

## Agenda – Enterprise and Business Committee

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Meeting Venue:	For further information contact:
<b>External Location</b>	<b>Gareth Price</b>
Meeting date: Thursday, 28 January 2016	Committee Clerk 0300 200 6565
Meeting time: 08.45	<a href="mailto:SeneddEcon@Assembly.Wales">SeneddEcon@Assembly.Wales</a>

### Glyndŵr University, Wrexham

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#### Private pre-meeting (08.45–09.00)

#### 1 Introductions, apologies and substitutions

#### 2 Inquiry into the Priorities for the Future of Welsh Rail Infrastructure

(Pages 1 – 35)

Attached Documents:

Rail Infrastructure Background and Terms of Reference

Research Brief

#### 2.1 Inquiry into the Priorities for the Future of Welsh Rail Infrastructure – business and rail interest groups

(09.00–10.00)

(Pages 36 – 64)

Iwan Prys Jones, Programme Manager, North Wales Economic Ambition Board

Rebecca Maxwell, Corporate Director for Economy and the Public Realm,

Denbighshire County Council

Councillor Pat Hackett, Chair, Mersey Dee Alliance

Jim Steer, Director, Greenguage 21

Attached Documents:

EBC(4)–03–16 (p.1) Evidence from North Wales Economic Ambition Board

EBC(4)–03–16 (p.2) Evidence from Mersey Dee Alliance



EBC(4)-03-16 (p.4) Evidence from Cheshire West and Chester Council

EBC(4)-03-16 (p.5) Evidence from Greengauge 21

EBC(4)-03-16 (p.3) Evidence from Merseytravel

## **Break (10.00-10.15)**

### **2.2 Inquiry into the priorities for the future of Welsh rail infrastructure – freight interest groups**

(10.15-11.00)

(Pages 65 – 70)

Robin C Smith, Welsh Representative, Rail Freight Group

Attached Documents:

EBC(4)-03-16 (p.6) Evidence from Rail Freight Group

### **2.3 Inquiry into the priorities for the future of Welsh rail infrastructure – North of England and West Midlands Rail Bodies**

(11.00-12.10)

(Pages 71 – 87)

Ben Still, Executive Director SCR CA, Transport for the North

Pete Brunskill, Stakeholder Manager (Interim) Rail North Limited

Lorna McHugh, Transport for the North and Rail North Limited

Toby Rackliff, Rail Policy & Strategy Manager, West Midlands Integrated Transport Authority and West Midlands Rail Ltd

Attached Documents:

EBC(4)-3-16 (p.7) Evidence from Rail North and Transport for the North

EBC(4)-03-16 (p.8) Information provided by West Midlands Rail Ltd

## **Break (12.10-13.00)**

### **2.4 Inquiry into the priorities for the future of Welsh rail infrastructure – train operating companies**

(13.00-14.00)

(Pages 88 – 97)

Michael Tapscott, Projects Director, Arriva Trains Wales

Roger Cobbe, Policy Director, Arriva Trains UK

Richard Rowland, Western Programme Alliance and Planning Director, Great Western Railway

John Pockett, Manager for Wales, Great Western Railway

Attached Documents:

EBC(4)-03-16 (p.9) Evidence from Arriva Trains Wales

EBC(4)-03-16 (p.10) Evidence from Great Western Railway

### **3 Papers to note**

#### **3.1 Welsh Government Budget 2016 – 2017**

(Pages 98 – 105)

Attached Documents:

EBC(4)-03-16 (p.11) Letter from William Graham AM to the Chair of the Finance Committee regarding the Enterprise and Business Committee Budget Scrutiny session with the Deputy Minister for Skills and Technology

EBC(4)-03-16 (p.12) Letter from William Graham AM to the Chair of the Finance Committee regarding the Enterprise and Business Committee Budget Scrutiny session with the Minister for Economy, Science and Transport

EBC(4)-03-16 (p.13) Letter from the Deputy Minister for Skills and Technology in response to the actions that arose in the Budget Scrutiny Session on 14 January 2016

#### **3.2 Active Travel (Wales) Act 2013**

(Page 106)

Attached Documents:

EBC(4)-03-16 (p.14) Letter from Sustrans Cymu regarding Active Travel

### **3.3 The future of Wales and Borders Rail Franchise**

(Pages 107 – 108)

Attached Documents:

EBC(4)-03-16 (p.15) Letter from the Minister for Economy, Science and Transport regarding Wales and Borders Rail Franchise

**4 Motion under Standing Order 17.42 to resolve to exclude the public from the meeting for the remainder of the meeting and the beginning of the next meeting.**

**5 Discussion of the Welsh Government response to the Rugby World Cup Transport Planning Report**

(14.00-14.10)

(Pages 109 – 113)

Attached Documents:

Welsh Government response to the Rugby World Cup Transport Planning Report

**Private de-brief (14.10-14.25)**

# Agenda Item 2

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# Agenda Item 2.1

Cynulliad Cenedlaethol Cymru	National Assembly for Wales
Y Pwyllgor Menter a Busnes	Enterprise and Business Committee
Ymchwiliad i'r Blaenoriaethau ar gyfer dyfodol Seilwaith y Rheilffyrdd yng Nghymru	Inquiry into the Priorities for the future of Welsh Rail Infrastructure
WRI 15	WRI 15
Bwrdd Uchelgais Economaidd Gogledd Cymru	North Wales Economic Ambition Board



The Enterprise & Business Committee  
National Assembly For Wales  
Cardiff Bay CF99 1NA

**Response to the Business & Enterprise Committee Consultation on Priorities for the future of Welsh Rail Infrastructure by the North Wales Economic Ambition Board**

The North Wales Economic Ambition Board ('the Board') works closely with the Welsh Government representing the 6 North Wales Local Authorities, together with the Chairs of the 3 North Wales Enterprise Zones, representatives from the Mersey Dee Alliance, the academic sector and the Private Sector through the North Wales Business Council. The purpose of the Board is the development of the North Wales economy and improved connectivity is central to achieving this.

The rail network in North Wales has seen little investment in recent decades and lags behind the rail network in other parts of the United Kingdom, especially with regard to current and planned investment in the North West of England. The result is a rail infrastructure in North Wales that does not deliver a service that meets current market requirements; it acts as a brake on economic development on both the Welsh and English sides of the border and contributes to increased congestion on an already overburdened cross border road network. The rail offer is not competitive with road and fails to encourage modal shift from private to public transport. This is a situation that cannot continue. To stimulate the full economic potential of the entire region the rail network needs to deliver faster more frequent services offering more capacity so that it becomes a more attractive transport offer. Rail must offer better services that improve connectivity with key destinations important to the economy of North Wales including the international gateways at Manchester, Liverpool, and Birmingham airports. In order to achieve this, we need a broad package of investments which includes the electrification of the network as the backbone of the transformation of our network.

These are the Board's comments from the North Wales perspective on the topics set out in the Consultation brief:

**1. High level priorities for the development of rail infrastructure to provide the capacity and connectivity necessary to support the social and economic well-being of Wales**

The North Wales railway line is a vital rail corridor linking Ireland, North Wales and northern England, as well as the key markets of south east England and continental Europe. Excellent links throughout the region, and with London and the continent are critical to stimulating economic growth. In order to facilitate this the rail infrastructure in North Wales needs the following improvements:



CYNGOR SIR  
YNYYS MÔN  
ISLE OF ANGLESEY  
COUNTY COUNCIL



CYNGOR  
Sir Ddinbych  
Denbighshire  
COUNTY COUNCIL



## **Linespeed Improvements**

The maximum speed on the North Wales Main Line (NWML) is 90 mph, with many sections restricted to 75mph. Nearly all the rolling stock used on the NWML has a higher maximum speed: Class 221 Super Voyagers: 125 mph, Class 175s: 100 mph and Class 158's: 90 mph. The restrictions on maximum line speed means that the potential of our rolling stock can't be fully exploited to reduce journey times.

One consequence of restricted line speed is that with the exception of journeys to and from London, journey times to other key destinations from North Wales are too slow to be competitive with other modes of transport. E.g. Llandudno Junction – Manchester (88 miles) 2hrs 5 mins, Llandudno Junction – Liverpool Central (61 miles) 1hr. 50 mins., Holyhead – Llandudno Junction (40 miles) 50mins. (Contrast with Manchester Piccadilly – London Euston 198 miles 2hrs. 9 mins) By way of an example, to be more competitive some services between Llandudno Junction and Manchester should be reduced to 90 minutes

Linespeed improvements on the NWML are proposed as one of the choices for funders in CP6 and the WG should support the inclusion of this in the Initial Industry Plan (IIP) and subsequently in the UK Government's High Level Output Specification (HLOS) for the next rail, industry planning period.

The current assumption of Network Rail is that signal upgrades along the North Wales coast will facilitate maximum speeds of 100mph on sections of track. New trains for new franchises elsewhere will have the capability of 120mph maximum speed. Planned upgrades for the North Wales line are based on today's trains, not those of tomorrow introducing a constraint for future development..

## **Increased Capacity**

More passenger capacity on trains, and more capacity at the right time to meet passenger demand is needed at peak periods. The current levels of over crowding on peak services are a deterrent and suppress demand, especially on the Llandudno – Manchester Piccadilly service. Faster trains will increase this demand further and therefore more rolling stock is needed to reduce overcrowding.

The proposed (and committed) signaling upgrade along the NWML would allow more trains to run giving additional capacity, so it is disappointing that the Phase 1 signaling upgrade planned for part of the NWML has been delayed, possibly until 2019. The WG through its relationship with Network Rail must ensure that there is no further delay and that the benefits of upgraded signaling are delivered as soon as possible. The Phase 2 signaling upgrade between Llandudno and Holyhead must remain on schedule for completion in CP6.

The Signaling upgrade benefits can only be fully exploited if linespeed improvement work is also implemented. This adds to the importance of linespeed improvements becoming part of the HLOS for CP6.

If full advantage of these investments is to be achieved and more services are to be run along the North Wales Main Line more rolling stock will be needed. The DfT have indicated that the next Wales & Borders franchise must be planned around the existing fleet of 128 trains. This will constrain the potential benefits from increased network capacity and limit the capacity for new services from North Wales to Liverpool, Manchester and their airports. Investment in rail infrastructure and investment in suitable rolling stock availability are directly linked and having one without the other reduces the impact of investment considerably. Arriva Trains Wales are already constrained by the shortage of diesel rolling stock and the limitations this places on providing additional services. In the face of increasing demand for rail travel and with more services in North Wales needed, rolling stock must not be a constraining factor.

With regard to rolling stock, North Wales has the aspiration to develop tourism traffic arriving by rail and this should generate a specification for rolling stock that delivers wi-fi, good facilities for long distance (toilets and catering) and ample space for luggage. This will also meet the needs of the region's universities (Bangor and Glyndwr) who are concerned at the poor quality of the rail services for the region affecting their competitiveness in attracting students and academic staff. Good quality rolling stock is also essential for making a good impression on business people considering investment in North Wales.

Therefore the commissioner of the next rail franchise, most likely to be the Welsh Government under the terms of a devolution deal yet to be made public must have a strategy to expand and improve the quality of the rolling stock to be used in the region.

## **Electrification**

Electrification of the routes from Crewe and Warrington to Holyhead is essential, if achieving faster more frequent services along the NWML is to be achieved. The benefits of operating electrified trains were summarised by the Secretary of State for Transport: *'electric trains can help cut greenhouse gas emissions, offer a better passenger experience and are cheaper to purchase, operate and maintain than their diesel equivalents'*.

In an economic context these are the benefits that would result from electrifying the NWML:

Electrification of the Crewe/Warrington – Holyhead route will contribute strongly to the regional economy and to the national economy by adding a minimum of £400m in transport and wider economic benefits<sup>1</sup>. Faster services resulting in shorter journey times to work opens up employment opportunities in Cheshire, Merseyside, and the North West. Employers then have the benefit of having a deeper labour pool to recruit from.

Faster journey times are good for business: shortening the distance between customer and supplier increases the rate of commercial activity and attracts more companies into an area. The transport planning assumptions for the Northern Powerhouse are based on reducing journey times between Liverpool – Manchester – Leeds – Sheffield – Newcastle. Two of those cities, Liverpool and Manchester, impact on the North Wales economy and it is essential that that there is fast efficient rail connectivity between all three not just between the two cities.

Although the business case for electrifying the Crewe/Warrington – Holyhead is not strong by conventional DfT criteria, the current thinking is that that more emphasis needs to be given to the regional economic benefits that are derived by investment in electrification, a view supported by Andrew Jones MP as Chair of the Northern England Electrification Task Force. Further work is currently underway by the Board and the WG that will build on and strengthen the business case.

A more strategic view should be taken of electrification: an individual route may not have a strong business case but other considerations should be taken into account. For example, how an electrified NWML would integrate with electrified routes elsewhere and what concomitant benefits would result e.g. construction efficiencies, or rolling stock utilisation etc. North Wales cannot afford to become a dieselised outpost in an increasingly electrified national network. Therefore, North Wales needs WG to champion the case for North Wales electrification so that it becomes one of the schemes in the HLOS for CP6.

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<sup>1</sup> Economic Growth and Social Value Benefit potential from Modernisation of Rail Services in North Wales Phase 2 Report September 2014

## **2. How far Welsh Government's rail infrastructure priorities, including those in the National Transport Finance Plan, and the Ministerial Task Force on North Wales Transport report meet the needs of Wales**

The Board agrees that the priorities in both documents contribute towards meeting the needs of Wales. However, the Board would have welcomed the inclusion of Rossett – Wrexham redoubling in the NTP in the same way that redoubling of another section of line is specifically referred to under R15 page 24. The redoubling of this section also links into R16 journey time improvements North – South Wales and will be increasingly important to Wrexham by increasing rail capacity northwards to Chester, Liverpool via Halton Curve and the rest of North West England.

The Board also welcomes the consideration of new railway lines under R18 in the NTP and would request an active engagement with the WG regarding the process for proposing candidate schemes.

The Board wishes to see the same importance and priority given to NWML electrification as electrification schemes in South Wales. There should be a balance between North Wales and South Wales rail investment, and in both regions it is the East – West connectivity to and from adjacent cross border regions that is of critical importance. The Board will support the WG in working towards this objective but will need the resource and the capacity to do so.

## **3. How the development and exploitation of rail infrastructure in England affects Wales, and vice versa;**

Apart from the Rossett to Saltney Junction redoubling, recent and planned investment in the north has been and will be on the English side of the border so the challenge for the WG is how to benefit from this. We are concerned that some infrastructure investments potentially dis-benefit North Wales: the Northern hub plans do not take account of North Wales services running into Manchester even though this is an important arterial route; and the route electrification in the north west and between Manchester and Leeds in the future will not have any effect on North Wales without electrification in the region.

An exception to this is the Halton Curve, which will allow services to run from central Liverpool to North Wales via Runcorn opening up employment opportunities in the south Liverpool area. This is a good example of an infrastructure development in England having a real benefit in Wales as long as through services North Wales are then provided.

HS2 will be another English infrastructure development that will have a profound impact on North Wales. However, the full benefits of HS2 will only be realised if the route from Crewe – Holyhead is also electrified. This is an opportunity for the WG to engage with HS2 Limited to explore Crewe hub planning, so that Classic Compatible HS2 trains can run through to Holyhead. Running HS2 trains through to Holyhead could have the added benefit of attracting Irish passengers from air back to rail, which in turn strengthens the business case for both Crewe – Holyhead electrification and HS2.

Without investment on rail infrastructure improvements in North Wales, the benefits of investments in North West England will not be achieved in the region. There is a compelling reason therefore, that the WG should take an active participation in Northern rail infrastructure investment discussions that impact on North Wales and *vice versa* so that decisions do not ignore cross border considerations. As it stands there is different pace of infrastructure development on each side of the border and if the *status quo* remains it could result in a two tier economy separated by the border.

**4. The impact on Wales of key planned developments in England including High Speed Rail, electrification, Northern Power House / Transport for the North, and wider devolution of responsibility for rail within England;**

The developments set out in the question above will have more of a potential impact on North Wales than other parts of Wales. However, there is a risk that without proper involvement and planning in these developments potential benefits will not be fully realised.

HS2 is good example of this. Crewe is the preferred location for the HS2 hub because it's at the centre of a number of radiating routes including to North Wales. But the current plan is that North Wales passengers will have to change trains at the Crewe hub to join high speed service to London. The need to change trains and potential delays because of timetable alignment are both reasons why the impact of HS2 on North Wales could be negatively impacted. For North Wales to feel the full benefit of HS2, Classic Compatible trains should run between London and Holyhead allowing seamless travel. Electrifying the route between Crewe and Holyhead is essential for this to happen.

The outcome of the Hendy Report has reduced the scope of electrification schemes in CP5, which means that some committed schemes such as Trans Pennine, Midland Mainline and Swansea – Cardiff electrification will now be delivered in CP6 between 2019 and 2024. Inevitably that will put pressure on Network Rail's ability to deliver other candidate electrification schemes during that period meaning that NWML electrification will possibly be deferred to a later control period. That would delay the economic benefits of electrification well into the future. Therefore, the Board would welcome WG support to ensure that that NWML electrification is also included in CP6. This is important given that North Wales needs to be HS2 ready (ie electrified) by the time HS2 arrives at Crewe as planned by 2027.

