has to prosper, yet the freight sector is untouched by this Bill. We need to hear more about government plans, and the noble Lord, Lord Berkeley, emphasised the need for investment in freight.

How will the British Transport Police be funded in the future? Currently, it is funded by the TOCs. What about stations? Currently, they are largely, but not exclusively, leased to train operators. Possibly the strangest omission from the Bill and the Government's stated plans is what happens to the roscos, which, as many noble Lords have mentioned, have been earning extremely high profits, despite all the problems facing the rail industry.

The noble Lord, Lord Moynihan, told us the story of the transformation in Wales. As a Cardiff resident, I agree wholeheartedly with him that significant changes are happening in Wales—it is a useful story that noble Lords should look at in detail—but I stress that it has needed considerable investment.

In conclusion, from these Benches we congratulate the Government on finally starting to tackle the mess on our railways. It is a national embarrassment that the country that invented rail travel can no longer manage to build a new line to modern specifications—I refer of course to HS2. Since the Williams report, the previous Conservative Government twisted and turned, dithered and delayed, and wasted billions of pounds by doing virtually nothing. Great British Railways should have been fully up and running by now, and a simpler fare structure should also have been fully implemented—but we have seen no progress. Instead, they got hooked on being the motorists' friend and talked only of how much they were subsidising the railways.

I hope that the new Government will change the rhetoric and talk instead about investment in our railways. That means investment in our economy, which simply cannot grow or function properly on our crowded islands without better rail infrastructure. We need that for both passengers and freight, and we need investment in our environment to reduce carbon emissions. That should be done by extending our rail infrastructure.

Renationalisation was a Labour manifesto commitment, and we accept the Government's right to implement it. But, by asking the questions I have outlined—and some more—we will seek to probe the crucial details of the Government's vision for rail and to find out how it will work in practice. We hope that constructive probing will improve the final result.

7.22 pm

Lord Moylan (Con): My Lords, I congratulate all those who made their maiden speeches in this debate. They made excellent speeches and will make a great contribution to the House in the future. The noble Lord, Lord Cryer, referred to 1920s capitalism. I look forward very much to having a drink with him one evening, I hope, and discussing the very different attitudes that capitalism had to free markets in the 1920s. I remember that Lord Ashfield, who chaired and brought together the London Transport system in the private sector over a period of 30 years, could hardly bring himself to use the word “competition” in his shareholder letters. If he did, it was always coupled with the adjective “wasteful”, normally following the verb “eliminate”: “We must eliminate wasteful competition”, he said quite nakedly to his shareholders. His attitude to free markets and that of Mrs Thatcher must be regarded as two very different aspects of capitalism, not easily confused.

I also welcome the Minister to her place, and I thank all who contributed to the debate. It is invidious to mention any names, but I want to select the speech of my noble friend Lord Young of Cookham, who set out with great lucidity the problems that privatisation was meant to address. If privatisation has to a degree failed, by whatever measure we choose to apply to it, his essential point was that the problems have not gone away. They are essentially the same problems, and the Government will have to come up with different solutions to them. So far, we have seen nothing of that.

We can all agree that reform of the railways is necessary to some degree. The last Government initiated that process with the Williams review, which contained many detailed recommendations—on fares, ticketing and other matters, for example—that I imagine will appear in the promised rail reform Bill next year, or whenever it appears. Given that it is several years since Williams reported, I am surprised that the Government need a further year to bring that Bill forward. My fear is that, as with the last Government, the complexities involved may be so great that we never actually see it and that, importantly, today's Bill, far from being an interim measure, could end up being a sort of permanent state.

The Williams review was widely welcomed cross party, and the part of it that is most relevant to this debate and the Bill is concerned with the structure and franchising of the railways. As referred to by the noble Baroness, Lady Pidgeon, the model envisaged by Williams was based on a successful model used by Transport for London for all its services, other than London Underground, which is directly provided. That model differs from the current arrangements for national rail. The key difference is that the fares risk is carried by Transport for London, in contrast to the rail

privatisation model, which sought to transfer that risk to the train operating companies. That aspect of rail privatisation has never worked well, because it turns out that fares risk is closely linked to the economic cycle: as the economy booms, more people take trains and, if there is a recession, fewer people do so and the fares fall. That is a well-demonstrated economic phenomenon, but the train operating companies are totally incapable of managing it; they cannot manage the economic cycle.

