



Eich cyf/Your ref Petition P-05-780
Ein cyf/Our ref KS/03254/17

David John Rowlands AM
Chair - Petitions committee.

government.committee.business@wales.gsi.gov.uk

| October 2017

Dear

David,

I am writing in regards to the Petition P-05-780 to Reopen Carno Station.

Despite the Commission on Devolution in Wales recommending devolution of funding for rail infrastructure, the powers, funding and responsibility for the development of rail infrastructure in Wales is reserved to the UK Government.

The Welsh Government currently receives no funding from the UK Government for new rail infrastructure through its core block grant. In recent years, the UK Government has allocated only around one and a half per cent of total spending on rail enhancements in Wales.

The UK Government continues to refuse to transfer the responsibility for delivery in this area.

In light of its responsibilities for the funding rail infrastructure, the UK Government periodically issues a competitive bidding process for the development of new rail stations. Bids for funding can be proposed by a number of bodies including the Welsh Government, local authorities and private developers.

The Secretary of State for Transport, based upon the advice from the Department of Transport, determines those projects for which it wishes to fund for development, against a set of award criteria. The Welsh Government has no role in the award of that funding. In general terms the award of funding will be made for those projects that demonstrate the most robust business case for investment. Proposals for stations that do not have such an outline business case or demonstrate a relatively weak business case will be at a disadvantage in such a competitive bidding process.

The development of a robust business case to support a proposal for a new rail station can be both lengthy and expensive.

We have therefore developed a methodology to accelerate the development work that is needed to establish a project pipeline so that, when UK funding opportunities occur, there are Welsh projects at an appropriate stage of development that can be submitted for consideration and stand the best possible chance to secure funding.

Proposals for 46 new stations have come forward from a range of sources including the National Transport Finance Plan (2015). A methodology has been developed for assessing proposals for new railway stations which can be applied in a cost effective and proportionate way, and follows a three-stage approach.

The three stages are:

- Stage 1 – An initial sift of the stations identified using the Welsh Transport Appraisal Guidance (WelTAG) criteria and consideration of the Well-being and Future Generations (Wales) Act 2015 goals.
- Stage 2 – Application of a standard assessment model to assess the anticipated demand, a preliminary assessment of the strength of the financial and economic case for a new station and advice from Network Rail on deliverability and operational considerations. This stage will be done using a combination of in-house resources and external technical assistance.
- Stage 3 – Development and assessment of the highest priorities including a WelTAG Stage One Report, business case and Network Rail's Governance for Railway Investment Projects (GRIP) process.

Stage 1 of the process involved an initial sift of potential proposals across the whole of Wales to prioritise further work and better manage the process and match to the available resource. Stations prioritised from the Stage 1 assessment will be taken forward to Stage 2. Prioritising station proposals through this process means that the more costly work on producing detailed cost estimates for a new station and timetable modelling is carried out in a focussed manner.

This is however an on-going and iterative process, focussing firstly on the first 12 stations that are able to demonstrate the strongest viable business case and that we consider to be in the strongest position to compete for funding calls by the UK government.

We have adopted a regional approach to ensure that all parts of Wales will have an opportunity to benefit in the event of funding becoming available for new stations.

In Mid Wales, Bow Street was due to be progressed under this process. However, with the success of the bid for development funding for Bow Street (under the Department for Transport's New Station Fund), it will no longer be taken forward under the assessment process described above. This development has allowed me to include Carno in the current round of stage 2 assessment. This involves obtaining information from Network Rail on deliverability and operational considerations on the prioritised stations. In addition, a standard assessment model is being run to assess the anticipated demand at the proposed stations.

I have asked my officials to engage the Carno Station Action Group as this Stage 2 process progresses. For your information, I have attached the letter which I will send to Carno Station Action Group on this matter.

While this work by the Welsh Government does not guarantee funding will be made available for new station proposals, it will ensure that those with the best chance of succeeding are best placed to access funding from the UK Government.

Yours ever,



Ken Skates AC/AM

Ysgrifennydd y Cabinet dros yr Economi a'r Seilwaith
Cabinet Secretary for Economy and Infrastructure

Enc: Letter to Carno Station Action Group