



**Cynulliad Cenedlaethol Cymru
The National Assembly for Wales**

**Y Pwyllgor Menter a Dysgu
The Enterprise and Learning Committee**

**Dydd Mercher, 18 Tachwedd 2009
Wednesday, 18 November 2009**

Cynnwys
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Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynndi yn y pwyllgor. Yn ogystal,
cynhwysir cyfieithiad Saesneg o gyfraniadau yn y Gymraeg.

These proceedings are reported in the language in which they were spoken in the committee.
In addition, an English translation of Welsh speeches is included.

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Christine Chapman	Llafur Labour
Jeff Cuthbert	Llafur Labour
Paul Davies	Ceidwadwyr Cymreig Welsh Conservatives
Nerys Evans	Plaid Cymru The Party of Wales
Gareth Jones	Plaid Cymru (Cadeirydd y Pwyllgor) The Party of Wales (Committee Chair)
David Melding	Ceidwadwyr Cymreig Welsh Conservatives
Sandy Mewies	Llafur Labour
Jenny Randerson	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats

Eraill yn bresennol
Others in attendance

Claire Keggie	Pennaeth Polisi Rheilffyrdd, Strategaeth a Buddsoddi, Transport Scotland Head of Rail Policy in Strategy and Investment, Transport Scotland
David Sexton	Rheolwr Datblygu, yr Is-adran Masnachfrait a Dynodi Allbwn Lefel Uchel, yr Adran Drafnidiaeth Development Manager, Franchise and High-level Output Specification Division, Department for Transport
Stephen Wolstenholme	Rheolwr Strategaeth Rheilffyrdd, yr Adran Drafnidiaeth Rail Strategy Manager, Department for Transport

Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol
National Assembly for Wales officials in attendance

Dan Collier	Dirprwy Glerc Deputy Clerk
Joanest Jackson	Cynghorydd Cyfreithiol Legal Adviser
Siân Phipps	Clerc Clerk
Graham Winter	Gwasanaeth Ymchwil yr Aelodau Members' Research Service

Dechreuodd y cyfarfod am 9.29 a.m.
The meeting began at 9.29 a.m.

Cyflwyniad ac Ymddiheuriadau
Introduction and Apologies

[1] **Gareth Jones:** Bore da a chroeso **Gareth Jones:** Good morning and a warm
 cynnes i bob un ohonoch i'r cyfarfod hwn o'r welcome to you all to this meeting of the

Pwyllgor Menter a Dysgu. Dechreuaf gyda'r cyhoeddiadau arferol. Atgoffaf bawb i ddiffodd eu ffonau symudol ac unrhyw ddyfais electronig arall, ac i beidio â chyffwrdd â'r meicroffonau. Nid ydym yn disgwyl ymarfer tân, felly, os bydd argyfwng, rhaid inni adael yr ystafell ac efallai yr adeilad dan gyfarwyddyd y tywyswyr. Mae'r cyfarfod yn un dwyieithog; mae clustffonau ar gael i dderbyn gwasanaeth cyfieithu ar y pryd o'r Gymraeg i'r Saesneg, ar sianel 1, ac i chwyddleisio'r sain, ar sianel 0. Bydd cofnod ar gael o'r cyfan a ddywedir yn gyhoeddus.

Enterprise and Learning Committee. I will start with the usual announcements. I remind everyone to switch off their mobile phones and any other electronic devices, and not to touch the microphones. We are not expecting a fire drill, so, in the event of an emergency, we will have to leave the room and perhaps the building following the ushers' directions. The meeting is bilingual; headphones are available to receive the interpretation service from Welsh into English, on channel 1, and to amplify the sound, on channel 0. A transcript will be produced of everything that is said publicly.

[2] Mae ymddiheuriad oddi wrth Huw Lewis. Nid oes dirprwyon.

We have received apologies from Huw Lewis. There are no substitutes.

9.30 a.m.

Seilwaith Rheilffyrdd Cymru ar gyfer y Dyfodol Future Railway Infrastructure in Wales

[3] **Gareth Jones:** Dyma'r bedwaredd sesiwn yn ein hymchwiliad i seilwaith rheilffyrdd Cymru ar gyfer y dyfodol. Mae dwy ran i'n sesiwn graffu. Mae'n bleser gennyf estyn croeso cynnes iawn i'n tyst ar gyfer y sesiwn agoriadol. Gwelwch fod y drefn wedi newid; nid sesiwn fideo-gynadledda yw hon, gan fod Claire Keggie wedi hedfan o'r Alban i fod yma. Yr ydym yn dra diolchgar iddi am wneud hynny. Claire Keggie yw pennaeth polisi rheilffyrdd, strategaeth a buddsoddi Transport Scotland. Croeso cynnes i chi. Diolch yn fawr ichi am y dystiolaeth ysgrifenedig yr ydym eisoes wedi'i derbyn, ei dosbarthu a'i darllen. Yn unol â'r drefn, a allwch wneud cyflwyniad o ryw bum munud, cyn inni symud ymlaen at y cwestiynau?

Gareth Jones: This is the fourth scrutiny session in our inquiry into the future railway infrastructure in Wales. There are two sections to this scrutiny session. It is my pleasure to extend a warm welcome to our witness for the opening session. You will see that there has been a change; this is not a videoconference session, as Claire Keggie has flown down from Scotland to be here. We are extremely grateful to her for doing so. Claire Keggie is the head of rail policy in strategy and investment for Transport Scotland. A warm welcome to you. Thank you for the written evidence that we have already received, distributed and read. In accordance with the usual order, will you please give an introduction of around five minutes, before we move onto the questions?

[4] **Ms Keggie:** Thank you. I will try not to duplicate too much of what is in the paper that you have seen. However, I will start by saying that the devolution of rail powers to Scotland has been successful. Scottish Ministers have been able to set out their long-term vision for the railway in Scotland and, crucially, they have had the funding to deliver the projects that they have decided are a priority for Scotland. All the projects that have been prioritised by our Government will contribute to the overarching purpose of the Scottish Government, namely increasing sustainable economic growth.

[5] With the funding that was transferred to us from the UK Government in 2005, we have been able to progress a number of new rail projects. We have completed new railway lines between Larkhall and Milngavie, we have completed a new freight and passenger railway between Stirling, Alloa and Kincardine and we have a number of significant projects already under way, including the development of a new rail line between Airdrie and

Bathgate, which will provide an alternative route between Edinburgh and Glasgow, which is one of our busiest road corridors. By creating this new route, we are relieving congestion on our roads, contributing to our climate change objectives and encouraging modal shift away from the car. So, we have a number of projects under way.

[6] We have also set out a 20-year strategy, through our strategic transport project review, which sets a challenging programme going forward to 2020 and beyond of road and rail projects, with a significant number of the recommended programmes relating to rail. That is in recognition of the big contribution that rail can make to the strategic priorities of the Scottish Government in reducing emissions from transport.

[7] That is probably all that I would like to say at this stage. It will be easier to address specific questions that you might have. I understand that funding is an area of particular interest to you.

[8] **Gareth Jones:** Thank you. If you note a certain amount of envy in the questions, you will understand what it is all about. Thank you for that introduction. I turn to David Melding for the first question.

[9] **David Melding:** In asking my question, I might appear to look at Scotland with a slightly jealous eye. In our evidence so far, we have found it difficult to get proper facts and figures about what Network Rail is really spending in Wales, because we are part of UK routes as well as having a network within Wales. Some of these issues apply to Scotland as well, although I think that it is fair to say that the Scottish rail network is more discrete than the Welsh one—we have quite a lot of border traffic, and although you get that going in and out of Scotland, we probably get it along the border in a way that you do not. So, there are more England and Wales services as a result.

[10] When the Scottish Government decided to have Network Rail's operation, in effect, devolved to Scotland—it was a decision that was welcomed across the political parties—was that primarily because it would make it easier to plan strategically for Scottish rail requirements? Was it also thought that it would be useful for Scotland to have a relationship whereby the responsibilities of Network Rail were Barnettised and applied to Scotland, so that you did not have a regular battle, every three or four years, on particular phases of capital development within Network Rail at a UK level in order to get programmes in Scotland covered? As far as I understand, you know that you will get an 11 per cent share—or whatever it is—that the Barnett formula gives you. Was that a driving factor as well? We do not have that—we have to apply for funding via the UK pot and hope that we are successful. It is difficult to work out, but we feel that there is evidence that we receive funding below our population entitlement, if such a thing existed—I realise that these are complicated equations to try to grapple with. So, it would help the committee if you could give us a wider context about the debate that you had four or five years ago about devolving these powers.

[11] **Ms Keggie:** I am afraid that I do not have the very long history of the discussions that took place at the time, but the primary purpose was to give Scottish Ministers the power and the funding to ensure that their priorities were delivered in Scotland. In order to make that happen, a transfer of £350 million from the UK Government to Scotland was made at the point of devolution, to take account of the new responsibilities of Scottish Ministers. That was a one-off transfer, so it is now the responsibility of Scottish Ministers to decide on the level of funding that they direct to rail in Scotland. They are not required to spend all of that money on rail; they can choose to transfer money from other budgets to spend more on rail. The Barnett formula provides Scotland with additional funding, and the way in which the formula works is that we receive an increase or decrease in our total budget as a result of any changes in the budgets of UK departments for programmes that do not extend to Scotland. The amount changes year on year, but it essentially translates to approximately 10 per cent, as you

mentioned.

[12] We are now in a position where we can direct the priorities for rail investment in Scotland, and it is up to us to specify to Network Rail the outputs that we want it to deliver on our behalf with that funding. So, we have a process that is similar to the one followed by the UK Government of setting a high-level output specification. The Office of Rail Regulation then determines whether or not the money that Scotland has available is reasonable and sufficient to deliver the priorities that we have set out in the high-level output specification. As part of the access charge review, the ORR confirmed that the amount of money that Scotland had available was sufficient to deliver the priorities that had been determined. So, our high-level output specification was agreed, and Network Rail has now translated that into its delivery plan. It is now charged with delivering those outputs in Scotland in the period between 2009 and 2014.

9.40 a.m.