As each franchise has been renewed over time, we have seen the Department for Transport agreeing contracts and franchises whereby more and more of the fares risk remains with the Department for Transport and, therefore, with HM Treasury. This process was brought to its ultimate logical conclusion by the pandemic, when there were no fares at all and all the fares risk was transferred to the Department for Transport, where it has largely remained under the contracts that have been renewed since then, even as passenger numbers have picked up, with the fares going straight to the Government.

By contrast, the TfL model leaves the private sector responsible for managing the risks that it is actually equipped to manage. For trains, buses and trams, this means having them in the right place at the beginning of every day, pointing in the right direction and with the appropriate staff on them, to an agreed standard of cleanliness—all the things that train operating companies are good at managing. If they fail to manage them properly, they receive a financial penalty. This system demonstrably works, which is no doubt why its adoption on national rail was recommended by Keith Williams as a former TfL board member, as indeed am I.

However, that was not what the unions wanted. I do not like to bring the unions into this after the minatory comments of my noble friend Lord Balfe—I am actually quite friendly towards trades unions—but I want him to reflect for a moment that one of the objectives of the unions and one of the consequences of the Bill is that, if there is a national strike on the railways in the future, his ability to get to Cambridge by one of the three alternative lines that currently serve him, and which allow him to escape the effects of a strike on one line, will be taken from him. He would be marooned in Cambridge and unable to put his services at the disposal of your Lordships' House if there were a national strike, which is of course the power that the trades unions would like to be able exercise.

That part of the Williams prescription has been junked, and instead the phrase “single employer” has crept into the debate, appearing in Labour documents. There is to be a single employer with single terms and conditions; that is a very different thing from Williams and does not have cross-party support. We are moving from a tried and tested system, recommended by Williams and tried and tested by TfL, to one that is not tried and tested at all—or, if it was, it was in the period of the Attlee Government and the 1950s. The Government run the risk that the logo of Great British Railways will be the curly British Rail sandwich, which some of us are old enough to remember.

The logic behind the Bill is not without merit—there is a case for it—and it is that the network effects of the railways require a single controlling brain, but that single controlling brain largely exists at the moment. Following the scrapping of the Strategic Rail Authority, it sits explicitly in the Department for Transport, which awards the franchises, runs the system and is the controlling brain. The creation of Great British Railways is an admission that the Department for Transport has failed in that role. But having a single controlling brain does not necessarily mean that you need a single operating arm, as TfL illustrates.

There are logical inconsistencies in the Bill's approach, the first of which relates to devolution. If there is an argument for a single brain to control a single national network, how does that fit with devolution? As several noble Lords have asked, how does it fit with a system whereby, in London, the most congested and busiest part of the network, you will have two competing networks? You will have a network run by TfL, using the private sector, and a network run by Great British Railways, often with services on the same tracks, from which the private sector is going to be banned. How can the private sector be unacceptable on some services on those tracks but perfectly fine on others?

The Government have no coherent answer to the question about London or what they are going to do. They could say that they will just leave it alone and not do anything with it, but of course the mayor has been accreting responsibility to himself for additional lines in London over time and he wants more—and there is an argument that he should have more. Are we to see a moratorium on the movement of responsibility for lines from Network Rail to the mayor? Is it all going to be frozen just as it is? Are we going to allow that process to continue, or are we going to reverse it in the interests of having a single controlling brain and the logic that exists behind Great British Railways? We have absolutely no idea. Even if all the services provided by TfL were not provided by the private sector, the logical question of having two different brains would still arise.

The other problem is to do with open access. The Government say that they are in favour of open access, but logically they should not be if they believe in a single brain and a single operating arm. Many of us are sceptical about whether they are truly committed to open access. On the other hand, as my noble friend Lord Young of Cookham pointed out, in the European Union open access has been pursued with great vigour in recent years under European Union law that has mandated it. Incidentally, the direction that we are going in is a Brexit bonus—I do not think that the Government have fully appreciated the difficulties that they would have had with this enactment if we were still a member of the European Union.

We have a report here, published only in August by the European Commission, on the benefits that have accrued from open access. It finds that

“where competition is more mature, the following effects could be noticed ... Lower fares ... Potential cost reductions ... Increased frequencies”

and improved services. Specifically on fares, the report says:

[LORD MOYLAN]

“On average ticket prices have decreased by 28% on the selected case studies due to a non-incumbent operator entering the market”.

The Government have decided to turn their back on all that. Perhaps the cool reception that the Prime Minister had when he met Mrs von der Leyen not so long ago followed his explaining to her that he was about to exclude from access to British railways the many European companies that operate on them already and might want to bid for services in future. That might explain a great deal—I do not know.

