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**Cynulliad Cenedlaethol Cymru**  
Pwyllgor yr Economi, Seilwaith a Sgiliau

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**National Assembly for Wales**  
Economy, Infrastructure and Skills Committee

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Nick Ramsey AM  
Chair of the Public Accounts Committee  
National Assembly for Wales  
Tŷ Hywel  
Cardiff  
CF99 1NA

10 October 2017

Dear Nick

### **On the Right Track? The Rail Franchise and South Wales Metro report**

The Assembly's EIS Committee published its report *On the Right Track? The Rail Franchise and South Wales Metro* in July 2017, and on Wednesday 27 September, we were able to debate the report in the Senedd.

The work that the WAO has already done, notably in the Auditor General for Wales's September 2016 report *Welsh Government investment in rail services and infrastructure*, and the briefing Huw was able to provide to the Committee as we started our work, was an invaluable resource for us. And we are also grateful for the note from the Public Accounts Committee which highlighted a number of issues for us to scrutinise further in our work.

In our report, as a direct result of your input, we noted our concerns about the value for money dimension of the new franchise.

#### ***Conclusion 15***

*In the context of the AGW's recommendation, the Committee recognises the difficulties involve in benchmarking procurement of the franchise element of the contract (i.e. excluding the Metro) against other franchises. However, it does not*



*accept that it will be impossible for the Welsh Government to demonstrate the relative value for money of the franchise element against the current Arriva Trains Wales franchise. Given the significant uncertainty around the procurement process we believe it will be particularly important for the Welsh Government to demonstrate value for money.*

***Conclusion 16***

*The Committee will write to AGW and Public Accounts Committee sharing our concerns around value for money and supporting any plans to undertake further work on the process after it has been completed.*

The Welsh Government's formal response to the report – published prior to the debate – has added little to what had been said during both the Wales Audit Office's work and in our initial evidence gathering. They remain of the view that the competitive dialogue process itself will drive value for money.

So I am writing to thank you for your input to our inquiry, and to indicate that given the scale of this contract and the risks involved in the procurement we would support further scrutiny of the value for money question once the franchise tender has been awarded, and we know what has been procured, and how much it will cost.

Best wishes,

A handwritten signature in black ink, appearing to read 'Russell', with a large, stylized initial 'R' and a horizontal line underneath.

**Russell George AM**  
**Chair**  
**Economy, Infrastructure and Skills Committee**