[13] **David Melding:** I presume that there has been no call from any relevant body in Scotland to go back to the UK model. Is it felt that this model—being fully devolved—is to Scotland's advantage? An argument that we sometimes hear is that, while we do not control Network Rail's priorities, or where it chooses to spend the money, although we do influence it, we sometimes get more than if we just had these responsibilities directly with us, year-in-year-out. We can bid for a slice of the UK cake, which sometimes means that we would get more than our population would merit. Is it the case in Scotland that you feel that this is pretty settled now, that the arrangements are working to your advantage and that they are likely to go on being used for the foreseeable future?

[14] **Ms Keggie:** Absolutely. Rail devolution in Scotland has been a huge success and has been welcomed by all parts of Scotland. I do not believe that there is any suggestion from any party that we would revert to the previous arrangements; quite the contrary. We will be looking to continue to invest in the railways. As I said, we have a 20-year strategy, and the funding for those projects will be confirmed through future spending review processes. We are very clear about the priorities for the long-term and we fully expect to be implementing those over the coming years.

[15] **David Melding:** I know that other Members are probably going to raise high-speed rail and electrification; you might call me in on those issues, Chair, if the points are not fully covered.

[16] **Gareth Jones:** Thank you, David. I turn now to Jeff Cuthbert.

[17] **Jeff Cuthbert:** Thank you. Welcome to Cardiff, Claire. My question is in three parts. I may as well ask them all now and see how you deal with them. Other Members may pick up on them as well. First, I accept that devolution of rail funding has clearly brought benefits to Scotland. There is no doubt about that, and, in principle, the same would apply here in Wales, although I recognise that the geography of the two countries is very different. We are a much smaller country, with a very large border with England, compared with our size. So, the importance of cross-border rail traffic is perhaps more important here than in Scotland, where an awful lot can be within Scotland, given its shape. I am quite familiar with rail travel in Scotland; I was there in the summer and had a very pleasant journey on the west highland line from Glasgow to Fort William and then across to Mallaig. I understand that that line was considered for closure not long ago. That was reversed, I believe, as a result of a campaign, and my understanding is that it is now very well-used, calling at lots of relatively remote locations. There may well be issues as to how that campaign was conducted that could be applied to the reopening or the saving of similar types of lines in Wales. If information is available on that, we would be grateful for it.

[18] The second issue is on the role of railways moving freight in Scotland. We tend to concentrate on passenger transport, but freight is extremely important, given how well it is integrated into the movement of goods within Scotland. My final point is on light rail. You refer in your paper to the Edinburgh tram project. Is consideration being given to the use of light rail elsewhere? As far as I am aware, there is no light rail in Glasgow, but you do have the ‘clockwork orange’, which is very popular. That is the small, light, circular underground system, in case my colleagues are wondering what I am talking about. Is a future for light rail being considered in Scottish cities?

[19] **Ms Keggie:** I will start with your last point first, if that is okay. The strategic transport project’s review has made recommendations for two other light rail possibilities and one of those is in Glasgow. It is in relation to what we call the Cathcart circle, which is an inner-suburban train service. One of the recommendations is to convert that into light rail, and the primary drivers for that relate to capacity at the high-level Glasgow Central station, which is almost at full capacity. We are therefore looking at measures that will provide greater capacity there. Converting some of our heavy-rail services into light-rail services would contribute to that aim, and would help contribute to the carbon reduction agenda. So, yes, we do have some plans. They are at an early stage of development; as I mentioned, the STPR is a 20-year plan, so we are still in the early stages of planning and considering how we might take forward these schemes.

[20] You referred to the ‘clockwork orange’, which is the underground scheme. It is not part of Transport Scotland’s responsibility; it is the responsibility of one of our regional transport partnerships, Strathclyde Partnership for Transport, which is directly funded by the Scottish Government to operate it. It is a fairly limited inner-Glasgow underground network.

[21] In relation to rail freight, it is very much a priority of the Scottish Government to see more goods transported by rail, which contributes to the aim of getting traffic off the roads and onto rail. The STPR makes recommendations for projects that will enhance the railways’ capability for carrying freight. To support that we are also currently developing a rail freight policy framework, which will allow us to understand more about the challenges that are currently faced by the freight industry in moving goods by rail, and to consider additional measures that might make it more achievable to move goods by rail in Scotland in the future.

[22] Your other point related to the West Highland line, and I can confirm that there are no proposals in Scotland to close it. It is a rural route, and there will be peaks in the year when it is used more, because, as you have suggested, it is a tourist attraction and it covers several rural and picturesque destinations. There are no plans to close the railway lines in Scotland at the moment. I am not familiar with the campaign that you referred to; it took place some time ago perhaps, but I would be happy to find out more about that, and we could write to you with further details if that would be helpful.

[23] **Jeff Cuthbert:** On the last point, the campaign took place within the last 10 years, and I remember reading about it. It would be a shame if that line closed; it is the only train line that I have been on on which the driver stopped the train to let people take photographs. It was a packed train.

[24] I will ask further questions on light rail, if I may. I assume that there would be a partnership approach, and that you would work with—I am not quite sure of the local government structure—Glasgow City Council or Strathclyde Partnership for Transport. In Glasgow, and indeed other cities, such as Aberdeen, would you look at having a partnership with local authorities, or indeed private industry, when developing light-rail infrastructure?

[25] **Ms Keggie:** We have been working closely with our partners in Glasgow City

Council and Strathclyde Partnership for Transport to ensure that we get an integrated approach to transport in the Glasgow area. While our strategy has set out exactly what we want to achieve, we are working with partners to ensure that we find the correct design and system, so that what is eventually taken forward to development provides the best solution for the travelling public in Glasgow.

[26] **Gareth Jones:** This issue is relevant to us in Wales. You referred to the West Highland line, and to the remote communities on it. I understand its importance with regard to tourism and so on, but in relation to other aspects, such as sustaining those communities, is an assessment being made of the impact of this line on them, and of keeping it open? I accept what you say about there not being a hint of closure, but is it really working for the benefit of those communities, and is it sustaining them?

[27] **Ms Keggie:** The strategic transport project reviewed the entire rail network in Scotland, and made recommendations for where there had to be improvements to it. For example, it includes the renewal of signalling equipment on lines such as that one. So, there has been recognition of the importance of those lines and of ensuring that they continue to be updated to offer an appropriate transport solution.

9.50 a.m.

[28] There has been no assessment as such of the benefits to the community, but those lines are an integral part of the rail network in Scotland, and have been treated as such in the review that has been carried out.

[29] **Nerys Evans:** Diolch yn fawr am eich tystiolaeth—yr ydym yn ei gwerthfawrogi'n fawr yn y pwyllgor hwn. A wnewch ymhelaethu ar y sylwadau a wnaethoch gynnau am berthynas Transport Scotland a Network Rail o ran cynnal ac ymestyn gwasanaethau rheilffyrdd yn yr Alban? Clywsom dystiolaeth gan Network Rail pan ddaeth gerbron y pwyllgor fod 16 cynllun yn y strategaeth defnyddio llwybrau i drydaneiddio yn yr Alban, a dim ond un cynllun o'r fath yng Nghymru. A wnewch ymhelaethu ar eich perthynas gyda Network Rail wrth iddo ddatblygu'r model busnes ar gyfer y cynlluniau hynny? A wnewch ymhelaethu hefyd ar eich perthynas gyda'r Adran Drafnidiaeth yn Llundain? Sut ydych yn delio â materion sy'n croesi'r ffin?

Nerys Evans: Thank you for your evidence—we very much appreciate it in this committee. Will you expand on the comments that you made earlier on Transport Scotland's relationship with Network Rail in maintaining and expanding rail services in Scotland? We heard evidence from Network Rail when it came before the committee that there are 16 electrification schemes in the route utilisation strategy in Scotland, but only one such scheme in Wales. Will you expand on your relationship with Network Rail as it develops the business model for those schemes? Will you also expand on your relationship with the Department for Transport in London? How do you deal with cross-border issues?

[30] Yn olaf, yr oeddech yn sôn fod datganoli grym dros y seilwaith rheilffyrdd wedi bod yn llwyddiant mawr, a bod consensws gwleidyddol tu ôl iddo. A yw hynny'n deillio o'r ffaith bod y seilwaith yn haws i'w weinyddu o ran delio â chorff sydd o fewn yr Alban, neu a oes gwahaniaeth sylfaenol o ran sicrhau bod blaenoriaethau'r Llywodraeth yn cael eu gwireddu o dan y gyfundrefn hon o gymharu â'r gyfundrefn cyn i'r seilwaith gael ei ddatganoli? Ai mater

Finally, you mentioned that devolving power over the rail infrastructure has been a great success, and that there is political consensus behind it. Is it a case of the infrastructure being easier to administer because you are dealing with a body within Scotland, or is there a fundamental difference in ensuring that the Government's priorities are delivered under this regime as compared with the regime that existed before the infrastructure was devolved? Is it purely an administrative

gweinyddol pur ydyw a'i fod yn haws i'w matter and the fact that it is easier to
weinyddu, neu a oes buddiannau llawer mwy administer, or are there far greater benefits
oherwydd bod gennych fwy o gyllid a because you have more funding and freedom
rhyddid i ddatblygu'r rheilffyrdd? to develop the railways?

[31] **Ms Keggie:** There is a good relationship between Transport Scotland and Network Rail; we have a close working relationship with it. The Scotland route utilisation strategy was developed at the same time as we were developing our first ever rail strategy for Scotland which is called 'Scotland's Railways'. So, we worked very closely with Network Rail to ensure that there was as much synergy as possible between the two documents, and we largely achieved the synergy that was required. Those documents were translated into outputs to be delivered through the high-level output specification. That process worked well, and we have a regular dialogue with Network Rail at a strategic level and also at a detailed project level on the day to day management of the projects that it is implementing on our behalf.

[32] As for our relationship with the Department for Transport on cross-border services, that is an issue of close interest to Scottish Ministers. Rail connections to London are important to us, therefore our relationship with the Department for Transport is important. Scottish Ministers can provide non-binding advice to the UK Government on our requirements for those cross-border services, so we will exercise that opportunity, usually at times of re-franchising or when changes are taking place to the franchises. Our purpose in doing that is to ensure that the journey times and the connection opportunities from those trains are protected, and to make sure that we get the best deal for Scottish passengers from those arrangements. You will have probably seen in the press over the last week or so that there have been some issues around some of those services going forward, but we have a very good relationship with the Department for Transport, and we are working to make sure that we can get the best deal for Scotland through that process.