As the debate has made clear—the Government have not really denied it—this is a rushed Bill. The result of that, as we are told in the impact assessment that accompanies it, is that there has been no time to look at alternative models. It says:

“The Bill has been prepared to enable swift delivery of a Government manifesto commitment”—

not to improve matters for passengers—

“As such, it has not been practicable for the Department to undertake the usual long-listing process”

of options that might be legislated for instead. That is what we are getting: a rushed Bill with no alternative solutions. Yet the debate today in your Lordships’ House has indicated an appetite for that.

I have tried to address the broad principles underlying the organisation of the railways. It has been suggested that this is a trivial and tiny Bill and that all the serious discussion will happen in a year’s time, or whenever the rail Bill comes. But actually, as the debate has made clear, this Bill is pregnant with huge consequences for the future, which is especially true if it gets pushed off further and further into the future. Even if the Government meet their timetable and have a Bill in front of your Lordships’ House 12 months from now, it will still take several years to implement it in practice. What we are setting up today could be the shadow arrangements that we live with for many years—but we have heard no serious discussion from the Government about issues such as performance monitoring and accountability.

I have mentioned devolution and open access. We do not understand where the investment is going to come from in future, a question repeatedly asked by noble Lords. At the end, the noble Baroness on the Lib Dem Benches brought in the important question of industrial relations and terms and conditions, but we do not know how that will work when people are TUPE-ed across to government employment. What is the cost of that going to be and how is it going to be affordable? Furthermore, what is the consequence of bringing the pension liabilities of the train operating companies over on to the government balance sheet, and what effect will that have on public finances?

There is an opportunity for us to discuss all those things in Committee, and I look forward to doing that when the time comes in a couple of weeks.

7.38 pm

Baroness Blake of Leeds (Lab): My Lords, I thank everyone who has participated in this very rich debate. I pay particular tribute to our three excellent maiden speeches. Well done to all three noble Lords. The reputation of the noble Baroness, Lady Pidgeon, on

the London Assembly comes before her; I know that she is a fearsome scrutineer, and I very much look forward to working with her.

I have to be honest: the noble Lord, Lord Grayling, has brought back some very painful memories. The last one concerned Leeds Bradford Airport—he was so positive about us getting a station next to it. Unfortunately, as I am sure he is aware, it is still on the drawing board. It reminds me that when I became leader of Leeds City Council, I had no idea how much of my time would be taken up discussing rail. Transport, yes, but rail: it was quite an extraordinary time.

I really welcome my noble friend Lord Cryer and thank him for his wonderful speech. Of course, coming from West Yorkshire, I took my kids on the Keighley and Worth Valley Railway. I worked very closely with my noble friend’s mother, for whom I have the hugest admiration; she is such a strong and powerful advocate of support for vulnerable women in particular.

Before I move on, I want to reference the narrow scope of the Bill. Of course, we will explore many of the issues in Committee, but I ask for patience: a lot of the debate will take place on the main Bill when it comes forward. As we have heard, this is one of the first major pieces of legislation from this Government, delivering a manifesto commitment, and I feel very privileged to speak for the Government at Second Reading. I am very grateful to all Members who have given their support to the Bill, while raising very pertinent questions. I welcome the comments of the noble Baroness, Lady Jones, the noble Viscount, Lord Hanworth, my noble friends Lord Faulkner and Lord Liddle, and many others. Of course, I am also very grateful for the support of my noble friend Lord Hendy.

Going back to the beginning of the debate, I thank the noble Lord, Lord Bradshaw, for exposing the problems and all the good points he made. I thank my noble friend Lord Faulkner for recognising that the Bill’s being introduced so early in the legislative cycle is a real demonstration of the Government’s commitment. Obviously, we would like to continue the briefing sessions we have had thus far. Several speakers have questioned the case for public ownership, and we acknowledged and expected that. I will keep making the point that the privatised railways are simply not delivering for passengers or taxpayers. We cannot keep doing the same thing over and over again and expect a different result.

I am afraid that a culture of failure has been tolerated, although I acknowledge that there are exceptions, as raised by the noble Lord, Lord Balfe. Our approach has clear public support. Just last month, a YouGov survey found that 66% of people nationally agree that railway companies should be run by the public sector, and only 12% favoured private operation, as referenced by my noble friend Lord Browne. As we have heard, there is broad consensus about the need to end the current fragmentation and refocus the whole railway system on serving passengers and freight users. The Williams Rail Review, which we have heard about, commissioned by the noble Lord, Lord Grayling, shared these aims, and Keith Williams himself agrees that public ownership should deliver better integration.

