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Llywodraeth Cynulliad Cymru
Welsh Assembly Government

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Gareth Jones AM
Committee Chair
Enterprise and Learning Committee
National Assembly for Wales
CARDIFF CF99 1NA

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Annwyl Gareth,

RAIL POWERS

During the Committee's scrutiny session on 21 October, I agreed to provide details of the Assembly Government's statutory powers in relation to rail infrastructure.

These powers stem largely from the Railways Act 2005, which put in place new arrangements for the oversight and regulation of the railways. The Act brought together all aspects of the regulation of the industry under the Office of Rail Regulation and abolished the Strategic Rail Authority, with the Secretary of State for Transport assuming its role of providing strategic direction and leadership for the railways. The Secretary of State also took on responsibility for specifying the high level outputs which Network Rail, the owner and manager of the railway infrastructure, has to deliver in return for the funding provided by the UK Government.

The Railways Act 2005 also gave the Welsh Assembly Government a range of rail powers for the first time. We became a co-signatory, with the Department for Transport, to the Wales and the Borders franchise, with the ability to specify services, set fares and provide financial assistance to the franchisee (currently Arriva Trains Wales). This means that we manage and fund the franchise, with responsibility for providing revenue support in relation to Wales-only and cross-border services. We did not assume responsibility for a very small number of services in the franchise which operate entirely within England.

In addition to the franchise, the Assembly Government is also able to provide financial assistance for the purpose of developing the railway in Wales. This covers support for Network Rail, for example, in relation to the planned capacity enhancements between Wrexham and Chester. It also allows us to support other passenger and freight train operators.

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There are two main areas which are not devolved. The Assembly Government is not responsible for specifying and funding the high level outputs for the railway network, which is undertaken by the Secretary of State for Transport on an England and Wales basis. My understanding is that the Assembly Government's decision not to seek these powers in the 2005 Act was a recognition of the integrated nature of the railway network in England and Wales, as well as a reflection of concerns that we might become financially responsible for shortfalls in funding infrastructure maintenance.

This means that the Assembly Government is able to fund infrastructure enhancements, but has not had to take on the liabilities associated with wider responsibility for the network. Under these new arrangements, we have made full use of our own powers to invest in the network. We have also been successful in securing UK Government investment in Wales, for example, the re-signalling of the South Wales Main Line and the capacity improvements at Queen Street in Cardiff. The UK Government has also committed to the electrification of the Great Western Main Line through to Swansea.

The other non-devolved area concerns the 'inter-city' operators, such as First Great Western and Virgin, who provide services in Wales. Here the statutory position is that the Secretary of State must consult the Assembly Government on proposals for all franchises serving Wales. We are also consulted on the general guidance given to the Office of Rail Regulation, which has to take account of the Assembly Government's policies and strategies in discharging its responsibilities.

Finally, I should mention that the Assembly Government has various powers for the construction or operation of a railway under the Transport and Works Act 1992. These powers would be relevant in relation to major projects, for example, the construction of a new high speed line.

In summary, the Assembly Government has acquired an extensive range of statutory powers in relation to the railways in the last few years, which have allowed us to develop the integrated and sustainable transport policies set out in the Wales Transport Strategy and the National Transport Plan. We are now able to determine the pattern of local and regional rail services and fund infrastructure enhancements, but have avoided the need to take on the liabilities associated with wider responsibility for the rail network. Generally I am content that we have struck the right balance with these arrangements, but I will continue to keep them under review.

I hope that this is helpful to the Committee. If you need any further information, then do please let me know.



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