[33] You then asked about whether it was an administrative process or more about securing Government priorities in Scotland. It is very much about securing what is important for the Government. In the previous system, we would not have been able to achieve that because we would have been competing with a number of priorities across the UK as a whole. However, we now have the opportunity to ensure that the projects that are determined to have the most benefit to Scotland are delivered in Scotland, funded by Scotland and delivered by Network Rail, or whoever we choose to implement those projects on our behalf.

[34] **Gareth Jones:** You mentioned that there were 16 electrification projects in Scotland. David, do you want to come in on your point on electrification? We are all right for time.

[35] **David Melding:** It strikes me that the Scottish rail network has had quite a bit of electrification. No part of the Welsh network has yet been electrified, compared with about 35 per cent of the network in England and Wales being electrified, but all of that is obviously in England. We are concerned about this, because—and you would not know this—an extensive network serves the commuter traffic in Cardiff, which is the Valleys network, which most engineers think is a prime candidate for electrification, as well as our main lines in the north and in the south. It would help us to know whether electrification has speeded up more recently or whether it was already well advanced before you had the further devolution and how critical you think it is to a modern, strategic rail service to have extensive electrification.

[36] **Ms Keggie:** At the point of devolution, about 23 per cent of the Scottish rail network was already electrified, so we started from quite a high base. However, the strategic priorities of the Scottish Government are very much focused on further electrification of the network. One of our significant programmes of investment is the Edinburgh-Glasgow improvements programme, which will electrify a significant proportion of the centre of Scotland network between now and 2016. In addition to that, the strategic transport project review has set out

plans for a rolling programme of electrification, which will see many of the suburban routes across the commuter network electrified over the next 20 years. Our national planning framework also sets out the Government's intention to continue to electrify and hopefully to have the vast majority of the network electrified in the next 30 years. It is recognised that electrification leads to a much more efficient and reliable railway and, in addition, it will contribute to a challenging climate change reduction, so it is a central part of the Scottish rail strategy.

[37] **David Melding:** You have mentioned a couple of key advantages, but for rail passengers, and particularly commuters—because quite a lot of people travel to work by rail in Scotland—has the rolling stock also improved markedly for the comfort of passengers?

[38] **Ms Keggie:** Very much so. Passengers will usually get a newer train and a quieter train, so the passenger environment is much improved on the older diesel trains that would be in operation.

[39] **Gareth Jones:** Nerys, a ydych chi'n hapus gyda hynny? Gwelaf eich bod a throf at Jenny Randerson. **Gareth Jones:** Nerys, are you content with that? I see that you are and turn to Jenny Randerson.

[40] **Jenny Randerson:** Thank you for your evidence. 'Envy' is the word that comes to mind here. I recall, when I was a member of the relevant committee prior to the Railways Act 2005, having a fierce argument with the then Minister, Andrew Davies, saying that we needed to get this devolution of power because it was being offered to us, essentially. He refused to go for it because he felt that the amount transferred would not allow us to cope in an emergency. However, he had another interesting point, which I believe had more salience, namely that we have much more cross-border flow. You have already talked about that, but, in respect of the train operating companies that cross the border, how do you ensure that their experience of going from one owner of the track to another, to put it in simple terms, is a smooth one? Where do they stand in all this?

[41] Secondly, a very different question. You have outlined an ambitious programme of investment for the future—I have read the transport strategy document for Scotland and it is hugely impressive—but you are talking about £1 billion of new rail investment in Scotland over the next five to 10 years. Have you identified how much of that comes from the funding which, by various routes, has been disaggregated from Network Rail and via the Barnett formula and so on? How much is a voluntary top-up that the Scottish Government is putting in? Is that ambitious programme in existence because the Scottish Government has decided to place such a big emphasis on rail development, and therefore to take from funding that would normally be allocated to other issues?

10.00 a.m.

[42] **Ms Keggie:** On your first point in relation to cross-border operators, it is important to make clear that while Network Rail in Scotland is under our direction it is a UK company and therefore the infrastructure is owned by Network Rail UK. There is just the one company, so there is no distinction made between the ownership of the infrastructure in Scotland and that in England. That eases the operation of cross-border railways, as there is no distinction made between the two countries. The operating companies simply operate their trains on their tracks and no separate arrangement is required for England or Scotland. Therefore, that is not an issue.

[43] **Jenny Randerson:** So, it is a non-problem.

[44] **Ms Keggie:** Yes. In relation to investment and funding we are currently spending

£600 million each year on infrastructure and on the provision of our franchise. In addition to that, there is a £1 billion investment through Network Rail's regulatory asset base, so that demonstrates Ministers' commitment to investment in the railways. Investment is at its highest level; Scottish Ministers are very committed to driving forward their investment programme.

[45] **Paul Davies:** You state in your paper that background growth in passenger demand will be around 3 per cent per annum in passenger kilometres. If demand is greater than forecast, what tools do you have available to adjust your plans for future investment in rail infrastructure? Also, following on from Jeff's question regarding freight services, how are you balancing passenger demand against the need to shift freight onto the railway system?

[46] **Ms Keggie:** I will start with your last question. The strategic transport projects review set out the projects that would provide the greatest contribution to achieving the Scottish Government's purpose of increasing sustainable economic growth. Therefore, the project has identified those that would have the greatest impact, and there are a number of passenger and freight interventions contained within that. So, the process has been thought through. We have determined what the strategic objectives are, and what the strategic priorities of different transport corridors are, and we have prioritised investment accordingly. So, there has been a balance between passenger and freight services.

[47] As I mentioned, we are taking that one stage further with freight, and looking further into the future in developing a rail freight policy framework, which will allow us to understand in much more detail from the freight industry itself where there might be particular barriers to freight being moved on our railways, which will help us to determine what future interventions might be taken to further assist with our aim of increasing the modal shift from road onto rail.

[48] In relation to passenger growth and the tools that we have available to us, that is an evolving area at present. We have examples where forecast growth for particular new railways has outstripped what we expected. Therefore, when the Larkhall to Milngavie railway opened, for example, the passenger numbers were at least double what we expected them to be. Similarly, with the opening of a train station in the north-east of Scotland, at Laurencekirk, we have seen greater patronage than we might have expected. Therefore, we are currently involved in the process of seeking to improve the tools available to us to forecast demand.

[49] **Gareth Jones:** Thank you. I do not think that there are any other questions.

[50] **David Melding:** I have a question on high-speed rail.

[51] **Gareth Jones:** Yes. You have touched there on the balance between passenger and freight services and how you are looking at that strategically, but it has been mentioned in previous meetings of this committee how difficult that is sometimes; you can overdevelop passenger provision at the expense of freight and create all kinds of problems and tensions. However, superimposed on that, you also have certain problems with high-speed rail, which are over and above the electrification, as far as I can see. David, would you like to articulate that in a question to Claire?

[52] **David Melding:** There a big debate going on, and it is fair to say that, if Britain goes down the track—to use a pun—of high-speed rail services, Scotland will be on the network. It is probable that Wales would also be on the network, but that is perhaps not as certain. We have heard mixed evidence from witnesses. Generally, everyone thinks that electrification is highly desirable, but, the expense and the return from high-speed rail has been questioned by some witnesses, because of the investment that the new track would require, and the fact that

there would be fewer stops so that it is really just for long-distance travel. I would like to have a taste of the debate in Scotland—is it thought to be a pretty open and shut case? Cardiff is currently two hours away from London via the current rail service, and that could be speeded up if you improved the timetable or electrified. It would be useful for the committee to hear what emphasis the Scottish Government places on high-speed rail services.

[53] **Ms Keggie:** The Scottish Government’s vision for the future is very much of a high-speed rail line connecting Scotland with London and beyond. You will be familiar with the High Speed 2 work that is ongoing, which is specifically looking at high-speed rail between London and the midlands and beyond. We have developed a Scottish business case to feed into the work of High Speed 2, which we presented to it in October of this year. The report found that high-speed rail into Scotland is critical if the high-speed rail line is to achieve its intended purpose, because only by it coming to Scotland will we see an attractive journey time of around three hours, which will encourage people to stop taking domestic aviation between Scotland and London. Only that step change in journey time will provide that shift, and only then will you achieve the environmental benefits that are associated with high-speed rail. So, our Government believes that there is a compelling case for high-speed rail to come to Scotland, and we are very much driving that forward with High Speed 2. We hope that our business case to High Speed 2 will be a key part of the evidence that it presents to the Department for Transport at the end of this year.

[54] **David Melding:** Are there any more controversial issues at present, for example whether Edinburgh and Glasgow will be served directly, because I know that they are only about 40 minutes apart? I think that the priority is for it to go to Glasgow, rather than to Edinburgh, but is that causing difficulty for the Government?

[55] **Ms Keggie:** We have made it clear in our business case that we feel that it is necessary to be able to independently serve both Edinburgh and Glasgow. That would provide the best fit with our other strategic priorities and the best journey times to both Edinburgh and Glasgow. So, that has been a key part of our evidence so far. Yes, there is a wider debate about whether or not that is the preferred route, but it is certainly the preference of the Scottish Government to ensure that we have those two key cities independently served.

[56] **Gareth Jones:** Jeff, did you want to come in on this point?

[57] **Jeff Cuthbert:** Yes, if we have time. I wish to ask about the provision of rolling stock for passenger transport, and your relationship with the train operating companies in requiring them to provide a certain level of service, even down to the size of trains, perhaps, at peak times. David mentioned the Valleys lines, and, here in Wales, we have invested a lot in the infrastructure, in lengthening platforms and improving the signalling infrastructure, for the sole purpose of allowing Arriva Trains Wales to provide longer trains, of up to six cars, at peak times. All that investment has been made, in some cases more than two years ago, yet, we do not have the longer trains. The rolling stock is around somewhere, but it is not here, where it is meant to be. Would that happen in Scotland? Are you in a position to co-ordinate and direct the train operating companies over the nature and quality of service that they provide?

10.10 a.m.