My noble friend Lord Liddle hit the nail on the head regarding the delays in implementation: simply too many years have gone by with no action. We have had so many reviews, and now I am delighted that we are here talking about how we can start to move things forward. I have outlined some of the progress that has already been made in public ownership, turning around the performance of franchises that have failed in private hands. Public ownership means that the whole railway can pull together for the benefit of passengers, instead of different companies, as we have discussed. Public ownership will also pave the way for the wider railways Bill and for Great British Railways, properly integrating track and train. I do not think we can repeat this point enough. This would simply not be possible under franchising, or even under the concession model operated by Transport for London, as outlined by the noble Baroness, Lady Scott.

I shall give a few examples of what an integrated, publicly owned railway might mean in practice. First, we are looking at decisions about when to close the railway for essential maintenance—this can be so chaotic. It needs to be planned in a joined-up way, taking account of the needs not only of the engineers and those doing the work, but also the needs of passengers, minimising both the cost and the disruption involved.

Secondly, it will allow us to fix the delay attribution regime, which has created a wasteful industry of arguing over who is to blame for delays and moving money between Network Rail and train operators to compensate. Great British Railways will focus on identifying and tackling the causes of delay, making services more reliable.

Public ownership will allow us to address the overcomplicated fares system. We have heard several comments about the fares system today. It confuses passengers, erodes trust and actually turns people away and prevents them taking the services that they could and should take. It will help us avoid repeating the unintended consequences of franchising. As an example of the waste and inefficiency, I point out that at least four passenger train operators each has its own train crew depots in Newcastle alone, duplicating the costs of mess-rooms, management teams and other overheads. Keith Williams's review found that there were around 75 different types of passenger train. This is an inefficient way to run any transport system and means that there is no consistency for the passenger. Such examples are repeated right across the system.

My noble friend Lord Faulkner gave a great exposé of what needs to be done to achieve modal shift: how we actually persuade people to get out of their cars or not to take the domestic flight. On integration, railways have been in a difficult environment for so long. Again, I was very pleased to meet my noble friend in Leeds for the first time, at the Middleton heritage railway—his passion for that came through in the debate today.

The noble Baroness, Lady Pidgeon, raised important points about the accessibility of the railway and the inconsistent assistance offered by different train companies. I have heard the noble Baroness, Lady Brinton, speak on the subject before: her passion and determination to make progress are touching and informative, and I really that hope everyone stopped to listen. Another

unintended consequence of the fragmented system is that it can be so much more difficult than it needs to be, especially for disabled people. She raised important points about accessibility and, most importantly, the inconsistent assistance offered by different train companies.

Although there has been some improvement over the last few years—for example, the new two-hour booking window for assistance and the Passenger Assistance app—the proliferation of different booking systems means that, too often, customers still do not get the assistance that they have booked, and certainly do not get the assistance they deserve. This issue exists across all areas, including the number of different train designs, which all require different adjustments from disabled people. Over time, public ownership will allow us to meet passengers' needs in a more coherent, consistent way.

I was disappointed that the noble Baroness, Lady Grey-Thompson, was unable to attend the beginning of this Session, but I am delighted she is here today. Her extraordinary commitment is a testament to the power required to bring the change we need. I know the Rail Minister has met with her about her recent experience, and I pay tribute to her for raising the public profile through what happened to her. It is so important that these stories are told, heard and, most importantly, acted on. As we know, the train operator concerned, LNER, is conducting a formal investigation into that specific issue. I also know that the Secretary of State and the Rail Minister will take a keen interest in ensuring that the findings are fully and swiftly acted on.

Baroness Brinton (LD): Will the Minister agree to meet both of us to discuss other issues, such as the apps and the inconsistencies between the train companies? Things are not quite as shiny and rosy as she was describing them.

Baroness Blake of Leeds (Lab): My apologies. I was not trying to make things out to be shiny and rosy; I was just trying to say there was a proliferation of different types. I would be delighted to meet with both noble Baronesses.

I also reassure the noble Baroness, Lady Brinton, that Clause 2 simply provides that services must be secured by awarding a contract to a public sector company. It does not prevent us from improving services or terms if needed. There is nothing to prevent services being changed for the better when they come under public operation.

We have heard a great deal about actual performance. I will pick up on the aspects raised by several Members today. The noble Lord, Lord Young, made comments about strikes, for example. Every time the noble Lord, Lord Balfé, speaks, I think we pay tribute to his experience with the unions and the issues they bring. The noble Lord, Lord Whitty, also asked questions on this subject. The approach has to be to work with the trade unions rather than against them. As the experience of the last few weeks has shown, we have already drawn a line under two years of industrial action, allowing train operators to get on with delivering the improvements that are so badly needed. It is not rocket science and it needs to be recognised and taken seriously.