One significant concern is that the Acton Grange (Warrington) – Chester and Crewe – Chester routes only are electrified. The North of England Electrification Task Force concluded that the former was a Tier 1 route and separately the Network Rail Utilisation Strategy – Refresh 2014 classed the latter as a Tier 1 route. If electric services terminated at Chester, passengers to and from North Wales would have to change trains. Forcing passengers to change trains at Chester would have a seriously negative effect on both the English and North Welsh economy. Greengauge 21 ( a consultancy) concluded that in this scenario nearly £600mn of transport benefits and £476mn of B2B agglomeration benefits would be lost (at 2010 prices)<sup>2</sup>. Terminating electrification at Chester would make it harder to establish a viable business case for the Chester – Holyhead section at a later date. Therefore, it is essential that the WG continue to support electrification in North Wales as part of a single overall scheme from Crewe/Warrington – Holyhead.

The Northern Powerhouse concept is about increasing economic growth by reducing travel times between 5 major northern cities: Liverpool - Manchester – Leeds – Sheffield – Newcastle upon Tyne. North Wales is however an integral part of the North Western sector of the Powerhouse for transport planning purposes. There is a thriving cross border economy between North Wales and Cheshire, Merseyside and Greater Manchester. The biggest inflow of labour into the Cheshire Warrington LEP area comes from Flintshire<sup>3</sup> and that forms part of over 1mn cross order commuter movements every month<sup>4</sup>. The border is invisible from a business perspective so improved rail transport links from North Wales into the North Powerhouse area are essential if both are to maximise their potential.

Transport for the North (TfN) and Rail North (RN) are properly constituted and operational even if at an early stage. Rail North over the next 2 years will become the Rail Franchise Management body for Transport for the North. Without working relationships between WG and these bodies there are potential risks for North Wales: one example

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<sup>2</sup> Economic Growth and Social Value Benefit potential from Modernisation of Rail Services in North Wales Phase 2 Report September 2014.

<sup>3</sup> Cheshire Warrington LEP Draft European Structural and Investment Funds Strategy 2014 - 2020

<sup>4</sup> Mickledore Report 2013

is the primary focus TfN and RN have on managing and strengthening transport links within the TfN geography, thereby potentially overlooking cross border links into North Wales. Another is the priority given to Northern & TPE services into Manchester Airport rather than ATW. The evidence supporting this view is the potential that North Wales services may be relocated from Manchester Piccadilly to Manchester Victoria in the future, and the fact that Northern have objected to Arriva Trains Wales' application to extend services to Manchester Airport. As the North Wales economy is inter-dependent with that of north west England and the Northern Powerhouse, WG engagement with TfN and RN would strengthen the economic relationship and critically give an input into transport decision making.

The previous paragraph sets out how devolution to a North West English region may have an adverse effect on (a part) of Wales. It should not be overlooked that devolution of rail may also happen in the West Midlands, which has ramifications for Mid Wales. To mitigate the possible adverse effects of rail devolution on English side of border the WG could consider the adjoining Welsh regions having a more formalised relationship with adjoining English regions. Without that there is the risk that a division at the border mentality will harden.

As the Department for Transport itself has said, *“good transport connectivity is essential for cities and regions to build and maintain their economic competitiveness, and regions served by rapid rail services prosper at the expense of those with inferior connections”*

#### **5. How Welsh Government can best engage with and influence infrastructure developments in England and the development of passenger and freight services using the network.**

The increasing rate of change to governance structures in England and the wide range of devolution arrangements being discussed will have a profound impact on cross-border transport decision-making. The WG should actively broaden its engagement with a wider range of bodies and organisations responsible for rail infrastructure development, where this has a potential impact on Wales. These are some suggestions:

DfT, National Infrastructure Commission, Rail North, Transport for the North, Network Rail London North West, Freight Transport Group, The three ROSCO's: Angel, Eversholt, & Porterbrook.

The objective would be to develop more productive cross border working, thinking and planning. This is especially needed on matters between North Wales and North West England, where the border is seen as barrier between two separate administrations, when in day to day life the border is invisible. A good example of this was the scope of last year's Northern England Electrification Task Force that only considered the Warrington – Chester and Crewe to Chester parts of the route to Holyhead so consequently the benefits accruing from the full route weren't measured.

The rail industry, principally Network Rail regions and Commissioners of rail services (Welsh Government and Transport for the North/Rail North), should be encouraged to work across boundaries in the border regions to ensure that planning is for a holistic network that meets the needs of the real economy rather than artificial political and administrative boundaries.

#### **6. Whether the periodic review process meets the needs of Wales and takes account of the needs of Welsh passenger and freight users, and how this should be developed**

The Board would draw it to the WG's attention that the Draft Wales Route Study for Consultation 2015 Network Rail based their passenger forecast for North Wales on the Long Distance Market. Although London to North Wales travel is an important factor it would have been more relevant to have used the Inter Urban Market for the forecast in order

to include the significant business and leisure travel between North Wales and Chester, North Wales and Manchester, Wrexham and Chester and Wrexham and Shrewsbury for example.

In terms of future development the investment appraisal process needs to be less complex, completed over a shorter timescale and less costly. It's a drawn out and expensive process to take a scheme from concept to final business case. (The Halton Curve has taken 10 years to reach final business case and that's for reopening a 3Km section of existing rail line). A lengthy decision making process means that it's difficult for the rail industry to adapt to changing demand patterns. Some English Authorities especially the PTE's have sizeable transport departments and bigger budgets making it easier to manage this process and therefore, stand a better chance of capturing investment. In that situation the periodic review as it is currently will work against many smaller Authorities such as those in Wales.

**7. The effectiveness of the Network Rail Wales Route and whether the approach to delivery of network management, maintenance, renewal and enhancement functions are effective in delivering value for money, capacity, frequency, speed, reliability and handling disruption for passengers and freight users in Wales**

To give a fully developed response to every point in the above question would require analysis of the relevant data, which is not readily available.

The point was made earlier in this response that trains do not travel fast enough in North Wales. Various parts of the coast line are limited to 75mph, and the maximum speed on the Borderlands line is 50mph. This is not fast enough for a modern network that should be delivering faster journey times in North Wales. In this respect Network Rail have not delivered and disappointingly any linespeed improvements are subject to inclusion in the next HLOS and even then are still 4 years away at the earliest.

Signaling is also an important factor in enabling faster speeds and more trains to run on a given section of line. Phase 1 of the NWML was originally scheduled for completion in the Summer of 2015. That Phase is now delayed until later in CP5 meaning that any speed and capacity benefits are also delayed.

Services to Manchester Airport have been a long standing objective for North Wales. Despite there being a strong business case for extending North Wales Services to the airport Network Rail Wales have not supported this. The Board acknowledge that there is an excess of demand over supply of paths into the airport but restricting North Wales to one service in each direction daily means that a major airport catchment area is effectively without rail access. That is detrimental to North Wales.

Taken together the conclusion is that the rail industry has not kept up the level of investment in North Wales to offer a sufficiently competitive transport option. There has to be a marked step change in the rail offer in order to encourage a modal shift from road to rail. As it stands east – west travel journey times by road are quicker and cheaper.

Network Rail Wales has to serve an expansive geography which isn't naturally linked. The main passenger flows in south Wales are concentrated on Cardiff but in north Wales they are cross border and mainly into north west England. That's not a natural fit for Network Rail Wales or the routes that it serves.

The Welsh branch of Network Rail must therefore develop cross border links and coordinating arrangements that enable holistic planning for the North Wales network and avoid fragmentation and under-investment caused by undertaking appraisals that "stop at the border".

## **8. The fact that funding for Welsh rail infrastructure is not devolved. The advantages, disadvantages, opportunities and risks potentially associated with devolution**

It's difficult to respond on this topic without knowing the specifics of the exact infrastructure devolution proposals for Wales. The outcome of the Shaw Report following consultation will have an influence on the future funding for rail infrastructure and this should be taken into account by the WG, when considering infrastructure devolution. The comments made by the Board are on rail infrastructure devolution as a general principle.

In simple terms the main advantage of rail infrastructure devolution is that the WG would become the main decision maker on rail investments in Wales. At the moment all English and Welsh rail investment schemes are evaluated by the DfT against its' own criteria. Because it's a competitive process for scarce funds the decision can be influenced political considerations overriding the business case and that can work against Wales. With devolution the WG would also have the discretion to appraise investment options against a different set of criteria as well as streamlining the decision making process thus saving time and cost. That could open up the opportunity for a more dynamic approach to rail investment in Wales in the same way there has been in Scotland. .

However, the rail network in Wales is just one part of a national network and all parts need to integrate and operate seamlessly. With rail infrastructure devolved to the WG this becomes more difficult to achieve because an investment in Wales may have an impact on the network in England and *vice versa*. In a post devolution scenario if the WG decided to electrify the NWML it wouldn't be feasible unless the DfT agreed to connecting electrification on the English side of the border, which may or may not happen. Another example is would the WG want to part fund the Halton Curve, which lies entirely in England but confers the benefit of Welsh route access into Liverpool? These examples are not a problem while the decision lies with the DfT , but would be much more complicated if there were separated channels of decision making.

A key consideration is the level of budget that would be allocated to the WG for accepting responsibility for the rail infrastructure. Once agreed the WG would be at risk for both maintenance and delivering enhancement. While the Welsh network remains an integral part of a much bigger network risks are spread. Post devolution risks such as the frequent flooding of the Conwy Valley line or storm damage to the Cambrian cost line would have to be managed from a much smaller budget.

However, we strongly believe that the WG's ability to augment investment monies should be brought into play so as to secure commercially acceptable investments over a shorter and firmed up timescale, where this is not possible exclusively through the DfT.

The argument about the devolution of infrastructure is one that will be decided by national governments. The devolution argument is more finely balanced in Wales than in Scotland, because of the nature of cross-border services, especially in North Wales. What is essential in any devolution discussions is that there is a clear agreement on infrastructure enhancements on cross-border routes that ensures that journeys are seamless and that there are no significant issues arising from devolution. The scenario in North Wales is considerably more complex than because of the interaction of the cross-border economy. The Board is concerned that this could be missed due to a relative lack of knowledge of these specific circumstances in London and in Cardiff.

The Board can support devolution of infrastructure investment to Wales provided that in the case of North Wales any devolution package specifically addresses the issue of cross border planning to ensure there is holistic investment appraisal and joint planning processes.

Cynulliad Cenedlaethol Cymru	National Assembly for Wales
Y Pwyllgor Menter a Busnes	Enterprise and Business Committee
Ymchwiliad i'r Blaenoriaethau ar gyfer dyfodol Seilwaith y Rheilffyrdd yng Nghymru	Inquiry into the Priorities for the future of Welsh Rail Infrastructure
WRI 23	WRI 23
Cynghrair Mersi a'r Ddyfrdwy	Mersey Dee Alliance



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Wednesday 13<sup>th</sup> January 2016

**RE: Priorities for the Future of Welsh Rail Infrastructure Inquiry**

Dear Ms de Gama Howells,

On behalf of the Mersey Dee Alliance, I would like to take this opportunity to confirm support from the Alliance for the responses to the Priorities for the Future of Welsh Rail Infrastructure Inquiry submitted by Merseytravel, on behalf of the Liverpool City Region Combined Authority, the North Wales Economic Ambition Board and Cheshire West and Chester Council.

The Mersey Dee Alliance (MDA) is a strategic economic partnership across Flintshire, Wrexham, Cheshire West and Chester and Wirral. The MDA recognises the importance of cross border collaboration to strengthen our combined economy across North Wales, Cheshire and Merseyside and therefore supports the priorities for rail infrastructure investment outlined in the three responses mentioned above.

It is important for the Inquiry to note that the economy of Mersey-Dee cross-border region generates £17bn GVA per annum and has great growth potential. Locations such as Wirral Waters Enterprise Zone, Deeside Enterprise Zone, Ellesmere Port Enterprise Zone, Wrexham Industrial Estate and Technology Park, central Chester Business District and Thornton Science Park could deliver 40,000-50,000 new jobs over the next 15-20 years. Combined with Anglesey Enterprise Zone, Snowdonia Enterprise Zone, the wider Cheshire and Warrington Local Enterprise Partnership area and the Liverpool City Region Combined Authority it is clear that this combined economy is of significant importance to the UK.

The private sector will be the principal driver of this growth and both UK and Welsh Governments, and their delivery agents, have a critical role to play in creating the conditions that will facilitate indigenous growth and attract new investment. In particular, an efficient, integrated transport infrastructure that provides businesses with fast access to national and international markets and enables people to access employment opportunities is essential if the region is to achieve its full growth potential.

I look forward to the Business and Enterprise Committee meeting for this Inquiry on 28th January where we can further raise these important issues.

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WRI 23	WRI 23
Cynghrair Mersi a'r Ddyfrdwy	Mersey Dee Alliance

Yours sincerely,

Yours sincerely



Cllr Pat Hackett  
Chair  
Mersey Dee Alliance

Cynulliad Cenedlaethol Cymru	National Assembly for Wales
Y Pwyllgor Menter a Busnes	Enterprise and Business Committee
Ymchwiliad i'r Blaenoriaethau ar gyfer dyfodol Seilwaith y Rheilffyrdd yng Nghymru	Inquiry into the Priorities for the future of Welsh Rail Infrastructure
WRI 14	WRI 14
Cyngor Gorllewin Sir Gaer a Chaer	Cheshire West and Chester Council

## **1.0 Background and purpose of this document**

1.1 The Enterprise and Business Committee of the National Assembly for Wales is holding an inquiry in to the future priorities for Welsh rail infrastructure. The committee has invited comments on issues relevant to the rail infrastructure in Wales, to inform decisions on Welsh rail infrastructure in and beyond) the Network Rail (NR) Control Period 6 (CP6), which is the period 2019 – 24. Details are available within the following link:

<http://www.senedd.assembly.wales/mgConsultationDisplay.aspx?ID=207>

1.2 The Welsh Government (WG) has powers to fund rail infrastructure investment, although primary funding for NR comes from the United Kingdom Government. The scope of this inquiry includes the relationship and planning between the Welsh and English rail networks how this can be further co-ordinated to deliver two way cross border benefits.

1.3 Cheshire West and Chester Council welcome the opportunity to input to this inquiry. This document provides comments on behalf of the Council, and is based upon the specific topics mentioned within the consultation document in addition to the role of cross border rail in terms of wider transport and connectivity priorities.

1.4 This response is submitted specifically in the context of the north Wales (including links with the Marches and mid Wales) and cross border areas.

## **2.0 Priorities for rail infrastructure investment**

2.1 Cheshire West and Chester Council (CWaCC) recognizes the full value of efficient multi directional cross border connectivity with Wales as being essential for prosperity of the region's competitiveness, building sustainable local and regional economic prosperity whilst generating employment opportunities. The Council places high importance of collaboration with Welsh stakeholders including membership of the Mersey Dee Alliance (Mersey-Dee cross-border region generating £17bn GVA per annum), collaboration with the WG, NR and Merseytravel on the Halton Curve scheme and work with the North Wales Economic Ambition Board. It is therefore important that the scope of the Enterprise and Business Committee Inquiry is broadened to include assessment of cross border investment priorities as well as within Wales.

2.2 Strategic planning of rail infrastructure needs to form part of an integrated multi modal approach, recognizing the importance of the north Wales cross border corridors serving Ireland, north Wales, north west England and beyond, with the existing enterprise and labour market of this shared economy providing significant potential to help deliver the objectives of the Northern Powerhouse. The Leader of CWaCC Councillor Samantha Dixon spoke at the North Wales Economic Ambition Board Rail Summit held in November 2015, with a communique being issued on behalf of the North Wales Economic Ambition Board, Mersey Dee Alliance and the Cheshire and Warrington Local Enterprise Partnership offering a combined co-ordinating group that will seek to work together with the UK Government and the WG to commission research and studies that can: -

- Guide investment in the rail services and infrastructure serving the areas.
- Underpin the proposed growth plan for submission to the UK and Welsh Governments and the submission to the Northern Powerhouse Minister

2.3 Business cases for rail infrastructure investment (Freight and passenger) need to embrace the full cross border extent of immediate and ongoing environmental, social, health and wider economic benefits of schemes and to link those across schemes. Limiting evaluation purely to the route based transport benefits will not be truly representative of the return of the investment. In a number of cases, the geographical location of infrastructure investment requirement will have implications across a number of other local transport authority areas and across the Wales border. One example of this being the work of Merseytravel, WG and CWaCC to reinstate regular passenger rail service using Halton Curve. Although investment by the WG to fund doubling a section of track between Rossett and Chester to reduce north / south Wales journey times is a significant commitment, if the section of double track is extended beyond Rossett to Wrexham, this would also enable two way improved links to Helsby / Frodsham, Runcorn and Liverpool South Parkway, (For Liverpool John Lennon Airport) whilst reducing construction costs through economies of scale.

2.4 A commitment is needed for electrification beyond Crewe and Warrington through Chester to Holyhead (also Wrexham / Shrewsbury) to avoid isolating the areas from an increasingly electrified rail network in England. This investment is an essential element to maximise benefits of HS2 towards enabling classic compatible services to / from the high speed network in addition to electric trains serving the West Coast Main Line. – The latter enabling continuity of direct services to intermediate stations to London such as Stafford and Milton Keynes. The business case for electrification needs to fully embrace these wider network and socio economic benefits as opposed to being restricted to a more limited route cost benefit basis. The business case also needs to include the subsequent benefits that electrification of this line will achieve in future control periods, such as enabling an incremental approach to electrification of neighbouring lines.