[58] **Ms Keggie:** Through our franchise specification there will be service level commitments that the franchisee has agreed with Transport Scotland, either at the point where the franchise was specified or when there have been alterations over the years. Provision of rolling stock is a challenge in Scotland as well. We have had some similar projects where we have lengthened platforms so that we can have longer trains, but securing the availability of the rolling stock is sometimes a challenging process, and we have had a number of

negotiations over recent years in which we have managed to secure additional rolling stock to meet our strategic priorities. We have recently procured new trains for some of our new railway projects, and that was under a traditional rolling stock leasing arrangement with ScotRail, our operator. ScotRail has been leasing the trains, and we provide the funding for that; it is a traditional procurement process for rolling stock.

[59] **Jeff Cuthbert:** My microphone is not working. Were you able to hear my contribution?

[60] **Gareth Jones:** Yes. Jenny has the next question.

[61] **Jenny Randerson:** You say that it is a traditional way of leasing rolling stock, but one of the options, I assume, would be for the Scottish Government to own the rolling stock. It is expensive to lease it, so have you considered owning it? Secondly, where are you in the franchise process—did you inherit a franchise from the UK Government’s Department of Transport, or have you at some point initiated your own franchising process?

[62] **Ms Keggie:** I guess that we were in a slightly different position in that we did not inherit the franchise from the Department of Transport. The ScotRail franchise was previously managed by Strathclyde Partnership for Transport, which was previously called Strathclyde Passenger Transport Executive, or SPTE. At the time of rail devolution and the creation of Transport Scotland, we assumed responsibility, but the franchise was already managed within Scotland, so there was not the same sort of process that you might have experienced in Wales.

[63] In relation to the rolling stock, as part of the procurement process we considered all of the options available to us, and we concluded that the best model was the traditional one that I have referred to, whereby the franchisee leases the rolling stock from the rolling stock company, and Transport Scotland funds that.

[64] **Gareth Jones:** I do not think that there are any further questions, Claire, so I thank you for your attendance, and for sharing the Scottish vision with us in such an open and useful manner. It was useful to hear about your strategic approach to ensuring that the railways will develop and become an important component of transport in Scotland for many years to come, particularly in the context of climate change. You put everything in context for us.

[65] We have also been able to ask you about areas that are of concern to us—the balance between passenger and freight rail, high-speed lines, and so on. There is a lot of work to do here in Wales, but we have been looking at the experience of Scotland and we appreciate the evidence that you have presented to us. It will certainly help us in drawing up what will, hopefully, be recommendations to the Government here in Wales. We are grateful to you for making the journey to be here in person instead of us having to crane our necks towards the screen to watch a videoconference. It has been a pleasure to meet you and to discuss these issues. I wish you a safe journey home to Scotland. Diolch yn fawr iawn.

[66] Trown yn awr at ail ran yr ail eitem o graffu ar seilwaith rheilffyrdd Cymru ar gyfer y dyfodol. Mae’n bleser gennyf estyn croeso cynnes i gynrychiolwyr yr Adran Drafnidiaeth. Mae Stephen Wolstenholme yn rheolwr strategaeth rheilffyrdd. Estynnaf groeso cynnes i chi. Credaf mai hwn yw’r ail dro i chi fod yma gyda ni, Stephen. Yr wyf hefyd yn estyn croeso cynnes i David Sexton, We will move on to the second part of item 2 on considering the future railway infrastructure in Wales. It is a pleasure to extend a warm welcome to the representatives from the Department for Transport. Stephen Wolstenholme is the rail strategy manager. I extend a warm welcome to you. I believe that this is the second time that you have been here with us, Stephen. I

sef rheolwr datblygu yn is-adran masnachfrait a dynodi allbwn lefel uchel.

also warmly welcome David Sexton, the development manager in the franchise and high-level output specification division.

[67] Yr ydym yn hynod ddiolchgar i chi am eich tystiolaeth ysgrifenedig. Yr ydym wedi cyfle i ddarllen y dystiolaeth. Yr wyf yn siŵr eich bod yn ymwybodol o'r drefn erbyn hyn. A wnewch chi roi cyflwyniad am ryw bum munud ar y prif bwyntiau o'ch safbwynt chi? Bydd Aelodau wedyn yn gofyn cwestiynau. Yr ydym yn falch eich bod chi yma gyda ni ac yr ydym yn dra diolchgar eich bod chi wedi derbyn y gwahoddiad. Edrychwn ymlaen at eich cyfraniadau.

We are very grateful for your written evidence, which we have had an opportunity to read. I am sure that you know the way we work by now. Please give us a five-minute introduction on the main points that you consider to be important. We will then ask you questions. We are glad that you are here with us and grateful that you accepted our invitation. We look forward to your contributions.

[68] **Mr Wolstenholme:** Thank you, Chair and Members. It is a pleasure to be back here. A great deal has happened since we last gave evidence to you. If I may, I would like to run through a few developments. Taking north Wales first, since we were last with you, the west coast mainline project has been completed, with benefits for north Wales in the form of improved journey times and increased frequency, as well as increased services to Chester and beyond. I am glad to say that performance on that route is at a very high level now—about 94 per cent on the public performance measure, which is how we measure the reliability and punctuality of train services. This reflects a large-scale investment programme that brings benefits to the whole of Great Britain.

[69] Moving on to mid Wales, we have seen the extension of Cambrian Line services to Birmingham International, creating new journey opportunities and solving the major problem of reliability on that route with services frequently being turned back at Wolverhampton. We hope that that will lead to a continued, sustained improvement in reliability on that route. As you will see from our evidence, we are also working jointly with the Welsh Assembly Government, looking at the options for combining the department's plans for increasing capacity on the Shrewsbury to Birmingham services with the Welsh Assembly Government's commitment to hourly services on the Cambrian line. That has been a very good example of joint working, reflecting the basis of co-operation that we developed in looking at capacity improvements in the Cardiff area, where you will see from our evidence that we have been able to combine the Department for Transport's planned investments in capacity improvements in Cardiff with the Welsh Assembly Government's plans and Network Rail's plans for renewal of signalling and infrastructure.

[70] Looking beyond that, you will be aware of the announcement of the electrification through to Swansea, which, again, is a major programme with benefits for England and Wales, and the commitment to replace the current rolling stock with a new generation of largely electric super-express trains and the benefits that will bring.

10.20 a.m.

[71] With regard to the main English and Welsh corridors, there has been a lot of development, progress and further commitments to sustained investment. Those projects, particularly the Cardiff and Cambrian lines, and the dialogue that we have had with the Welsh Assembly Government at both official and ministerial level on issues such as high-speed rail and electrification, have meant that the relationship with the Assembly Government is very good and is closer now than it has ever been. That is because of that sort of joint working and the current rail agenda.

[72] **Gareth Jones:** We are pleased to note the last point that you made on the very close working relationship. That is to be welcomed and augurs well for the future. We shall now move to the questions.

[73] **Nerys Evans:** Dywedasoeh yn eich papur eich bod yn credu bod datganoli'r pwerau dros y seilwaith rheilffyrdd yng Nghymru yn annerbyniol. Mae nifer o dystion wedi dweud wrth y pwyllgor eu bod yn credu mai dyna'r peth gorau i'w wneud, ac y byddai'n well i Gymru ac i'w reilffyrdd pe bai gennym berthynas statudol gyda Network Rail, gyda chyllid yn dod yn sgîl hynny, er mwyn dylanwadu ar flaenoriaethau, ac yn y blaen. A allwch chi ymhelaethu ar hynny?

Nerys Evans: You said in your paper that you believe that devolving powers to Wales over the railway infrastructure is unacceptable. However, many witnesses have told the committee that they believe that that is the best way forward, and that it would be better for Wales and for its railways if there were a statutory relationship with Network Rail, from which funding would stem, in order to influence priorities and so on. Can you expand on that point?

[74] Hefyd, sut ydych yn delio â materion trawsffiniol yn yr Alban? Yr ydym newydd glywed gan dyst o Transport Scotland fod gan y corff hwnnw berthynas da gyda chi. A allwch chi ymhelaethu ar y berthynas honno? Sut yr ydych yn cydweithio ar faterion trawsffiniol?

In addition, how do you deal with cross-border issues in Scotland? A witness from Transport Scotland has just told us that it has a good relationship with you. Can you expand on that? How do you collaborate on cross-border issues?

[75] **Mr Wolstenholme:** On the first issue that you mentioned, our approach to assessing needs in Wales, under the current system, has been to specify the outputs that we want from England and Wales on exactly the same basis. In other words, the outputs that the Government wants to buy from the railway, such as punctuality, reliability, capacity and safety, apply to Network Rail on an England and Wales basis. In addition to that, we have looked particularly at having a demand-based approach to determining the needs, particularly in the Cardiff area. My colleague could say a little about how we have done that.

[76] **Mr Sexton:** You spoke about powers to influence priorities. It is useful to separate passenger and freight demand from the ability to deliver on that through trains and the underlying infrastructure. In Wales, you have the power to influence the Arriva Trains Wales franchise and the responsibility to determine the train operations that Arriva Trains Wales provides.

[77] In developing the high-level output specification, we consulted with our colleagues here in Cardiff, and started by looking at the demand forecast for both passengers and freight. Cardiff quickly became one of the priority areas for passengers, because of the sheer rate of growth. We then worked across England and Wales, looking at where high demand was forecast, and identifying what could potentially be done with train services to meet that high demand. In some places, there is a fairly easy solution; for example, you can lengthen trains without too much difficulty. In other places, you run up against infrastructure constraints, and it is only when you run up against those that you start looking at infrastructure change. So, you are about two steps back in the process when you begin to look at the infrastructure changes. We treated the whole of Wales and England as one entity when forecasting demand, and then when it came to identifying the priorities for likely infrastructure investment, Cardiff stood out, along with London and another three major English cities, as being in need of that investment.

[78] As to whether devolution of powers would have influenced that investment, I cannot tell you. All I know is that we then worked with colleagues in the Welsh Assembly

Government and Network Rail to identify the potential solutions and how much they would cost within the overall package of betterment that was being sought. The Cardiff example is a good one because as a result of both Governments sitting with Network Rail it came very much under the search light. I am pleased to say that we were able to engineer with Network Rail colleagues a better solution for Cardiff than that for many other areas just by dint of concentration of the issues.