[BARONESS BLAKE OF LEEDS]

We have heard about the impact on private investment. The noble Earl, Lord Effingham, raised his concerns about this. I do not believe the premise that the approach will stifle private sector investment. Since the start of the Covid pandemic, the costs of operating franchise passenger services have been borne by Government, not by private train operators. That means that private operators no longer fund their own running costs or investments. We have to really ask ourselves how much real private investment is coming in at the moment, and of course we need to encourage it where we can. I have already highlighted the financial savings to the taxpayer from no longer paying fees to private operators. Public ownership will improve services while reducing the cost to the public purse. I absolutely acknowledge my noble friend Lord Berkeley's comments about value for money.

I draw attention to my noble friend Lord Liddle's comments about transparency, oversight and scrutiny. I reassure him that the contrast is published so it can be seen. I am more than happy to circulate a copy to anyone who would like to see it.

The noble Baroness, Lady Scott of Needham Market, raised the issue of staffing when services transfer. To operate services successfully in the public sector, it is vital that existing staff transfer with them. The regulations—commonly known as TUPE—are designed to achieve this outcome, preserving key terms and conditions for staff as they transfer. These regulations will apply to future transfers from private to public operation, as they have done previously. There might just be a small number of people who do not transfer, as we have heard—for example, if they are seconded into a train operator from another employer. This process, combined with the expert staff already working in DOHL, will ensure that both strategic and operational roles are filled by people with the right experience to succeed. We have heard fears expressed around continuity, and I hope my answer undermines that point of view. Continued access to the railways pension scheme will also be assured, as it has been in previous transfers to public sector operation.

Many points have been raised in the debate about the Government's plans for reform beyond this short Bill, including the arrangements for Great British Railways. I know that Ministers will enjoy debating these issues further with noble Lords and others as we develop our plans and once the further railways Bill is before your Lordships' House. Although that debate is for the future, I am grateful for the views expressed today. I reassure the noble Lord, Lord Moylan, that the appetite for this debate is real and urgent; we can feel the great enthusiasm for moving the agenda forward.

I also reference the comments made by my noble friend Lord Tunnicliffe around growth and how we can bring all these issues together. The issues that the noble Lord, Lord Moynihan, raised about sustainability, ecology and other environmental matters will be fundamental.

I will give some more reassurance: Great British Railways will be operationally independent, with day-to-day decisions made by professionals and experts, not politicians. It will not mark its own homework. Our proposals will ensure sound oversight, and we will consult on them so that noble Lords and others can consider them and share their views. The Office of Rail and Road will continue in its role as safety regulator, building on its world-leading record in this area.

Let me also reassure my noble friend Lord Tunnicliffe and the noble Baroness, Lady Randerson, that we are proceeding with this Bill first so that we can start the process of bringing train services in-house. As I have said, it is expected that the Bill will come forward in this Session when parliamentary time allows. It is a priority. Again, I reassure my noble friend Lord Tunnicliffe of the wider issues that will come together when we discuss this.

There has been a great deal of concern about freight. The Bill sets out specifically to end the franchising of passenger services, so it has no impact on rail freight. However, there is a crucial future role for freight businesses, so the railways Bill will require Great British Railways to enable the growth of rail freight. The Secretary of State will set an overall freight growth target to ensure that it remains a key priority.

Many issues were raised about this not being centralised and the fact that devolution is absolutely critical. I will comment on my noble friend Lord Whitty's concern about passengers as consumers. The proposed passenger standards authority should help to reassure the voice of passengers, as we have said all the way through.

I think we have dealt with the constraints of the contracts put in place for poorly performing operators, such as Avanti. I assure the House that the Secretary of State will not hesitate to act if the contractual conditions for early termination are met. We cannot burden the taxpayer with the cost of compensating private operators for otherwise ending their contracts early.

I am absolutely sure that we will come back to discussing rolling stock in Committee. I recognise the concerns raised and comments that have been made. I thank my noble friend Lord Hanworth for his contribution and reassure my noble friend Lord Snape that we are not bringing rolling stock back into public ownership.

Once again, I thank all those who have spoken today for their thoughtful contributions. It has been encouraging to hear the broad consensus in favour of industry reform to put the passenger and freight user back at the heart of our railways. I am pleased to be here today to get the reform on track. This Bill will allow us to start bringing services back into public hands, providing the strongest possible foundation for our wider programme of reform.

Bill read a second time and committed to a Committee of the Whole House.

House adjourned at 8.02 pm.