2.5 The Wrexham – Bidston Borderlands line (Serving Neston within Cheshire West and Chester) is a further example of the importance of cross border scheme appraisal. In collaboration with other partners (Including Merseytravel) CWaCC funded a study demonstrating the growth potential that could be achieved through infrastructure investment such as increasing service frequency, extension beyond Bidston and ultimately electrification. Although a number of entities recognize the potential overall achievable benefits from their individual perspective, an holistic funding mechanism is needed that recognizes the overarching benefits and “places” outcomes.

2.6 A WG Task Force was established in 2013 by the Minister for Economy, Science and Transport consisting of a wide range of stakeholders which agreed a series of objectives necessary to create a rail network fit for purpose. These include improvements to local services; access to key markets; integrated services; and international access. One example being the need for improved rail (and bus) infrastructure access for employment opportunities at Deeside Industrial Park from Hawarden Bridge and Shotton Stations, which are essential to unlock a vast labour market including from Cheshire, Merseyside, Warrington north Wales and beyond, acting as a catalyst for increasing inward investment.

2.7 Improving direct access by rail between Manchester and Liverpool John Lennon airports, North Wales and Cheshire West needs to be addressed. The two airports provide a comprehensive and complementary portfolio of flights, collectively representing the major airports of choice from this region. Although Arriva Trains Wales have submitted a track access application to extend north Wales coast services to Manchester Airport from May 2016, even if this is granted, there are capacity issues at Manchester that may jeopardise continuation of that link in favour of services from elsewhere. Whilst CWaCC acknowledges that there is strong demand for direct rail services for Manchester Airport from elsewhere, it is important that this Inquiry (The Enterprise and Business Committee Welsh Rail Infrastructure) provides fully inclusive supporting evidence and funding commitment for the direct link with Cheshire West and north Wales. This similarly applies to providing supporting evidence for welsh rail infrastructure investment that would enable a direct rail link between the north Wales coast line, Wrexham, Chester, Helsby and Frodsham and Liverpool South Parkway for Liverpool John Lennon Airport using Halton Curve (Please also see paragraph 2.3).

2.8 An opportunity to significantly increase capacity for direct rail connectivity with Manchester Airport from North Wales, Cheshire West, Chester and the Wirral would be to develop the “Manchester Airport Western Link” This is a 3.5 mile new rail link between the airport and the Mid Cheshire Line (Chester – Northwich – Manchester) at Mobberley which would enable a major reduction of journey time (therefore making employment opportunities at the airport more accessible) whilst not being constrained by the limited availability of rail paths through Manchester. The Manchester Airport draft sustainable development plan consultation during 2015 referred to reviewing whether to continue safeguarding this route through the airport

site. Within its response to this consultation exercise, Cheshire West and Chester Council opposed withdrawal of safeguarding this route in recognition of the importance of this strategic transport investment to lead further growth of the cross border region and the Northern Powerhouse proposition whilst maximising the benefits of HS2.

2.9 Transport for the North (TfN) have commissioned a pan regional freight and logistics strategy leading to a transport network that will enable the logistics sector to drive growth and job creation across the north of England, supporting the vision of the Northern Powerhouse. Through this work stream which is led by Merseytravel (Cheshire and Warrington Local Enterprise Partnership representation is by Alan Dickin, Warrington Borough Council), the Welsh Government is developing formal arrangements for these benefits to be enhanced and extended to include north Wales. The draft strategy will produced at the end of January 2016, with the final strategy being presented to the Chancellor in spring 2016.

### **3.0 Relating Interdependencies**

3.1 CWaCC is a member of Rail North Ltd (RNL), which will be jointly managing the Northern and Trans Pennine Express (TPE) rail franchises with the Department for Transport (DfT). Through effective collaboration and collation of robust evidence bases, significant customer improvements will be delivered within these franchises to be introduced in April 2016, reflecting prevailing growth patterns and unlocking the potential for further patronage growth. This work forms one element of the wider objectives of Transport of the North (TfN) to prioritise multi modal transport infrastructure investment across the north of England to significantly improve the economic competitiveness of the region, creating sustainable growth and improvements to quality of life. The combined roles of RNL and TfN demonstrate a need to ensure that a similar joined up approach to prioritising multi modal transport infrastructure and rail franchise renewal is essential for Wales, whilst ensuring a seamless approach across borders through engagement with RNL and TfN. It is by focusing upon how the pooling of resources across organisations (such as NR, DfT and WG) can best ensure that these and relating outcomes are timely achieved, that should inform the governance arrangements and co ordination of investment, as opposed to being derived from considering the issues / opportunities of devolvement of Welsh rail infrastructure.

3.2 CWaCC continues to highlight the urgent need to take forward dialogue in respect of informing renewal of the Wales and Borders franchise which is to be fully devolved to the WG. This franchise will need to be growth orientated and at least match the magnitude of improvements of the Northern and TPE franchises (This has recently been discussed within a recent meeting of the Marches Strategic Rail Group attended by Dorothy Higginson, Commercial Manager, Wales & Borders franchise the from the DfT) to meet current and potential growth, recognizing the need for shared commitment to investment within Wales and England based on the passenger journey patterns. Relating this to the priorities for the future of welsh rail

infrastructure, there is clearly a need for these to be aligned to the preparation of the specification for renewal of franchises, particularly Wales and Borders, to enable implementation of a significantly strengthened rail service within and beyond Wales. This is equally important in respect of the West Coast Main Line franchise and HS2. i.e. Whilst having a periodic review process has merit, this needs to have more flexibility to improve alignment with franchise renewal processes to make sure that infrastructure investment is matched by service delivery.

3.3 An important element of Welsh rail infrastructure investment is to review the capacity and configuration of Chester rail station to identify and implement any infrastructure requirements needed to meet future growth projections. This is one important example of the location of infrastructure outside Wales which has a significant impact on delivery of (rail) transport services within Wales, demonstrating the need for cross border commitment and collaboration.

3.4 The priorities of CWaCC for Welsh rail infrastructure are included within an emerging Transport Strategy for the Cheshire and Warrington Local Enterprise Partnership. This strategy prioritises the transport infrastructure investment schemes that will have the greatest impact on job creation. In addition for schemes to show their job creation impact once delivered, it is important that management of the construction and supply chain processes are structured to maximise benefits for the local labour markets, developing skills and supporting business development. Opportunities need to include third sector as well as the commercial sector.

#### **4.0 Conclusion**

4.1 CWaCC greatly welcomes having an opportunity to comment on the priorities for the future of Welsh rail infrastructure through the consultation exercise of the National Assembly for Wales Enterprise and Business Committee. The Council wishes to proactively further develop existing two way collaboration with the National Assembly and other agencies in Wales, reflecting the shared cross border economy and the interdependencies of key decisions.

4.2 Welsh rail infrastructure investment needs to include improving the overall passenger experience; providing safe and comfortable stations that meet or exceed expectations; improving the quality of the journey; reducing travel times; improving punctuality and reliability. Similarly, the investment also needs to facilitate increased use of rail for freight transport, including “the last mile” terminal / siding facilities.

4.3 Although this consultation response contains comments on a number of issues relating to Welsh rail infrastructure priorities, CWaCC would greatly welcome an opportunity to meet with the Enterprise and Business Committee, and provide any relating additional supporting information that would help the committee.

**Councillor Brian Clarke**

**Cabinet Member for Economic Development and Infrastructure, Cheshire West and Chester Council**

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## 1. Introduction

Greengauge 21 welcomes this opportunity to present a submission to the Enterprise and Business Committee. Initially engaged by Taith, and subsequently by the North Wales Economic Ambition Board, Greengauge 21 has been examining the wider social and economic benefits of investment in rail in North Wales. Welsh Government and Network Rail agreed at the outset that regional authorities were best places to carry out this work.

Greengauge 21 is a not-for-profit organisation, established in 2006 to research and develop the concept of a high-speed rail network as a national economic priority. Greengauge 21 wants to see a fully integrated national high-speed rail network and the existing rail network improved and extended to meet the strongly growing demand. We research and promote the benefits of sustainable transport through a better rail network.

I have been engaged on studies of rail development in South, Mid and North Wales. I am a Chartered Engineer, Director of the consultancy Steer Davies Gleave, past President of the Chartered Institute of Logistics and Transport, and was a member of the Executive of the Strategic Rail Authority, responsible for strategic planning.

## 2. Recent Greengauge 21 work on wider benefits in North Wales

While the appraisals used by DfT, Network Rail and others provide benefit cost ratios for investments, there is no standard method to examine wider social and economic benefits. Work by Greengauge 21 in 2014 investigated the scale of Business-2-Business and labour market benefits of a number of packages of electrification and/or service enhancements. These benefits range from around £100m to £500m PV measured over a 60 year period and are additive to conventionally measured benefits subject to minor technical caveats.

In Greengauge 21's current work, we have made a comparison between the distribution of conventional transport and economic benefits from rail investment and the distribution of deprivation in North Wales.

A significant number of communities along the North Wales coast and in North East Wales rank within the 20% most deprived across Wales. In particular, there is a contiguous pocket of intense deprivation around Rhyl. Part of Rhyl West ward is the 2<sup>nd</sup> most deprived in Wales and parts of three other wards in Rhyl are within the top 20 most deprived in Wales.

In Wrexham, part of Queensway ward ranks as the 3<sup>rd</sup> most deprived in Wales. In Flintshire, part of the Shotton Higher ward falls within the 5% most deprived. Other investment e.g. in

skills and training will continue to be important to address sources of deprivation directly, but the crucial question is whether better rail services would make any difference.

The distribution of projected wider economic benefits of major rail investment in North Wales aligns spatially very well with priorities to address the worst areas of deprivation within Wales, such as parts of Rhyl, Wrexham and Shotton. These benefits would enhance job prospects, have the potential to raise wages in line with productivity and in due course address social issues such as housing quality. But while improvements in connectivity (or indeed fare reductions) can play a role in increasing labour supply participation, the economic value of these marginal impacts is relatively small.

In practice, we believe better connectivity will stimulate demand – and strengthen the local housing market for instance. It may discourage people from moving away from the area and attract newcomers. It can make business activities – including for small traders or those working from home – more efficient, and strengthen local economies.

Elsewhere, with much larger-scale investments, for instance HS2, there has been a recognition that realisation of the full economic potential of connectivity benefits relies on complementary measures taken locally to foster regeneration. The scale may be different but the same applies in the North Wales case, and includes focussing spatial planning and physical regeneration to maximise the potential of investment in the rail network and enhanced services.

### **3. Investment in the railways of North Wales**

Our understanding is that work by Network Rail on business cases shows that there is a very good case for investment in the North Wales main line to increase line speeds as signalling along the route is renewed. Journey time savings of 7 minutes can be achieved.

On the other hand, the business case for electrification Crewe – Holyhead is seen as poor – not unsurprising given the length of route (105 miles) and modest service levels. At enhanced service levels, there is a better case, but the BCR remains below 1. In contrast, the business case for electrification between Crewe/Warrington and Chester is good.

Our work for the Economic Ambition Board shows that if these two routes in England to Chester are electrified and if all services are (as would be expected) converted to electrified operation, then there would be a sharp increase in the need for passengers to interchange at Chester and this would have a significantly adverse impact on the North Wales economy.

This suggests to us the following:

1. Long overdue investment in line speed improvements on the N Wales coast line, requires minimal government funding and should be strongly supported

2. Wales Government should press for rail industry commitment to a long term vision for Crewe Holyhead electrification. In practice, the investment is likely to proceed in stages and lines east of Chester could be electrified as part of the CP6 programme.
3. There are implications for rolling stock strategy from a staged electrification approach. The risk to the Wales economy that arises from a need for passengers to transfer between trains at Chester in the interim could be mitigated if North Wales through services could be operated with dual mode (electric and diesel) traction and significant investment is made in passenger facilities at Chester station
4. Subject to the additivity caveat mentioned earlier, the estimated wider social and economic benefits could mean there is a positive electrification business case for Wales – albeit one that DfT/Network Rail may not recognise. Welsh Government will need to consider whether it is prepared to make a funding contribution. There could be benefits that justify EU TENS funding too, with improved journey times (less need to interchange) and enhanced structure gauge that could help develop railfreight.

Developments of services, in the meantime, such as from N Wales to Liverpool and to Manchester Airport should continue to be supported. Besides their direct benefits, growth in use of these services will strengthen the investment case for electrification.

The development at Wylfa Newydd on Anglesey is expected to involve 1,000 site workers commuting from the mainland. With limited parking available, a shuttle bus system from a suitable railhead is being considered and some augmentation of the rail service may prove needed. Horizon has indicated that their aspiration would be for direct services from Manchester Airport, given a significant number of business/work visits from overseas.

#### **4. Comment on rail infrastructure planning**

The Initial Industry Plan is formulated mainly by Network Rail and is then subject to a process led by ORR and with the involvement of stakeholders. In the case of Network Rail's 2015 Wales Route Plan, these options have helpfully been put forward in draft for consideration by funders.

There is a risk from the perspective of stakeholders that this well-established planning arrangement can emphasise inputs, such as electrification and line-speeds, rather than outcomes in terms of better connectivity and wider economic benefits. It is also possible to underplay the relevance of the commercial and/or subsidy implications of different train service patterns. In the recently awarded TPE franchise, for instance, a number of new longer-distance services (Liverpool – Scotland, for instance) were put forward by the winning bidder and accepted by DfT, even though they were not part of the franchise requirement. But they add commercial value – and bring wider connectivity benefits.

In the Wales context, some new long-distance services to/from Cardiff – for instance to Leicester, Sheffield and Leeds – have been identified by Network Rail as possible conditional

outputs. Others such as connecting up a new Cardiff - Abergavenny service with the existing Hereford - Birmingham service to create better connectivity for South East Wales have not been. In practice such opportunities are most likely to arise through franchise re-tendering processes. There is scope for the National Assembly of Wales to have a direct impact on all of the rail services specified in the next Wales and Borders franchise.

It is the provision of rail services that matters most; in some cases existing infrastructure can support their expansion and improvement, in others not.

**Topic 1: What should be the high level infrastructure development priorities – to provide the capacity and connectivity necessary to support the social and economic well-being of Wales?**

The key strategic priorities should be (in this order):

1. Upgrading the route between Severn Tunnel Junction and Cardiff, as well as Newport and Cardiff stations
2. Progressively upgrading and electrifying the North Wales Coast Main Line as a whole
3. Given its role in providing north-south connectivity, improving the Marches Line (which is forecast to have 141% more passenger demand by 2043).

**Topic 2: Do the Welsh Government's rail infrastructure priorities meet the needs of Wales?**

Yes. Welsh Government no doubt recognises the many demands on resources in the rail sector – so issues such as level crossing upgrades/replacement (mainly a safety measure but also affecting journey times); expenditure on addressing areas of flood risk; and measures to improve access and connectivity to/from stations must be considered alongside investments to address capacity or capability improvements. Some schemes – such as the completion of re-doubling the route between Wrexham and Chester may seem modest (although still costly), but will be critical to the expansion of rail services in north east Wales in the years ahead.

On North Wales, in addition to the overall conclusions in the first part of this paper, we would highlight one of the conclusions in the report of the Ministerial Task Force on North Wales in respect of developing transport hubs.

The Task Force report discusses the concept of 'pulse hubs', where trains (and buses) are timed to connect with each other on a regular hourly (or more/less frequent) pattern. This approach has been developed furthest in Switzerland ('Taktfahrplan'). It would be particularly helpful at locations such as Shrewsbury and Chester where the key Welsh east-west routes meet a set of services onwards through England, as well as multi-modal hubs in Wales such as Bangor. A regular pattern of 4 trains /hour operating at 15 minutes intervals

would be possible on the North Wales coast and could bring benefits, including accelerating the prospects of electrification.

The infrastructure implications at hub stations can be significant – requiring parallel working of train services – and, while partially at least identified as a possible development at both Chester and Shrewsbury, connectional (or pulse) hubs have not been identified in Network Rail’s set of Conditional Outputs on the Wales Route Plan. The important point is that connectional timetables can require additional investment (to allow services to arrive and depart in parallel).

The idea of investing in better arrangements at Shotton (high and low level stations) in the Route Plan is good (current facilities are poor for interchange), but for this to be effective there will need to be service frequency increases at both stations.

The Task Force report separately identifies the significance of the plans for HS2 (especially given the subsequent decision to advance the project to Crewe by 2027). We believe this should include noting that North Wales Coast electrification would allow though North Wales/Chester – London services to use HS2 (subject to path availability on HS2).

### **Topic 3: How does the development and use of rail infrastructure in England affect Wales and vice versa?**

Hugely – and direct rail services from stations in Wales to airports located in England serve as a useful example. Service plans largely developed by Centro – and in future, by the West Midlands or Midlands Connect transport authorities – will determine whether Wales retains its direct rail connection with Birmingham Airport. Since in railway network terms at least, the Welsh component is on the periphery, the English at the centre, it is inevitable with a busy (and in much of England, congested) network that decisions taken at English locations can have a significant impact on Wales’ rail services. Priorities for direct links to Manchester Airport are another important example – there are more than 120,000 annual business trips between Wales and the Airport.

A further specific infrastructure example is the planned Western Rail Access to Heathrow (WRAtH) scheme, which is being planned to provide connections only with the ‘slow’ lines on the GW Main Line. This risks repeating the need for a subsequent upgrade as has happened with Airport Junction on the current Heathrow Express route. The net effect is that the opportunity to provide direct South Wales – Heathrow trains services is currently being lost.

### **Topic 4: How do plans for English devolution and for high-speed rail, electrification etc affect Wales?**

Very significantly indeed. But much of this can be regarded as an opportunity rather than a threat. Plans for devolved bodies (such as Transport for the North) create an opportunity for

Wales to build on the success of cross border partnerships (such as the Mersey Dee Alliance and the collaborative arrangements between Cardiff and Bristol city councils) to foster relationships with similarly-placed non-Westminster sub-national bodies to mutual advantage.