[79] We dealt with Scotland in a different fashion. We were looking at the border issues with Scots colleagues, but geography is quite a contrast here. With Scotland, you only really have two prime routes going over the border and much of the traffic is long distance; there is not a great deal of short-distance regional traffic. The Wales-England border is much larger and there are much greater flows across, and, in all honesty, from a railway point of view, we do not tend to look at the borders. We tend to look at the passengers and freight and the routes over which they are flowing, and then work back from there to what is needed to meet the demand. The emphasis on the first high-level output specification was maintaining and slightly improving safety across England, Wales and Scotland—we cover safety in Scotland—improving the performance and reliability, and, most of all, spending on the capacity. Where that meant investment in the infrastructure, there was large investment in the infrastructure.

[80] **Nerys Evans:** Yr ydych yn sôn nad ydych yn credu y byddai unrhyw wahaniaeth pe bai'r pwerau'n cael eu datganoli i Lywodraeth y Cynulliad. Pam, felly, oedd hi'n annerbyniol i'r pwerau hynny gael eu datganoli flynyddoedd yn ôl?

Nerys Evans: You say that you do not believe that there would be any difference if the powers were devolved to the Assembly Government. Why, therefore, was it unacceptable for those powers to be devolved years ago?

[81] **Mr Wolstenholme:** The position when the distribution of powers was last looked at was that, following a review of the rail industry and discussions with the Welsh Assembly Government at that time, the case was presented for control of the franchise agreement. However, looking beyond that for reasons of railway geography, which my colleague has explained, and also because of the balance of risks in being responsible for funding infrastructure, the current settlement was decided following discussion. If you look back to the days of the crisis in the structure of the railway industry—the funding at the time of Railtrack, the reaction to railway accidents and the pressure on infrastructure spending—you will see that there were clear risks in funding the network. The view at that time was that the Welsh Assembly Government, under the present system, had the benefits of an England and Wales approach to cushioning the liabilities that it could potentially face, and the benefits of being able to supplement it with its own railway investment and of having direct control over services, fares policy and such matters under the Arriva Trains Wales franchise. That is my recollection of the debate when the existing settlement was agreed.

[82] **Nerys Evans:** Yr ydych yn dweud felly fod y ddadl wedi symud ymlaen ac nad ydych o'r un farn yn awr, neu a ydych o hyd o'r farn na ddylid datganoli'r pwerau hyn i Lywodraeth Cynulliad Cymru?

Nerys Evans: You are therefore saying that the debate has moved on and that you are not of the same opinion now, or do you believe that these powers should still not be devolved to the Welsh Assembly Government?

[83] **Mr Wolstenholme:** The question of further powers is a political one for Ministers and other politicians to answer. What I hope we can do is explain how the existing system works, how our relationship with Scotland works and some of the issues to help inform you. One of the questions that you asked earlier was how arrangements work with Scotland, and, in that case, there were a lot of discussions between Network Rail, the Scottish Government and us about our output specifications. Sometimes, that became a four-way discussion with the Office of Rail Regulation, which is the independent regulator. So, a lot of effort went into

making sure that the demands put on Network Rail, with the debt burden that the collective Governments' outputs put on Network Rail funding, were at an acceptable level and did not trigger, for example, Department for Transport further support for Network Rail. So, there was machinery to explain how it worked and to deal with the fact that two Governments were specifying outputs to a single GB-based company, Network Rail.

10.30 a.m.

[84] **Gareth Jones:** Nerys wants to come in on this topic, as do three others.

[85] **Jeff Cuthbert:** I want to come in on a different point.

[86] **Gareth Jones:** Yes, yours is separate, but Jenny and David also want to come in.

[87] **Nerys Evans:** Derbyniaf mai cwestiwn gwleidyddol i wleidyddion yw a ddylid datganoli'r pwerau, ond maent yn cael cyngor oddi wrthoch chi. Bu ichi grybwyll yn eich ateb blaenorol fod y ddadl flynyddoedd yn ôl ychydig yn wahanol i'r ddadl yn awr. Felly, a gredwch fod cyd-destun y drafodaeth yn wahanol yn awr o ran sail y penderfyniad ynghylch a ddylid datganoli hwn?

Nerys Evans: I accept that the question of whether the powers should be devolved is a political one for politicians, but they are advised by you. You mentioned in your previous answer that, years ago, the argument was different from that taking place now. So, do you believe that the context of the debate is different now as regards the basis of the decision of whether to devolve this?

[88] **Mr Wolstenholme:** I am not sure that we were suggesting that the situation was so different now, actually. It is wise to remember that, essentially, the arrangements for the Scottish Government specifying the infrastructure outputs that it wants in Scotland date from this current railway control period, which is the spending period between 2009 and 2014. So, we are in the early days of looking at the impact of that. I recognise that the debate goes on. We gain experience of working relationships with different models. We have one model in London, we have another model in the passenger transport executive areas in the metropolitan areas of England, and we have the Welsh and Scottish model. The economic regulator and we work within these different frameworks.

[89] **Jenny Randerson:** This is not my main question, but a supplementary. In your answer, you referred to Wales having more cross-border traffic than Scotland. In the previous session, when I asked the representative of Transport Scotland about the significance of that and how it was handled, she said that it had not been an issue because Network Rail managed the network for Transport Scotland, and the train operating companies deal with Network Rail. So, she dismissed that and I would like your comments on that.

[90] You also said that, in the negotiations or discussions on the high-level output specification, you treated England and Wales as one entity. Those were your words. Where did the Welsh Assembly Government come into that? Was any account taken of the Welsh Assembly Government's strategic priorities? If so, how?

[91] **Mr Sexton:** To deal with the question about England and Wales being considered as one entity, the rail infrastructure between England and Wales is no respecter of borders. We have three main routes between the two as well as a series of routes that run between north and south on either side of the border. The demand flows are, in modelling terms, much more complicated between England and Wales than they are between Scotland and England. It is not just the day-to-day issue, but also that of maintenance, and providing for passengers when the railway is closed in foreseen or unforeseen circumstances.

[92] I cannot answer for Scotland on its view that it was not an issue. It is nice to know

that the relationship there is working that well. However, on the England-Wales axis, we have much more in the way of commuter flows between England and Wales on a day-to-day basis, which I do not normally expect to see in Scotland. There is not, for example, a commuter flow of any substance north from Carlisle towards Glasgow, but there is a commuter flow both ways between Newport and Bristol.

[93] On dealing with colleagues in the Welsh Assembly Government when we were developing the high-level output specification, we very much took account of what was being sought. We did not just look at the growth forecasts of the capacity for the major cities; we looked more widely at the entire aspirations as they were expressed at that time. I say that because the transport strategy for Wales was fairly young when we started this process; it has developed in parallel with the English strategies and, inevitably, forecasts change. So, we have shared not only a starting position, but also the developments as we have gone along and we have changed accordingly.

[94] It is from those shared understandings that we have been able to pull together the patterns. The best example is probably our joint effort to use the trains that will deliver extra peak capacity into Birmingham to help to provide an hourly service on the Cambrian line. We recognise that they are like two pieces of a jigsaw in that you can fit them together and both Governments share in the efficiency. We do not live in each other's pockets, but we do meet and work together regularly, particularly on train service investment and then, sitting behind that, the infrastructure investment. That is not to say that we will always agree; there will be some robust times because you are each representing a point of view. However, we try to make it as seamless as we can at the front end, where it matters in delivering through the train operators, and ultimately through Network Rail.

[95] **Mr Wolstenholme:** May I add one further point on that? Although I mentioned that the next planning period has only just started, we are beginning to think about the next five-year period. Our approach here is to engage with interested parties on that at a very early stage. The Welsh Assembly Government's evidence to you mentions that it is represented on a group with the department that is looking at the next high-level output specification. I think that Tim James is the Welsh Assembly Government's representative on that group. So, we have a very open approach to engagement in the next planning period, even before we are into the delivery of the first one. I think that that symbolises how the relationship has grown and the approach of the two Governments.

[96] **David Melding:** Am I drawing the correct inference if I say that, in the build-up to 1999, the Department for Transport won the argument that, on technical grounds, the responsibility for Network Rail should not be devolved to Scotland but, in 2005, that argument was overwhelmed, presumably by political factors? Did your technical advice change?

[97] **Mr Sexton:** Network Rail is not the responsibility of either the Department for Transport or Transport Scotland. It is an independent company.

[98] **David Melding:** For funding or however you want to put the question—

[99] **Mr Sexton:** The independent rail regulator decides what the funding should be. Both Governments set out their high-level specifications saying what they want to buy from the railways. The train operators and Network Rail then come back with a plan saying how they propose they could be delivered, and the independent rail regulator determines what is a reasonable price for Network Rail to deliver its share and what charge should be made of the train operators for the right to run the trains over the tracks. It is not the case that Network Rail was devolved to Scotland; it is one national entity. It is more an issue of how Network Rail receives its funding, whether it passes through the Department for Transport or through

Transport Scotland, and the direction that is given through the national specifications.

10.40 a.m.

[100] **David Melding:** Thank you for the answer to that question, but now back to my original question: did your advice on whether these functions should be devolved change between 1999, when they were not devolved, and 2005, when they were?

[101] **Mr Wolstenholme:** Driving this were the major issues about the relationship between Government and the railway. The changes that came in during 2005 were driven by the need to get railway industry costs under control in the interests of the taxpayer, and there was the need to provide certainty to the railway about what the Government wanted and what it could afford to buy in the context of economic regulation. That is what drove the processes. My recollection is that the issues, in those terms, were not around earlier on. I would rather give you that answer, which is my recollection, than the standard civil service answer that advice to Ministers is a matter between civil servants and their Ministers.

[102] **David Melding:** You are responsible for your answer, but I will give you one more opportunity to tell me whether, on technical grounds, which is the basis of your evidence, any change occurred during this significant shift in what was devolved to Scotland.

[103] **Mr Wolstenholme:** I have recollected my understanding of the political devolution settlement in relation to Wales at the time and the events that drove a changing relationship—

[104] **David Melding:** However, you are telling us that you do not think that, on a technical basis, anything of material substance has changed in the last 10 years, which is fair enough—

[105] **Mr Wolstenholme:** The structure of the railway and the relationship between Government and economic regulators has changed.

