

# **WRITTEN EVIDENCE TO THE NATIONAL ASSEMBLY FOR WALES' ENTERPRISE AND BUSINESS COMMITTEE ON THE FUTURE OF THE WALES AND BORDERS PASSENGER RAIL FRANCHISE**

## **Introduction**

1. The railway provides an important means of connectivity to serve the needs of businesses, people and communities and supports both passengers and freight.
2. The Welsh Government wants a modern, accessible and affordable rail system serving the people of Wales. Responsibility for rail services and rail infrastructure is not devolved but the Welsh Government has taken an increasing role in this field.

## **Current Wales and Borders franchise**

3. The Wales and Borders franchise was awarded to Arriva Trains Wales in 2003 by the Strategic Rail Authority for a 15 year period. The franchise sets out the services and service standards that Arriva Trains Wales are expected to deliver.
4. The franchise operation is paid for in part by income that the franchisee generates and in part from a substantial government subsidy. In 2012/13, the total income for the franchise was around £290m, of which over half comes from Welsh Government subsidy.
5. The Welsh Government has been responsible for the management of the Arriva Trains Wales franchise, through a Joint Parties Agreement with the UK Department for Transport, since 2006.
6. The UK Government transferred funding for the Arriva Trains Wales franchise to the Welsh Government in 2006/7 at a level sufficient to cover the baseline franchise. This did not provide for the growth in demand we have experienced on the Welsh network, where the Welsh Government has subsequently provided funding in order to bridge the gap between the capacity provided to us in the franchise and the capacity customers require.
7. There has been a significant expansion in both service capacity and passenger numbers in the Wales and Borders franchise area since 2003. Between 2003-04 and 2012-13 the 'train kilometres' for services provided by Arriva Trains Wales increased by 31 per cent, including services on the re-opened lines sponsored by the Welsh Government; for example to Ebbw Vale Parkway, and the Vale of Glamorgan line. Over the same period the number of 'passenger journeys' on these services increased by 61 per cent. On key performance indicators, performance has increased over the same period. Firstly for customer satisfaction, in terms of passengers whose overall opinion of their journey was 'satisfied or good'; this measure rose from 79 per cent of passengers in Spring 2004 to 88 per cent in Spring 2013. And secondly the 'public performance measure' of punctuality (the train arriving within 5 minutes of its scheduled time) which rose from 81.8 per cent in 2003-04 to reach 95.4 per cent during the first quarter of 2013-14.

## **Future of the Wales and Borders franchise**

8. The current Wales and Borders franchise comes to an end in October 2018. Under current legislation, the Department for Transport remains the franchising authority for the Wales and Borders franchise and are responsible for letting the next franchise. The Welsh Ministers' interest in the franchise is acknowledged in the legislation and the Railways Act (2005) makes provision to this effect.
9. The new franchise offers the opportunity to shape a specification which reflects the pattern of use that has developed and the basis on which to enhance Wales' economic competitiveness.
10. As was indicated in our evidence to the Silk Commission, discussions about the possible devolution of further powers in relation to rail and the appropriate financial settlement have started with the Department for Transport. In parallel I have instructed my officials to explore all options for the franchise model that could be adopted.
11. Regardless of the scope of our role in letting the next Wales and Borders franchise, the Welsh Government will set out its priorities for the next franchise including service expectations and the quality standards and the model of the franchise that we want delivered. It is important however that this is aligned with a proper funding settlement from the UK Government.
12. The Committee's inquiry comes at a crucial time and I am keen to ensure that the lessons that you draw from the evidence you gather inform our future approach.

**Edwina Hart MBE CStJ AM**  
**Minister for Economy, Science and Transport**