**Topic 5: How can the Welsh Government best engage to influence the development of infrastructure and rail services in England and cross-border?**

See answer to Topic 4. The new responsibility for the Wales & Borders franchise will shift the balance of influence on development decisions.

**Topic 6: Does the periodic review process meet the needs of Wales and how should it be developed?**

The periodic review process – the Initial Industry Plan (IIP), the high level output statement (HLOS) and the statement of funds available (SOFA) – worked well in general until it became clear during 2014/5 that the scale and speed of upgrade investment was undeliverable.

For Wales, there is the added involvement and complication of being a (minority) funder and with allocation of responsibilities not always clear between Westminster and Cardiff (*e.g.* initially over Cardiff – Swansea electrification funding). Absolute clarity on this area is an essential requirement.

The process works on a quinquennial basis, and while Network Rail has usefully looked ahead to 2033 and 2043 in its forecasting work, it does not provide for a more-than-five-year timescale: it should do, and this should become a mandatory (regulated) requirement.

**Topic 7: Is the Network Rail Wales route effective?**

We are not in a position to comment on this with regard to operational matters. But we note that its geography usefully includes the Marches line through England (but not into Chester either from the Wrexham or Prestatyn directions).

**Topic 8: What are the pros and cons of devolution of funding of Welsh rail infrastructure?**

A great deal can be learned from considering the Scottish example, although the Secretary of State for Transport has made clear that this isn't a live issue – at least until the Shaw Review is complete.





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WRI 06	WRI 06
Merseytravel	Merseytravel

Dear Sir / Madam

## **NATIONAL ASSEMBLY FOR WALES' ENTERPRISE & BUSINESS COMMITTEE PRIORITIES FOR THE FUTURE OF WELSH RAIL INFRASTRUCTURE**

I am pleased to set out Merseytravel's response to the above inquiry, on behalf of the Liverpool City Region Combined Authority. This response was considered and endorsed by the Merseytravel Committee on 7 January 2016.

Merseytravel is the Combined Authority's lead advisory body and executive body on transport issues across the Liverpool City Region (LCR). The LCR comprises the local authority districts of Halton, Knowsley, Liverpool, St Helens, Sefton and Wirral with a combined population of 1.5 million. This response is also consistent with responses being developed by Transport for the North and Rail North and by our cross-border partners.

Our response to the questions posed is as follows:-

1. The Liverpool City Region is pleased to engage with the National Assembly for Wales on this important inquiry. The city region has a long history of working jointly with Welsh Government and Welsh local authorities on issues of cross boundary transport importance, recognising that transport networks rarely recognise administrative boundaries.

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North East Wales, West Cheshire and parts of the LCR form part of a common, recognisable economic and travel-to-work-area, which necessitates east-west movements and enhanced cross-boundary multi-modal links.

2. Merseytravel's Long Term Rail Strategy from 2014 sets out the LCR's aspirations for rail over the next 30 years. From a

Cllr Liam Robinson, Chair of Merseytravel Committee



cross-border perspective, the strategy sets out the rationale for the development of two key routes:-

- i. new routes between Liverpool and Chester, Wrexham, North Wales and Cardiff / South Wales via the reopened Halton Curve; and
- ii. an incremental approach to the enhancement and long-term electrification of the Borderlands line between Wrexham and Bidston, to better connect areas of population and employment, linked to a new station at Deeside Industrial Park.

The full strategy is available at the following hyperlink-

<http://modern.gov.merseytravel.uk.net/documents/s12878/Enc.%201%20for%20Long%20Term%20Rail%20Strategy.pdf>

3. As key partners in the Transport for the North governance structures and workstreams, Merseytravel and the LCR are working with authorities across the North of England to improve transport connectivity and ultimately, to rebalance the country's economy. The Welsh Government's desire to engage with Transport for the North, in recognition of its natural economic links and significant cross-border flows of both passengers and goods between England and Wales is warmly welcomed. The Welsh Government has been recognised as a key stakeholder in the process, and a Memorandum of Understanding has been agreed between the Welsh Government and Transport for the North, to support the sharing of information and collaboration between parties on both sides of the border.
4. Merseytravel is also a long-standing member of the cross-border Mersey Dee Alliance, recognising the interdependence between the economies of Flintshire, Wrexham, Cheshire West and Chester and Wirral. A Communique from the North Wales Economic Ambition Board and the Mersey Dee Alliance sets out shared aspirations for investment and improvement in the rail infrastructure and services of the North Wales, West Cheshire and Mersey-Dee Alliance area. This follows the North Wales Economic Ambition Board's Rail Summit on 12 November 2015. Merseytravel supports the principles set out in this Communique.

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5. Looking in more detail at the Committee's terms of reference, it is noted that rail infrastructure arrangements in Wales are complex; infrastructure is the responsibility of the Department for Transport, but

Cllr Liam Robinson, Chair of Merseytravel Committee



the Wales and Borders rail franchise being the responsibility of the devolved administration. Infrastructure and service quality are intrinsically linked and both contribute equally to creation of a quality rail product that can support modal shift. Whilst franchising is out of the scope of this inquiry, the intrinsic relationship between rail infrastructure and the specification of the franchise(s) that operates on the infrastructure need to be better aligned. Indeed, unless improved franchise specifications lead to improved service quality, in terms of frequency, capacity and rolling stock quality, the benefits of infrastructure enhancements will not be realised. Future Welsh franchise specifications need to fully factor in cross-border movements and associated future demand, with enhanced direct cross border links from key Welsh destinations to the Liverpool City Region.

6. More specifically, the need to improve direct access by rail from North Wales to Manchester Airport and Liverpool John Lennon Airport needs to be recognised as a priority. The two airports provide a comprehensive and complementary portfolio of flights, collectively representing the major airports of choice from the North Wales and borders area. It is noted that capacity issues at Manchester may jeopardise the development of a proposed Arriva Trains Wales service from the North Wales Coast line to Manchester Airport in May 2016. Similarly, reinstatement of the Halton Curve, together with capacity enhancements in the surrounding area are needed to support a rail link from the North Wales Coast Line, Wrexham, Chester, Helsby and Frodsham to Liverpool South Parkway for Liverpool John Lennon Airport (points 8 and 9 below refer).
7. Cross-boundary rail infrastructure issues are invariably complex, in terms of aligning different funding sources, delivery partners and responsibilities. For example, many Welsh rail capacity constraints are situated in England (e.g. Northern Hub constrains or pathing constraints on the West Coast Main Line). This can lead to complexity in terms of planning enhancements, in terms of apportioning costs and aligning funding sources, not least given the differing approaches to funding on both sides of the border. Equally, many decisions on Welsh rail are significant from a cross border or English perspective. As such, the wider cross-boundary implications of infrastructure priorities that are located physically in Wales need to be routinely considered in this context, rather than solely in a Welsh context.
8. As an example of the above, the single track railway track between Saltney Junction and Wrexham on the Chester-Shrewsbury line is a barrier to the development of new rail services from North Wales to Liverpool via the Halton Curve.

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Merseytravel is promoting the

Cllr Liam Robinson, Chair of Merseytravel Committee



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reinstatement of the Halton Curve as a priority scheme within its Growth Plan, and has provisionally allocated £10.4million of capital funding for these works from its Growth Deal funds. The £44 million scheme promoted by Welsh Government to redouble the track in the Rossett area is clearly welcomed, and its role in improving north-south journey times in Wales is fully appreciated. However, as the line will remain singled between Rossett and Wrexham, it is unable to enhance rail access from a cross-boundary perspective (e.g. facilitating improved rail links to Liverpool John Lennon Airport and supporting modal shift to rail from the congested cross-border trunk road network). Merseytravel would strongly urge the Welsh Government to recognise the completion of the re-doubling works in the Wrexham area as a very high funding priority, in order to release much needed rail capacity to support growth.

9. Furthermore, had the limitations of the remaining section of single track been better understood from the outset, particularly from a cross-border perspective, English transport bodies and Local Enterprise Partnerships may have been in a stronger position to collectively lobby for an enhanced solution. This could, potentially, have extended to the identification of local funding to 'future proof' the works more effectively. A better appreciation of the scope of the partial redoubling project would also have helped manage expectations with cross-border rail service aspirations.
10. Merseytravel is working closely with the Welsh Government to improve service quality on the Borderlands line between Wrexham and Bidston. Strong and effective partnership working between the Welsh Assembly Government, Merseytravel and other partners to date has supported the development of a robust demand study. However, solutions will be dependent upon funds being aligned from the separate administrations for enhanced rail infrastructure works, whilst service enhancements ultimately need to be negotiated as part of the Wales and Borders refranchising process, which is the responsibility of the Welsh Government.
11. The clear priority is to improve the existing hourly diesel service to two services per hour, with electrification forming a longer-term aspiration. Notwithstanding the complexity of aligning different funds, the Borderlands line should be recognised as a high priority by the Welsh Government in terms of its economic importance in linking three mutually supportive Enterprise Zones (Liverpool Waters, Wirral Waters and Deeside) and in supporting access to education, leisure and retailing. It will also serve an increasingly important social and economic role in the context of the new prison being developed in Wrexham.

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Cllr Liam Robinson, Chair of Merseytravel Committee



12. These examples highlight the importance of effective joint working and planning between Welsh and English bodies on such issues. More formal working with English border areas should be encouraged by the Committee, as should opportunities to align funds, which are increasingly devolved in both England and in Wales. For example, funds for major transport schemes are now devolved to Local Enterprise Partnership areas in England, as part of the Local Growth Deal process.
13. The planned High Speed 2 rail hub at Crewe is vitally important from a cross boundary point of view, and strengthens the case for the enhancement and electrification of the North Wales Coast line from Crewe westward. This is considered important to avoid any need for Welsh passengers to change onto diesel trains at Crewe, and to ensure that the benefits of HS2 are felt equally across the Mersey-Dee area.
14. The issue as to whether Department for Transport (DfT) should devolve rail infrastructure responsibilities in Wales is not straightforward, and Merseytravel would not wish to comment on an issue that is ultimately for Welsh partners to reach a view upon. It is noted that most rail services in Wales have origins or destinations in England, or else pass through significant parts of England, which highlights the complexity of devolution in a practical sense. The key to maximising success, irrespective of whether infrastructure decisions are devolved by DfT or not, is to emulate the approach taken with Transport for the North. This is in terms of developing a strong and meaningful partnership across logical economic geographies, putting administrative boundaries to one side, and assessing issues and problems in a strategic context across the network as a whole. In addition, the Welsh Government should remain able to fund additional infrastructure enhancements, as local transport authorities in England are also able to do.
15. Looking at electrification, then decisions on rail electrification in Wales are reliant on 'feeder' section from English networks being electrified too. It is noted that a longstanding problem concerns the issue that electrification business cases in Wales can be weaker as a result of the lower passenger flows and associated economic benefits. This highlights the importance of decisions being taken at a strategic level, rather than on a route-by-route basis. This is to facilitate seamless cross-border links and avoid any need for passengers to change from electric to diesel trains at border stations, which would present a significant barrier. It also highlights the importance of pursuing enhancements to existing diesel services as a priority, in order to build patronage and help strengthen future business cases for electrification.

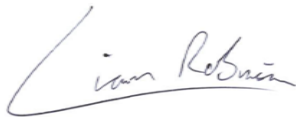
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Furthermore, it is essential that the electrification of the North Wales Coast line is viewed in the context of its wider network, and includes a phased approach to electrifying its branches, such as the Halton Curve, the Wrexham-Chester line and Borderlands line. This is to create a seamless network from a rolling stock and customer satisfaction point of view.

16. Finally, whilst outside the scope of the inquiry, it is noted that a common cause for concern from an English and Welsh perspective concerns Network Rail's ability to deliver rail infrastructure projects to time and to budget, and the lack of control that local authorities have over the cost and timing of many rail schemes, despite being the principal funding partners in many cases. These issues are the subject of separate reviews and inquiries, and it is assumed that the Welsh Assembly Government will be submitting evidence in response to these.

I trust that this response is self-explanatory but should you have any queries then please don't hesitate to contact me on the above telephone number, or alternatively, my Policy Development Manager, Huw Jenkins, on 0151 330 1110.

Yours faithfully



Cllr Liam Robison  
**Chair, Merseytravel Committee**

Cllr Liam Robison, Chair of Merseytravel Committee



# Agenda Item 2.2

Cynulliad Cenedlaethol Cymru	National Assembly for Wales
Y Pwyllgor Menter a Busnes	Enterprise and Business Committee
Ymchwiliad i'r Blaenoriaethau ar gyfer dyfodol Seilwaith y Rheilffyrdd yng Nghymru	Inquiry into the Priorities for the future of Welsh Rail Infrastructure
WRI 04	WRI 04
Rail Freight Group	Rail Freight Group

## Introduction

- 1 Rail Freight Group (RFG) is pleased to submit written evidence to the Enterprise and Business Committee's inquiry into the Priorities for the future of Welsh Rail Infrastructure in preparation for the oral evidence session to which it has been invited in Wrexham on 28 January.
- 2 RFG is the representative body for rail freight in the UK. We campaign for greater use of rail freight to deliver economic and environmental benefits for the UK, in particular by ensuring that Government and rail industry policy supports growth. We represent over 120 member companies, active across all aspects of rail freight including freight operating companies, port and terminal operators, suppliers and customers.
- 3 Rail freight operates wholly in the private sector but it requires appropriate infrastructure on which to operate its trains as well as sufficient network capacity and suitable terminal facilities for receiving and handling the traffic conveyed. It is in this context that RFG has limited this submission to those issues raised in the consultation that impact on the movement of rail freight.

## General Policy Framework

- 4 RFG notes that under the proposals set out in the St David's Day Announcement, there is no provision for the planning and delivery of rail infrastructure investment to be devolved to the Welsh Government (WG) and that it will remain with the UK Department for Transport (DfT) for the foreseeable future. RFG does not see this as a problem because our concern is that creating unnecessary boundaries can have a negative effect on longer distance flows, such as most of the freight flows that currently use the Welsh rail network. Providing the existing close working between WG, DfT and Network Rail continues, this will not be an issue from our perspective. Indeed it will allow a continuing holistic approach to the rail

network within Wales as part of the wider UK network with which it links at many key places such as the Severn Tunnel, Shrewsbury and Chester.

- 5 In this context, RFG is concerned that one of the options for the future organisation of Network Rail being given serious consideration in the Shaw Review is for further devolution to the Routes throughout the UK. This could have the effect of creating barriers to long distance freight (and passenger) flows, which tend to cross Route boundaries, and their growth, unless a strong System Operator role is retained at the centre exercising control of such features as timetabling and possession planning and ensuring that alternative routes are not affected simultaneously.
- 6 Another aspect of rail infrastructure that needs to be taken into account when considering investment is that rail is, generally, a mixed use network. As a result, plans connected with passenger focussed developments must always take account of both current and future needs of the rail freight market.

## **Responses to the specific topics raised**

### **High level priorities**

- 7 Currently, rail freight in Wales is concentrated on the South Wales Main Line and the Marches Route towards both Crewe and Chester, with limited penetration elsewhere for specific flows. Much of the tonnage moved in Wales continues to be associated with the power generation and steel industries, but both of these are currently undergoing significant structural change likely to result in permanent reductions in their flows. However, the forecasts accepted within the industry and used to underpin Network Rail's Long Term Planning Process indicate this decline will be more than offset by strong growth in other rail freight sectors.
- 8 For example, elsewhere in the UK, there has already been significant growth in container / intermodal flows, both domestic and to / from ports, but this has not occurred in Wales where such flows remain limited to a small number of services to / from the Wentloog Terminal and Barry.
- 9 Rail freight requires the infrastructure of the network to exhibit one or both of the following features, depending on the particular traffic : the capability to accept high axle-loadings (the "Route Availability") – essential for coal and steel flows, for example – and the capability to accept items of large dimensions (the "Loading Gauge") – essential for the

movement on ordinary wagons of most containers now in general use : specialist low-floor wagons are available but at a cost penalty.

- 10 Where investment in developing the rail network is being considered or planned on a route that has the potential to carry freight now or in the future it is important that a presumption in favour of freight is an integral part of the decision making process.
- 11 As an example, electrification of the North Wales Main Line could be the spur to the re-introduction of an intermodal freight link to Ireland via Holyhead. However, while electrification works are usually accompanied by an increase in “Loading Gauge” to the “W10” Gauge needed for 9ft6ins high containers to move on conventional wagons, there are some structures which can accommodate the overhead wiring without alteration but at a lower Gauge. A presumption in favour of freight, supported by targeted investment by Welsh Government, (see paragraph 14, below) would see the whole route brought to “W10”, unlocking the rail freight potential of the line.
- 12 As well as the capability of accepting current and future rail traffic flows, the rail infrastructure also requires the capacity to handle both current traffic levels and forecast increases in both passenger and freight movements. Higher speed limits at locations that are currently subject to low limits, such as the entry and exit of running “Loops” that enable freight trains to be overtaken by passenger trains, can yield significant time savings and capacity increases. Additional signalling, allowing trains to run closer together, also yields enhanced capacity. Such elements should therefore be an essential part of all infrastructure investment schemes if capacity is to match forecast increased levels of operation.