[106] **David Melding:** Okay. You seem to be putting down quite a lot of flak there, which may or may not be the case. I am trying to look at this in a fundamental way, about powers, that we can broadly understand. The nature of your advice has been that we have to be cautious about making any recommendation that we should have a relationship that is more like Scotland's. That is why you are here; we are not here just to listen to what you thought we would like you to say. If you have great technical reservations, it is important that you say so, as they need to be emphasised to us—and think that you have done that, more or less. However, something happened in Scotland, and I do not think that we are getting a clear answer on that, if I may be quite pointed about it.

[107] **Mr Sexton:** It is worth going back a little to how the structure of the rail industry changed in 2004 and 2005. There was the Government White Paper in 2004 and then the Railways Act in 2005, which removed the Strategic Rail Authority—the Government arm for procuring and operating the railways at the time—took the strategy for setting the railways to the Department for Transport, created a stronger but independent role for the Office of Rail Regulation, and set a requirement for what we now term the high-level output specification, which is a five-yearly Government strategy. I cannot answer your question of what happened in 1999, as I do not have technical knowledge of that stage. I was with the Strategic Rail Authority at the time, developing the plans across England, Wales and Scotland. However, certainly for Scotland, there is some logic to its being able to sit alone and require its own high-level output specification on two of the three areas, because of its geography and size. Note that it is only two of the three areas, as the powers for safety were not devolved, because that was felt to be a step too far. The same logic does not apply so readily to the geography of England and Wales, so here, the Welsh Assembly Government has the ability to invest in the railway infrastructure if it wishes, but the risk to the base railway infrastructure is taken by the

Government in London.

[108] **David Melding:** I think that I have gone as far as I can go.

[109] **Gareth Jones:** Thank you. Would I be right in interpreting that, in 1999-2000, there would have been extreme concern—I believe that you mentioned this earlier, Stephen—about safety, in view of some very bad experiences, and so on? The safety factor was overriding a lot of the approach at that time, and by the time of the Railways Act 2005, you would have been confident that safety was still under central control. Am I right in thinking along those lines, so that other aspects pertaining to devolved issues in Scotland meant that you would have been reasonably confident that the underpinning of the safety factor was still being looked at and improved?

[110] **Mr Wolstenholme:** It is certainly true that safety and the implementation of various European standards remain matters for Westminster. As you know, railways have a very good safety record compared with other modes, but, as you said, sadly, there have been some very high profile accidents that had a considerable impact on the railway industry. The safety record is of a high standard, and the Government has specified the improvements that it wishes to see being continued through the industry. In that sense, the safety issue is not as high profile an issue at the moment as it was in earlier years, but it remains the case that safety, European matters and some other matters are retained at Westminster for the whole of Great Britain.

[111] **Gareth Jones:** Thank you. We will move on to questions from Christine Chapman.

[112] **Christine Chapman:** I want to touch on electrification and the benefits associated with it. We have received evidence that there are 16 electrification projects in the pipeline in Scotland, but only one such project has been identified in Wales. The Deputy First Minister's ambition is that all lines should be electrified, but only one such line has been identified for electrification in Wales. Is this achievable, in view of the differences that we heard about in Scotland?

[113] **Mr Sexton:** We need to put the 16 projects in Scotland into context. They are being investigated to see whether there is a case—I do not think that Scotland has announced that it is funding 16 projects. We have already considered electrification as part of the infrastructure investment that Network Rail is making in Cardiff. Well before the major electrification announcements were made, in 2007 when we were evolving the scheme for Cardiff with Network Rail and Welsh Assembly Government colleagues, provision was being made in the new signalling and the new enhancements so that the track and signals were electrification-friendly.

[114] Electrification is generally a means to an end—it allows you to run quieter trains, faster trains and, usually, higher capacity trains. Electrification tends to be particularly good for busy main lines and for intensive urban networks. So, electrification on the Welsh network would most likely be on the main line corridors and where there is substantial commuter use, which tends to put the focus on the Great Western main line, as it is already. There is also the Cardiff area network—which certainly presents an opportunity—the north Wales coast line and the Birmingham route probably as far as Shrewsbury. It is difficult to see a case in the short-term beyond Shrewsbury on the Cambrian line, because there are much lower frequency services once you get to Shrewsbury.

10.50 a.m.

[115] At this stage, Network Rail is working out electrification plans for the Great Western main line and springboarding from them will come an opportunity to look at what the next

steps will be. We have a commitment to electrify to Swansea by 2017, halfway through our next rail strategy period, from 2014 to 2019. I would expect the Cardiff area network to be one of those examined for potential electrification. There are a number of things in its favour: the rolling stock is getting near the end of its economic life, the heavily graded nature of the lines, the concentration in Cardiff and the forecast growth all give a possible case. However, bear in mind that the costs of running the franchise for Cardiff are borne by the Welsh Assembly Government. There would have to be a partnership approach if anything were to come of this and we would need to explore the implications carefully. You would not necessarily look to new rolling stock; one of the options would be to explore redeploying stock from elsewhere, rather than face the high cost of new rolling stock. I would simply want to look at the technical options behind the demand to be satisfied that demand might continue to grow in a way that made this justified. Has that covered that point?

[116] **Christine Chapman:** Yes. In this inquiry, we have heard from Passenger Focus, which is in favour of this. It talked about the Valleys network, which I assume that you are including in your comments. I was concerned that there are 16 projects in Scotland and just one in Wales; although you say that these are just being discussed, our impression is that it is more than that.

[117] **Mr Sexton:** There is a logic in looking at the Cardiff area network once electrification has reached Cardiff. You would not do it before electrification reached Cardiff, for two reasons. First of all, the Cardiff area network makes a lot of use of the south Wales main line and it is a complete network, it is not simply a north-south axis, it is east-west, along the south Wales main line. Secondly, the 30-year signal renewal that is going on takes away one of the major costs that might otherwise exist, because the new signals that are going in are completely compatible with the ability to electrify. Older railway signals are not necessarily compatible, and you often have to spend a lot of money immunising them. So, there is a potential point of convergence around the end of the next decade, when you will have electrification to Cardiff, a signalling system that could cope economically with it, the growth patterns coming together and the rolling stock getting to the end of its life. Whether that all fits, I do not know. A lot more work is needed to understand it.

[118] **Mr Wolstenholme:** May I add a further point, particularly if we are getting into comparisons between the number of projects in different geographical areas? One of the points that I think that we have made before in evidence, and you will understand, is that the benefits of a rail project are not always felt just in the immediate area. If you look at the benefits for Wales of some of the Department-for-Transport-funded investment, you will see that the massive investment in remodelling the railway in the Reading area, for example, brings major benefits along the whole of the Great Western main line and, similarly, the improvements that I mentioned in my introduction on the West Coast main line. If you start to bring those sorts of projects into the equation too, you can see that the impact on Wales can be equally beneficial if the project is 100 miles away.

[119] **Gareth Jones:** That point has been well made in previous sessions. David has a follow-up question and then his main question.

[120] **David Melding:** The situation is, at the moment, that something over a third of the UK network is electrified, something between a quarter and a third in Scotland and about 40 per cent in England. No part of the Welsh network is yet electrified. We are Members of the National Assembly for Wales, what on earth do you expect our comments to be about? How have we got into a situation where you are saying that Cardiff, which is one of the main commuter networks in the UK given the proportion of people who travel to work by train, may be up and running by the end of the next decade? Can you see it from our point of view, that our constituents might see this as something of a dilatory approach?

[121] **Mr Sexton:** Would you have spent the money on electrification and no extra trains, or on extra diesel trains?

[122] **David Melding:** They also talk a lot about rolling stock—do not get me onto that subject. Now, come on; this is a huge strategic issue. The primary routes are electrified; a third, on a UK basis, and more than that in Scotland. No routes are electrified in Wales.

[123] **Mr Sexton:** Electrification is a means to an end, not an end in itself. The end is the passenger and the freight. Electrification is a progression that the Government wishes to make, but it is when the circumstances are right and there are a set of priorities that will have to take their place. In Cardiff, the priority was providing ready capacity and longer platforms, renewing the infrastructure in parallel with the signalling, and stretching the existing diesel train fleet. We are talking about the electrification of the south Wales main line, and possibly the Cardiff network after resignalling, but I would be extremely surprised if there was ever a business case for electrifying the Cardiff network ahead of resignalling and ahead of the main line being electrified. The priority—and here we took our lead from Welsh colleagues—was the provision of capacity.

[124] **Mr Wolstenholme:** I also think that it is fair to say that the whole country has had a period when electrification has not been on the agenda. The significance of the Prime Minister's announcement on the electrification and the scale of this is that we are now back into a rolling programme of electrification after a long gap. There is an issue about assets coming up for renewal and such factors that drive this, but there are other parts of Great Britain that have regretted the absence of electrification until this recent announcement.

[125] **David Melding:** Okay. Let me move to another issue—

[126] **Gareth Jones:** Before you move on, I think that Nerys wants to come in on this point.

[127] **Nerys Evans:** You said that you would be surprised if the business case for the routes for electrification was made, but we have heard from the Minister in Wales that he wants to see the electrification of routes to Wales, from Wales and within Wales. Therefore, are you saying that the priorities of the transport Minister here in Wales will not be met under the current system?

[128] **Mr Sexton:** No; I think that his priorities are the right ones, but you have to look at short-term planning and distinguish it from medium-term and long-term planning.

[129] With a railway, typically, you are renewing the assets—the trains, tracks and signals—on a 30-year cycle. If you have a long-term plan, you can make provision for changes for such things as electrification at comparatively low cost, because each time you renew an asset you prepare it for electrification. If you want to put electrification in in a hurry you may end up having to do a lot of work on a piece of equipment that has 20 or 25 years' life left in it and having to renew very early.

[130] Often, a major cost in electrification is dealing with the signalling systems. The electric signals may not have been designed to cope with the high voltage of electrification equipment nearby, and there is a safety issue there. You can incur very high costs in what is termed immunising the signalling. You must also look at the rolling stock and the cost of acquiring or leasing new rolling stock by comparison with rolling stock that is already on the market. The long-term strategy towards electrification is far more affordable than if you leap very quickly in five years. For us, in a strategy, five years is a very short time. It requires the kind of long-term plan that has been put together for Wales, that sets out the horizons on these five-year slices and states, 'This is where we intend to get to, and these are the stepping stones

towards it’.

11.00 a.m.

