

Written evidence to the Enterprise and Business Committee about the Wales and Borders Rail Franchise Charter – 4 February 2015

Background

In December 2013, I welcomed the Committee's recommendations contained in its Charter for the future of the Wales and Borders Franchise.

Under the current arrangements, many of the issues raised by the Committee are the responsibility of the Secretary of State for Transport as the franchising authority for passenger rail services. The announcement at the economic investment summit in November to transfer executive responsibility for Welsh rail franchising to the Welsh Ministers is welcome progress in achieving a more equitable devolved settlement for rail services.

The Silk Commission recommended that there should be further devolution of powers to Wales reflecting the devolved settlement in Scotland. This remains our ambition, including responsibility for setting Network Rail's priorities and funding in relation to the Wales Route. In the light of the Smith report following the independence referendum in Scotland, our objective remains that Welsh rail devolution should be as extensive as the new settlement being proposed for Scotland.

Specifying and awarding the next rail franchise will be a significant step forward. It will offer us an opportunity to design Welsh rail services that more fully contribute to an integrated public transport system to better support our wider economic and social ambitions.

I accept that public involvement is essential for on-going management of both the current and the next rail franchise. The quality of the service we deliver to passengers must be at the heart of decision making for rail services in Wales. The decision to maintain services to Fishguard Harbour and the introduction of improvements on the Heart of Wales and Cambrian lines are testimony to our commitment to listen to the needs of passengers.

Progress

One year on from the publication of the Charter and in response to the Committee's first recommendation, we have made significant progress with the UK Government in determining our future role in rail franchising.

The conclusions of the work that has taken place between the Department for Transport, Wales Office and Welsh Government over the past twelve months is a clear commitment that decisions about the next Welsh rail franchise will be taken by the Welsh Ministers. We have established framework setting out the work that needs to be undertaken to ensure a smooth transfer of responsibility for rail franchising by early 2017.

Modernisation

The funding agreement between the Welsh Government and Department for Transport announced in November enables us to proceed with work to modernise the Valleys Lines infrastructure. This will create the conditions necessary for planning rolling stock requirements across the Welsh rail network.

Modernisation of the existing rolling stock operated in Wales under the current franchise is the responsibility of train operating companies. They are required to secure and operate appropriate rolling stock on our railways in line with requirements set out in our franchise agreement.

In acknowledging the Committee's recommendation to develop and publish a rolling stock strategy as a matter of urgency, I have had useful meetings with both rolling stock leasing companies and rolling stock manufacturers. I will maintain this dialogue to ensure that appropriate action is taken to ensure rolling stock in Wales is compliant with the Persons of Restricted Mobility (PRM) requirements by 2020 and is able to meet expected future passenger demand.

The Committee's third recommendation highlighted the need to ensure that the Welsh Government has the right staff with the required experience and specialist skills to develop and deliver the new franchise and the necessary rolling stock.

I recognise the need to base the development of rail routes and services on a detailed understanding of passenger flows within and outside of Wales as well as the passenger demand our rail services will need to meet into the future. In 2015 we will continue to enhance the skill base within my department and secure access to the key evidence needed for the continued effective management of the Wales and Borders franchise.

Delivery model

In December, I announced that I am establishing a not for dividend wholly owned subsidiary company of the Welsh Government, as a key part of our approach to delivering a more effective integrated transport system in Wales. This company will, in its first instance, concentrate on providing advice and technical expertise to drive forward the linked projects of the Metro, specifying and procuring the next Welsh rail franchise and the implementing the Valleys Lines modernisation project.

This new company will enable me to bring in the technical and commercial expertise necessary to augment my department in delivering these exciting projects.

Other services

The Committee highlighted the need to work constructively with the UK Department for Transport to ensure Welsh interests are reflected in the procurement of new franchises more widely, not least the Great Western and West Coast Franchises. In addition to focusing on the Wales and Borders franchise, I am

taking a proactive approach in discussions with the Department for Transport to ensure that long distance rail services operated by other franchises meet the needs of people travelling to and from Wales. Connectivity between Wales and key urban and economic centres in the rest of Great Britain are fundamental to our economic success.

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