### **Welsh Government’s existing priorities**

- 13 The National Transport Finance Plan (NTFP), like its predecessor the National Transport Plan, is extremely light on freight matters except for a commitment to support the recommendations of the Minister’s Freight Working Group as appropriate. The NTFP therefore represents a missed opportunity to support rail freight in Wales by targeted investment and focussed support for infrastructure enhancements that directly benefit rail freight.
- 14 One way this might be achieved could be through the creation of a Strategic Freight Network Fund for Wales, with governance arrangements similar to those already operating in England and in Scotland.

## **Effect of rail infrastructure developments in England**

- 15 As noted above, most freight flows cross Network Rail's Route Boundaries and most of the rail freight flows in Wales also cross both these and the England/Wales border. Recent or planned investments in the rail network in England often, therefore, directly benefit rail freight movements to and from Wales. The converse also applies and investments in Wales can benefit traffic to and from England.
- 16 The situation of the Marches line from Newport to Hereford, Shrewsbury and Chester, most of which is currently in Network Rail's Wales Route, but which crosses the England/Wales border several times, shows clearly that the networks in England and Wales are best dealt with in a unified manner.

## **Impact of Planned Developments**

- 17 While HS2 will not impact on South Wales, its opening to Crewe in 2026 will release capacity for freight on the existing West Coast Main Line that could bring benefits for North Wales. Whether the main line to Holyhead is electrified or not, this might include capacity for through freight trains to the main container ports (Felixstowe, London Gateway, Southampton), thus providing a "land-bridge" for deep sea traffic to and from Ireland as an alternative to short sea feeder movements.
- 18 RFG has been involved in some of the recent meetings in North Wales that have been aimed at enhancing the links between North Wales, and more particularly North East Wales, with the "Northern Powerhouse", as well as strengthening the case for North Wales Main Line electrification. The former includes the provision of improved transport links based around investment in the rail network. Again, this has the potential to provide a springboard for new freight flows on rail.
- 19 As noted above, RFG has concerns about possible further devolution of responsibility for rail within England. While a local focus might improve some aspects within travel-to-work areas, this could easily be at the expense of longer distance traffics, both passenger and freight.

## **How Welsh Government can best engage**

- 20 Continuing constructive engagement with Network Rail at both Wales Route level and centrally, and similarly with the DfT, is the best way of influencing decisions in England that will benefit passenger and freight

services to, from and within Wales. However, this needs to be backed by a holistic transport strategy that embraces all modes as well as both passenger and freight movements, and which is seen to both affirm and support, including financially, targeted investments within Wales.

- 21 An example of where Welsh Government could pursue a positive policy of support for rail freight in Wales is in the development and/or enhancement of rail links with the South Wales Ports – possibly including some minor in-fill electrification schemes in addition to those currently in progress or planned. – and with Holyhead (see also above).
- 22 Another key development in generating growth in rail freight would be for Welsh Government to work with the rail freight industry and provide proactive support for new intermodal terminals at appropriate locations. It is true that some hinterlands will be comparatively small in terms of demand, but that is why positive support needs to be given to encourage such long-term investments by the private sector. As an example, the review and up-date of the previous North Wales Rail Freight Strategy could well reinvigorate the case for a Deeside Consolidation Centre.

### **The periodic review process**

- 23 The Inquiry remit notes that the preparations for CP6 are already under way, so the industry is working to an eight year timescale which in some ways is too short in a sector where investments (infrastructure, motive power, wagons, terminals etc) often have a 20 to 50 year life-span.
- 24 However, this time, the preparations include Network Rail’s Long Term Planning Process which is looking at a near 30 year horizon up to 2043. RFG has been pleased to be involved with both the original Market Studies under-pinning this process and with a number of the Route Studies, including the Wales Route Study. Even though the process is currently “paused” while the effects of the Hendy Review are assimilated, RFG believes the process to be both robust and appropriate and the resultant “Choices for Funders” will provide an excellent start point from which the Welsh Government’s future rail investment strategy can be developed in detail.

### **Effectiveness of Network Rail Wales Route**

- 25 It would be inappropriate for RFG to comment on this aspect though many of our individual members who have also been invited to give evidence will doubtless provide pertinent comments on the issues raised.

## **Effects of devolved funding for Welsh Rail Infrastructure**

- 26 Many of the potential effects of such devolution have been highlighted or alluded to in the foregoing paragraphs. The key point from RFG's perspective is that the rail network of England and Wales is a unified network. Because of both history and geography, the Welsh network is not a unified entity but is basically three natural extensions of the UK Network into South, mid and North Wales. Although there are some north-south synergies, the focus is mainly east-west in all three parts of Wales and the planning for and investment in the rail infrastructure therefore needs to be cross border.
- 27 As a result RFG believes a unified funding model will remain the best option, though tempered by effective local input, supported by targeted local policies and top-up funding, such as a Strategic Freight Network Fund for Wales, as outlined above, as well as through European grants. As an example, if funding were fully devolved a decision could be taken in Wales to support and enhance rail links to its Ports resulting in an increase in freight flows to/from England which then might not be accommodated by the rail infrastructure east of the Severn because investment there was focussed on other priorities.

## **Conclusions**

- 28 RFG believes that while not necessarily perfect, the present arrangements for funding the rail infrastructure in Wales work well and do not need fundamental change which could disrupt existing relationships for little or no benefit. Creation of additional "barriers" could also deter the growth of rail freight. Rather RFG suggests the need is for Welsh Government to develop its existing relationships and adopt a pro-active, supportive stance towards rail freight as part of a unified transport strategy that underpins its investment strategy. Targeted funding, as suggested above, and the development of appropriate links with other key stakeholders will then ensure the effective and timely delivery of the strategy.
- 29 Future investments specifically aimed at enhancing and increasing rail freight in Wales, despite the reductions in traditional traffics, should focus on improved capability (axle-loading, loading gauge), enhanced capacity (more signalling, higher speed layouts), extended or additional links with the main ports in Wales (throughout South Wales and at Holyhead), and on encouraging additional intermodal terminal capacity.

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WRI 26	WRI 26
Rail North and Transport for the North	Rail North and Transport for the North

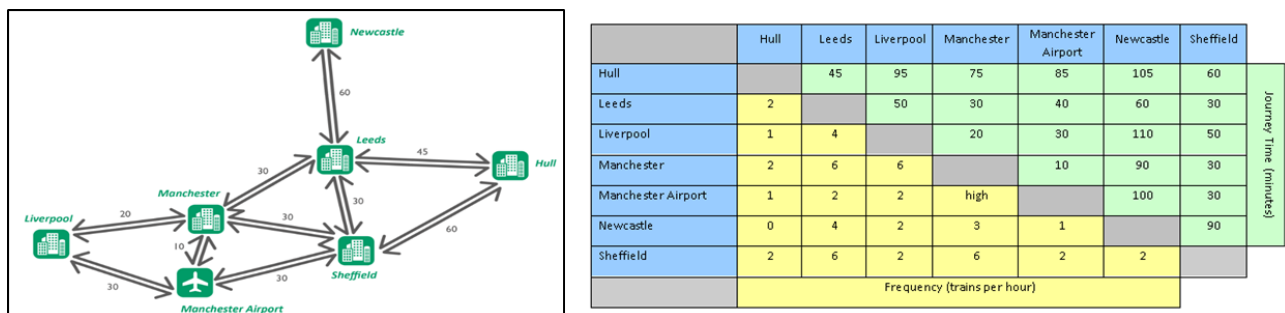
## Introduction

1. Rail North and Transport for the North welcome the opportunity to jointly respond to this Committee's inquiry into priorities for future Welsh rail infrastructure, which is timely in the context of the work we are carrying out looking at both rail infrastructure and services. Transport for the North and Rail North are closely linked and in time, it is expected that Rail North will become part of Transport for the North.
  
2. **Rail North Limited** comprises the Local Transport Authorities (LTAs) across the North of England and as the Rail North Partnership is responsible (jointly with the Department for Transport) for the specification, tendering and management of the Northern and TransPennine rail franchises due to start on 1<sup>st</sup> April 2016. Rail North has already worked co-operatively with the Welsh Assembly Government and the six North Wales local authorities on the North of England Electrification Task Force project and partner authorities in the North West of England work on a daily basis with North Wales colleagues.
  
3. **Transport for the North (TfN)** brings together local transport authorities, combined authorities and Local Enterprise Partnerships across the North of England to work with Government, Highways England, HS2 Ltd and Network Rail to develop a multi-modal Northern Transport Strategy. This will set out a programme of transformational investments which will radically improve transport connectivity across the North of England, underpinning and enhancing economic growth in the North as part of a wider 'Northern Powerhouse' programme.
  
4. TfN is currently being established as a statutory body to advise Government on future investment priorities. Transport for the North and the Welsh Assembly Government recently signed a Memorandum of Understanding, ensuring that the requirements of the Welsh Assembly Government are properly considered during the on-going development of the Northern Transport Strategy.
  
5. The remit for the Committee's inquiry is wide ranging and a number of aspects fall outside the scope of either Rail North or TfN. This submission will therefore focus on the relationships between North Wales and the North of England, the impact on English transport devolution on Wales and how investment in the Welsh rail network can capitalise on complementary investment in England.

## Northern Devolution

6. There are fundamental linkages between North Wales and North West England. However, because economic data is collected separately on either side of the national border, the combined strength is not recognised. There are significant daily cross-border commuter flows of around 44,000 between North Wales and North West England. There is a particular focus of activity in the 'Mersey Dee' area which covers Wrexham, Flintshire, Denbigshire and parts of Cheshire and the Liverpool City Region. This economic geography has a particular focus on advanced manufacturing and innovation with major employers including Airbus, Tata, Toyota, Vauxhall/GM, JCB, Unilever and Essar and generates GVA of £17bn per annum. Despite the size and importance of the Mersey Dee area, intra-regional transport links are generally poor.
7. Across the North of England, rail use is growing – and more strongly than on other transport modes such as bus and road passenger traffic. In this regard, our objective is to facilitate and encourage economic growth. Better connectivity both facilitates and enhances that growth; the Rail North **Long Term Rail Strategy** sets an ambitious target of doubling rail's market share by 2032 over and above current trend growth. We have quantified the benefits of doing this at up to £50bn (PV 2010 over a 60 year appraisal period) with GVA benefits (2025, nominal inflation) that equate to £0.9bn per year.
8. Industry forecasts, which are not transformational in their nature, still suggest that rail demand will increase by 40% by the mid-2020s. For forecast rail mode share in the mid-2020s to double from 5.7% to 11.3%; rail demand will need to grow at around 8% per annum; an increase of 180%. Delivery of committed investments such as the Northern Hub, the electrification programme and introduction of new and additional rolling stock in the North of England will be necessary to meet this demand. However, studies have shown that considerable suppressed demand exists for rail travel in the North and TfN's Northern Transport Strategy will address this.
9. DfT and Rail North have recently completed the refranchising of the Northern and TransPennine services with a transformational specification that was an essential first step for the Long Term Rail Strategy. From April 2016 the new Northern franchise will see more than 2,000 extra services each week, including new regional daily linkages from Chester to Leeds, an almost 40% increase in capacity, and around an additional 400 Sunday services. This will create space for 31,000 extra passengers travelling into the five major commuter cities of Liverpool, Manchester, Leeds, Sheffield and Newcastle during the morning rush-hour. The next TransPennine franchise will introduce new, direct Liverpool to Glasgow and Liverpool to Edinburgh services, double the number of Manchester to Newcastle services, run more daily services from Manchester and Leeds to Hull from December 2017, and an extra 9,000 seats into Manchester, Leeds, Sheffield, Liverpool and Newcastle – an overall capacity boost of nearly 70% across the region during the morning peak. It should be noted though that neither franchise runs services into Wales. The cross border services are provided by Arriva Trains running services from Wales into Manchester.
10. In parallel to the rail franchising processes, Transport for the North is developing its Northern Transport Strategy, which will set out a 30 year capital programme to significantly improve

connectivity and accessibility across the North of England for both passengers and freight and covering all modes. A key element of this Strategy is the development of the ‘Northern Powerhouse Rail’ (NPR) concept, which is a proposal to connect the North’s city regions with fast frequent rail services. Clear ambitious targets for connectivity in terms of frequency and journey times were published by the Government and TfN in March 2015 and are as indicated below. These are called the ‘conditional outputs’. TfN is working in partnership with Network Rail and HS2 Ltd to understand the means by which these outputs can best be met.



11. Options that meet, or move towards meeting the NPR vision are being developed through a series of studies to establish the scale of investment required and the strength of case. This includes looking at making use of the HS2 network where possible, upgrading existing routes, and the construction of brand new railway lines. We are also assessing the investment needed within cities; both at stations and on cross-city routes, to enable the fast through journeys that will make up a coherent network rather than a series of point-to-point links.
12. Emerging findings from this work show that entirely new lines, or in some cases major bypasses and cutoffs (i.e. sections of new route), may be needed to deliver the connectivity vision. In certain locations, HS2 will play a part in delivering the transformational NPR vision. On the existing network express; semi-fast, local and freight services run on the same, often two-track railway, limiting its capacity to deliver transformational changes in speed or frequency. So to deliver the transformation, new lines are needed to separate these very different types of service.
13. Between Liverpool and Manchester, there may be the potential to use the proposed HS2 infrastructure to achieve the output. Initial work indicates such an option may also require a new line from Liverpool to the proposed HS2 route. Such a new line could also permit faster HS2 services between Liverpool and London.
14. On routes between Manchester and Leeds and Manchester and Sheffield, analysis so far suggests that very significant sections of new line would be needed to achieve the vision for journey times and service frequencies. However, if provided, these could free up capacity for additional local passenger services, better serving key intermediate centres and rail freight. The proposed HS2 route offers significant potential to provide a fast link between Leeds and Sheffield.

15. For Newcastle and Hull, packages of upgrades to existing lines, electrification and faster trains could improve journey times and service frequencies between the North East and Humber areas and the rest of the North. Work is underway to explore the potential to make more intensive use of the HS2 eastern leg connection to the East Coast Main Line to address the key constraint of line capacity east of Leeds, as well as options on the East Coast Main Line to Newcastle and routes to Hull.
16. The Northern Powerhouse Rail (NPR) proposals not only benefit the cities which it directly serves; by transferring inter-regional rail services to a dedicated new line a significant amount of capacity can be released on the existing rail network which could be used for enhanced commuter services. Future work for TfN will include examining how other centres of population can be served by new rail services. There is also the option to use this capacity for freight services, exploiting the opportunity brought about by the developments at the Port of Liverpool and offering benefits for the large number of advanced manufacturing sites in North Wales and focused on Deeside.
17. The NPR proposals are underpinned by a new approach to economic development in the United Kingdom. Connecting the individual centres of the North of England serves to strengthen their labour and business markets, and building on their collective strengths and identities, will allow the North's economy to function more as a single unit.
18. The Welsh Government has been particularly interested in the freight and logistics element of the NTS, given the importance of the Port of Holyhead and Deeside Industrial Estate to the North Wales economy. Representatives of the Welsh Assembly Government have met several times with TfN officers responsible for freight and logistics. As part of the development of a Northern Freight and Logistics Strategy TfN held a stakeholder workshop with representatives of the North Wales freight industry in Llandudno in December 2015.

### **Priorities for Improvement**

19. Building on the opportunities that arise from HS2 is integral to the Northern Transport Strategy. The planned early delivery of the High Speed 2 rail 'superhub' at Crewe is clearly an important development from a cross boundary point of view and will also support the freight market through electrification of Crewe to Holyhead. Crewe is already an important interchange location for services from North and South Wales and this importance will increase with the arrival of HS2. An economic assessment of the benefits of a superhub station with a direct HS2 connection, commissioned by Cheshire East Council put the impact of such a development at £3bn in GVA and up to 60,000 new jobs across the local and wider economic area.
20. This and linkages to other key destinations in the North of England supports the recommendation of the North Wales Economic Ambition Board to electrify the North Wales Coast Line. In addition to the general benefits of journey time reduction and capacity increase which accompanies electrification, this would permit the introduction of direct services to the airports of Manchester and Liverpool, improve connectivity to Chester and permit the transit of larger containers on conventional rail wagons to and from Holyhead port. This offers an opportunity to exploit the

transformational service benefits that the proposals for a Crewe HS2 superhub would bring. Rail North and TfN see improvements to the railway in North Wales, and connectivity on to the network in the North West of England as the key priority. This would enable cross border links to be strengthened.