[131] **David Melding:** I will now move on to my next question. You would think that there is a logical case to look at these issues on an England and Wales basis, but, as this inquiry has gone on, in considering the outcomes, I have become much more sceptical as to whether we are getting a reasonable share in Wales—not simply our population share, because we are also discussing passenger movements and traffic flows. There is a need for sophistication to come up with a fair calculation.

[132] I will now shift to the area of the £3.25 billion that will be spent on stations in the next five years by Network Rail. Our constituents will certainly agree that that spending is a priority and a big issue for comfort, safety and what the state of the station says about an area. Wales will receive £85 million of that sum, which is 2.5 per cent of the total. That figure is half of what our population share should be—although I would not necessarily use population share as a fair measure. So, I think that you must start coming up with a justification as to why our share is considerably lower than what our population share should be.

[133] What is your view on Cardiff Central station and its development? We put this question to Network Rail, and asked the reason why Cardiff is a category B station, while Bristol Temple Meads is a category A station. I have nothing against Bristol Temple Meads or the wonderful development that is happening there, but, given that Cardiff is much more of a hub than Bristol Temple Meads, I found that somewhat odd. I am sure that it has nothing to do with me or the committee, but, earlier this week, Network Rail announced that Cardiff Central station will now be a category A station, so we can all celebrate that. However, there is a view that it is perhaps more difficult to justify spending on infrastructure in a timely fashion in Wales than in other areas of the UK. What is your response to that? I do not know whether you came here by train this morning, but Cardiff Central station is a tired station that is ripe for development; there is land to the south of it, where it is all waiting to happen. At the moment, people who come to our capital city do not get the most startling of welcomes given the physical infrastructure.

[134] **Mr Sexton:** Has the committee had sight of the independent report on stations by Chris Green and Sir Peter Hall, which was published by the Department for Transport yesterday? It is important that the committee gets sight of and considers this report, as it looks at the kind of issue that you raise and at station standards.

[135] **David Melding:** Is it ‘Action Stations’, which I received—

[136] **Jenny Randerson:** That is a booklet by Network Rail.

[137] **Mr Wolstenholme:** Chair, our Minister will be writing to you, if he has not already done so, with a copy of this report for the benefit of the committee. I can confirm that the ‘Better Rail Stations’ report, which was an independent report for the Department for Transport, recommends a change in the categorisation of Cardiff Central station.

[138] **David Melding:** So, the change in categorisation is not due to this committee—the department was already on the case. [*Laughter.*]

[139] **Mr Wolstenholme:** The authors of that report discussed matters with the Welsh Assembly Government. Cardiff Central station is operated by Arriva Trains Wales and owned by Network Rail, and given that the department has responsibilities that extend to an England and Wales basis, for example the national station improvement programme and the Access for All programme, it is investing in stations in Wales on that basis. We recently met Welsh

Assembly Government and Network Rail representatives to push progress on the Access for All programme, and I know that access for disabled people is a high priority for the Deputy First Minister, and both Governments are pressing Network Rail to accelerate the delivery of improvements in station accessibility in Wales at that meeting.

[140] **Mr Sexton:** The report is 'Better Rail Stations', by Chris Green and Professor Sir Peter Hall, and it makes a number of recommendations that the Government will look at. It picks up on the point that you make that Cardiff should be a category A station. There are also a number of other issues, and it particularly identifies that the category B stations at the next level down, that is, the important interchanges—and in Wales, that would mean Newport—are in need of greater attention. It makes some recommendations to Government on that, and on the extent of additional funding that should be provided for the next control period. It is one of the documents that will feed in to the next high-level output specification.

[141] For this planning cycle, from 2009 to 2014, the rail regulator considered what would be an appropriate level of funding to provide maintenance and renewal at stations, and on that basis allocated funding to Network Rail. On top of that, enhancements are taking place at a number of locations, and again, they are very much demand-led, and it is a capacity issue. The kind of enhancements that are happening in the UK will be of benefit to Wales. For instance, the enhancements at Birmingham New Street station benefit the routes that come from Birmingham through Wales—

[142] **David Melding:** And vice versa, of course.

[143] **Mr Sexton:** Yes.

[144] **Mr Wolstenholme:** The Welsh Assembly Government's approach has been to work closely with the Department for Transport, Network Rail and ATW to obtain the maximum benefit for Wales from DfT's funding for stations, and to enhance that by supplementing it with its own funding. That has been the Welsh Assembly Government's approach both on our accessibility programme and on the national station improvement programme—to put in extra funds to supplement the DfT money. That approach has been working quite well. I think everyone wants to speed up the delivery of these programmes and ensure that they are delivered in an efficient way.

[145] **Gareth Jones:** I have a follow-up question from Jeff Cuthbert on stations.

[146] **Jeff Cuthbert:** I tend to agree that, on the Valley Lines, the priority is improved capacity rather than the means of propulsion. We have invested a lot in lengthening stations and improving the signalling infrastructure, yet Arriva Train Wales has still not honoured its undertaking to provide trains of up to six cars during peak times. That may not be a matter of direct responsibility to you, but I am sure it is of interest.

[147] The particular question that arose from David's question, and which Stephen alluded to, is the issue of Access for All. I am a little intrigued as to how you apply the criteria and decide which stations will benefit from the Access for All programme. I have a station in my constituency at Ystrad Mynach on the Rhymney line where it is virtually impossible for a wheelchair-bound person to legally access the train to Cardiff. It is just not possible; they have to go to other stations to get on the train, which is surely not acceptable. Therefore, how do you decide which stations are to benefit from Access for All?

[148] **Mr Wolstenholme:** The Government set out a fund for a five-year period, and consulted through its Access for All strategy on the criteria. In broad terms, that is a combination of basing it on demand and the number of passengers using a station. That is overlaid with a geographical element to ensure that resources are not concentrated solely in

the London area, or south-east England. It also takes into account other factors such as demographics, the proportion of elderly people, for example. Network Rail, in its evidence, talked about some of these criteria as well, and that is the basic approach. It is regrettable that not all stations have access.

11.10 a.m.

[149] What train operators are obliged to do is provide assistance at no extra cost to the nearest convenient accessible station and meet various obligations relating to assistance to passengers, including reservations and support during the journey. The statutory duties under the Disability Discrimination Act 2005 rest with the train and infrastructure authorities. The department is assisting them to meet those duties through the Access for All funding distributed as I have explained. There are also a number of smaller schemes that help to improve many of the customer service issues that are equally important as physical access, particularly the provision of information and support for passengers.

[150] **Jeff Cuthbert:** I will finish after this point. I have really dealt with all that I wanted to, so you do not need to come back to me, Chair. Network Rail said the same thing about demand, but the truth is that disabled people who are wheelchair-bound who would like to use Ystrad Mynach station know that there is no point going there because they cannot get on to the trains. So, of course, they go to other stations, much to their great frustration. Therefore, if you are looking at demand or footfall, you are not going to see it because people know that there is no point. That does not make it right. It is still a major inconvenience. So, perhaps you will note that and look into it for me.

[151] **Mr Wolstenholme:** You are right, and we are looking at the impact of this investment to see how travel patterns are changing. We have commissioned research, which we committed ourselves to doing in the rail White Paper, to look at the impact of the Access for All funding. Monitoring the benefits and the uptake of this will be an important factor in deciding what happens to the Access for All programme when the current five-year period comes to an end. It is particularly important that the train operators provide their services for disabled passengers in an effective way and meet their legal obligations.

[152] **Mr Sexton:** I wish to add that we take heavy guidance from our colleagues here in Cardiff on this issue. The 'Better Rail Stations' report recommends that funding continues beyond 2015 for improving access to stations. So, that is one issue to be considered. There is another element for the Cardiff area network. You do not only need an accessible station to start your journey, but an accessible station to finish your journey. So, there has been quite a bit of focus recently looking not so much at Cardiff Central, but Cardiff Queen Street and the implications of the upgrade there. It is a case of trying to find out where the money would be best spent.

[153] **Jenny Randerson:** You have probably sensed a burning resentment around this table about the current situation, and certainly a simmering jealousy because we travel over the border on local train services and we see a completely different approach to the level of service provided and the quality of the rolling stock. Right at the beginning of your evidence you said that you have power to influence the franchise. I would like you to cast your mind back to the awarding of the Arriva Trains franchise and the process that was undertaken then. On occasion, Arriva Trains has come to the Assembly and defended its current level of service, in the wider sense of the word, saying that it does what the Government has paid it to do. The information that I have on very good authority is that the Arriva Trains franchise was awarded as a no-frills service, that it was to be, as a specification, rock-bottom, and that, when Arriva Trains put in its bid, it was asked to shave a further 5 per cent off it. So, the whole thing was set up to provide an absolutely minimal service to the people of Wales.

[154] The situation is most critical on the Valleys lines, and I repeat the invitation that I extended to Lord Adonis, but which he turned down, possibly on your advice, to travel on the Valleys lines in the rush hour and see how people are treated. I travel on London trains in the rush hour quite regularly, and so I can tell you that the situation is far worse on the Valleys lines. The problem lies—Jeff has alluded to this—with the number of carriages. Also, if you take a longer journey in Wales, the quality of the rolling stock becomes a key issue, as it is on the Valleys lines and over shorter distances. We have been given second-hand rolling stock that is 30 years old and which was due to be pensioned off before it was bought by Arriva Trains Wales. When new rolling stock is promised by the UK Government, it goes to England and we get the second-hand stock in Wales. That is completely unacceptable.

[155] That long preamble leads to my first question. What input did the Welsh Assembly Government at the time have into the specification of the Arriva franchise? The impression that we got from the Minister at the time was that he was very much the junior partner and had limited input. What exactly are the processes that lead to the agreement of the franchise jointly between the two Governments?

[156] Secondly, is there a legal way in which we could amend the franchise, and the Assembly Government could ask for the franchise to be amended?

[157] **Mr Wolstenholme:** The process for letting the next rail franchise will be that it will be specified and funded by the Assembly Government, which will state what it wants to buy and what it can afford to buy, and, under the present arrangements, the department will procure a franchise according to the specification and funding provided by the Welsh Assembly Government. So, the Welsh Assembly Government is in total control of what it wishes to buy, the quality of service and the capacity that it wishes to put into areas.