21. Cheshire West and Chester Council and Merseytravel are also working closely with the Welsh Assembly Government to improve service quality on the 'Borderlands line' between Wrexham and Bidston. However, solutions will be dependent upon funds being aligned from the separate administrations for any enhanced rail infrastructure works. Service enhancements ultimately need to be negotiated as part of the Wales and Borders refranchising process, which is the responsibility of the Welsh Assembly Government. Notwithstanding these practicalities, the Borderlands line should be recognised as a high priority by the Welsh Assembly Government in terms of its economic importance in linking three mutually supportive Enterprise Zones (Liverpool Waters, Wirral Waters and Deeside) and in supporting access to education, leisure and retailing. It will also serve an increasingly important social and economic role in the context of the new prison being developed in Wrexham.
22. Decisions on rail electrification in Wales are reliant on 'feeder' sections from English networks being electrified too. A longstanding problem is that electrification business cases in Wales can be weaker as a result of the lower passenger flows and associated economic benefits. This highlights the importance of decisions being taken at a strategic level, rather than on a route-by-route basis. Rail North provided substantial support to the Electrification Task Force which was established by the Secretary of State for Transport to provide independent advice on the priorities for future electrification. The Welsh Assembly Government and the six North Wales Local Authorities were involved in the work of the Task Force and the Stakeholder Reference Group.
23. These examples highlight the importance of effective joint working and planning between Welsh and English bodies on such issues. More formal working with English border areas (such as the MoU signed with TfN) should be proposed by the Committee, as should opportunities to align funds, which are increasingly devolved in both England and in Wales
24. The issue as to whether the Department for Transport (DfT) should devolve rail infrastructure responsibilities in Wales is not straightforward and we would not wish to comment on an issue that is ultimately for Wales to reach a view upon. It is noted that most rail services in Wales have origins or destinations in England, or else pass through significant parts of England, which highlights the complexity of devolution in a practical sense. In our experience, the key to maximising success, irrespective of whether infrastructure decisions are devolved by DfT or not, requires strong and meaningful partnership across logical economic geographies, putting, as far as possible, administrative boundaries to one side and assessing issues and problems in a strategic context across the network as a whole. Equally, the Welsh Assembly Government should remain able to fund additional infrastructure enhancements, as local transport authorities in England are also able to do.
25. Decisions on rail electrification in Wales are reliant on 'feeder' sections from English networks being electrified too. A longstanding problem is that electrification business cases in Wales can be weaker as a result of the lower passenger flows and associated economic benefits. This highlights the importance of decisions being taken at a strategic level, rather than on a route-by-route basis. Rail North provided substantial support to the North of England Electrification Task Force which was established by the Secretary of State for Transport to provide independent advice

on the priorities for future electrification. The Welsh Assembly Government and the six North Wales Local Authorities were involved in the work of the Task Force and the Stakeholder Reference Group. Transport for the North remains an advocate of the findings of this work and would like to see the principle, of a continuous rolling programme of electrification remain at the heart of National rail infrastructure policy.

Please see the background information provided by West Midlands Rail.

The material includes background information on two issues:

- HS2 Connectivity to South Wales
- Electrification of rail line from Wolverhampton to Shrewsbury

## Importance of Electrification of Wolverhampton – Shrewsbury Line

### (Adapted from WMITA / Centro Comments to Network Rail in respect of Electrification RUS Refresh workstream, Sept. '13)

- 1 Whilst the electrification of Wolverhampton to Shrewsbury rail line is arguably a lower priority for the West Midlands than some other routes, notably:
  - Cross Country inter city core network (Derby - Birmingham – Bristol/Cardiff)
  - Felixstowe – Nuneaton – Birmingham
  - Chiltern Main Line
  - Birmingham Snow Hill suburban network

WMITA nevertheless believes that there is a strong potential for development of the rail passenger market on this route, as well as rolling stock and infrastructure efficiency gains which would be realised by electrification and associated line speed improvements between Wolverhampton and Shrewsbury.

- 2 The importance of Shrewsbury as the Midlands' gateway to Mid Wales and North Wales also needs to be recognised in the context, as does the longer term aspiration for a more frequent, direct service from Shrewsbury and Telford to London.
- 3 Similarly the potential for future remapping of current "English" services out of the next devolved Welsh rail franchise (such as the Shrewsbury to Birmingham International portion of the current ATW network) potentially provides opportunities to strengthen Shrewsbury's "gateway" status, whilst improving the overall service offer to passengers on the key Birmingham – Shrewsbury corridor.

#### 4 **Birmingham - Wolverhampton – Shrewsbury: Rolling Stock Efficiency**

Following electrification of the Walsall – Rugeley route in December 2017, Birmingham – Shrewsbury will be one of only two London Midland New St service groups (the other being Birmingham to Hereford) still operated by diesel rolling stock.

The current London Midland Birmingham – Shrewsbury service is very inefficient in its use of rolling stock. On a daily basis around 8 different 3 or 4 car trainsets are used to provide the basic hourly off-peak service and 3 additional peak services and there are some long layovers at the Shrewsbury end of the route e.g. between 12.12 and 14.47 when trains are effectively standing idle.

Electrification and use of electric trains (EMUs) with higher acceleration characteristics than the existing rolling stock on the Shrewsbury would allow more efficient diagramming of trains across London Midland's Birmingham services leading to a reduction in the overall rolling stock requirement.

#### 5 **Wolverhampton – Shrewsbury Electrification: Efficient Use of Infrastructure**

There are some longstanding issues with the overall service pattern since, although there are two trains an hour from Birmingham to Shrewsbury, these arrive in

Shrewsbury within 4 minutes of each other, whilst in the opposite direction the two trains depart Shrewsbury within 14 minutes of each other.

	LM	ATW	Gap between Services		ATW	LM	Gap between Services
Birmingham	XX05	XX23	18	Shrewsbury	XX33	XX47	14
Shrewsbury	XX14	XX19	4	Birmingham	XX28	XX55	27

This not only represents an inefficient use of the double track infrastructure between Wolverhampton and Shrewsbury but also provides a poor service offer for the passenger.

Electrification and use of EMUs would enable the London Midland Shrewsbury services to be better integrated with others on the busy Wolverhampton – Birmingham corridor and offer greater scope for retiming services to improve the overall service pattern and reduce journey times.

There is also a potential synergy here between electrification and the now abandoned Control Period 4 proposal to improve the line speeds on the route with an opportunity to maximise the benefits of both proposals and to minimise the disruption during the necessary infrastructure enhancement works.

## 6 Wolverhampton – Shrewsbury Electrification: Future Capacity Requirements

In spite of the poor service offer, local rail passenger growth on the Shrewsbury route is continuing to grow at over 3% p.a.

Centro/MMITA believe that there is strong scope for even greater passenger growth on this corridor if the poor generalised journey times to Birmingham (currently over an hour for all stations on the route) can be reduced through the provision of a more frequent (2 tph) local service.

Again it would be easier to integrate this increase in service frequency with existing London Midland electric services on the Birmingham - Wolverhampton corridor if all regional services were provided by electric trains.

## 7 Wolverhampton – Shrewsbury Electrification: Connectivity to London

London connectivity remains a key issue for passengers, local authorities and businesses in the Shrewsbury and Telford areas. Virgin Trains' recent restoration of a limited service using diesel Voyager trains has had strong regional support, but it is recognised that, with these trains potentially being replaced by new electric trains in the next West Coast Franchise from 2017 (as proposed by both short-listed bidders for the previous cancelled franchise competition), these new services may only provide a stop-gap solution.

Electrification of the route (ideally including the Bushbury – Oxley chord at Wolverhampton) would provide much greater operational flexibility in terms of options to serve this market on a sustainable long term basis and would allow, for example, some Wolverhampton to London services to start/terminate at Shrewsbury, without requiring any additional train paths on the West Coast Main Line.

## 8 **Wolverhampton – Shrewsbury Electrification: Regional Connectivity**

Post-HS2 there will also be greater scope to improve cross-regional services and provide greater connectivity to centres such as Birmingham Airport and Coventry.

## 9 **Wolverhampton – Shrewsbury Electrification: Delivering Economic Benefits**

Reducing the Generalised Journey Time to Birmingham for stations on the Wolverhampton to Shrewsbury line, through a combination of faster electric journeys and a more frequent service, is likely to deliver substantial economic benefits especially to Shrewsbury, Wellington and Telford.

Additionally, facilitating the sustainable provision of direct service to London for the longer term is also regarded as essential for the long term economic prosperity of Shropshire and the wider area.

## 10 **Overall Vision for Shrewsbury – Wolverhampton - Birmingham Corridor**

The Shrewsbury – Wolverhampton rail corridor, whilst relatively poorly served at the moment continues to see strong growth. This appears to be indicative of significant latent demand which could be realised if the Generalised Journey Times into Birmingham could be reduced through a combination of faster journey times, more frequent services and a more evenly spread service pattern. Such improvements would also appear to be capable of delivering significant economic benefits.

The demand for direct connectivity to London has been reflected in Virgin Trains' reintroduction of a limited service to Euston using diesel trains. The West Midlands Regional Rail Forum's Vision is for there to be an hourly Shrewsbury – Telford – London service via the West Midlands.

The future base service pattern is therefore likely to be significantly greater than today's poorly spaced 2 trains per hour (1 London Midland one ATW).

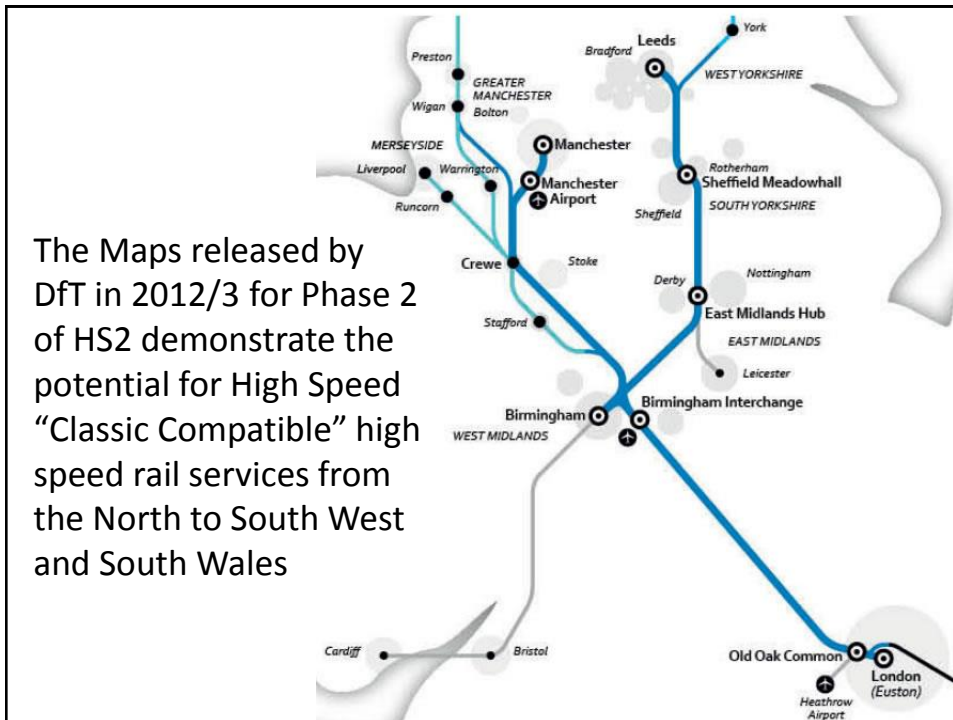
<b>Hourly Service Aspiration by Franchise</b>	<b>West Midlands</b>	<b>West Midlands</b>	<b>IC West Coast</b>	<b>Wales Franchise ?</b>
Route	BHM - SHR	BHM - SHR	EUS - SHR	<i>BHM – Mid/North Wales</i>
Stopping Pattern	All Stations	All Stations or Semi-Fast	SHR - TFC	<i>SHR - WLN - TFC</i>
Train Type	<b>Electric</b>	<b>Electric</b>	<b>Electric</b>	<i>Diesel</i>

The issue of whether the direct Birmingham to North / Mid Wales service will continue in its current form as part of a future devolved Welsh franchise is obviously a matter for consideration by the Welsh Government and Department for Transport. However, if the Wolverhampton – Shrewsbury route were to be electrified then such a service would almost certainly be the only diesel passenger service on an otherwise fully electric route.

## **Summary**

This improved passenger service offer, coupled with the potential efficiency gains from removing one of the few remaining diesel-operated regional services into Birmingham New St, supports the case for the Wolverhampton - Shrewsbury line to be electrified.

In 2014, the cost of this electrification and associated line speed improvements was estimated (at a high level) to be in the order of £80m. However, no significant work on the development of this scheme has yet been undertaken.



The Government’s January 2013 ***“High Speed Rail Investing in Britain’s Future”*** publication explicitly stated that:

***“Bristol could gain services running on the existing line to Birmingham, and then on at high speed towards Leeds and Manchester, Newcastle and Scotland”***

For this to become a reality there needs to be a physical connection between Phase 1 of the HS2 route and the “classic” rail network in the Birmingham area.

However, not even “passive provision” for such a connection is included in the current Hybrid Bill

According to Network Rail's Long Term Planning Process 2013 Long Distance Market Study,

the market for inter city travel across Birmingham between North and South West / South Wales is likely to increase substantially by 2043

Forecast Passenger Growth To 2043	Nottingham	Sheffield	Leeds	Manchester
<b>Bristol</b>	<b>96%</b>	<b>133%</b>	<b>128%</b>	<b>188%</b>
<b>Cardiff</b>	<b>132%</b>	<b>221%</b>	<b>252%</b>	<b>242%</b>

### Potential Impact of HS2 on Journey Times

Journey Times (Approximate)	Current	HS2 (Changing stations in Birmingham)	Via direct rail connection to HS2
Cardiff – Manchester	3 hours 25	3 hours 10	2 hours 45
Cardiff - Leeds	4 hours 5	3 hours 25	3 hours

## Splitting High Speed Services Between City Stations is Common Practice Elsewhere

Lille Flandres	dep	07:01	1:01	TGV
Paris Nord	arr	08:02		
Lille Europe	dep	07:13	1:01	TGV
Paris Nord	arr	08:14		
Lille Flandres	dep	07:41	1:03	TGV
Paris Nord	arr	08:44		
Lille Europe	dep	08:13	1:01	TGV
Paris Nord	arr	08:44		

## Costs and Benefits

- Passive provision for a link to national rail network on Birmingham - Water Orton Corridor would probably cost less than £20m - considerably cheaper than the £50m originally allocated to the Heathrow junctions
- The West Midlands HS2 connections would have immediate benefits if actually built in terms of:
  - Operational flexibility
  - Depot access
  - Ability to serve other destinations (e.g. Wolverhampton via Birmingham New St) with classic compatible trains (subject to market demand/business case)

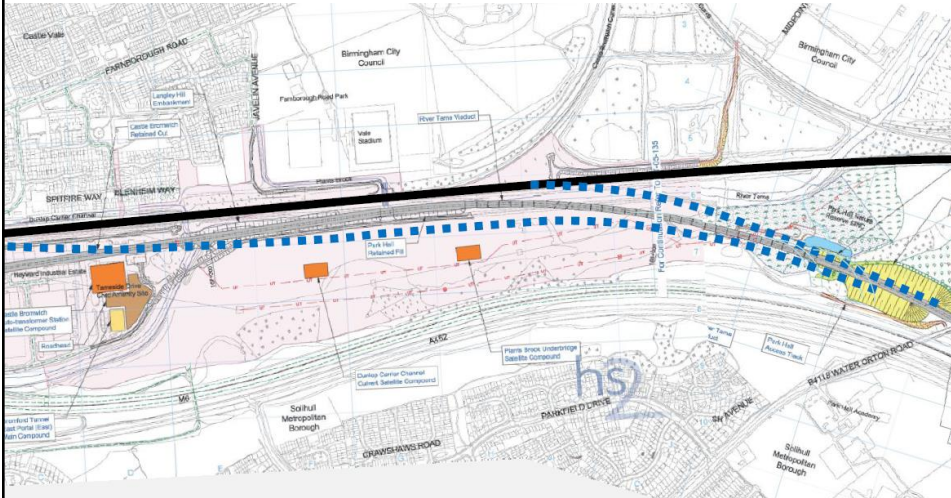
At least **Three** high level options appear to exist for a connection between HS2 and Birmingham - Water Orton Rail Corridor

- Curzon St Station / Proof House Junction Area
- Washwood Heath Depot Area  
(Western End of Bromford Tunnel)
- Castle Bromwich Junction Area  
(Eastern End of Bromford Tunnel)

The Castle Bromwich Area connection option would appear to have some advantages:

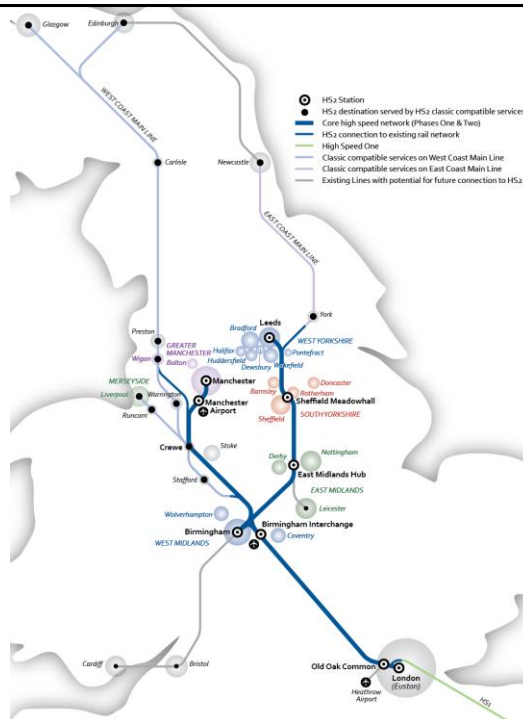
- minimal impact on the proposed HS2 alignment and construction
- avoids complicated station and depot areas
- possible opportunity to incorporate the crossing of the HS2 line by the (towards Birmingham) connection spur into the design of the proposed Bromford tunnel and tunnel portal  
this could assist the provision of a grade-separated flyover and minimise cost

High level concept for a direct rail connection (blue) between HS2 and Birmingham – Water Orton rail corridor (black) in the Castle Bromwich Junction area



(Route of Potential Link is Purely Indicative!)

Opportunity to Create a High Speed Line which is properly integrated into the rest of the national rail network



## 30 November 2015 HS2 Command Paper

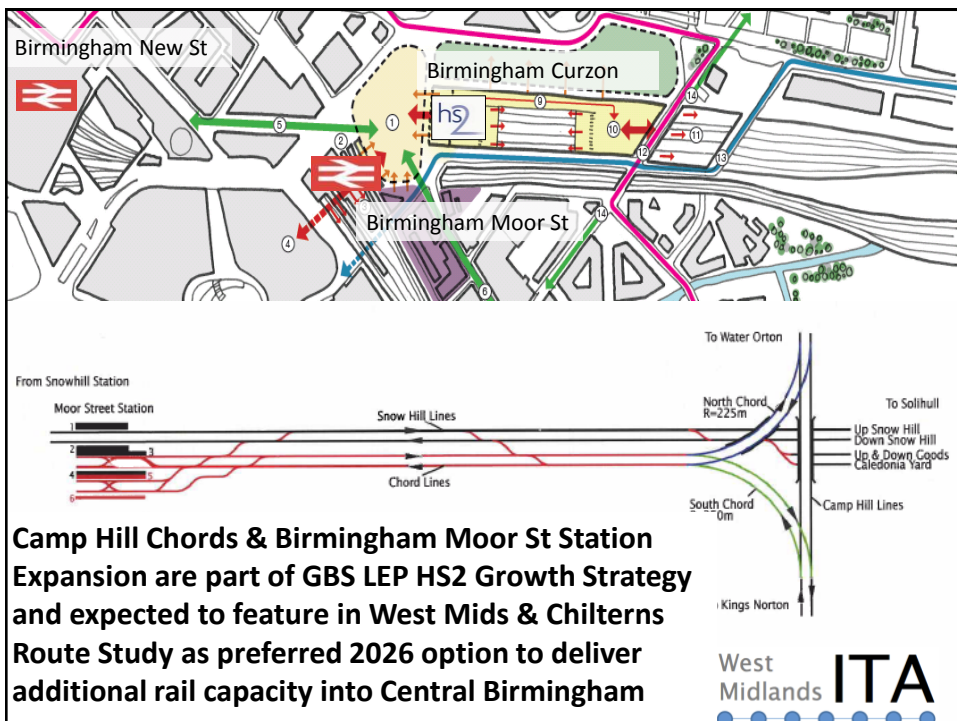
- Confirms UK Government has abandoned the option to link HS2 to the classic rail network in the West Midlands area
- Concludes that: *“Bristol, Gloucestershire & South Wales will still benefit from HS2 by a reduction in travel times for journeys to the north of England”*

### WMITA Perspective

The need to change stations in Birmingham will probably incur an interchange penalty of circa 30 minutes for passengers from S Wales

As an alternative, the Camp Hill Chords proposal and expanded capacity at Birmingham Moor St Station could allow:

- some South West / Wales services to use Moor St instead of Birmingham New St Station, which would provide:
- passengers with a much simpler connection to the adjacent HS2 station reducing the interchange penalty to perhaps 15 mins



## Agenda Item 2.4

Cynulliad Cenedlaethol Cymru	National Assembly for Wales
Y Pwyllgor Menter a Busnes	Enterprise and Business Committee
Ymchwiliad i'r Blaenoriaethau ar gyfer dyfodol Seilwaith y Rheilffyrdd yng Nghymru	Inquiry into the Priorities for the future of Welsh Rail Infrastructure
WRI 30	WRI 30
Trenau Arriva Cymru	Arriva Trains Wales

## **Priorities for the future of Welsh Rail Infrastructure**

### **1. Introduction**

Arriva Trains Wales has been operating the Wales and Borders Franchise since 2003 which delivers over 950 train services per day in Wales and the Borders. Arriva have overseen a transformation of the railway in Wales since commencing the franchise in 2003. With a new timetable delivering hundreds of new journeys each day, a focus on driving punctuality and reliability and the highest levels of customer satisfaction seen on the network we have seen passengers returning in ever increasing numbers to our services. This evidenced by journey growth from 18m in 2003 to in excess of 31m in 2015.

In order to accommodate this growth it is timely that the Enterprise and Business Committee has requested evidence on a number of key issues to define the strategic approach to provision of rail infrastructure in Wales. Arriva Trains Wales is pleased to give our views from a passenger train operation perspective.

### **2. Rail infrastructure priorities**

Arriva Trains Wales view of rail infrastructure priorities to provide capacity and connectivity, necessary to support social and economic wellbeing of Wales is about maximising timetable flexibility in infrastructure to allow improvements to timetables to meet changing priorities and demands.

Many parts of Wales still have long signalling sections, low speed profiles, short platforms and single lines with passing loops (passenger and freight) which makes it difficult to change and improve timetables without having a negative impact in other areas. We recognise that there are schemes seeking to address some of these issues. However, there is still much work to do to achieve flexible infrastructure and maximise track and signalling layouts and to provide track quality where we can utilise the full potential of our trains so to improve end to end journey times for customers.

We very much support the proposed electrification of the Valleys Network and hope that the funding can be found for the whole of the current system in this area to benefit. We are also supportive of further electrification in other areas such as the North Wales coast. There is for us, a clear rationale of linking the North Wales coast both to the West Coast and electrification in Manchester. Electrification has proven benefits both in terms of long term system costs but also in improved journey times and reliability of the rolling stock. We would also note that while the Marches route is a key strategic link for Wales rail, bridging North and South, the main passenger flows are east/west in both North and South Wales. We would like to see modern infrastructure (electrification, stations, track and signalling) supporting these key flows.

However, infrastructure improvements/enhancements may not always be the answer to solve the capacity challenge, as for example, value for money maybe better tackled through longer trains.

It is important that all aspects of the rail system are considered so we believe it is important that Government has a clear rolling stock strategy linked to infrastructure improvements to ensure funded improvements can have timely and maximum benefits.

In terms how far infrastructure priorities go for Wales, it is encouraging to see the additional funding from both Governments in respect of stations, particularly in important areas such as improving accessibility and the environment for customers. However, there are still many stations that still exist which could benefit from further investment. For example, only approximately 50% of the number of stations in Wales are fully accessible albeit by footfall we have over 80% accessible. Rail plays a vital role in social and economic inclusion and “how accessible” the system is (stations and rolling stock) should form an important consideration for Government. We have previously made recommendations in this respect in evidence given to the communities and local government committee.

We were pleased and encouraged to see the report into the Rugby World Cup making a key recommendation for the need to modernise Cardiff Central station so that it can be fit for purpose for when Cardiff hosts special events. However, it is not only the station that needs improving but also the track and signalling capacity needed on the infrastructure into and out of Cardiff. Funding for such a scheme is for us a high priority.

We welcome the Welsh Governments ambitious plans for the Metro in South Wales which at its heart will likely involve substantial and prolonged infrastructure works in order to make the ambition a reality.

Arriva Trains Wales engages with Network Rail on their Wales Route Study which identifies infrastructure opportunities for funders. We are supportive of the work undertaken by Network Rail and believes it essential that funding is provided to meet the current and expected rise in demand of passenger numbers in Control Period 6 and beyond to 2029. ATW understands the draft study is currently being finalised and will be published shortly.

We would like to comment on the impact to Wales regarding the development of infrastructure in England. Certainly in this Control Period (5) we have seen and experienced significant poor delivery from project teams brought into the Wales Network Rail route. It is clear that Network Rail have been active in addressing project delivery issues and some improvement has been seen. However, problems remain and it is regrettable that this history of poor delivery may jeopardise future 3<sup>rd</sup> party funding or lead to increased Network Rail costs (and hence less delivery for the funds available) as they become even more risk averse. There is also a key question for Network Rail as to whether as part of its route devolution that each route should have the resources available to deliver large scale

infrastructure changes. If perhaps for economies of scale this doesn't happen then Wales will remain beholden to Network Rail central project teams for delivery of critical Welsh projects.

In this sense we would observe that Network Rail resources, which are managed centrally place a low priority on Welsh based schemes. So for example the Great Western and Crossrail take precedence over critical Welsh projects such as Cardiff area Signalling Renewal. This both delays the Welsh programme (and benefits), imports risk and means Wales has sub optimal time for delivering the works with least disruption.

### **3. Impact of key planned developments in England and vice versa**

When considering the impact to Wales on the planned developments such as High Speed, Electrification and Northern Hub, there is a risk schemes in England do not fully consider cross border opportunities which as mentioned above is a key passenger flow for Wales. Northern Hub for example has increased platform capacity at Manchester Airport which ATW are now fighting to utilise due to a bias towards English train companies. The knock on effects of delays against programmes in England can also have implications in Wales.

It's important from a UK perspective any development of rail infrastructure either side of the border is consistent and "joined up" to enable seamless and efficient cross border services.

Welsh rail passengers do feel the "pain" during planned developments in England and it may be difficult for customers to see the benefits. For example, Virgin Trains not running through to North Wales due to engineering works in the Watford area dis-benefits Wales and the benefits may not be realised by the local market.

As the major schemes in England develop such as HS2 it will be important that Wales Government continues to engage and influence infrastructure developments with both Network Rail and the Department for Transport and ensure there is benefit for Wales.

### **4. Periodic Review Process**

We believe that the natural extension of rail powers being devolved in the future to Welsh Government, is that Wales (like Scotland) should have its own funding and High Level Output Specification agreed with the Regulator. This will protect investment in Wales and ensure key priorities for Wales are funded.

## **5. The effectiveness of the Network Rail Wales Route**

As part of devolution the Wales Route was created in 2011 from the LNW and Western Routes. We work closely with NR Wales identifying opportunities for infrastructure improvements. In general it does feel Wales route has the right strategy but is often restricted in what it can deliver by the funding it is allocated from its centre. There is much more we would like Network Rail to deliver but funding constraints restrict this. We are unclear on whether the funding allocated to the Wales Route is sufficient to meet its needs. We understand how the route apportion its budget as it sees best to meet local conditions but this is based on a top down allocation rather than a bottom up assessment of need. The recent autumn season and failure to tackle a number of areas were a good illustration of this point.

In terms of structure, many of the infrastructure projects in Wales currently sit outside the route and is managed by a central project team. This does have issues with the different needs and priorities of the route and project team.

We have seen significant investment in the network recently by both Network Rail and Welsh Government which is welcomed and will assist the long term development of the network. However, this does have a detrimental short term impact on customers during delivery which may be difficult for some customers to understand as the benefits are manifested later. A clear strategic delivery plan for all infrastructure improvements will be beneficial for both customer communication and certainty.

## **6. Devolving funding for Welsh rail infrastructure**

We believe devolved funding will bring decision making closer to the point of need. In principle this would seem to be sensible. However the key risk is whether sufficient funding will be devolved in order to allow the sustainability and more importantly the growth of the rail system in Wales. It will thus become even more important that with the constraints on the public purse that infrastructure change is delivered on time and to budget.

Cynulliad Cenedlaethol Cymru	National Assembly for Wales
Y Pwyllgor Menter a Busnes	Enterprise and Business Committee
Ymchwiliad i'r Blaenoriaethau ar gyfer dyfodol Seilwaith y Rheilffyrdd yng Nghymru	Inquiry into the Priorities for the future of Welsh Rail Infrastructure
WRI 10	WRI 10
Great Western Railway	Great Western Railway

## **Priorities for the future of Welsh Rail Infrastructure**

### **Submission by Great Western Railway (GWR)**

Mae Great Western Railway (GWR) yn falch o gael gwahoddiad i gyfrannu i'r ymchwiliad hwn ar flaenoriaethau'r strwythwaeth rheilffyrdd yng Nghymru, gan Bwyllgor Menter a Busnes Cynulliad Cenedlaethol Cymru.

Mae GWR yn rhan o First Group, un o gwmnïau trafniadaeth mwyaf y byd, sydd yn darparu gwasnaethau trenau a bysus drwy Brydain. Mae gweithgaredd y cwmni yng Nghymru yn cynnwys gwasnaethau trenau GWR a hefyd gwasanaethau bysus FirstCymru, yn Abertawe a Gorllewin Cymru. Mae GWR yn darparu 127 o wasanaethau bob diwrnod gwaith i mewn ac allan o Gymru, yn cynnwys gwasnaethau i Lundain a Bryste.

Nid does unrhyw wrthwynebiad gennym i'r ddogfen hon fod yn gyhoeddus, ac oes bydd angen unrhyw wybodaeth neu eglurhad pellach, byddem yn falch o helpu.

Great Western Railway (GWR) is pleased to be invited to contribute to this inquiry on priorities for the future of Welsh Rail Infrastructure by the National Assembly for Wales Enterprise and Business Committee.

GWR is a part of FirstGroup, one of the largest public transport operators in the world, providing rail and bus services across the UK. In Wales, the Group's activity includes GWR train services and also FirstCymru bus services in Swansea and west Wales. GWR operates 127 services every weekday in and out of Wales, including services to London and Bristol.

We have no objection to placing this submission in the public domain, and we would be happy to help if any further details or any clarification are required.

### **Our Response to the Questions Posed:**

#### **High level priorities for the development of rail infrastructure to provide the capacity and connectivity necessary to support the social and economic well-being of Wales;**

Cardiff and the Cardiff Capital Region play an important role in the economic well-being of Wales. As such it needs a transport infrastructure that allows growth to take place and for that to happen Cardiff needs a rail station that befits a capital city. The Rugby World Cup highlighted the deficiencies for passengers circulating around the station and waiting on platforms along with the infrastructure not being suited to an intensive train service required for a major event

To deliver a step change in passenger movement from the station post-event significant changes need to be made to the station to improve passenger flows and to the track to allow more frequent departures. In addition, the regular passenger flows are anticipated to increase significantly due to the expected growth in modal shift to rail following electrification of the Great Western mainline and the replacement of the High Speed Trains with new modern Super Express Trains as part of the Intercity Express Programme which together will deliver faster journey times. Passenger numbers are forecast to rise from 13m to 22m by 2023 (Wales Route Study 2014/15 pg27). The new trains with greater

capacity will encourage more people to travel by train for events in Cardiff; particularly as the City, and South Wales, continues to attract world class events.

Rail has demonstrated its ability to move large crowds, over long distances quickly, effectively and safely. Changing the layout of Cardiff Central would transform the experience of fans and visitors to Cardiff, as well as protecting Cardiff's commuters and business travelers.

Such improvements are important to allow the full benefits of the Great Western Main Line Electrification Programme (GWEP) to be utilised. This programme will see GWR operating Super Express Trains, which can run in 9 or 10 car formations. In addition each carriage is also longer than those in the current High Speed Train fleet enabling more people per train service to travel. In addition, the electrification programme supported by improvements in infrastructure, will allow GWR to use its new fleet of four-car Class 387 electric trains provided for the London Thames Valley to provide additional capacity during major events in Cardiff.

Each of these Class 387 trains can run in 12 car formations and seat 675 passengers in a 2+2 seating layout with scope for many more to stand for shorter distances. Given this potential GWR has sought to ensure that these trains will have route clearance to Cardiff and, once the line is electrified, we can bring these trains to the City on match days. In the near future, GWR will have a significant uplift in ability to transport large volumes of people quickly; the restricting factor will then become the station capability.

The benefits of our Super Express Trains and occasional use of Class 387 trains will be enhanced with the proposed increase in line speed improvements between Cardiff and Severn Tunnel.

Underpinning all these schemes however is electrification of the Great Western Main Line to South Wales, and although it is now clear that full electrification will take place later than Network Rail originally planned, Sir Peter Hendy's initial report does confirm that the work will go ahead, albeit over a longer period. It is however important to note that expected delivery of our new long distance train fleet for South Wales from 2017 is not affected by Network Rail's new timescale, and we are working hard with the Department for Transport to look at ways we can deliver the full package of jointly promised benefits we want to deliver for our customers in Wales, despite the challenges Network Rail faces.

Journey time improvements to and from South Wales are key, particularly given that the capability of the new trains being introduced by GWR will be held back by line speeds. The infrastructure should be updated to match the opportunities provided by electrification reducing the time taken between Cardiff and London, including central London through Crossrail, Heathrow, Gatwick and HS2.

### **How far Welsh Government's rail infrastructure priorities, including those in the National Transport Finance Plan, and the Ministerial Task Force on North Wales Transport report meet the needs of Wales;**

In broad terms we felt that the National Transport Plan and subsequent Finance Plan set out a comprehensive range of rail infrastructure projects. It was also supported by a comprehensive range of data and analysis and we recognise the role that the rail industry and GWR has to support the Welsh Government's development and delivery of its rail infrastructure programme. Key to this is a process for development phase of projects to give that flexibility in the programme should any new funding opportunities emerge during the relative short timescale of the National Transport Plan.

Therefore, we see the creation of the new Transport for Wales company, which will take forward the re-letting of the next Wales and Borders franchise and delivery of the Cardiff Capital Region Metro, as being crucial to developing a rolling programme of rail projects. We look forward to working with the new body on schemes in South Wales.

We also welcome the opportunity to work in both the development and implementation stages of the Cardiff City Deal which again provides an opportunity to provide a significant step change to rail infrastructure in South Wales.

**How the development and exploitation of rail infrastructure in England affects Wales, and vice versa;**

Schemes such as expansion of capacity and capability through Reading Station redevelopment; redoubling of a significant section of the North Cotswold line and reinstatement of double line between Swindon and Kemble on the South Cotswold route have helped unlock previous constraints on maintaining the train service between Wales and England. Moreover, the ongoing work to electrify of the mainline from London to South Wales and of Crossrail to Reading will allow the new Super Express Trains to bring Wales closer to London and the South East in terms of journey times.

Similarly, the proposed four-tracking and electrification of the Filton Bank, north of Bristol, will provide additional infrastructure capacity needed on the Cardiff-Bristol route, which continues to see year on year passenger growth. This scheme will not only provide for the planned additional London to Bristol services, but will also improve reliability of all services, including the Anglo-Welsh commuting, business and leisure services that we operate. This infrastructure also opens the possibility of providing new rolling stock strategies for South Wales to Bristol and beyond, something which we are committed through our new franchise agreement to investigate.