[158] On the question of whether franchise agreements can be amended, they are legally binding contracts, but it is possible to renegotiate a contract by agreement. It cannot be imposed, obviously, but can be done by agreement. That is a question of negotiation, which is with a single party. When you are re-letting a franchise, however, it is in a competitive environment. There have clearly been changes to what the Welsh Assembly Government wishes to buy since that franchise was let, and both the funding and powers are there for the Assembly Government to buy more, as it has done.

[159] On the question about the specification at the time that that franchise was let, I am aware of the evidence that you have received about that over a long period from ATW and other parties. The franchises that were let reflected the situation and affordability issues at that time. The ATW franchise agreement is very similar to DfT's northern franchise, as some of the networks and services, as well as the nature of the franchise, are comparable. The challenge for the Welsh Assembly Government and the Department for Transport has been to find mechanisms to deal with the success of the railways since then, in growth terms, within existing franchise agreements. That is what is being done through our responsibilities to deal with capacity on trains in the DfT's franchises, and the Welsh Assembly Government and DfT action on capacity in the Cardiff area. It remains the case that responsibility for dealing with growth, subsequent to the letting of the contract, rests with the authority responsible for specifying that franchise, which is DfT in the case of the inter-city franchises, and the Welsh Assembly Government in the case of the Arriva Trains Wales franchise. That situation is comparable for both Governments.

11.20 a.m.

[160] **Jenny Randerson:** So are you saying that the picture that we were given at the time by the Minister, that he was only a relatively small voice in the specification for the existing Arriva contract, is not accurate?

[161] **Mr Wolstenholme:** No, I am not saying that. That contract was let by the Strategic Rail Authority at the time, and, since then, the subsequent legislation has placed a statutory duty on the DfT to consult on intercity franchises with the Welsh Assembly Government, and has placed responsibility entirely in the hands of the Welsh Assembly Government to specify and fund services within Wales and across the border in the next franchise.

[162] **Gareth Jones:** Clearly, there has been a significant change there. I apologise; that was not the last question.

[163] **Sandy Mewies:** I have a series of questions, one of which is on the Arriva Trains franchise, which will last for 15 years, I understand. That means that there is a long time to go before renegotiation. You are saying that the Welsh Assembly Government can make changes itself if there are deficiencies. Is that basically it?

[164] **Mr Wolstenholme:** I am saying that it is possible to negotiate, but that is obviously a commercial negotiation at a price. I am also saying that my understanding is that there have been developments in services and improvements within the existing framework made by the Welsh Assembly Government.

[165] **Sandy Mewies:** You are just confirming previous evidence, but I agree with Jenny completely. We have had evidence that the ATW franchise was deficient when it was granted. The potential for growth and the need were not met from the very beginning, and that has left train travellers who use Arriva trains services greatly dissatisfied. Its figures in passenger surveys are not good. If you travel on the Great Western line to London or any of the other services, you see a huge difference in rolling stock. I wish there was a way that we could rectify that situation more quickly. Also, as other people have mentioned it, although it strays from the agenda, I would be interested to see your report on stations. Perhaps it could be e-mailed to the clerk, and then on to us, if you have it in a suitable format for e-mail—that would be very useful indeed.

[166] I will bring this up later, and it has also been alluded to, but I would be interested to hear your aspirations with regard to Access for All and what you are asking people to do. Jeff is quite right that people who are wheelchair bound are at a disadvantage, but we have a report here from the Guide Dogs for the Blind Association that will tell you that people who are blind or partially sighted also have enormous difficulties at stations, as do people with other disabilities. You mentioned the fact that there is a duty on the operators if, for example, someone wants to go an unmanned station and has a disability that means that he or she cannot get off at an unmanned station, to take that person to his or her point of destination. There is a strong suggestion that that is not very well publicised by anyone. The evaluation process, when you are considering these things, must include how well what people say they are going to do actually works. That would be valuable.

[167] One of the points of this inquiry is to look at the rail freight network. In Wales very few parts of the rail network are part of the strategic freight network. In your own report, looking at the longer term vision, and considering the further development of the strategic rail network after the next pricing period, there are no specific proposals for developments in Wales. We received evidence recently from the Freight Transport Association that there needs to be a plan for the Welsh ports that are connected to rail to ensure adequate rail infrastructure and to support the use of rail. It is not convinced at the moment that the infrastructure is adequate, and I share that view. Therefore, my question to you is: why is more of the rail network in Wales, such as the north Wales main line, not currently considered to be a part of the strategic freight network?

[168] **Mr Sexton:** The strategic freight network is a network that arises from current usage

and forecast usage. The planning instrument for that is the freight route utilisation strategy, led by Network Rail and contributed to by the freight operators and the freight users. So, if we have freight users or freight companies that feel that there is cargo that could use the railway that is currently being frustrated from doing so by a lack of infrastructure, there is an avenue through which they can make their voices heard. It is worth pointing out that the Welsh Assembly Government has freight grant powers and is both responsible for strategies here and can intervene. It is in no-one's interest to keep freight off the rails; we need to know about these things. So, if you have an area in north Wales where there is potential for freight to transfer to rail that is being frustrated, please feed that in through Network Rail's freight route utilisation strategy.

[169] **Sandy Mewies:** That is useful. Thank you.

[170] **Mr Wolstenholme:** On the question of ports, I would like to alert the committee to the fact that the Department for Transport has recently gone out to consultation on a draft national policy statement for ports in England and Wales, which sets out the broad need for ports capacity looking ahead to 2030 and beyond, taking into account, in particular, forecasts of port freight demand and the regional and local economic benefits of port activity. That consultation closes on 15 February. There is an opportunity to take into account those views before the scrutiny of that policy statement in the Westminster Parliament.

[171] **Sandy Mewies:** Thank you. Once again, Chair, could we have a link to that, please?

[172] **Gareth Jones:** We will make a point of distributing that.

[173] **Mr Wolstenholme:** Would this be a convenient point to pick up on the questions on accessibility that you asked? We will also send a link to the clerk to the passenger champions' report that was produced for the Department for Transport. I agree that information about the services available for disabled passengers is very important and I am sure that Arriva Trains Wales will have taken note of the comments made in this committee. There are also licensing and franchise requirements to produce something called a 'disabled persons protection policy', which sets out the services that will be provided to disabled passengers, and ensuring a high-quality information and support service is an important part of those.

[174] **Sandy Mewies:** Thank you very much.

[175] **Gareth Jones:** I would like to pick up on the point that Sandy made about the 15-year franchise, and Jenny made the point that Arriva Trains Wales would say that it is delivering and it would then be a matter of who argues the strongest case. What recourse do we have? Speaking on behalf of passengers—and you have heard examples from Sandy—where there is discontent with and dissatisfaction over the provision not meeting expectations, how do you officially go about expressing that concern? You have mentioned that the Welsh Assembly Government has the ability to renegotiate, but how is it done officially? How do you channel those significant concerns? I make a four-and-a-half hour journey from Llandudno down to Cardiff. I am not at all happy with it, so how do you go about changing that for the good?

11.30 a.m.

[176] **Mr Wolstenholme:** The day-to-day management of the ATW franchise is devolved entirely to the Welsh Assembly Government. There is a process. For example, there are quarterly meetings about the franchise obligations with ATW. There is joint monitoring of performance by the Assembly Government and the Department for Transport, so there is a framework of franchise management that the Welsh Assembly Government undertakes on a devolved basis for this franchise. If obligations are not being met, it comes down to the

mechanisms in the franchise agreement for their enforcement, or if they are matters that are dealt with by licence conditions, the Office of Rail Regulation is responsible for enforcing the majority of them. This is essentially a devolved matter because we are talking about the quality of service and the day-to-day operation of the franchise.

[177] **Gareth Jones:** As you say, that is a method and an approach that we, as Assembly Members, should be looking at, and adopting possibly.

[178] **Mr Wolstenholme:** Similarly, Passenger Focus, as you know, provides the complaints machinery for all train operating companies.

[179] **Gareth Jones:** Thank you very much for your answers and for your attendance this morning. It has been quite a robust session, I must admit, and a very interesting one. I am sure that you share our concerns. We want the best service and the best strategy for the future, and your responses and your involvement in the discussions have been very helpful.

[180] I will just mention the papers to note.

[181] Mae papurau i'w nodi, sef papurau Grŵp Gweithredu Twnnel Hafren a Chymdeithas Cŵn Tywys ar gyfer Pobl Ddall. Hefyd mae papur gan Tony Burton, sef papur 5, ac mae gennym y wybodaeth ddiweddaraf gan y Dirprwy Weinidog dros Adfywio ynghylch adroddiad y pwyllgor ar y ddeiseb Pride in Barry. Mae'r papur hwnnw gennych o'ch blaenau a chofnodion y cyfarfod diwethaf.

There are papers to note, namely those from the Severn Tunnel Action Group and the Guide Dogs for the Blind Association. There is also a paper from Tony Burton, which is paper 5, and we have an update from the Deputy Minister for Regeneration regarding the committee's report on the Pride in Barry petition. You have that paper before you and the minutes of the last meeting.

[182] A gawn ni symud yn awr i'r sesiwn breifat? A gaf i ofyn i chi gynnig ein bod yn mynd i sesiwn breifat? Diolch, Sandy.

May we now move to private session? May I ask one of you to propose that we move to private session? Thank you, Sandy.

[183] **Sandy Mewies:** No, I was going to say that the guide dogs association paper, in view of the debate I led in the Chamber recently, should also go to the Minister for Social Justice and Local Government.

[184] **Gareth Jones:** Diolch yn fawr iawn. **Gareth Jones:** Thank you very much.

11.32 a.m.

Cynnig Trefniadol Procedural Motion

[185] **Gareth Jones:** Cynigiau fod

Gareth Jones: I move that

y pwyllgor yn penderfynu gwahardd y cyhoedd o weddill y cyfarfod yn unol â Rheol Sefydlog Rhif 10.37(vi).

the committee resolves to exclude the public from the remainder of the meeting in accordance with Standing Order No. 10.37(vi).

[186] Gwelaf fod y pwyllgor yn gytŷn.

I see that the committee is in agreement.

*Derbyniwyd y cynnig.
Motion agreed.*

Daeth rhan gyhoeddus y cyfarfod i ben am 11.32 p.m.
The public part of the meeting ended at 11.32 p.m.