The importance of international links to Wales is well known and we continue to support the proposed new Western rail access to Heathrow; when delivered this will bring South Wales closer to Heathrow by around an hour, through connections at Reading and/or Slough improving access to and from the international market which Wales wants to attract.

The likely electrification of the route from Birmingham to Bristol is also worth noting. This creates further opportunities to provide connectivity from South Wales to HS2 at Birmingham and on to the North of England / Scotland.

All these infrastructure investments highlight the need to ensure Cardiff Central station has the capability to create a positive, lasting impression of the city both day to day and during major events.

**The impact on Wales of key planned developments in England including High Speed Rail, electrification, Northern Power House / Transport for the North, and wider devolution of responsibility for rail within England;**

GWR works closely with Local Enterprise Partnerships across England. The likes of the West of England Partnership leading on the development of the Metro West rail network in the Greater Bristol area, and Cornwall and Isles of Scilly LEP, along with Cornwall Council's commitment to a series of rail improvement programmes funded by European funding have shown how decisions and a momentum at a local level has helped develop the infrastructure business and councils see as crucial to the economic growth in their communities. We are keen on developing this level of partnership in South Wales to benefit local communities along the route

In terms of High Speed Rail, there will be a direct opportunity and impact of HS2 – London to the North via the West Midlands – with the planned creation of an interchange on the Great Western Main Line at Old Oak Common two miles outside Paddington. This will help release the potential for journey time savings between London and the North of England (and beyond) on HS2, although in so doing it underlines the importance for the competitiveness of South Wales of introducing route electrification and other infrastructure improvements as quickly as possible.

**How Welsh Government can best engage with and influence infrastructure developments in England and the development of passenger and freight services using the network;**

It is important that as the electrification programme develops and rail franchise negotiations take place that the Welsh Government continue to press the case for Welsh schemes with the Department for Transport and Welsh Office. We are part of a Wales Rail Industry Leaders group lead by the Welsh Government, where senior officials from rail companies and senior civil servants share dialogue and understanding of the strategic directions being taken by all parties. This group is linked to the national Rail Delivery Group and the planning process for investment in the railway through the development of the Initial Industry Plan and Strategic Business Planning process. This shows the extent to which the Welsh Government is committed to working with others to develop the rail network outside of Wales.

Both the UK and Welsh Governments are aware of the challenges we have in accommodating growth against the funding constraints that we have; and both Governments are supportive of our drive to do the right things in terms of improving performance and customer satisfaction, and in running an efficient rail network.

**Whether the periodic review process meets the needs of Wales and takes account of the needs of Welsh passenger and freight users, and how this should be developed;**

**The fact that funding for Welsh rail infrastructure is not devolved. The advantages, disadvantages, opportunities and risks potentially associated with devolution.**

**The effectiveness of the Network Rail Wales Route and whether the approach to delivery of network management, maintenance, renewal and enhancement functions are effective in delivering value for money, capacity, frequency, speed, reliability and handling disruption for passengers and freight users in Wales;**

The Periodic Review Process overseen by the Office of Rail and Road (ORR) fits within a group of processes and systems in the rail industry. As Periodic Reviews have evolved, however, we have pressed the case for the setting of outputs and efficient levels of expenditure at a route level supporting the devolution that has occurred within Network Rail.

There remains potential for future efficiencies to be realised from closer cooperation between TOCs and NR routes in finding cost effective ways to deliver locally agreed outputs. Such a situation exists within the GWR area and our involvement in Network Rail's Western Route programme of rail infrastructure and alliance, and where both at director level and at key levels throughout both organisations we work together on finding ways to deliver locally agreed outputs. The evidence from work undertaken by NR at Reading in 2014 and 2015, and around Bath in 2015 shows the benefits of this alliance and we feel there is no reason why the same could not be achieved in Wales, particularly around key schemes such as Great Western Main Line Electrification to Swansea.

In terms of devolution of funding rail infrastructure to Wales, we would again support the view that there should be greater clarity on the level of funding, in terms of operations, maintenance, renewals and enhancements of the infrastructure at a Wales route level. That need not necessarily require full devolution for funding rail infrastructure to Wales. The Metro West project in Greater Bristol is funded through UK Government as part of an Enterprise Zone, and the Cornwall Rail Improvement Programme uses European funding to lever Central UK government funding; both schemes are possible within the current system of responsibilities for rail infrastructure at a regional and UK level. The focus for that level of government with their rail infrastructure schemes has been the need to influence and prescribe their outputs to Network Rail, and that has been achieved without full funding responsibility for the rail infrastructure.

So far as our involvement with Network Rail's Wales Route is concerned, we work closely with them at both a strategic and daily operational level. As evidenced by the efforts during the Rugby World Cup and regular challenges faced on Wales rail network.

However we are concerned that the lessons learned from the Rugby World Cup and the general day to day increase in patronage expected in the coming years are not being incorporated in the plans for Cardiff Central station. This is an opportunity to create a world class station to support a world class event location in a world class city – this opportunity should not be lost.

We welcome the agreement between the UK and Welsh Governments that will see the next franchise let by Welsh Government and the formation of the new Transport for Wales body that will oversee this process.

The nature of the railways in Wales is similar to that in Scotland and, through FirstGroup and our tenure of the ScotRail franchise between 2004 and 2015, we have seen the benefits that local governance has had in this context. This model also enabled us to work closely with Transport Scotland and Network Rail to deliver additional benefits to rail users, including infrastructure schemes such as electrification of Paisley Canal to provide improved services, efficiently, effectively and for reduced cost.

Jocelyn Davies AM  
Chair  
Finance Committee  
National Assembly for Wales

18 January 2016

Dear Jocelyn,

## **Draft Budget Scrutiny 2016-17**

On 14 January 2015, The Enterprise and Business Committee took evidence from Julie James, Deputy Minister for Skills and Technology, and officials from the Department of Education, both on her own portfolio, and that of the Minister for Education and Skills.

The committee wished to highlight three areas of concerns arising from our scrutiny of the education and skills parts of our remit.

### **Impact of reductions to budgets for the Higher Education Funding Council for Wales (HEFCW) Revenue and Running Costs budgets**

The Committee was most concerned by the proposed changes to the funding for the higher education sector, and will be seeking further opportunities to scrutinise:

- the £20m reduction to the HEFCW revenue; and
- the £0.277m (-10%) reduction to HEFCW's running costs.

The size of these cuts brings in to question whether the funding council will be able deliver its objectives.

In respect of the proposed reductions to the higher education revenue budget, the committee found it difficult to assess the potential impact of cuts without some indication of the priorities that the Minister will set out in his annual remit letter



to HEFCW. We were told that HEFCW will discuss the situation on Friday 22 January, and the committee will be seeking further information in due course.

The Committee understands the independent role of the Funding Council but the Welsh Government must have undertaken some impact/risk assessment before proposing such a significant reduction to HEFCW's funding for the sector. Therefore the Committee would have expected the Deputy Minister to be able to give a clearer indication, of Welsh Government priorities. (Prioritisation)

The Committee will be asking the Minister to provide an update on the priorities he wishes HEFCW to address.

The evidence from the sector warns that there is a critical risk that funding cuts will disproportionately affect the provision for those on part-time courses, research and expensive subjects.

The Committee welcomes the Deputy Minister's response about prioritisation for part-time provision. Although we note that the First Minister gave reassurances to CELG that the Coleg Cymraeg Cenedlaethol was a priority the previous day. Given the reduction in size of the overall pot, it seems unlikely that HEFCW can fully protect multiple priorities.

The evidence from the HE sector highlights particular concerns from an equalities perspective, that reductions to part-time HE provision will have a detrimental effect on female and older learners.

The Committee also noted concerns (affordability) about the impact that cuts will have on funding for:

- Research (QR) and any potential damage to the Welsh HE sector's ability to compete for external research funding; and
- Funding for expensive subjects (medicine, dentistry and Conservatoire courses) and the potential impact on STEM courses generally.
- Risk that reductions in funding will reduce the standing of Welsh HEIs in league tables, making it harder to attract students and their accompanying tuition fees.

The Committee are also concerned about the impact of the reductions (10%) to HEFCW's running costs. We understand that the *Higher Education (Wales) Act 2015* established a new governance framework for HEFCW to implement. However the recommendations of Professor Sir Ian Diamond's review (due to be published later this year) and the next Welsh Government's response to these recommendations have the potential to be very far reaching, and could change HEFCW's role and remit once again.



## Career Wales

The Committee notes with concern the further reduction to the funding for Careers Wales. We remain anxious that reliance on digital delivery means that independent careers advice may not reach young people who are disadvantaged or not in education, employment or training (NEET). (Prioritisation)

## Apprenticeships

The Committee welcomes additional funding for apprenticeships (both from reserves and as a result of the budget agreement with the Welsh Liberal Democrats). We also welcome the Deputy Minister's assurances that there will be sufficient funding to ensure that new starters and those already in apprenticeships will be able to complete their programmes. (Prioritisation)

The Committee acknowledged and shared the Deputy Minister's concern that the lack of clarity to date around the UK Government's proposals for an apprenticeship levy have delayed the Welsh Government developing its own plans for apprentices and trainees.

Kind Regards,



William Graham AM

Chair





Jocelyn Davies AM  
Chair  
Finance Committee  
National Assembly for Wales

18 January 2016

Dear Jocelyn,

### Draft Budget 2016–17

The Enterprise and Business Committee met on 14 January to scrutinise the Minister for Economy, Science and Transport (EST) on the draft budget proposals.

Our principal concern relates to the budget process.

The changes in the way that Welsh Government calculates the previous year's baseline have had a particularly major impact on the EST budget. For example the capital budget has reduced by 27.5% compared to supplementary budget 2015–16, while it has increased by 30.3% by comparison with the revised baseline.

Both figures are valid – but the change of style has not been helpful to effective scrutiny.

While the Minister provided a reconciliation table, and promised to provide a range of additional information in response to specific requests for examples, the overall presentation made it very difficult to have high levels of confidence in the affordability and value for money of the EST budget. Uncertainty over timescales for Metro, City Deal and the Minister's intentions for Business Rates (which she will announce later this year) also cloud the picture.



The committee noted two issues around responsibility and accountability for further scrutiny. We were told that the Welsh Government's commitment to the Cardiff City Deal was the responsibility of the Minister for Finance, rather than the Minister for EST. However, it seems likely that any Welsh Government contribution will come through funding – e.g. METRO project – that is provided by EST. This is a subject we will return to once the finer details of the City Deal are agreed and signed.

Similarly, when asked about the projects included in phase 2 of the Metro the Minister said that this would be a matter for the First Minister. The reason for this is unclear since Metro is a transport programme.

Kind Regards,

A handwritten signature in black ink that reads "William Graham". The signature is written in a cursive style with a large, sweeping initial 'W'.

William Graham AM

Chair





Ein cyf/Our ref: MA-P-HL-1411-15

Llywodraeth Cymru  
Welsh Government

William Graham AM  
Chair, Enterprise and Business Committee  
National Assembly for Wales  
Cardiff Bay  
Cardiff  
CF99 1NA

21<sup>st</sup> January 2016

Dear William,

Thank you for your e-mail of 18 January following the budget scrutiny session by the Enterprise and Business Committee on 14 January. I have set out below responses to your e-mail together with the additional information requested at the Committee meeting.

### Higher Education

The table below shows the forecast (as at 02/07/2012) and actual numbers of English and international students enrolled at Welsh Higher Education Institutions (HEIs) from 2012/13 onwards. Figures shown are for full-time undergraduates. Note that 2015/16 student numbers are not yet available and Welsh Government do not forecast non-EU international student numbers.

Income projections for Welsh HEIs depend not only on student numbers, but also on factors such as changes to average fees. It is, therefore, not always the case that the trend in income forecasts will directly reflect the trend in student numbers.

#### Full-time undergraduate students at Welsh institutions, by domicile

		2012/13	2013/14	2014/15
England	Forecast	29,525	29,043	28,204
	Actual	30,255	30,660	30,015
	<i>Difference</i>	730	1,617	1,811
International (non-UK EU)	Forecast	2,802	2,822	2,843
	Actual	2,745	2,895	3,055
	<i>Difference</i>	-57	73	212
International (non-EU)	Actual	8,440	8,385	7,795

Sources: Higher Education Statistics, Student Number Projections as at 02/07/2012 (Forecasts); Higher Education Statistics Agency (Actuals)

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

**Pack Page 104**

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

The difference between the forecasted student numbers ranged from 2 per cent (2012/13) to 6 per cent (English students, 2014/15) and 7 per cent (non-UK EU students, 2014/15). The increase in this difference reflects a diminishing accuracy of forecasts as the time following the forecast update increases, particularly when annual changes in student numbers are inconsistent (as has been the case in recent years).

English domicile student numbers at Welsh HEIs were forecast to decrease by 2 to 3 per cent each year from 2012/13. The actual figures show a 1 per cent increase in 2013/14, followed by a 2 per cent decrease in 2014/15.

Non-UK EU student numbers at Welsh HEIs were forecast to increase by 1 per cent annually. The actual figures show larger annual increases of 5 per cent (2013/14) and 6 per cent (2014/15).

Non-EU international student numbers have decreased since 2012/13, by 1 per cent in 2013/14 and 7 per cent in 2014/15.

### **Skills for Employment Wales**

Officials are currently in discussions with Welsh European Funding Office (WEFO) over the availability of European Structural Funding (ESF), which would further enhance the overall package available within this programme from April 2016 onwards. Outcomes for the programme are still being discussed as part of these ongoing negotiations with WEFO.

I will provide an update to the committee on the outcomes of the programme as soon as WEFO approval has been received.

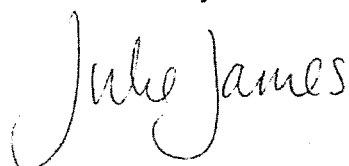
### **Traineeships**

Officials are currently awaiting the outcome of an independent review of Traineeship delivery. I anticipate that this review will be published following the evaluation of the 2007-13 European Structural Funds (ESF) Traineeship programme. Both the evaluation of the ESF programme and the wider review of Traineeship delivery will inform ongoing policy decisions in this area aimed at ensuring maximum value for money from future interventions.

I will report back to the committee on the lessons that have been learnt and the findings of the review as soon as the information is available.

I hope this response is sufficient to provide clarification on your points raised.

Yours sincerely



**Julie James AC / AM**

Y Dirprwy Weinidog Sgiliau a Thechnoleg  
Deputy Minister for Skills and Technology

# Agenda Item 3.2

William Graham AM  
Chair of the Business and Enterprise Committee  
National Assembly for Wales

20 January 2016

Dear Mr Graham,

Thank you for the opportunity to be part of the discussions today whilst the Committee considered delivery progress of the Active Travel Act.

My reason for writing is very specifically to address a comment which the Minister made in relation to a statement reported in Professor Cole's report. There was a strong suggestion in the way that the Minister repeated the reference to Sustrans being a cycling related organisation that the accusation and its sentiment are accepted truths.

Since Professor Cole's report was published there has been a clarification regarding the reported comment that the Minister may not have been aware of. The original comment was made by a Transport Scotland official: what was actually said was that some people [Scottish local authorities] may perceive Sustrans to be focused on cycling, however this is not a widespread view and not one that the official herself believed to be the case. The conversation with Professor Cole was made in the context of discussing the very successful administration by Sustrans Scotland of the active travel infrastructure programme on behalf of Transport Scotland.

Sustrans represents the interests of walkers and cyclists; more than two thirds of the users of the National Cycle Network are pedestrians. We are also heavily involved influencing the design of public realm, where we clearly advocate and bring forward design solutions for the specific needs of improve conditions for pedestrians. Our advocacy work, technical expertise, promotional projects (through schools, workplaces, communities) and public facing communications (on line and printed) all deal with walking and cycling. We strongly advocated for the Active Travel Act to be just that – we were against early ideas that the legislation should cater solely for cycling.

I am concerned that the Committee may be left with a false perception of Sustrans as a result of the comment being given such significance this morning, so I wanted to address this with you immediately and ask you to share with members. Thank you.

Yours sincerely



Jane Lorimer  
Director, Sustrans Cymru

William Graham AM  
Chairman  
Enterprise and Business Committee  
National Assembly for Wales

22 January 2016

Dear William

Transfer of rail franchising functions to the Welsh Ministers is expected in 2017, and ahead of this, it is important Welsh Government engages with the public and relevant stakeholders before developing a specification for a new franchise.

As part of our commitment to this public engagement, I have today launched a consultation that invites opinion on the key quality outcomes that need to be included within the next Wales and Borders franchise specification, including:

- Outcomes and priorities for improvement
- Services to be provided and capacity
- Performance and disruption handling
- Fares and ticketing
- Rolling stock

This consultation is the first stage of a programme of public and industry engagement. A report summarising the views expressed during this phase of the engagement exercise will be prepared and published after the elections to the National Assembly for Wales in May have taken place.

The views gathered during this exercise will further inform development of the detailed proposals and specification for the award of the next Wales and Borders Franchise, which will be subject to further public consultation of not less than 12 weeks in duration.

*Edwina Hart*

The Welsh Government's Consultation Document on Setting the Direction for Wales and the Borders Rail is available in the following link:

<http://gov.wales/docs/det/consultation/160122-wales-border-rail-franchise-consultation-document-en.pdf> (40 pages)

# Agenda Item 5

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